



DJIA	12,651.98	NASDAQ	2,832.96	S&P 500	1,341.60	10 yr Note	3.14%	Gold (Jun)	1,507.40	Oil (J)
▲ +13.24	+0.10%	▲ +5.40	+0.19%	▲ +1.40	+0.10%	0.00	0.00%	▲ +15.80	+1.06%	▲ +:

'Money Doesn't Grow On Trees,' and Other Financial Lessons From Mom

By [Catherine New](#) Posted 7:00AM 05/07/11 [Economy](#), [People](#), [Credit](#)

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My great-grandmother Emma kept a \$20 bill, neatly folded in thirds, pinned to her girdle. Grandmother Millicent steamed the stamps off envelopes for reuse. Mom gave me \$500 to open a Roth IRA after college graduation, and still extols the virtues of doggy bags at restaurants.

These matriarchs have shaped my attitudes towards personal finance to this day. My thriftiness borders on eccentricity: I've squirreled away rainy-day money deep in a drawer, and I've cut open bottles to get that last dollop of hand lotion.

Research shows that what our parents teach us about money lays an important foundation for our future financial fitness. Some experts suggest that the lessons start even before we can speak: When babies accompany mom or dad to the market, they take in early impressions about commerce. And while there is no specific research that examines a mother's influence on financial literacy, conventional wisdom is that her advice goes a long way. According to my unscientific Facebook poll, the most commonly cited lesson from mom is: Money doesn't grow on trees.

Teach Your Children Well

"My mom taught me that money doesn't just appear in my account," says Alice Louise Kassens, an associate professor of economics at Roanoke College in Salem, Va. "She told me I have to earn it, and should never rely on someone else for it." Alice adds that her mother also taught her the value of investing early in her life to get the maximum benefits of compound interest.

Jennifer Peng, a schoolteacher in Brooklyn, N.Y., echoes that lesson. "My mother taught me the lesson: Less out than what comes in and you're good to go," says Jennifer. "Also, without a Roth IRA and 401(k), I might as well not be her progeny."

While anecdotal evidence indicates that savings and investing behaviors are often influenced by mom, empirical data shows that other areas of our personal finance profiles are shaped by our parents with meaningful results, too. A recent set of studies by Michal Grinstein-Weiss, an associate professor at the University of North Carolina School of Social Work and a faculty fellow at the Center for Community Capital, showed that what parents teach their children about money early in their lives will affect their credit scores and loan delinquency rates as adults.

Grinstein-Weiss and her co-authors asked 2,398 adults in low- and moderate-income households to rate how well their parents taught them about money management growing up using a three-point scale (low, medium, high). Their findings demonstrated that adults who reported having the most parental teaching had lower credit scores than those who had little or no teaching and less credit card debt. In a similar study, the group also had lower risk of delinquency and foreclosure compared to those reporting lower levels of parental financial teaching.

"This is an important set of outcomes," says Grinstein-Weiss. "These studies suggest that prenatal teaching early in life can help lay the foundation for better financial outcomes as an adult. Loan performance is very important in keeping a home later in life. Experiencing delinquency and foreclosure has both negative consequences and imposes lasting constraints on future financial health. Similarly, credit scores are a gatekeeper on the road towards building wealth, and impact many things, including housing and employment."

But some of the kitchen-table wisdom passed down from mother to child may have less to do with making money, and more to do with making a life.

"My mom stressed and demonstrated the difference between being rich, or having a lot of money, and being wealthy, like having nice things and having what you need and being happy about it," says Jimmi Hagan, a computer programmer who lives in Sonoma, Calif. "She taught me the importance of enjoying life. We never had much money, but we had horses."

Catherine New is a reporter with Huffington Post Media Group for DailyFinance.com.

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