

HUFFPOST PARENTS CANADA

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Want Your Kids To Be Money-Smart? You're Their Best Teachers

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Do you think your children will be ready to deal with financial matters when they enter the workforce? If you're not so sure, you've got company.

Chartered Professional Accountants of Canada (CPA Canada) completed a [survey of over 1,000 Canadians](#) in 2014, which indicated 81 per cent of us think that today's youth are not as prepared as they could be.

Talk dollars and sense

What can we do? Experts suggest making money one of those things we talk about day-to-day. Managing money is an important and fundamental life skill, 98 per cent of us say so according to the [CPA Canada research](#). It's right up there with reading, writing and making healthy choices about nutrition and exercise and how to manage our time. In fact, learning earlier is a financial advantage that can last a lifetime.

Our kids are often most receptive to advice when it starts at home. The best time to begin is now. For example, even preschoolers are ready to start thinking about finances. If they

know mommy or daddy goes off to work, they can understand why -- the answer is to earn money.

Earning is essential. As they say, money doesn't grow on trees, and we work hard for it! An early suggestion is to talk with your children about where it goes, after it's earned.

Got a dollar? You've got four choices

Money can be saved, shared, invested or spent, and there are loads of age-appropriate lessons for each one:

- Saving is how we can someday own a home, or perhaps just buy the newest, hottest toy or game.
- Sharing is how we help others.
- Investing is how we help our money multiply.
- Spending is how we pay our bills, buy our food and clothing, and reward ourselves with life's pleasures.

Help them as they learn

Budgeting is fundamental to good money habits. So, addressing it with your kids can help them attain financial confidence. After all, choosing when to save, share, invest and spend takes practice

Explain what bank accounts, credit and debit cards are, but consider helping your children by taking the approach that "cash is king."

For the youngest children, understanding that the coin in their hand can buy one treat or another, but not both, is a start. For older children, they can appreciate their ability to earn, and that attending college or university will take financial discipline across the entire family. It can also be a great opportunity to explain the difference between good and bad debt.

When dealing with young children, consider an allowance to help your kids learn to make responsible choices. Decide on the rules for what the allowance can be used for, and then let your children manage within them. It's guaranteed they'll make mistakes but they'll improve, just as we do from our missteps.

They'll need ongoing guidance. Some of the old adages can really help -- track your money, and live within your means. Explain what bank accounts, credit and debit cards are, but consider helping your children by taking the approach that "cash is king." What if you paid for school supplies or the household groceries with a budgeted amount of cash, and made choices accordingly? Your kids could emulate you.

Sometimes, say no

Our kids face many societal pressures and they're an important target market for advertisers. We all struggle with temptations. If your family can start talking about when and how to earn, spend, save, share and invest, while living within your means, you can all become more confident and resilient. After all, [CPA Canada's research](#) found that 95 per cent of us think if our kids learn younger, it will increase their odds of later financial success.

Help is here, really

Schools are getting increasingly involved in teaching money matters and of course, community groups and financial experts have roles to play. [Talk With Our Kids About Money Day](#) takes place on April 20 this year as part of an annual event organized by the Canadian Foundation for Economic Education and powered by BMO. The special day encourages parents to engage in conversations with their children about money matters.

There are lots of resources right at your fingertips. Regardless of your child's age, you'll find [CPA Canada's blog](#) and *A Parent's Guide to Raising Money-Smart Kids* especially helpful as well as the [Financial Consumer Agency of Canada](#) offers some financial concepts you can discuss with kids as they grow up.

So get talking about money. It's never too late to develop all the tools we all need to live happy, money-smart lives.

Join the conversation along with [Jane Rooney, Canada's Financial Literacy Leader](#) and [Tamar Satov, personal finance blogger](#) at CPA Canada and use the hashtags #TWOKAM #TalkToMe.