

Engage Your Children!

By Tracy Broeze, CFP

Over the holidays, we spend much of our energy focusing on our family with a great deal of thought and effort going towards our children. We spend literally weeks and sometimes months planning gifts, events, and family time to make the most of the all too brief period that we have together. Our goal? To engage our children. What would they most like to spend their time doing? What foods will they most enjoy, what gifts would really make them smile? Too soon, the family time is over and it's back to our day to day lives.

In fact, we spend exponentially more time in our day to day lives than we do on holiday and for that very reason it's much more difficult to engage our children in the infinitely more prosaic, yet realistically more important, activities like schoolwork. We do our best though. We pitch in helping them learn to read, driving them to *every* sporting event that the school offers, (or so it seems), and supporting them through their university years. Trying to make the mundane as fun and exciting as possible.

What we usually neglect, in my experience, is to help them learn to manage their finances. Incredibly, this is a skill that they will use no matter what their sphere in life, whether they go on to post-secondary education or not. Actually, in comparison, it's as important as learning to read. Maybe that's why they call it financial *literacy*. I can confidently bet that not a single day goes by that we don't handle money in some form or other, even if it's only in consumption of goods. Don't they after all represent the purchasing power of money?

We usually think that we teach our kids all they need to know about money by starting a weekly or monthly allowance. Let 'em spend all their money on candy a few times and see how they feel about being, not only sick, but broke as well. In reality, what we often end up teaching our kids is the fine art of *loan negotiation*. Sure, that comes up sometimes as well, (probably more often than it should), but wouldn't you rather see your kids really making good decisions with their income? Could it be possible without the nagging? Whether it be an allowance or a paycheque from their summer job, learning to think ahead is a life skill that shouldn't be ignored. And surprisingly, parents, because they are just too familiar, aren't really listened to as much as they should be and their valuable experience is disregarded. (Well, what do you know?)

A federal task force figured this out, (it probably cost millions), and they are planning on teaching personal finance in schools beginning in Ontario in 2011. This may be a bit late for many kids, so to help with this, the Investor Education Fund has set up a new website, GetSmarterAboutMoney.ca. It's designed for the novice, 'I don't know *what* I don't know' types, all the way to the more experienced. If the novice category doesn't know where to start, they can have a look at life events to give them some ideas or starting points. This is the same approach that we have used on our website, www.excelplan.ca, and it works for everyone. GetSmarterAboutMoney.ca is a slick site that uses much humour and simplicity to get the message across without being condescending. I worry that a 'little knowledge can be a dangerous thing' though. I would hate to see someone feel they are a sophisticated investor simply because they know the difference between stocks and bonds.

An even more effective method of engaging your children in financial planning, much better than sending them a link to a website, would be to sit them down with your advisor. Take them with you

when you review the RESP or maybe they can get help building their first budget. What better way to let them know that everyone needs to engage in financial planning?

And it takes more than just a savings strategy and a few web resources to do it right. Get a professional to help with investment strategies and decisions. Anyone who watches 'Holmes on Holmes' knows that there is a right way and a wrong way to do a job, you've got to 'make it right'! *DIY* costs a whole lot more than getting professional help in the long run. And when it comes to financial planning, that could mean adding a delay of many years to your financial plans.