

Are your kids financially fit? Take our money quiz to find out.

You've taught your kids to say "please" and "thank you," to look both ways when crossing the street, and that cigarettes are bad. But have you given them the benefit of your wisdom about money? About saving and budgeting? Investing for the future? Credit cards and debt? Today's kids deal with money all the time, but many are ill-prepared for true financial independence. Take this quiz to find out what type of example you're setting for your kids—and what you still need to discuss as they make the transition to adulthood.

1. You're planning to get a car for your 16-year-old daughter. Will you:
 - a. Give her your car and get a new one for yourself?
 - b. Buy a used car after carefully researching the market together?
 - c. Help her pay for a used car - and then discuss how to pay for insurance, gas, and maintenance?
 - d. Lease a brand-new BMW for her?

2. Your teenager wants a credit card. Will you:
 - a. Get him a stored-value card loaded with a fixed amount of your money?
 - b. Get him a secured card linked to his own checking account?
 - c. Get him a credit card, explain monthly interest charges, and have him pay the bill (on time, of course)?
 - d. Give him a "no limit" credit card and let him cut loose?

3. Your 15-year-old son gets a summer job. Will you:
 - a. Have him turn the money over to you for his savings account?
 - b. Help him get his own checking account and set up a savings plan?
 - c. Explain the tax implications of a paycheck and help him with his year-end taxes?
 - d. Watch him bring home the new CDs and video games, and get earplugs?

4. You decide to set up an investment account for your 12-year-old daughter. Will you:
 - a. Pick the securities yourself after careful research?
 - b. Ask her which companies or industries might be fun to own?
 - c. Do some research together, and jointly decide what to buy?
 - d. Put all the money into a single hot stock?

5. You give your child \$12 every Friday for her allowance. Do you:
 - a. Insist that she use part of the money for long-term savings?
 - b. Help her create a simple budget that includes spending, saving, and gifts?
 - c. Help her track how she spends it?
 - d. Watch as she spends every penny by Friday night and asks for more on Saturday?

6. Your first-born is heading off to an expensive private college. Will you:
 - a. Pay for his education yourself in full?
 - b. Encourage and help him to get a part-time job or student loan to help pay part of the costs?
 - c. Together, develop a plan to budget your money, perhaps supplemented by his savings as well as loans?
 - d. Hope for the best?

7. It's April 15, and you've just filed your tax return. Will you:
 - a. Pay the taxes on time without any family discussion?
 - b. Use the occasion to explain the impact of taxes on family finances?
 - c. Use the occasion to decide as a family where to make charitable donations?
 - d. Complain loudly that you're being gouged?

8. You're at the grocery store with your two middle-school children. Do you:
 - a. Bring a list and stick to it?
 - b. Use the trip as way to teach them to comparison shop?
 - c. Give each child \$20 to purchase the ingredients for a family supper?
 - d. Cave into their demands for sugary snacks and sodas?

9. You've just made an offer on a new house, and your 13-year-old daughter asks, "How are we going to pay for it?" Do you:
 - a. Tell her that you will take care of that?
 - b. Explain the concept of a mortgage?
 - c. Talk about the pros and cons of different types of mortgages, and if she's interested, explain interest rates, the yield curve, and inflation?
 - d. Tell her you're hoping to win the lottery?

10. When a friend's dad loses his job, your 12-year-old child expresses worries about a similar fate. You counter his fears by:
 - a. Telling him that there is nothing to worry about.
 - b. Telling him that you've got an emergency fund stashed away to help you weather financial setbacks?
 - c. Having a family discussion about your family finances and contingency plans.
 - d. Telling him you'll put him to work to make ends meet.

11. Your Girl Scout daughter is participating in the annual cookie sale. Do you:
 - a. Buy dozens of boxes of cookies for yourself or ring up sales at the office?
 - b. Help her keep track of orders and receipts, and help with delivery?
 - c. Help her strategize about good potential markets or locations?
 - d. Tell her that selling cookies is a waste of time; you'd rather just write a check.

12. Your daughter has just received a large sum of money for her birthday. Do you:
 - a. Place all the money in her savings account or college fund?
 - b. Together, develop a plan for saving and spending?
 - c. Use the opportunity to discuss financial goals and charitable giving?
 - d. Sit by and watch as she spends it all on CD's and clothes?

13. Which best describes how your children or grandchildren think about money?
 - a. Money comes from work.
 - b. Money is important and requires careful management.
 - c. Money is a tool to achieve your most important goals.
 - d. It grows on trees.

14. Your child:
 - a. Has accounts that you set up and contribute to.
 - b. Has a savings account in his own name and contributes to it regularly.
 - c. Both saves and has an allowance that he manages.
 - d. Has holes in his pockets.

15. Which scenario best describes what your child would do if she wanted a new iPod?
 - a. Ask you to buy it for her for a special occasion like a birthday or holiday.
 - b. Save her allowance and/or work to earn money to pay for it.
 - c. Tap the money she has been saving for months to buy it.
 - d. Demand it, and throw a fit if she didn't get it.

16. From your kids' perspective, a credit card is:
 - a. A foreign concept. You always pay all the bills.
 - b. Okay, as long as the balance is paid on time each month.
 - c. A useful tool, if used wisely.
 - d. A limitless source of money.

How did you do?

Obviously, we don't expect many people to answer any of these questions with response "d" (but if you did, you have some work to do). All of the other answers have some merit.

- If you consistently answered with "a's," you are probably making prudent decisions on your own, but could benefit from communicating with your child more.
- If you answered with mostly "b's," congratulations; you are teaching your child important lessons.
- If you answered most questions with "c's," you get extra credit! Not only are you doing an outstanding job of educating your child, you are also doing a great job of talking through all the elements of making sound financial decisions.

As you can see, almost any kind of interaction you have with the world of money is an opportunity to teach your kids something about this important topic. Start a conversation. Use your own life as the source material for lessons you can teach your kids. The example you set will have more impact on your kids' financial futures than almost anything else!