

Ideas to build children's experience/education for responsible wealth management

GOAL/AGE	KEY GOALS	ALLOWANCE/INCOME	SAVING/INVESTING	DONATIONS/PHILANTHROPY	BORROWING & SPENDING	BUDGET	EDUCATION	FAMILY EVENTS	RISK TAKING	READING SUPPLEMENTS	RESOURCES
6-12	<p>Instilling money sense begins with teaching your child:</p> <ul style="list-style-type: none"> › How to make the most of his/her allowance or earnings (based on spending one-third, saving one-third, and sharing one-third) › Budgeting and saving strategies to help your child purchase something special (e.g. bicycle or video game) › Philanthropy to encourage your child to give from his/her sharing bank to charity 	<p>You can help your child by providing an allowance based on the following guidelines:</p> <ul style="list-style-type: none"> › Establish regular chores to encourage responsibility and a strong work ethic › Initially give a set amount by age (you might want to consider spending one-third, saving one-third, and giving one-third to charity) › Reward positive behaviour by reviewing chores and increasing chore responsibilities and allowance levels as your child develops 	<p>Start your child's savings and investing education with the following tools:</p> <ul style="list-style-type: none"> › A basic savings account with debit card accessibility › Holiday/Birthday gifts ear-marked to go directly to savings › Lessons in basic investing of your child's savings (you and your child might want to review and discuss quarterly statements together) 	<p>You can help your child develop a philanthropic mindset by:</p> <ul style="list-style-type: none"> › Encouraging the donation of a portion of his/her allowance to a charity of his/her choice › Choosing a charity with your child to research further › Assisting your child in researching and recommending a charity for a family donation 	<p>Introduce the importance of spending wisely and carefully planning a purchase. No credit education is recommended at this age.</p>	<p>At this age:</p> <ul style="list-style-type: none"> › Introduce the concept of a budget and how it works › All food, education and clothing to be covered by parents › Special items should be paid for by cash flow generated through your child's savings/allowance › Encourage your child to keep savings largely intact 	<p>You can help your child's philanthropic and wealth education by:</p> <ul style="list-style-type: none"> › Visiting a charity with your child (and possibly his/her grandparents) 	<p>Create a family event designed to:</p> <ul style="list-style-type: none"> › Enable your child to present charity research and recommendations around some of his/her charitable gifts › Celebrate the charity and how important the gift is › Celebrate your child's savings and investment goals 	<p>Discuss with your child:</p> <ul style="list-style-type: none"> › The pros and cons of short-term spending versus saving toward a larger goal 	<p>Some ideas for additional reading:</p> <ul style="list-style-type: none"> › <i>The Kids' Guide to Money Cents</i>, by Keltie Thomas › <i>Centsibility: The Planet Girl Guide to Money</i>, by Stacey Roderisk, Ellen Warwick and Monika Melnychuk › <i>Lunch Money</i>, by Andrew Clements › <i>When I Grow Up I'm Going to Be a Millionaire: (A Children's Guide to Mutual Funds)</i>, by Ted Lea 	<p>Ask us about:</p> <ul style="list-style-type: none"> › Starting an RBC Leo's Young Savers Account at RBC Royal Bank › Allowance, budgeting and financial planning guides › Links to Disney's <i>The Great Piggy Bank Adventure</i>
13-17	<p>During the early teenage years it's important to encourage your child to:</p> <ul style="list-style-type: none"> › Set savings goals › Discuss the opportunity cost of purchasing and impulse-buying <p>As your teenager gets older, it's important to discuss topics including:</p> <ul style="list-style-type: none"> › Planning for college or university › Budgeting › Starting to invest savings 	<p>At this age, you should:</p> <ul style="list-style-type: none"> › Continue with the allowance previously established and increase it based on growing responsibility and need › Inform your teen about trust income that is set aside for education only; help him/her understand what income is available for education › Encourage your teen to perform some community service (at least 40 hours per year) 	<p>Continue your teenagers's savings and investing education with the following tools:</p> <ul style="list-style-type: none"> › Online banking access to go with his/her debit card-accessible savings account › Increased limit on debit card › Starting an educational portfolio to allow him/her to research, choose and monitor holdings › Financial gifts made by you or other family members to your teen's investment account › Quarterly reviews of investment performance with your advisor 	<p>You can help your teenager further develop a philanthropic mindset by:</p> <ul style="list-style-type: none"> › Encouraging him/her to research and recommend a charity for a family donation › Inviting him/her to attend family donation meetings, if you have them, to see how you make decisions about charitable gifts 	<p>You can begin your teenager's credit education by:</p> <ul style="list-style-type: none"> › Discussing the use of borrowed money and interest, as well as the importance of using credit responsibly › Giving him/her a joint credit card with a small limit › Reinforcing the importance of spending money on things he/she can afford to buy › Regularly reviewing and discussing spending behaviour 	<p>At this age:</p> <ul style="list-style-type: none"> › Special items should be paid for by cash flow generated through your teen's savings or allowance › Encourage him/her to keep savings largely intact › You should review cell phone statements and other spending expenses quarterly 	<p>You can help further your child's philanthropic and wealth education by:</p> <ul style="list-style-type: none"> › Visiting a charity with your teen (and possibly his/her grandparents) › Enrolling him/her in a junior achievement or company entrepreneur program › Allowing your teen to attend an annual meeting with your RBC advisor to review financial goals › Reviewing the concept and value of compound interest 	<p>Create a family event designed to:</p> <ul style="list-style-type: none"> › Welcome your teen to the family meetings on donation strategy and planning › Enable him/her to present charity research and recommendations › Celebrate the charity and how important the gift is › Celebrate your teen's savings and investment goals › Celebrate responsible credit card use 	<p>Discuss with your teenager:</p> <ul style="list-style-type: none"> › What was the riskiest decision you made this year? › How did it turn out? › Are you still glad that you made that decision? › What risk-based decision would you like to make this year and why? › The risk involved with investing in stocks, bonds, mutual funds 	<p>Some ideas for additional reading:</p> <ul style="list-style-type: none"> › <i>Rich by Thirty: A Young Adult's Guide to Financial Success</i>, by Lesley Scorgie › Mutual fund information and RBC educational materials, available through your RBC advisor 	<p>Ask us about:</p> <ul style="list-style-type: none"> › Starting an RBC Leo's Young Savers Account at RBC Royal Bank › Calculators, readings and tools available through www.rbc.com › A financial planning guide › Getting an RBC Student Visa card from RBC Royal Bank
18-23	<p>Your young adult's intermediate financial education should include knowledge of:</p> <ul style="list-style-type: none"> › His/her personal net worth › Investing in stocks and bonds › Gaining financial independence through budgeting › Obtaining a mortgage for a first home › Credit options and ratings › Creating an independent lifestyle that's right for him/her, including the career path that will help him/her get there 	<p>At this age, you should expect your young adult to:</p> <ul style="list-style-type: none"> › Perform some community service (at least 40 hours per year) › Find and keep a summer job › Manage income earned from a summer job (e.g. investments, charity, personal expenses, RRSP contribution or a TFSA) 	<p>Continue your young adult's savings and investing education by:</p> <ul style="list-style-type: none"> › Considering a Registered Retirement Savings Plan (RRSP) › Considering a Tax-Free Savings Account (TFSA) › Directing financial gifts to mutual funds or other appropriate investments › Opening a chequing account › Opening an investment account to teach your young adult about safety, income, growth, liquidity and tax minimization › Reviewing investment performance with your young adult and advisor, or having your young adult set up a meeting directly with your advisor › Suggesting setting up an automated monthly savings contribution (to reinforce the compound interest concept) › Meeting with your advisor to determine whether it would be beneficial for your child to work directly with an advisor at this stage (see Education) 	<p>You can help your young adult further develop a philanthropic mindset by:</p> <ul style="list-style-type: none"> › Encouraging him/her to research and recommend a charity for a family donation › Inviting him/her to become a voting member of any family foundations that you have set up 	<p>You can enhance your young adult's financial education by:</p> <ul style="list-style-type: none"> › Slowly increasing his/her credit card limit › Removing the joint name from his/her credit card › Beginning monthly automatic payments from your young adult's income to cover their expenses › Reviewing his/her spending and credit history annually 	<p>At this age:</p> <ul style="list-style-type: none"> › Luxury items should be paid for by cash flow generated through your young adult's savings, allowance or employment income › Encourage your young adult to keep savings largely intact › Review cell phone statements and car expenses quarterly › Your young adult should manage his/her own annual expenses › You and your young adult should establish a complete university budget › Help him/her create a cash flow plan and understand his/her personal net worth 	<p>You can help further your young adult's philanthropic and wealth education by:</p> <ul style="list-style-type: none"> › Continuing to encourage charitable donations › Working with your advisor to help your young adult create a financial plan › Discussing compound interest assumptions and expectations with your young adult › Working together to hire an investment advisor that you and your young adult will feel comfortable with 	<p>Create a family event designed to:</p> <ul style="list-style-type: none"> › Annually celebrate the value your young adult brought to the family circle › Celebrate his/her savings and investment goals › Celebrate cash flow and credit management › Celebrate financial responsibility and the ability to stand alone 	<p>Discuss with your young adult:</p> <ul style="list-style-type: none"> › What was the riskiest decision you made this year? › How did it turn out? › Are you still glad that you made that decision? › What risk-based decision would you like to make this year and why? › The risk involved with investing in stocks, bonds, mutual funds or other investments they may be interested in 	<p>Some ideas for additional reading:</p> <ul style="list-style-type: none"> › Mutual fund information and RBC educational materials available through your advisor 	<p>Ask us about:</p> <ul style="list-style-type: none"> › Educational tools on the RBC Better Student Life site › Budgeting calculators and financial planning worksheets › Online investment simulation tools › Getting an RBC Student Visa card from RBC Royal Bank › Access to a Royal Credit Line for Students through RBC Royal Bank › Starting a Practice Account with RBC Direct Investing™ to learn about investments and managing a portfolio
24+	<p>Your adult child's advanced financial education should include an understanding of:</p> <ul style="list-style-type: none"> › Portfolio management › Asset allocation › Wealth management › Playing a significant role in family philanthropy › Family governance 	<p>At this age, you should expect your adult child to:</p> <ul style="list-style-type: none"> › Earn regular income › Set aside amounts for expenses › Save for significant financial goals such as a down payment for their first home or RRSPs 	<p>Set your adult child on the right path to a successful financial future by:</p> <ul style="list-style-type: none"> › Helping them choose a wealth management team › Sharing any advice you may have on how to find a good professional advisor and what to expect 	<p>You can help your adult child further develop a philanthropic mindset by:</p> <ul style="list-style-type: none"> › Encouraging him/her to play a significant role in your family's foundation › Encouraging him/her to research and recommend a charity for annual family donation – amount dependent on resources, or may be part of family foundation activities 	<p>You can help your adult child further develop fiscal responsibility by:</p> <ul style="list-style-type: none"> › Helping him/her purchase a first home or car with credit › Reviewing his/her credit history annually 	<p>At this age:</p> <ul style="list-style-type: none"> › Your adult child should set up a budget to save for purchases such as a new home, vehicle or vacation 	<p>You can help further your adult child's philanthropic and wealth education by:</p> <ul style="list-style-type: none"> › Encouraging him/her to attend investment seminars › Encouraging charitable donations › Introducing him/her to the family's professional advisors › Discussing business succession planning/managing family funds with your adult child and professional advisors › Working with your advisor and adult child to create a total net worth document for him/her 	<p>Create a family event designed to:</p> <ul style="list-style-type: none"> › Celebrate educational achievements › Celebrate taking over roles in the family circle (e.g. treasurer, head of philanthropy, etc.) › Celebrate the completion of a savings goal (e.g. purchased a home or vehicle, made a significant donation, etc.) › Celebrate credit reputation (e.g. a clean credit record, discipline going forward, etc.) 	<p>Discuss with your adult child:</p> <ul style="list-style-type: none"> › What was the riskiest decision you made this year? › How did it turn out? › Are you still glad that you made that decision? › What risk-based decision would you like to make this year and why? › The risk involved with investing in stocks, bonds, mutual funds or other investments they may hold in their investment portfolio 	<p>Some ideas for additional reading:</p> <ul style="list-style-type: none"> › <i>The Wealthy Barber</i>, by David Chilton 	<p>Ask us about:</p> <ul style="list-style-type: none"> › Articles on family wealth management such as preparing the next generation for the responsibility of ownership › Starting an RBC investment account, RBC Direct Investing online investment account or a full-service RBC Dominion Securities brokerage account › Helping your adult child determine how much house they can afford

Smart financial management for your children: A parent's overview

When it comes to your children, you want nothing but the best. Equipping them with the skills they need to be successful adults is a constant focus, and a solid financial education is a key part of every child's successful future.

As your financial advisory team, we understand your family values and your wealth management goals. Our aim is to help you and your family meet all of your wealth management needs, at all stages of your life. With that in mind, we would like to help in your child's wealth management education in any way we can.

RBC Wealth Management has developed a series of financial education tools, geared to the needs of each child's development stage. For younger children, the basic concepts of spending, sharing and saving are discussed. For older children, additional information about budgeting, investing and responsible use of credit is included. All of our education tools are designed to supplement the one-on-one wealth management education available to you and your children through your RBC advisor.

The following chart highlights a few of the key considerations for your child's financial understanding, based on age. We encourage you to review the chart and our other tools first to decide if the content is right for your family. We are available to sit down and discuss these in person with you and your child at a time and place that's convenient for you.

We look forward to working with you and your children to create a tailored wealth management education plan and financial strategy that will meet their needs now, and down the road.

Your RBC Wealth Management team

6-12

13-17

18-23

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RBC WEALTH MANAGEMENT

Financial literacy for your children



RBC Wealth Management®

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