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## Money Matters | Could your children pass the Marshmallow Test?

By KEN EATON

One of the most important, and cutest, child behavioral studies ever done, was called the Marshmallow Test. In it, young children were put in a room, one at a time with little more than a chair, a table, and a treat, most commonly a marshmallow. The researcher told each child that he had to leave for a few minutes. The child was welcome to eat the marshmallow, but, if it was still there when the researcher returned, the child would get a second one. Some children ate the treat before the researcher closed the doors. Others succumbed after 30 seconds of resistance. Some, however, were able to devise strategies to wait a full fifteen minutes to get that second marshmallow. Take a look at a simulation [here](#).

The children in the original study were followed into adulthood. Remarkably, there was a strong correlation between the ability to withstand the temptation of that marshmallow and a child's future financial success and overall well-being. As parents, our job is to make sure that our children can resist that marshmallow. The earlier we start, the better off they will be. Here are several strategies that can help.

Say, "No." It is so much easier to give in to our children when they ask for something than it is to stand firm. However, by telling them, "no", you give them the chance to do without something that they think they need. Over time they will learn to distinguish wants from needs and deny themselves some of those wants...

Be consistent. When you tell your child, "no", stick to your guns. Do not let begging or temper tantrums

sway you. Similarly, when you promise a reward for good behavior make sure that your child gets it. To make good financial choices, children have to be reasonably sure that they can predict the results of their actions. Those children who held out for the second marshmallow did so partially because they knew that they could really expect it.

Make them make choices. Before children are old enough to balance a checkbook, or budget, or even add and subtract, they can learn how to make choices. When you do want to buy your child something, have them choose between two items. Explain to them that you only have the money for one. Over time, they will learn to discern the relative importance of one want over another.

Set a good example. Children learn to imitate their parents before they learn to crawl. They consider their parents' behavior to be normal and healthy, whether it is or not. If you spend on impulse, fret about the money that you spend, or borrow to make ends meet, your child will most likely develop those same habits. The same is true for good habits. Take them to the store with you. Show them the list that you made before you left. Make a point to find something that you really want and then show them that you can resist the urge to buy it. If they see you delay gratification, they will most likely follow suit.

Allow them to make mistakes. Most children will refuse to wear kneepads until they skin their knees. Like everyone they learn from their mistakes. Let them make financial mistakes now, while you can control their environment, and let them feel the consequences. If they want to buy something that they cannot afford, lend them the money to buy it, then, make sure they repay you with interest. Let them see what they have to forego and how long it takes them to pay off their debt. Hopefully, the next time, they will resist the urge.

At its most basic level, managing money is really just making good choices, like choosing between one purchase or another or choosing to buy today or save for later. None of these strategies are particularly easy to implement. They will take time, effort, and willpower on your part but, by helping your children learn to delay gratification and make good choices today, you may be able to save them from severe financial difficulties in the future.

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