

PARENTING WITH A SILVER SPOON

An Interview with Eileen and Jon Gallo

Interviewed by Pamela Gerloff



PHOTO: EDUARDO GARCIA/GETTY IMAGES

How do you keep money from ruining your kids? To answer that question, Eileen and Jon Gallo, authors of *Silver Spoon Kids: How Successful Parents Raise Responsible Children*, interviewed affluent parents who had raised children to handle money responsibly and well. How did they do it and how can you do it too? Pamela Gerloff, editor of *More Than Money Journal*, talked with the Gallos to find out.

Pamela: What do you mean by “silver spoon kids”? Who are they?

Jon: We think of affluence as a state of mind, not as a monetary amount. Because we live in such a successful country, which has had a strong economy, we have huge numbers of children who, from the rest of the world’s perspective, “have a silver spoon in their mouths.”

Eileen: We’re really talking about today’s affluent environment. We wanted a title that signified parental concern about children and money on a broad spectrum—and in a positive way, because so many things are written from a negative point of view. We wanted to address the questions: *What do people do that works? How do people raise kids who are responsible?*

Jon: The book grew out of Eileen’s doctoral dissertation, which studied the psychological impact of sudden wealth.

Eileen: I interviewed people who were blindsided by sudden wealth—people who had won the lottery or received a surprise inheritance, or some other money that was not expected. I asked a lot of questions. I was trying to figure out the impact childhood has had on the way we approach money. But at the end of the interviews, my interviewees would ask *me*, “Is this money going to ruin my kids?”



Eileen Gallo, Ph.D., and Jon Gallo, J.D., are the co-authors of Silver Spoon Kids: How Successful Parents Raise Responsible Children (Contemporary Books, 2002). Eileen is a psychotherapist specializing in psychological issues related to money and family wealth. She writes a regular column for the Journal of Financial Planning. Jon is an estate-planning attorney and the author of numerous professional articles. Both are founders of the American Bar Association Committee on the Emotional and Psychological Issues of Estate and Financial Planning. They are the parents of three adult children.

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Jon: When Eileen first told me that, I said, “There must be a lot of literature out there on children and money.” It turned out there was, but all of it began from the assumption that money was going to harm the kids.

Eileen: Much of what we read said, “This is what you do *after* money has ruined your kids.”

Pamela: You decided to look at it differently?

Eileen: We decided that we would look at what people do that works. Both of us have worked with families with substantial wealth who have well grounded, responsible children. We wanted to know: *What were those people doing right?*

Jon: We spent three years interviewing people and reading research.

Pamela: And what did you find?

Eileen: Education emerged as a major theme. That’s a big part of what works: talking to kids and helping them understand money. Philanthropy also turned out to be big. Giving children the experience of sharing their resources with others helps them learn about the responsibilities and joys of money.

Based on our research, we also advise parents to give allowances, and to keep the allowances separate from chores.

“No, I don’t believe in that.” That’s better than trying to avoid the subject by saying you can’t afford it.

Pamela: Why?

Eileen: Because it’s the *truth*. You have to think about what message the child is getting. What message are you sending when you tell them you can’t afford a pair of sunglasses for them, yet you turn around and buy an expensive lens for your camera? You can use the situation as an opportunity to discuss your values. We all have values, but we don’t always take the time to think about and communicate them to our children.

Jon: Another “worst” thing to say to your children is, “We’ll pay you x number of dollars for an A .” We run into that one a lot. When we give workshops, people in the audience almost come to blows when they discuss allowance, chores, and grades. They feel so strongly about these topics.

Our reason for recommending not tying grades to monetary rewards is based on a 60-year study done by two Harvard psychiatrists, George and Charles Valliant, who examined the factors in children’s lives that help predict mental illness or mental health. The study found that it’s very important to develop a good self-image when you’re young, and to do that, it’s important to become a self-starter. By helping your children internalize the concept, “I am doing things because it makes me feel good,” rather than “I am doing this so I get

“We decided that we would look at what people do that works.”

That way, the allowance becomes a tool to learn about money and how to make choices. And we suggest that parents help their children develop a work ethic. Other parents have done all these things to raise responsible kids.

Jon: I would add that we think people need to deal with money as an inanimate thing—as a tool. It’s like a drill. You can use a drill to help make beautiful furniture or you can drill a hole through your hand if you use it carelessly.

Pamela: Money by itself is completely neutral.

Jon: Yes. By itself, it’s neutral. It’s your choice how you use it.

Pamela: You also talk about what *not* to do or say when you’re talking to children about money.

Eileen: We wrote in the book about the ten worst things you can say about money. (See sidebar, p. 19.) The worst is to avoid talking about money by telling your children you can’t afford it when you really can. We have a friend whose son wanted to buy a very expensive pair of sunglasses. He said,

“paid,” you’re giving your children a good start in life. If children are paid to do well, then when they are adults, they might have trouble with motivation if they get into situations where they’re not being paid to be excellent. We always say to business owners, “You pay your employees, but can you pay them to be excellent?” Many people who are excellent in the way they approach life are self-motivated. Part of excellence is internalizing the concept that “doing a good job is something important to me as an individual.”

Eileen: They’re internally motivated.

Jon: Giving your children money for what they accomplish is externalizing the motivation. Eventually, it doesn’t work.

Pamela: What do you suggest instead?

Jon: You can tell them it’s wonderful. You can ask them how it feels. Are they proud of how hard they worked? Or you can do something to celebrate, like have a nice meal or go on a trip together. The important thing is that you don’t set up a situation where children are doing excellent work — continued on p. 12

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in order to be rewarded for it. You want them to be motivated by the internal satisfaction that comes from doing good work.

Eileen: Among affluent parents, we find many who are quite surprised by some of our recommendations—like the idea of giving their children an allowance. They say, “Why should we give them an allowance? We buy them what they need.” We say, “If you don’t give them an allowance, you’re missing an opportunity to help them learn money management.”

Jon: It’s not that you’re going to produce kids who are serial killers if you don’t give them an allowance, but if kids get used to dealing with discretionary spending, they become able to think

Eileen: We believe that everyone needs to be aware of how they were raised.

Pamela: Because...?

Eileen: Because if they can be aware, they can change if they need to.

Jon: It’s like the studies that have shown that many people who abuse their children were abused themselves. I know it’s a terrible analogy, but the money messages you get as a child can color the way you approach money for the rest of your life.

Eileen’s dissertation research studied childhood messages and money behavior. How did the messages people received from their parents influence them? She found that childhood money behavior was *not* predictive of adult money behavior; what was

The Effects of Affluence

Positive:

Financial Security

Freedom to Learn/Explore

More Interesting Things to Do

Exposure to the Finer Things in Life

Philanthropic Opportunities

Friends with Other Bright, Affluent Kids

Appreciation for the Rewards of Hard Work and Ambition

Negative:

Lack of Motivation to Work/Achieve

Laziness

Activity Overload

Overindulgence

Sense of Entitlement

Insularity and Snobbery

Extreme Materialism

Excerpted from *Silver Spoon Kids: How Successful Parents Raise Responsible Children*, by Eileen Gallo, Ph.D., and Jon Gallo, J.D., Contemporary Books, 2002, p. 3.

in terms of limits and choices. Studies suggest that people who learn to think in those terms are less impulsive and have more self-control, and they become more stable as adults. Teaching kids to think in terms of limits and choices has long-term effects.

Pamela: What would you say is the most important thing parents should know about raising children with affluence?

Jon: The most important thing is for parents to be aware of what their own relationship with money is. How do *they* behave with money? If a parent is extremely materialistic, guess what the children are likely to be. Parents have to become conscious.

“Childhood money behavior was not predictive of adult money behavior. What was predictive were the messages about money that people had received as children.”

predictive were the *messages about money* that people had received as children. So parents need to ask themselves, “What messages are we sending our kids by our own money behavior?”

Pamela: In your book you include a chart of positive, as well as potentially negative, aspects of affluence. (See sidebar, this page.) Would you talk more about how you can accentuate the positives?

Eileen: The main ingredient is time. You need to spend time with your kids.

We live in a world of *fast*. We go to fast food restaurants, we go to pharmacies, banks, grocery stores—and we expect our transactions to be done conveniently and quickly. But it’s not that way with children. Children are high maintenance.

Jon: Children are *supposed to be* high maintenance. You *have* to spend time with children.

Eileen: Affluence has many benefits. For example, being affluent means that you have the ability to help your children find their passions—if you’ll take the time. There are some parents who do take that time. It’s a question of your priorities.

We know someone whose son has a friend who came down with Multiple Sclerosis (MS) at an early age. Our friend’s son

has had a strong interest in MS for years and his parents have fostered his passion. They have raised money for it. The mother recently went on a fundraising walk with their son.

Jon: Parents who don't spend time helping their children find and develop their own interests are missing an opportunity. The parents who went on the fundraising walk made a deliberate choice. They didn't make other plans for the day of the walk because they were going on the walk with their son.

Eileen: Another way to foster your child's interests is through family philanthropy. We believe it's important to make it concrete and get the kids involved.

Pamela: How do you do that?

Eileen: Parents can help a child find a particular organization that the child can resonate with. Lots of kids go to private schools and do community service, but they may or may not find something there that they really connect with; they could

be just marking time and fulfilling a requirement. If parents take the time, they can help their child find something the child can really believe in. Sometimes parents relinquish that role. They think the school has covered that.

In my practice, I see people who have adult children to whom they have given too much money and things instead of time. They haven't spent the connecting time.

Jon: It's not just "quality time," it's focused time—it's turning off the television, the pager, the cell phone, and just being with the child.

Dr. Stanley Greenspan talks about the concept of "floor time." It is time that is not organized. It's just being on the floor with your child, doing what he or she wants to do. Even parents who are working can take a half-hour every day just to be with the child, without an agenda.

Eileen: It's giving your children their own time and space. We find that even our adult kids want to hang out with us, and vice versa. We like just being with continued on p. 19

Talk to Me... Initiating "The Inheritance Conversation"

A Conversation with Dan Rottenberg

Based on an interview with Mara Peluso

When I was doing research on trust beneficiaries, it occurred to me that 90% of the problems beneficiaries encounter with trustees could have been avoided if children had talked to their parents about death. Of course, that's easy to say, but one of the toughest things in the world to do. It's harder to talk to our parents about money and death than it is to talk to them about sex. I think this is the reason people have problems broaching the subject of their inheritance with their parents.

I'm no different from anyone else. I don't want my dad to die and I don't want his money, so I didn't want to have that conversation—but I made myself do it. If you don't have the conversation, then the government winds up taking a lot of the money and it will end up getting distributed in ways that no one would want it to be distributed.

To begin the conversation, you first have to understand that you have no right, legally, to know what your parents are going to do with their money—and they are under no obligation to tell you. Very often, however, parents are eager to talk about it; they just don't know how to start.

I've found the following steps to be helpful in initiating "the inheritance conversation" with parents:

Make your own financial plan. Draw up your assets and liabilities, and share it with your parents. This gives everyone a place to start talking.

Ask your parents about their concerns. Are they worried about outliving their money? Are they worried about health care, or about living alone or in a nursing home? If they feel

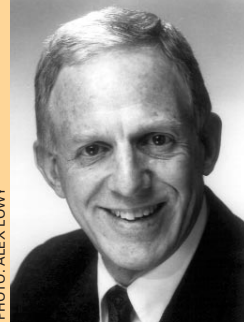


PHOTO: ALEX LOWMY

Dan Rottenberg is the editor-in-chief of Family Business Magazine and a columnist for The Philadelphia Inquirer. He has written articles for Forbes, The New York Times Magazine, and Town & Country, and is the author of The Inheritor's Handbook: A Definitive Guide for Beneficiaries (Bloomberg Press, 1998).

you are looking after their interests, they are going to be less worried about their money.

Write your own will and show it to your parents. Once you start talking about your own will, they're more likely to start talking about theirs. Many people haven't even written a will, so you need to find out if your parents have one. If they haven't written theirs, it is critical that you urge them to write it. Each state varies in the formula it uses to divide an estate. In some, everything automatically goes to the spouse. In many states, nothing goes to the children if the spouse is still alive. Very often, estates with no will end up in the hands of judges, and their decisions can be very arbitrary.

It's actually easier to start talking to your parents about money and death before it appears to be necessary. That way, you're not so emotionally wrapped up in feelings of loss or grief. And once things are worked out, the sense that things are taken care of can feel like a burden lifted—for everyone. ■

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them, finding out what's on their minds.

We have a friend who took her daughter, who is about ten, to England and Scotland. They went to a wonderful museum. The daughter had a sketch pad and they just stayed there for two or three hours while the daughter sketched. The mother had no agenda; she was just being with the daughter. The daughter was in heaven, and so was the mother watching her. What kind of an imprint is that making on that child? It's wonderful. This is an example of what affluence can help parents do, if they'll just take the time.

Pamela: Did you do all these things with your own children?

Eileen: We did some of these things, not all. *Silver Spoon Kids* is the book we wished we had read when our kids were growing up. When our youngest child read the book he said, "I don't understand. Why are you telling people to do things you didn't do? Why aren't you telling them to do the things you did?"

Jon: We told him we had to experiment with somebody!

Eileen: Knowing what we now know about children and money, we would do a lot of things differently than we did when raising our own children. We would give them an allowance, get them into checking accounts, all the things we say in the book.

Pamela: In your book, you talk about the fast pace of change in our culture and how it affects parenting. Are you concerned that any of the advice you give parents now won't be relevant later, as parenting conditions change?

Eileen: We believe that the fundamentals we talk about will always be relevant—spending time with your children, educating them about money and values, and being aware of the messages you're sending and what you are teaching by your own behavior and attitudes toward money. We have a chapter in *Silver Spoon Kids* entitled, "Parenting in an Age of Change." Its focus is basically the concept that we live in a world of vast amounts of impermanence.

Jon: As soon as you buy a computer or a car, it's out of date. The old models have already been superseded by the latest in technological developments.

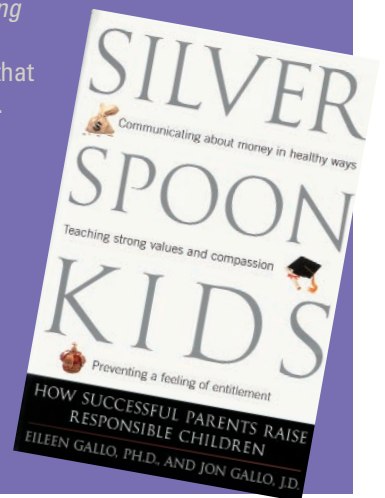
Eileen: One thing that's different now is that the media are getting more and more powerful, and it's having an impact on young children. Children today are exposed to 20-30 hours a week of TV by the time they're two years old. They will see hundreds and hundreds of commercials in a week. When the media take so much of children's time, parents need to spend more time with their children to counteract that. They need to be aware of what is going on and they need to be educating their kids. For instance, you may be watching TV with your 4-, 5-, or

The Ten Worst Things You Can Say

According to Eileen Gallo, Ph.D., and Jon Gallo, J.D., the ten worst things parents can say when talking to their children about money are:

- We can't afford it.
- We'll talk about it later.
- We'll pay you \$100 for every A on your report card.
- Money is the root of all evil.
- Time is money.
- That's not an appropriate question.
- They're disgustingly rich.
- Don't ever let anyone know how much money we have.
- Why don't you have your friends come over here; we have a _____, after all (with the blank filled in with *swimming pool, tennis court, or any number of expensive toys that might be attractive to kids*).
- Be thankful you don't live there.

Excerpted and abridged from Silver Spoon Kids: How Successful Parents Raise Responsible Children, by Eileen Gallo, Ph.D. and Jon Gallo, J.D. (For the authors' explanations of each point, see pp. 90-94 of the book.)



6-year-old, and you see an advertisement for \$150 Nike Air Jordan sneakers. You can talk to your child about that. You can say, "Do you really think they will make you play basketball like Michael Jordan?"

As the world changes faster and faster, it's important to remember that it's the people who are with your children on a 24/7 basis who will teach them how to cope with the world as it is today. Who is that going to be? The media will teach them how to spend money; the parents need to teach them how to make wise choices.

Pamela: What is the reward for parents who give their children the kind of time and attention you advocate?

Eileen: The reward for parents is their children. For any parent, the feeling of special connection with their child is priceless.

Jon: The reward is also the sense of a job well done. We are entrusted with our kids; we need to help educate them. There is a great sense of satisfaction out of having well balanced, responsible children who feel loved and valued. ■