Parental Perceptions of Children's Financial Socialization

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Twenty-seven financial items were included in a questionnaire and 182 parents responded to the age they felt is most appropriate to share that family financial information or be involved in the financial activity. The most consensus was among parents as to what the very young are ready to learn and that children approximately 18 are ready for credit experiences. The items related to knowing about family income, savings, and indebtedness had the highest percentage of parents believing children should never know about that information. Most of the parents believed that children ages 12 to 14 and 15 to 17 were ready to be involved in family finances. However, most parents thought children were not ready to establish their own financial credibility or a credit history and build assets until 18 years of age or older.

KEY WORDS: *children and money, financial socialization, parents and children's money*

Parents may expect their older children to be financially independent but Danes and Hira (1987) found that they have little financial knowledge to draw upon. In that study, college students had low levels of knowledge in insurance, credit cards, and overall financial management areas. They only knew general facts about money management topics, but lacked knowledge in specifics. One wonders, then, how much money management knowledge and attitudes about money are transferred from parents to children within families.

Literature about the financial socialization of children or the transfer of financial attitudes, values, standards, or behaviors within the context of the family is scarce. Much of the research that does exist comes out of the consumer socialization literature. The conceptual definition which is referred to most often is that of Ward (1974) which is the "process by which young people acquire skills, knowledge, and attitudes relevant to

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Research was supported by the Minnesota Agricultural Experiment Station Project 52-058 and the Minnesota Extension Service. Acknowledgement goes to Kathryn D. Rettig, Professor, Family Social Science Department, University of Minnesota for the development of the instrument, "Financial Education in the Family."

their effective functioning as consumers in the marketplace" (p. 2). Some researchers have extended that definition to include acquiring and developing values, attitudes, norms, skills, behaviors, motives and knowledge which are related to consumption and family financial management (Rettig & Mortenson, 1986). However, financial socialization is much more inclusive than learning to effectively function in the marketplace. It is the process of acquiring and developing values, attitudes, standards, norms, knowledge, and behaviors that contribute to the financial viability and well-being of the individual.

Much of socialization, in general (and, thus, financial socialization, as well), occurs within the context of the family. Because most of the relevant literature comes from the consumer socialization literature, that term will often be used in the first part of the paper when referring to the literature; the term financial socialization will be used in the analytical section of the paper and when referring to the current investigation. Moschis (1987) and McNeal (1964) indicate that parents appear to play an important role in the consumer socialization of their offspring, and they are instrumental in teaching their offspring about relevant consumer aspects. One of the research needs identified by Moschis (1987) was a better understanding of the nature of family influence in the process of consumer socialization. If parents are primary agents for financial socialization within the context of the family (Moschis, 1981), the perceptions of the parents as to when children are ready to become involved in various financial situations is critical information in understanding the nature of family influence. The perceptions of parents would affect their predisposition to create a purposive learning environment for children relative to financial aspects of life. The purpose of this paper is to describe the parental perceptions relative to what age they feel it is appropriate or important to share selected kinds of financial information or involve children in selected financial activities.

The Family as Context for Financial Socialization

Socialization is the process by which individuals acquire the knowledge, skills, and value dispositions that enable them to participate as more or less effective members of groups and society (Brim, 1966; McNeal, 1987; Moschis, 1981). Socialization begins in childhood in our society and continues, to some extent, throughout life (Moschis, 1985, 1987; McNeal, 1987).

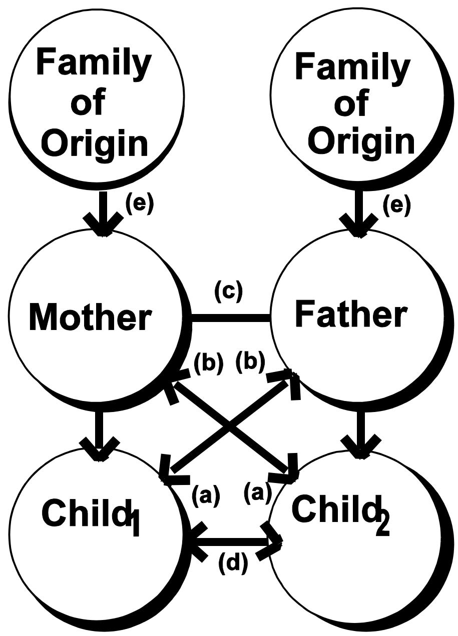
The family is a very important agent of socialization for both factual and emotional uses of money. It operates through the provision of (a) financial information networks, (b) grants and exchanges of financial and social-psychological resources, (c) financial role models, and (d) resources and environments to facilitate development of individual human resource attributes (Rettig, 1983, 1985). The family can also be important in mediating the effect of other socializing agents (Moschis, 1987; Swanson, 1991).

In the consumer literature, several authors have indicated that the family is instrumental in teaching children the basic aspects of consumption (Moschis, 1987; Parsons, Bales & Shils, 1953; Riesman & Rosenborough, 1955; Stampfl, 1978; Ward, Wackman & Wartella, 1977). Children have already acquired knowledge, attitudes, and motives on most subjects that might be included in education about the consumer role before coming into the classroom (Belk, Bahn & Mayer, 1982; Kuhlmann, 1983).

Children learn financial management behavior through observations and participation (incidental learning) and through intentional instruction by socialization agents (Danes & Dunrud, 1993; McNeal, 1987; Moschis, 1987; Rettig & Mortenson, 1986). Thus the process of financial socialization is not a formalized system because incidental learning is a major part of it. Neither is it random, however. There is often a considerable amount of intentional instruction involved. Furthermore, the child is not just a passive learner, as might be the case in a classroom. The child may often initiate the socialization process, for example, by helping parents during a shopping trip.

Figure 1 (page 130) presents a diagram of a family systems perspective to financial socialization; it indicates the many ways that financial information can be learned in either purposive or non-purposive ways within the family. Moschis (1987) identified four patterns of influence where consumer learning can occur: (a) parental influence on child, (b) child's influence on parent, (c) spouse's influence on spouse, and, (d) sibling's influence on sibling. A fifth pattern which was *not* identified by Moschis but is a central concept within this study and within the family systems perspective is the influence of the family of origin on parents (e). Each of the parents brings into the new family a whole set of values, attitudes, standards, norms and behaviors from their own financial socialization in their family of origin (Danes & Dunrud, 1993). The history they carry with them into their own family influences their perceptions that, in turn, affect their intentions relative to the financial socialization of their own children (Schuchardt, Danes, Swanson & Westbrook, 1991). One spouse, then, can act as a socialization agent on the other in redefining self-perceptions of the financial role in the context of the family.

Figure 1
Patterns of Influence in Family Financial Socialization



Moschis, Moore, and Smith (1984) suggested that parents, in general, make limited attempts to teach their children consumer skills. Rettig and Mortenson (1986) state, furthermore, that when parents lack competence or motivation that they will probably be less effective in assisting in their children's learning.

Financial Socialization Within Families

Financial socialization involves five major concept areas: (a) earning, (b) spending, (c) savings, (d) borrowing, and (e) sharing (Danes & Dunrud, 1993; Schuchardt, Danes, Swanson & Westbrook, 1991). Socialization studies have focused most on concepts related to purchasing and marketplace interactions rather than on social learning about non-consumption issues such as savings or acquiring a credit history (Kuhlmann, 1983; Rettig & Mortenson, 1986; Swanson, 1991; Ward, Klees & Wackman, 1990).

Two studies, however, found that children are more knowledgeable about the use of money when they are given a wide experience and opportunity in saving and spending and when their parents handle family income wisely (Marshall & Magruder, 1960; Phelan & Schvaneveldt, 1969). The findings suggest that money management skills might develop as a result of purposive financial training, positive reinforcement, or observation of parental financial behaviors. Moschis, Moore and Smith (1984) suggest that positive reinforcement might encourage the development of effective consumer behaviors, whereas negative reinforcement might constrain the development of consumer knowledge. Further, these authors suggest that overt learning experiences might be important in teaching behavioral dimensions, while modeling influences might be important in transmitting cognitive and effective standards and norms.

Parental assistance in money management practices changes as the child grows older (Danes & Dunrud, 1993). Reinforcement mechanisms such as giving an allowance are likely to be more frequent in early childhood than in later years (Danes, 1993; Ward, Klees & Wackman, 1990). Hurt (1961) found that 47% of seventh graders reported parental assistance in deciding how to spend money compared to 27% of twelfth graders. Similar findings were reported in studies by Dunsing (1956) and Remmers and Radler (1957). Marshall and Magruder (1960) found that knowledge in the use of money was not increased by giving an allowance or providing an opportunity to earn money at home; furthermore, Miller and Yung (1990) found no evidence that adolescents understand allowances to be an education opportunity promoting self-reliance in financial decision making and money management. In a study designed to identify the extent to which mothers passed on financial information and experiences to their children, it was found that mothers were attempting to give more information to their own oldest child than they themselves received (Rettig, 1985). Overall, a higher level of earnings and a regular source of income seem to support a higher level of knowledge on consumer and money topics and a greater propensity to save (Dale, 1973; Doss, 1990; Hampton, Bouton & Huggans, 1988; Hollister, Rapp & Goldsmith, 1986; Marshall & Magruder, 1960; Pippidis, 1989; Turner & Brandt, 1978).

Research Focus of Current Study

The research question addressed in this study was, "What do parents perceive as the age they feel it is appropriate or important to share selected kinds of financial information or involve children in selected financial activities?" The family is the context in which children learn about financial knowledge, attitudes, beliefs, and practices, although not always purposively. Parents are the primary agent for financial socialization. However, if financial educators are to promote more purposive financial socialization within families, they must become aware of the perceptions of parents as to when it is appropriate to do so.

Methods

Sample Procedures and Characteristics
These exploratory data were collected from 182 parents through several sources in order to obtain a sample that reflected the distribution of demographic characteristics across the state. (All of the respondents had children, although not all of the children were currently living in the respondents' homes.) Most respondents (58%) were part of financial education seminars, and 11% of the survey responses were obtained through individual financial counseling, both of which were performed by an independent financial educator/counselor. Over a fifth (21.4%) were solicited through early childhood and family education groups and another 9.3% of the respondents answered the questionnaire through their participation in a social service agency.

Appendix A (page 143) includes a description of the demographic characteristics of the sample. The sample of this exploratory study is very similar to the state population in some ways and, in others, it is slightly different (U.S. Census of Population and Housing, 1990). The average household size is 3.2 for the state and for this sample. The education level is quite similar as well, slightly above a high school education. The average age of the respondent was 37 and it was age 33 for the state population. The 1989 median household income was $30,909; the median income of the study fell in the $35,000 to $39,999 category. Seventy percent of the households within the state are employed full-time or part-time, whereas 76% of the sample was employed. Single-parents comprise 17% of the households within the state whereas 28% of the study sample are single-parents.

Analysis

The respondents were asked to complete a questionnaire that had a series of demographic questions and family financial education questions. For the financial education questions, the following introduction was provided: "It is difficult for most families to talk about money and financial issues. If it can be assumed that children need to learn about financial issues within their own families, then at what age do you feel it is appropriate or important to share the following kinds of financial information or involve the child in the activity?"

Then, each parent was asked to place an "X" in the appropriate box to indicate at which age they would share the information or involve the child in the behavior. The range of responses was: 1) don't know, 2) 8 years or less, 3) 9-11 years, 4) 12-14 years, 5) 15-17 years, 6) 18-20 years, 7) 21-23 years, 8) 24-26 years, 9) 27 years and older, or 10) never.

There were 27 family financial education items. The instrument was developed in 1982 and went through six revisions to achieve precision in wording. It has been used extensively in college financial management classes and has also been included in a larger study that obtained responses from children and parents within the same family.

A principal components factor analysis was performed on the 27 financial items in the questionnaire. The primary reason for this factor analysis was to assist in the conceptual grouping of the financial items rather than for a more analytical reason. Thus, it is not included here but is available upon request from the author. Appendix B (page 143) includes some of the technical information about the factor analysis. Six financial education categories surfaced: (a) beginning financial steps, (b) involvement in family finances, (c) future security the family, (d) establishing credit history, (e) establishing their own financial credibility, and (f) asset building.

The information is organized in two different ways in this article, by age category and by financial education item. Table 1 lists the age category where the largest percentage of the parents in each financial education item felt that children were ready to become involved in that type of behavior. The larger the percentage, the greater the degree of consensus among parents about when children are ready to become involved in that particular behavior.

Table 1
Degree of Consensus Among Parents on Age and Financial Issues

Percentage	Age of child and financial issue
	8 Years or Younger
70	Receive an allowance
64	Open own savings account
	9-11 Years
32	Help create a budget
29	Know guardian in case of parent death
	12-14 Years
48	Responsible for clothing budget
32	Know family monthly living costs
29	Told family income
29	Help keep records of family income
	15-17 Years
54	Know about family car insurance
48	Own checking account
44	Know about family life insurance
37	Discuss major financial decisions
34	Know amount of family income in indebtedness
29	Know parents' will content
29	Figure net worth statement
29	Know location of family savings
28	Know amount of family emergency fund
28	Location of papers after parents' deaths
	18 Years and Older
55	Fully responsible for own credit card
55	Apply for personal loan
54	Make payments on personal loan
51	Fully responsible for checking account
48	File tax return without help
40	Make decisions about own financial assets
37	Earn all own income
32	Purchase own assets

Table 2 (page 137) includes the distribution across the age categories for each financial education item. This table not only provides the distribution across age categories for each individual financial education item, but it also begins to indicate trends within the six factors. Those trends represent various facets of financial education that might be transferred to children.

To simplify Table 2, the last four age categories were combined into one age category of greater than 17 years of age. Table 2, then, indicates the trends across the six factors for children preschool age through high school. Because many of the items in the last three factors fall heavily in the last age category (> 17 years), Table 3 (page 140) breaks down that category into more detailed age categories in order to investigate the perceptions of parents about when older children are ready to be exposed to these financial education items.

Findings

Parental Consensus

Table 1 (page 134) indicates the most common age reported among parents in the study in regard to which age group is the most appropriate to involve children in the various financial items. The percentage listed is the percent of respondents who listed the age category for that activity. The higher the percentage that is identified with a particular financial education item under an age group, the greater the degree of consensus among parents about when children are ready to become involved in that particular financial behavior. Most parents believed that children less than eight years of age were ready to receive an allowance and open their own savings account. Approximately one-third of the parents believed that 9 to 11 year olds can help create a budget and know who has been named as guardian in case of the death of the parents.

Almost half of the parents believed that 12-14 year olds are capable of being responsible for their clothing budget. Only about one-third of the parents believed that same age group should know monthly family living costs, be told family income, or help keep records of family income. Although there is not as much agreement among parents about what is appropriate for 9-14 year olds as for those 8 years or less, there is still a significant amount of agreement. It was particularly surprising that one-third of the parents thought it was appropriate to tell 12 to 14 year olds about the family income.

Many more financial education items are thought to be appropriate for the 15-17 year old child. Those items where approximately 50% of the parents thought this age was most appropriate were: a) know about family care insurance, b) own a checking account, and c) know about family life insurance. Thirty-seven percent believed that this age group was the appropriate one to discuss major financial decisions. About that same percentage (34%), thought that this age group could know the amount of family indebtedness. Less than 30% of the parents thought that they should know the contents of the parent's will, figure a net worth statement, know the location of the family savings, know the amount of the family emergency fund, and know the location of papers after parents' deaths.

There was a higher degree of consensus among parents relative to what they perceived was appropriate for those children 18 or older. More than 50 percent of the parents thought this age group was ready to be fully responsible for their own credit card, apply for a personal loan, make payments on a personal loan, and be fully responsible for a checking account. Less than 50% thought it was appropriate for this age group to file a tax return without help, make their own decisions about their financial assets, earn all their own income, and purchase their own assets.

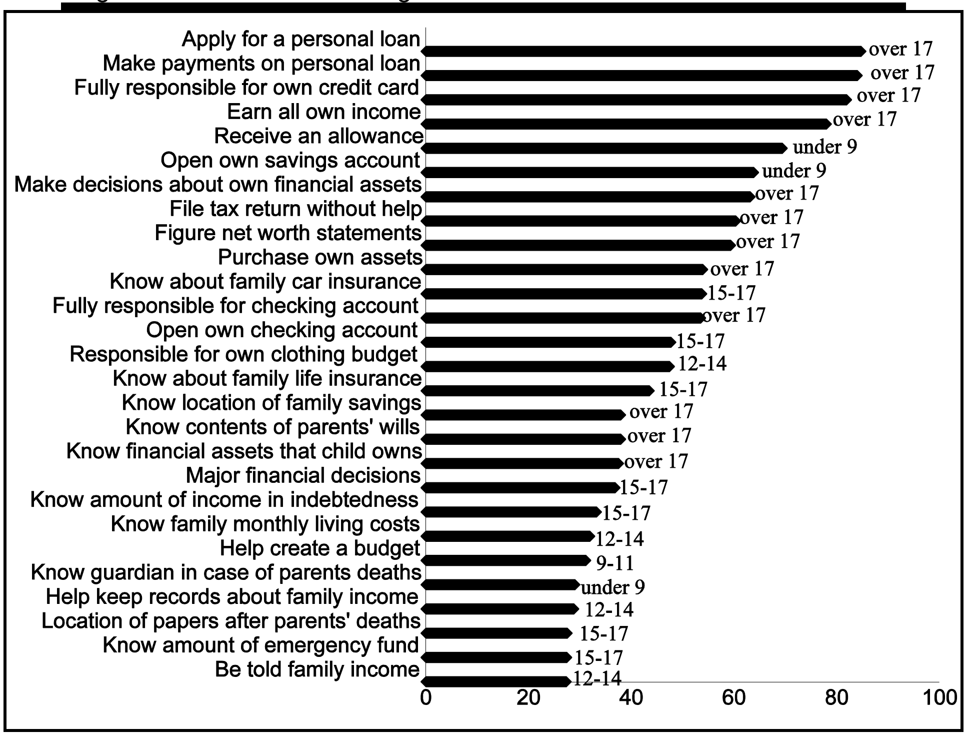
Figure 2 organizes this data in a slightly different form; it organizes the types of financial behaviors from the highest degree of consensus to lowest degree of consensus. This figure emphasizes the fact that the highest consensus among parents about when to involve children in various aspects of family finances lies with the very young or those 17 years and older. It is the pre-teen and early teen years when there is much less agreement among parents.

Table 2
Distribution of Parental Responses Across Child Ages

Financial Issue	Percentage					
	Never	<9	9-11	12-14	15-17	>17
1. Beginning Financial Steps						
A. Receive an allowance	6.9	69.5	20.7	2.9	–	–
B. Open own savings account	–	63.9	18.9	9.4	5.0	2.8
C. Responsible for own clothing budget		1.7	3.4	21.5	47.5	23.2
2.8						
2. Involvement in Family Finances						
A. Major financial decisions	10.8	10.2	13.1	23.3	36.9	5.7
B. Be told family income	11.0	11.0	17.7	27.4	20.7	12.2
C. Know amount of income in indebtedness			14.1	5.1	7.1	21.8
33.3	18.6					
D. Know amount of emergency fund	13.2	1.8	10.2	20.4	27.5	27.0
E. Know family monthly living costs	4.7	8.1	19.2	32.0	25.6	10.5
F. Help keep records about family income		14.5	6.0	14.5	28.9	28.9
7.2						
G. Help create a budget	2.9	13.9	31.2	27.7	22.5	1.8
3. Future security of family						
A. Location of papers after parents' deaths		–	7.2	17.7	24.3	27.6
23.3						
B. Know about family life insurance	2.3	2.9	8.7	21.5	43.6	22.0
C. Know about family car insurance	1.7	7.5	9.8	24.9	53.8	2.3
D. Know contents of parents' wills	–	4.6	13.8	19.5	28.7	33.3
E. Know location of family savings	2.9	4.7	6.4	19.3	28.7	38.0
F. Know guardian in case of parents deaths			1.1	29.1	23.4	25.7
13.7	6.8					
4. Establishing credit history						
A. Apply for a personal loan	1.1	0.6	–	1.1	12.4	84.8
B. Make payments on personal loan	1.1	0.6	–	2.3	11.9	84.1
C. Fully responsible for own credit card		9.0	–	–	0.6	8.4
82.0						
5. Establishing own financial credibility						
A. Open own checking account	0.6	1.1	4.5	6.7	47.8	39.4
B. Fully responsible for checking account		0.6	0.6	1.7	6.6	37.0
53.6						
C. Earn all own income	–	0.6	2.8	3.4	15.2	78.1
D. File tax return without help	4.0	–	–	1.7	23.9	60.4
6. Asset building						

A. Know financial assets that child owns	1.1	6.8	14.8	17.6	22.2	37.6
B. Make decisions about own financial assets	0.6	2.3	4.0	9.2	20.7	63.2
C. Purchase own assets	1.2	5.9	6.5	10.6	21.8	54.0
D. Figure net worth statements	2.4	0.6	2.4	6.1	29.1	59.4

Figure 2
Degree of Consensus Among Parents



Age Distribution Across Financial Items

Among the items under the "Beginning Financial Steps" Factor, more than 60% of the parents thought receiving an allowance and opening a savings account are financial education items that are appropriate for the very young (< 9 years) (Table 2). A small proportion (6.9%) of the parents thought children should never receive an allowance. Almost half the parents believe that introducing responsibility for their own clothing budget is appropriate for 12 to 14 year olds but about 20% believe that it can happen earlier (9-11 years), and about an equal number believe that financial responsibility should not begin until between 15-17 years.

The teenage years between 12 and 17 years seem to be when parents perceived children should most probably become involved in the individual financial items classified under "Involvement in Family Finances." There are two notable exceptions: (1) parents believed that it is the older teens rather than the younger teens who should know about the amount of the family emergency fund, and (2) it is in the 9 to 11 year old category where parents perceived children were ready to help create a budget. However, it is important to note that a substantial number of parents believed that children should never be involved in various aspects of family finances. Between 13% and 14% of the parents felt children should never be involved in keeping records about family income or know about family indebtedness or about the amount in the emergency fund. About 11% of the parents thought that children should never be told the family income or be involved in major financial decision discussions.

There were six items under the factor, "Future Security of the Family." The teenage years, although there was variance on when it was considered most appropriate, seem to be the years when parents felt that children need to become informed about financial items relative to the future security of the family except for knowing who the children's guardian would be in case of the parent's death. Parents thought children should know that information quite early in life. And, it is only in the years after high school that parents believed children should be informed about the content of their parent's will or the location of the family savings.

Most parents believed that "Establishing a Credit History" was either for the latter teen years or for after the children completed high school. Nine percent of the parents felt children should never use credit cards. The same trend was evident for the factors identified as "Establishing Their Own Financial Credibility" and "Asset Building." The one item under the latter factor which parents believed many younger children should know about was informing the children of the financial assets that they themselves own.

Since these last three factors are perceived for children as they become young adults, Table 3 identifies the trends in more detail. Although there was some variance across all age categories for almost all items under the three factors in Table 3, in all but one case, the 18 to 20 year old category was when most of the parents thought that it is appropriate for their children to get started on their own financially. There were many parents who perceived that many of these behaviors should not begin until age 21-23 years, however. About an equal number of parents expected their children to earn their own income either between 18 and 20 years or between 21 to 23 years old.

Table 3
Parental Perceptions About When Older Children are Ready to be Exposed to More Advanced Financial Education Items

Financial Issue	Percentage 18-20	21-23	24-26	>26	>17*
1. Establishing Credit History					
A. Apply for a personal loan	54.8%	25.4%	4.0%	0.6%	84.8%
B. Make payments on a personal loan	53.7	25.4	4.0	1.1	84.1
C. Earn all own income	54.5	22.5	3.9	1.1	82.0
2. Establishing Own Financial Credibility					
A. Open own checking account	37.1	1.7	0.6	–	39.4
B. Fully responsible for checking account	50.8	2.8	–	–	53.6
C. Earn all of own income	36.5	34.3	6.7	0.6	78.1
D. File tax return without help	47.7	15.9	4.5	2.3	60.4
3. Asset Building					
A. Know financial assets that child owns	28.4	6.3	2.3	0.6	37.6
B. Make decisions about own financial assets	40.2	16.7	5.9	0.6	63.2
C. Purchase own assets	31.8	12.4	7.1	2.9	54.0
D. Figure net worth statement	29.1	20.0	5.5	4.8	59.4

* Total from Table 2; all the other age categories in this table will add up to this amount rather than 100%.

Of the six factors, the parents thought that "Establishing a Credit History" should come at the oldest age category for their children. About one-fourth of the parents thought it was not appropriate for their children to become involved in open or closed ended credit until they were between 21 and 23 years old.

Summary and Discussion

Parents indicated the age where they felt it is most appropriate or important to share different kinds of financial information or to involve children in different kinds of financial activities. The perceptions of these parents are heavily influenced by their own family of origin. It is important for financial educators to be aware of these perceptions because if the discrepancy between the recommendations of educators and the perceptions of parents is too large, those recommendations will be ignored.

There were 27 financial items in the survey. The 27 financial items included the various concepts of earning, saving, borrowing, and investing. They were organized under six different factors: (a) beginning financial steps, (b)involvement in family finances, (c) future security of the family, (d) establishing a credit history, (e) establishing their own financial credibility, and (f) asset building.

There is the highest level of consensus among parents in regard to what very young children are ready to experience in regard to financial education and that experiences with credit are most appropriate for those children 18 years of age or older. There is much more variance in terms of when children between 9 and 17 years of age might be exposed to a variety of family financial knowledge and financial behavior.

There is the least consensus about which age children should know about various aspects of family income, family savings and the family emergency funds. In fact, of all the financial items included in the survey, it was the ones such as those just mentioned, that had the highest percentage of parents who believe that children should never know about that family financial information.

Receiving an allowance and opening a savings account are financial experiences for which most parents perceive very young children (<9 years) to be ready. Most parents perceive that children in the age groups of 12 to 14 and 15 to 17 were prepared to become involved in most of the items under the "Involvement in Family Finances" factor. The 15 to 17 year age group was the age at which most parents felt children were ready to learn about items related to the future security of the family.

Establishing a credit history, establishing their own financial credibility, and building assets were perceived by parents to be for children mostly 18 years of age or older. Most parents perceive those behaviors to be most appropriate for children in the 18 to 20 year category; however, there were approximately one-fourth of the parents who felt that it wasn't until children had reached the ages of 21 to 23 years that they would be ready for these experiences. This latter group of parents may have college education as an expectation for their children and that is why they believe their children will become financially independent at a later age.

Parents are a primary financial socialization agent for children even though much of what is transferred from parent to child is nonpurposive. That statement logically leads to a call for a future emphasis on financial socialization education for parents and for children. That call might be directed toward nonformal and formal education systems. A financial curriculum for the formal classroom needs to be developed for children from preschool on up. Educational activities for parents of children of all ages is best focused outside the formal classroom where parents congregate or through mass media.

The usual assumption is that financial education is most appropriate and pragmatic at the high school level. However, it is important to do financial education for very young parents and for very young children, as well. Kuhlmann (1983) indicated that children acquire knowledge, attitudes, and motives about their consumer role before coming to the classroom. It is also vital in the financial education of young children to take a family approach that might involve activities that children might do at home with parents and other family members. Kourilsky and Murray (1981) found that the effectiveness of an economic education program with kindergartners was partly due to the participation and discussions within the family. It is also vital that parents become more aware of the influence of their own family of origin on their present attitudes, standards, motives, and behaviors so that the transference of these things becomes more intentional (Danes, 1993; Danes & Dunrud, 1993). Financial educators and counselors can also assist parents who have some negative attitudes about various aspects of finances or who lack information and confidence in how to teach their children about managing money.

If financial management educators accept the challenge of focusing on young children and parents, it is critical to do more research similar to this study. The present study is only exploratory, but it does begin to investigate at what ages parents perceive children are ready to know or become involved in a variety of financial behaviors. Financial educators need to be aware of these perceptions and take them into consideration when planning educational efforts or financial socialization education could fall on deaf ears.

More research needs to be done on financial socialization with a family systems perspective and/or with a human capital development conceptual foundation. Not all, but much of what has been done has a business orientation and comes out of marketing and advertising.

More attention by financial educators might be focused on children within the middle years of 9 to 13 or on parents with children of this age range. Many parents in this study indicated that these were prime years to involve children in family finances. It was also the age range where there was the most disagreement among parents about when children are ready to be involved in financial activities. These are years (9 to 13) that might be a time when education could become more purposive through participatory learning within the family.

Appendix A

Demographic Characteristics of the Sample

Continuous Variables	Range	Mean
Age	22 to 66 years	38
Household size	1 to 7 persons	3.2
Number of children currently living in the house	0 to 5 children	1.2

Categorical Variables	
Male respondent	25%
Female respondent	75
Single parent family	28
Two parent family	72
At least one preschooler	29
At least one child aged 6 to 9 years	18
At least one child aged 10 to 12 years	14
At least one child aged 13 to 17 years	17
At least one child aged 18 years or older	14
Respondent not employed	10
Employed part-time	14
Employed full-time	76
Income less than $19,999	13
Income $20,000 to $34,999	42
Income $35,000 to $59,999	34
Income $60,000 or over	11

Appendix B

Description of the Factor Analysis

Six financial education categories surfaced in a principal components factor analysis of 27 financial items. The factor analysis was based on retaining factors with eigenvalues greater than 1. Coefficients lower than .3 in absolute value were suppressed in the factor analysis because anything lower than that is relatively meaningless. The factor loadings varied from a high of .927 to a low of .487. Most of the factor loadings ranged in the .7 and .8 range.

The future security of the family factor explained 23.6% of the variance and had an eigenvalue of 6.4. The asset building factor explained 13.1% of the variance and had an eigenvalue of 3.6. The third factor, involvement in family finances, explained 9% of the variance and had an eigenvalue of 2.3. The remaining three factors each explained between 6% and 7% of the variance and had an eigenvalue of between 1 and 2. The cumulative percent of variance explained was 69.3%.

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