Anne Rovers sits at the dining room table with her seven-year-old daughter Elsa. She asks Elsa what Mom should do with her money. “Do you think I should shop for more clothes?” asks Rovers. “No!” says Elsa. “What do you think I should do instead?” asks the Toronto mom. “I think you should save your money,” she says. Elsa, who is going into Grade 3 this fall, likes learning about financial matters, because “it’s kind of fun to save money.” She thinks all kids should get the chance to learn. “I think they should teach you at home and at school not to spend too much money,” she says. “Some people use their money so they can buy all these cool phones and stuff like that. And then they don’t have any money for the things they really, really need,” she says. This is a concept many adults have yet to grasp.
Up to 40 per cent of adults are not comfortable with financial matters, according to the Canadian Centre for Financial Literacy.

The Canadian Institute of Chartered Accountants (CICA) says 78 per cent of parents have tried to teach their kids about money but feel the attempt may not have been successful.

Gary Rabbior, president of the Canadian Foundation for Economic Education, says this lack in confidence may be generational.

“People never used to talk about money. They didn’t learn about it at home, they didn’t learn about it in school,” he says.

“We have to make parents more capable and confident in their own understanding so they’re able to help their kids,” he says, adding the same must be done in schools.

“One of the road blocks in schools is that teachers don’t like to teach anything in which they don’t have confidence themselves,” says Rabbior, adding many educators are also part of this generation.

Carmen Oliveira was one of those teachers.

Four years ago she knew little about finance. Then the Ontario Ministry of Education introduced financial literacy into the curriculum for Grades 4 to 12.

“I was like everyone else — I knew what was in the bank and I knew what bills had to be paid, but I didn’t have a holistic understanding,” she says.

“I soon realized the repercussions of not having financial education in my own life. I would have made better financial decisions had I been taught in school.”

She says every individual will have to deal with money regardless of income bracket or personal situation. Like hygiene or physical health, financial literacy is a life skill that needs to be taught.

Oliveira now works money matters into her classroom. She says the key to engaging students is showing them how a given scenario can play out in their own lives.

“Real life context is completely engaging,” she says. “The minute consequences can affect them, they take money a lot more seriously.”

That same logic should apply to parents at home.

The Financial Consumer Agency of Canada (FCAC) recommends parents teach their children about money as early as four years old.

Young children have an amazing ability to retain information. A good place to start is counting coins and learning to recognize value.

As your child grows older, introduce more complex concepts, such as needs versus wants, budgeting, expenses and income.

This will help her make better decisions down the road when she navigates more complex financial products, such as debit, credit and loans.

Parents should also look for teachable moments.

A trip to the grocery store, for example, is an opportunity to teach your child about money.

Don’t just bring her in tow; involve her in the buying process.

Create the grocery list together and stick to it while you’re shopping. This will show her the value of your dollar. Go one step further and compare costs of various brands. Choose the one that offers the most value.

Children also learn by watching and imitating their parents. Showing them good spending and saving behaviour may encourage strong financial habits in the future.

Another teachable moment is a quick trip to an automatic banking machine (ABM).

Your child may see debit cards and ABMs as an infinite source of cash. This is an opportunity to teach her the money in your bank account is the money you’ve earned.

If your child is old enough, point out how withdrawals affect an account balance.
You can do this by showing her the withdrawal receipt. You may also choose to take her through your online banking transactions.

Your child can also learn to manage her own money. Many financial institutions offer special accounts for youth with checks and balances in place.

These accounts offer low- or no-fees and come with a debit card and access to online banking.

For parents and teachers looking for teaching tips and ideas, there are a number of resources available at schools, at banks or online.

The FCAC in partnership with the British Columbia Securities Commission developed a web-based financial education resource called The City. This is an excellent source for educators.

The Investor Education Fund (IEF) offers free, downloadable lesson plans for teachers and parents alike. They've also gone one step further.

Tom Hamza, IEF president, notes because financial education is a relatively new topic, the organization has been able to create materials that are online, interactive and social.

"They'd rather see a lesson on YouTube than they would in a 300-page textbook," points out Hamza.

"So it speaks to students in a language they're already communicating. It's very intentional that we're doing it this way," he says. "It's relevant to them, and it's only going to be long-term if it's relevant."

**Talk to your children about money as they grow**

**From 4 to 8 years old**

- Your child should understand most people live on a fixed amount of money; there is not an endless supply.
- He should be able to use money to make simple transactions. Let him buy basic things at the cash register.
- He should understand his allowance is similar to an income. He should be able to divide the money he's earned and put it toward his financial goals. These goals will be simple, and may be related to saving, spending and sharing.
- A child in this age group should further grasp the concept of trade-offs. This involves decision-making skills. Money involves choice. Should he spend money on one item, he's choosing to have less money for something else.

**From 9 to 14 years old**

- This is a time when saving money kicks into high gear. A child in this age group should know the significance of holding onto a portion of his earnings (allowance). You may want to teach your child to put 10 per cent towards an emergency fund, for example.
- There are differences between needs and wants. Your child should know the difference and be able to show restraint.
- Create a savings plan with your child and teach him about short-term versus long-term financial goals.
- Involve your child in family finances. Show him your regular financial commitments to help him better understand household income and expenditures.
- This is also a good time to create a simple budget for an activity or event. Is there a birthday party coming up? Involve him in the planning process from the cost of balloons to games and more.

**From 15 to 18 years old**

- At this age, your child should understand the benefit of living within his means. He should further grasp the concept of debt and its potential consequences.
- Your child should know the pros and cons of different payments methods.
- He should understand debit and credit fees, plus interest charges and how to avoid them.
• Teach your child the various ways he can invest his money. Keep it simple, but walk him through GICs, stocks, bonds and mutual funds.