



Prudential Investment Managers  
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## Make finance a family affair

The 15<sup>th</sup> of May is International Family Day and it's a great time to hold a family meeting. Yes, we have all had our fair share of televised "family meetings", hosted by the President and watched by the nation. But when did you last sit down with your immediate family to take stock, set financial goals and agree on a way forward for the future?

For many people, the most pressing topic right now is finance. Household budgets are under pressure as the price of food and essentials continues to rise, though job prospects and the economy remain uncertain. While our instinct may be to try and shield our children from the financial stresses we face, opening up and speaking frankly (to a degree that is age appropriate) gives your children a valuable opportunity to learn about managing money.

If you're of the view that money is not a topic for family discussion, you may wish to reflect on where that idea comes from and whether it really offers any benefits, given that we all have to manage our own money someday. You'll probably find that the idea was handed down to you by your parents, and perhaps you find it difficult to speak openly about money now, because it's not something you're accustomed to. But is that the legacy you'd like to pass on to *your* kids? If not, here are some tips for getting the discussion started.

# Finance 101

[Research](#) from the University of Cambridge found that kids' money habits are formed by age seven, so it's basically never too early to start the conversation. If this is your first family finance discussion, it makes sense to start with the basics. Does everyone at the table understand foundational concepts such as saving, responsible spending, inflation, investing, and compound interest? The "[New to Investing](#)" section of our website is a great way to learn about the fundamentals of investing, through a series of short videos and bite-sized snippets of information.

## Budgeting

If your kids are still very young, they probably won't be able to participate in the finer details of your household budgeting process. However, you can always talk to them about general concepts such as where you are looking to save money, what was an unexpected expense this month, why you couldn't buy the thing you really wanted because it wasn't in the budget, etc. This will help your kids form more concrete ideas about the concept of money and saving, and also empower them to know that there are actions you can take now to achieve your goals in the long term.

With older kids, letting them see how and where your money is spent will help them understand what things cost and how to prioritise certain expenses – e.g. rent, utilities, and why the family's medical aid coverage takes priority over money for a new winter wardrobe. Ask your kids for help on finding ways to save – asking for their help will get their buy-in, and they may surprise you with some ideas you hadn't thought of. Budget categories where your older children's input could be genuinely helpful include groceries, eating out, entertainment, holidays, clothing, and spending on gifts.

## Set money goals together

Some goals will be family-oriented (e.g. saving for a family holiday) and some will be more individual (e.g. saving for a new car, or your child saving to buy a new tablet). Discussing what your goals are can help you clarify exactly what's needed and how long it will take to get there, so that everyone's expectations are aligned. Our [online](#)

[goal calculator](#) is a helpful tool for any age and your kids may find it particularly helpful exploring different parameters through the calculator. Doing regular check-ins with each other on your progress towards your goals can also help you stay motivated.

Once you know how much you'll need to put away each month, finding an appropriate investment solution is also a fun exercise that you can do together. Our [Fund Selector Tool](#) is ideal to help you find the most appropriate Prudential fund that matches your investment goals, risk profile and investment time horizon.

Ultimately, being more open about your finances will equip your kids to make better financial decisions in future, and it might even be a way for your family to connect and understand each other better. All of which makes the idea of holding a "family meeting" just that much more meaningful, and hopefully, enjoyable too.

For more information, please feel free to contact our Client Services Team on 0860 105 775 or email us at [query@prudential.co.za](mailto:query@prudential.co.za).