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The gift of curiosity

The holidays can prompt children's questions that might not be easy to answer. Here are examples and how to handle them

By Susan Johnston, U.S. News & World Report

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As kids write their wish lists and parents open their wallets, the holidays can highlight some not-so-nice financial realities, especially with many families struggling. Answering kids' questions about money and gifts isn't easy, so we talked to several experts about how to handle three possible scenarios.

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Q: Why can't I get an iPad?

A: Whether you're strapped for cash or you simply choose to spend money in other ways, Nan Morrison, president and CEO of the Council for Economic Education, suggests focusing on choices and trade-offs rather than "Mommy and Daddy can't afford that." As she explains, "I'm out of work today" is not a lasting lesson, but "the core lessons that you're teaching kids about allocating their resources are applicable throughout their whole lives."

Rather than caving into kids' demands or internal pressures to put mountains of gifts under the tree, some parents encourage children to save up allowance and birthday money to buy the things they want. Morrison suggests opening the conversation like this: "Sweetie, this is a really expensive game and this way you'll understand that if you're making a choice to keep saving, then you're choosing not to do other things. Why don't you think about what you really want?"

Of course, gifts aren't the only way to celebrate the season, so creating family rituals can help shift the focus away from material goods. "We need to show them that joy is not in things," says Gail Perry-Mason, co-author of "Girl, Make Your Money Grow!" (Broadway, \$13.99) and founder of Money Matters for Youth, a week-long summer program aimed at teaching kids responsible money management. "The real joy comes in creating great memories. The things become obsolete, the memories don't." She suggests letting each family member choose a tradition like enjoying homemade pancakes, decorating a gingerbread house, or making ornaments together. In fact, she and her kids have a tradition of adopting a family each year, in which they put together a food basket and buy gifts from the family's wish list.

Q: How come I got a bigger gift at Daddy's house?

A: The holidays can be a confusing time for kids of divorced parents, especially if one parent is struggling financially. That's why Brette McWhorter Sember, author of "How to Parent with Your Ex: Working

Together for Your Child's Best Interest" (Sphinx Publishing, \$16.95), suggests setting realistic expectations beforehand. "When talking about the holidays, you have to be very clear that things will be different now that you're living in two houses, but try to spin it so that this means there will be twice the celebration," she says. "Emphasize that the holidays are about more than the number of gifts."

Sember adds that one parent should never try to outdo the other or blame the ex for financial hardships. As she puts it, "your child needs a relationship with that other parent and you must support that. Negative statements undermine that relationship." Instead, it's a good idea to discuss holiday gift-giving with the other parent. "Some parents agree on a dollar-amount cap that keeps things even at both homes," Sember says. "Others chip in together for big purchases and may do so in whatever way is equitable for them, so that the child gets the 'big' gift from both parents, without either parent being left out."

Q: Who are those people in the Santa hats and why are they asking for money?

A: Between nonprofits ramping up their end-of-the-year fundraising and headlines about the 1 percent versus the 99 percent, kids of all ages may ask questions about the haves or have-nots. Laura Vanderkam, mother of three and author of the forthcoming book "All the Money in the World: What the Happiest People Know About Getting and Spending" (Portfolio Hardcover, \$25.95), says these questions could lead to useful discussion.

"Why don't people have homes?" she asks. "Ask your child what she thinks the reasons might be, and then talk about ways you can try to make a difference. Children often have a very strong sense of justice, and like to take action." Vanderkam suggests volunteering as a family or giving away coats and hats the kids have outgrown. "This is a great time to introduce the concepts of both giving and taxes. Talk about how Mommy and Daddy earn money and give some of it to charity, and pay some of it to the government, which also uses it to pay for homes and meals."

Taking volunteerism a step further, Morrison points to teachers who have helped students raise money for charity instead of holding a coat drive or spending an afternoon at a soup kitchen. For instance, one elementary school class in an economically challenged area made lunches, sold them to teachers, and gave the proceeds to charity. "I think as soon as you start teaching children how to share toys, they're already giving up something they really want for somebody to be happy," she says. "It's helping somebody else instead of doing for yourself."

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