

# From Allowance to Affluence

by Angele McQuade

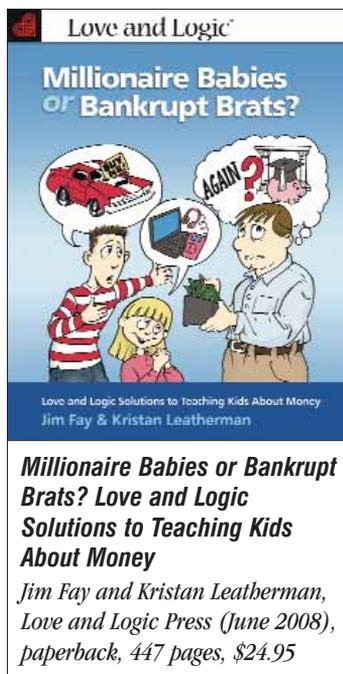
**Combine a teenager with a credit card — both having flexible limits — and it seems as if someone might be headed for serious trouble, right? Tweak the scenario a bit, though, by giving the card to a teen who has been taught to use money responsibly and is fully prepared to pay the bill on time, and it seems instead as if someone's going to be well prepared for the independence of adulthood.**

**T**he practice of logical consequences is the basis for Love and Logic, a parenting philosophy that a wise preschool teacher introduced me to years ago. I've found it a remarkably effective way to pass along the important lessons kids need to grow into responsible adults, so I was thrilled to hear about the new book *Millionaire Babies or Bankrupt Brats? Love and Logic Solutions to Teaching Kids About Money*. *Love and Logic Solutions to Teaching Kids About Money*.

In it, Love and Logic co-founder Jim Fay works with educator Kristan Leatherman to delve more thoroughly into the financial side of parenting, using logical consequences as a guide. "Love allows kids the latitude to learn from their mistakes," say the authors. "Logic allows kids the latitude to learn from the consequences of those mistakes."

*Millionaire Babies* initially focuses on a child's personal responsibility. You can jump right to the financial content if that's all you're interested in, but this section is quite interesting. Love and Logic's basic guidelines are easy to learn, easy to apply and effective even when — especially when — used repeatedly. They'll become second nature with just a little practice. Families can personalize the principles; the philosophy isn't one-size-fits-all but rather one-size-can-be-adjusted-to-fit-most.

The principles here include not only the familiar concepts of delayed gratification and needs-versus-wants recognition, but also financial areas such as kid-appropriate investing and lending — including advice on collecting collateral and dealing with loan defaults. "Kids must be allowed to experience the consequences of their actions," the authors say, "if we truly want them to learn basic money management skills and to be fiscally responsible." In real life this means not rescuing kids if, for example, they go over their budgets for school lunches or clothes. Setting limits when kids are young



helps them learn to make harder choices in the short term that prevent financial disaster in the long term.

*Millionaire Babies* is practically encyclopedic in length, a most attractive trait for a reference book. Composed of many short articles within each chapter, it can be a quick resource for specific questions or read front to back. The book advises parents on such financial concerns as giving a child an allowance (and how much), paying for chores, handling relatives who spoil kids, opening bank and investment accounts for a child, and dealing with the young adult who's having trouble making it on his own.

Love and Logic often uses stories to teach, and this book continues the valuable tradition. The book has dozens of anecdotes covering a variety of money-related situations, so it won't be hard to find one that mirrors an issue

in your home. These tales are instrumental both in bringing the lessons to life and in providing proven models for techniques and language to try on your own.

It's clear from the first page that *Millionaire Babies* was designed for easy navigation by busy parents. In addition to keywords at the top of every spread, icons throughout the book highlight specific types of content for quick access. Scan for icons pointing to practice games and exercises, cross-referenced material, notes and "bottom line" summaries of important concepts, among others.

Even if you don't have kids, I wouldn't be surprised if you've already thought of some younger people (or their parents) who could benefit from the *Millionaire Babies* approach. It's an excellent resource for grandparents, aunts and uncles, teachers — really, anyone who cares about helping the next generation learn fiscal responsibility. If I hadn't been a big Love and Logic fan already, I would've been converted by the end of the first chapter. *Millionaire Babies* is everything I've hoped for in a financial parenting guide, and quite a bit more.



*Have a question about this month's book? Want to share your own recent financial favorites? Write to Angele at [angemcquade@betterinvesting.net](mailto:angemcquade@betterinvesting.net).*