

Affluent Children Are at Risk Because They Are Affluent? Huh?

By Karen L. Rancourt

Question: Which group of children do you think will fare their teen years more easily: children of parents who are financially prosperous, or children of parents who are struggling financially?

Surprisingly and paradoxically, the latest research establishes that children from wealthy and affluent homes are at significantly greater risk of developing serious emotional problems precisely because of their privileged circumstances. That is, teens from affluent, well-educated families are less happy, less confident, and prone to higher rates of depression and suicide attempts than are their less affluent counterparts.

This finding may seem counterintuitive. It would seem that if children are readily given what they want, they will be happy, satisfied, well-adjusted, and have strong self-esteem as they head into and through their teen years. However, this is not always the case. In fact, research compiled by psychologist Madeline Levine, Ph.D. indicates that the children of the wealthy and affluent are experiencing disproportionately high levels of emotional problems:

- Thirty to 40% of 12- to 18-year-olds from affluent homes experience troubling psychological symptoms.
- Ten to 15% of those who suffer from depression eventually commit suicide.
- Twenty-two percent of girls from financially comfortable homes suffer from clinical depression (three times the national average).
- Private school girls do not fare any better.

Further, as Dr. Levine explains, “Because money and material objects are plentiful in comfortable homes, they often become the default motivator when parents want to change their children’s behavior.” When parents use potential purchases to try to change their kids’ behavior, the results are often disappointing. In fact, many times when a parent promises to buy something the child wants “if you behave,” or “if you do your homework,” this may really mean the parent is frustrated and perhaps feeling all options have been exhausted – leading to: when all else fails, pull out the credit card and head for the mall or do some Internet online shopping.

Other related points include the fact that shopping can give kids a false sense of security and control over their lives. A new purchase can create a momentary good feeling, but it is actually not a sustainable way to reduce stress. As soon as the thrill of the purchase wears off, the troublesome feelings of insecurity or inadequacy resurface, only to be replaced by yet another purchase to keep them at bay. And so the unfulfilling cycle of consumerism continues, over and over.

Many parents funding this unfulfilling cycle of consumerism are confused. On the one hand, it makes sense at some level that parents would unconditionally share their good fortune with their children. What good does it do to have money if it isn't used to bring pleasure and delight, especially for one's children? On the other hand, many parents find that somehow they never seem to be able to give their children enough. The kids keep asking for and getting more and more, and yet their behavior becomes more and more challenging, and in many cases, outright bratty, with an increase in sullen demands. Somehow, in many affluent households, the generous use of the credit card, which is supposed to be a problem solver, can be, in fact, a problem creator.

Interestingly, at this point it may prove helpful to look at Warren Buffet and Sir Paul McCartney, who share something in common. Although both are fabulously wealthy, both demonstrated good parenting when it came to teaching their children to be financially independent and self sufficient.

Sir Paul McCartney, Britain's richest musician, is the father of five children, including three he had with his first, and now deceased wife, Linda: musician James, photographer Mary, fashion designer Stella. James, Mary and Stella were raised with the expectation that they would be able to support themselves, and each does. Of course they had the advantage of being introduced to influential people along the way who were well aware of their father's celebrity, but nevertheless, each is successful in his/her own right by developing skills and talent and a lot of hard work.

Similarly, Susie, Howard and Peter Buffett do not expect, nor are they getting, any mega-inheritances, even though their dad, Warren Buffet, is the third richest person in the world. When interviewed about their dad giving his billions to the Bill & Melinda Gates Foundation, all three said they're proud of what their dad is doing. Granted, they will get a huge amount for their own charitable foundations, but very little for themselves.

In a *Fortune* interview with Warren Buffet (June 26, 2006), when questioned about what he and his wife intended to do with their wealth regarding their children, he said, "Certainly neither Susie (his now deceased wife) nor I ever thought we should pass huge amounts of money along to our children. Our kids are great. But I would argue that when your kids have all the advantages anyway, in terms of how they grow up and the opportunities they have for education, including what they learn at home – I would say it's neither right nor rational to be flooding them with money. In effect, they've had a gigantic head start in a society that aspires to be a meritocracy. Dynastic mega-wealth would further tilt the playing field that we ought to be trying instead to level."

From a parenting perspective, Warren Buffet and Sir Paul McCartney are to be commended for insisting their children be self supporting, even though enough money was available to give their kids a lavish lifestyle without their ever having to work. This

same expectation for self sufficiency can be established in any family, and it is especially needed in affluent ones.

The simplest way to do this is through the use of one word: budget. When it is consistently explained that budgeting requires planning and saving, a comment such as the following can become commonplace and accepted: "We did not budget for the new toy you would like, so we need to talk about it and plan ahead for it." This kind of conversation helps children of all ages deal with disappointment, learn to defer gratification, and most important, it decreases the chances of children developing attitudes of feeling entitled.

Trips to the toy store can be easy and straightforward: "Remember, we budgeted to buy your friend a birthday present, and that is all we're buying at the store." Saying no to a child about immediate purchases is no longer a battleground when buying decisions are handled around budgets. Even young children will begin to ask, "Can we budget for a new toy for me?" A child asking this question is a far cry from the unpleasant scenes that all too often take place around purchases when children have come to expect getting whatever they want, whenever they want it. And, as children get older, they can be taught about the various ways they can work, save and contribute toward some desired purchase.

Less affluent parents talk about budgets and budgeting out of financial necessity. Affluent parents need to talk about budgets with their children out of developmental and emotional necessity, even though money is an abundant resource for them. Children from affluent homes need to appreciate that their fortunate circumstances are attributable to their parents, and that their main job in growing up is to acquire the education and tools to make their own way as adults. This basic understanding is critical in helping reduce the risk many affluent teenagers face by virtue of being raised in affluent homes.

In addition to the examples of good parenting by Warren Buffet and Sir Paul McCartney, another anecdote comes to mind. A teenage boy wanted a new car and was badgering his dad (who had some recent good luck with some stock and was newly wealthy) to buy one for him. The son said, "Why can't I have a new car? We're rich now." The father replied, "No, WE'RE not rich. Your mother and I are rich. If you want to be rich, you'll have to work for it."

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