a Parent's Guide to Raising Money-Smarr Kids



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FOREWORD

The Canadian Institute of Chartered Accountants recently commissioned research about the level of financial literacy in Canada, and the results—consistent with the research and recommendations of the Federal Task Force on Financial Literacy—were a wake-up call: Canadians need to improve their financial literacy skills!

If you are like most Canadians, you believe that responsible money management is an important life skill—and one that should be taught to kids. The research shows that most parents feel it's their responsibility to teach their kids about money management, and many have tried. But a vast majority of parents feel they have not been very successful at it. They feel they don't have the information they need, and they don't know how to approach the subject with kids of different ages. They recognize that they need help and they are willing to listen and learn. That's why this book was written. We believe that the earlier kids are taught, the greater the likelihood of their financial success throughout life.

As chartered accountants, we know about money. We hope this book will give you the information and skills you need to communicate effectively with your children about important money matters. We hope that it will also make you more aware of your own behaviour around money and the type of financial role model you are to your kids currently—and the type of role model you can become. It may also lead to improvements in your own financial health as you become more skilled in understanding, practising, and explaining money management. Finally, we hope it will help your kids feel more confident about their financial decisions.

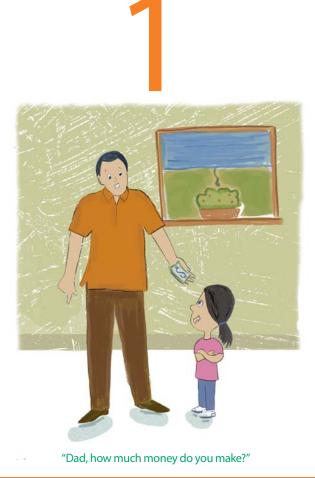
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Getting to Money Smart

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"Mommy, I know money doesn't grow on trees—it comes from the bank machine!"

Teaching Young Children

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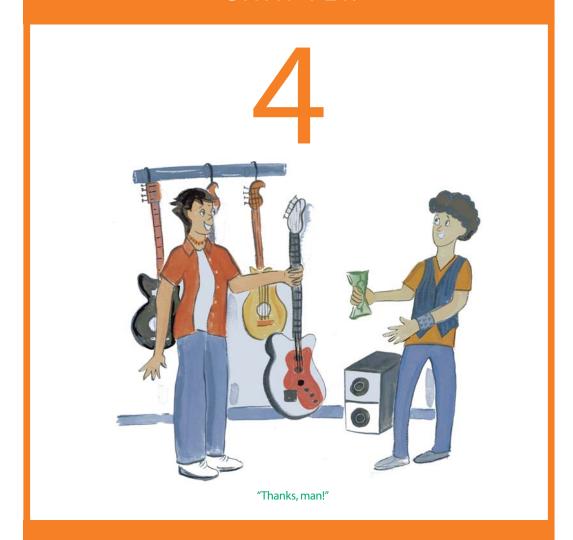
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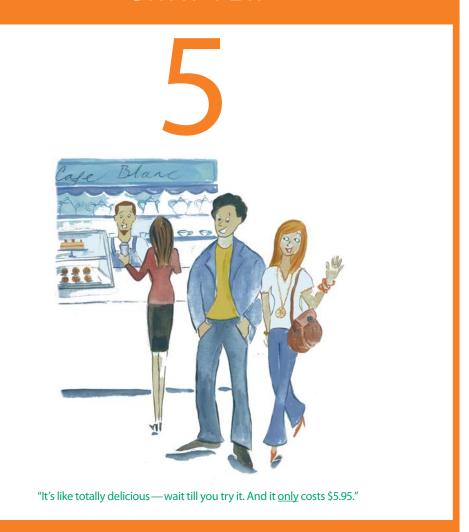
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INTRODUCTION

To get the most out of your reading, you should understand a few things about how the book is organized. The first chapter sets the stage, explaining why it's important to help your kids become money-smart. It also covers what that implies about your own responsibility to be smart with your money so that you can teach by example, because a good example really is the best teacher.

But beyond your own example there is the very basic need to talk to your kids about money. How do you approach it? We've given a lot of thought to this question, and the conclusion we've reached is that there are really five basic aspects of money that can be used to structure an ongoing conversation. First there's the fact that in order to have money you have to earn it. Then, once you've earned it, there are really just four things to do with it:

- Save
- Spend
- Share
- Invest.

Chapters 2 through 5 are directed to parents with kids at different stages—young children (5 to 8 years old), pre-teens (9 to 12 years old), teens (13 to 17 years old), and emerging adults (18 to 21 years old). Each chapter is organized around the five aspects of money just discussed—**Earn**, **Save**, **Spend**, **Share** and **Invest**. There are suggestions for family discussions and activities designed to reinforce these concepts. Each chapter also contains quotes from parents talking about how they approached financial literacy with their kids, quotes that sometimes remind us that there is often humour even in the most serious topics.

We hope that the suggestions in this book, and the real-life experiences of other parents, will make your conversations with your kids easier and more effective. We also welcome your ideas and anecdotes. Please email us at: moneysmartkids@cica.ca

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