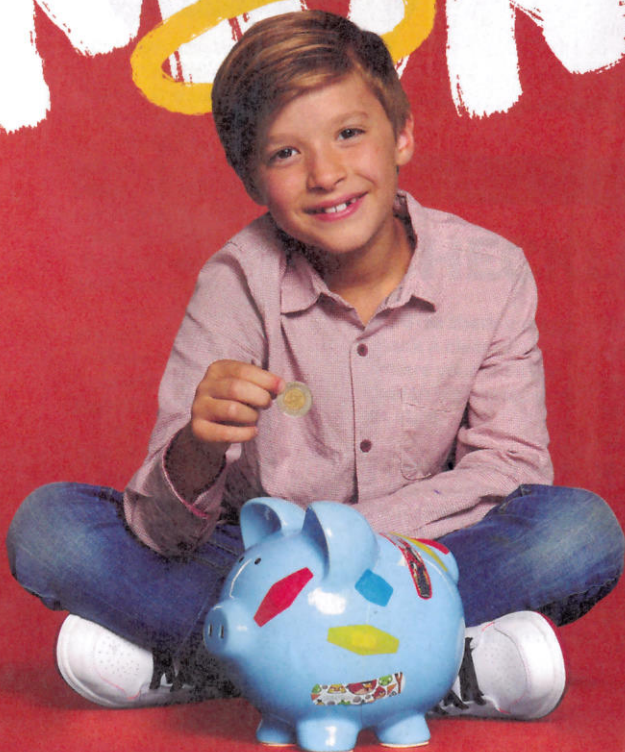


# HOW NOT TO RAISE MONEY MONSTERS



It's every parent's biggest fear...that we're spoiling them rotten. What's the secret to raising kids who are healthy, wealthy and wise with their money (and who will move out before they turn 30)? Our *MoneySense* experts offer a lesson plan for every age and stage of childhood

BY JULIE CAZZIN / PHOTOGRAPHS BY NIKKI ORMEROD



AGES 0 TO 6

# MY FIRST MONEY MOVES

**M**oney is the greatest teaching tool of all time. And when you throw kids and parents into the mix, it has the power to change lives. Years back, I watched as my own preschool-aged children, Luca and Laura, figured out that if you've got cash, you can get stuff. The summery jingle of the ice-cream truck was enough for them to drop any toy they had in the sandbox and bolt into the house demanding a couple of loonies for ice-cream—QUICK!—before the truck left. As my pockets were picked dry daily, I realized it was time to start teaching them the value of money.

Money experts will tell you I probably started too late. "Kids should be given a bit of spending money as soon as they are old enough not to eat it," says Certified Financial Planner Trevor Van Nest. "Learning about money will be a lifelong process for them." In fact, Van Nest and other financial experts generally agree that kids as young as two often understand more about money than parents give them credit for. "Just by watching you buy things at the store, they quickly figure out who has the power," says Minnesota-based financial educator Ruth Hayden. "Your role is to help them understand that money isn't just for spending—it's for saving and giving as well."

To get kids comfortable with handling money, one of the easiest things you can do is encourage them to sort coins. Help them separate and count out a pocketful of dimes and nickels and show them how many of each add up to a dollar. Give them a clear bin or mason jar to collect their money, so they can watch their money grow. To

help them along, Kelley Keehn, author of *The Prosperity Factor for Kids*, recommends bringing money talks into everyday life. "If you're in the doctor's office waiting room, bring out some coins and bills and look for hidden things in the money. These are key learning moments for kids."

When you're ready, start giving them small amounts of money weekly as an allowance; they need to have money in order to learn to manage it. "We gave our three kids an allowance starting when they were toddlers," says Van Nest, "and we asked them to save 50% and spend 50%." As they get older, you can introduce the concept of giving, letting the kids decide how much they intend to save, spend and share.

*MoneySense* columnist Bruce Sellery says he gives his six-year-old daughter Abby an allowance—he says about \$5 to \$10 a week is appropriate for that age. "It's key for her to learn from her own money mistakes—and that works for our family," says Sellery, adding that the allowance is paid regardless of whether she helps around the house or not. Financial educators generally like this approach, and so did a lot of you. In a survey of more than 200 *MoneySense* readers, 48% agreed that allowance should not be tied to the completion of chores. As one reader noted, "everyone needs to contribute to household chores, no payments required."

Don't forget they're watching you all the time. "Learn to be consistent as a couple. Get on the same page and write up general rules," says Kira Vermont, author of *The Secret Life of Money: A Kid's Guide to Cash*. "It will help you model the right behaviours to teach them good financial habits." And if they make mistakes? "Don't worry—it's a key part of the process."

WHAT WOULD YOU DO WITH  
A MILLION DOLLARS?

"I'd spend it on  
Lego and also food.  
And water and  
electricity and a lot  
of other stuff."

—WYATT, 6





THE INDEFENSIBLE POSITION

# Pay your kids to volunteer

It breaks all the rules, right? Kids should donate their time out of the goodness of their hearts. But chances are, the first time you force your kids to put in a couple of hours at the food bank, it's voluntelling not volunteering. Kids should learn that charity begins at home. With young kids, ask them to come with you to do some volunteer work in exchange for something they'd really like—a trip to the ice cream shop or a stop at the dollar store. Volunteering is about values more than money, says Bruce Sellery. "Families need to get very clear on what their values are. From there, they can look at the norms, knowledge and skills that they want to focus on," he says. It doesn't stop with little kids either. Sellery suggests paying a teen to volunteer if they can't find a summer job. They'll learn marketable skills like customer service, time management and how to report to someone other than a parent. Plus, it will give them something to talk about in their next job interview. —David Fielding



# HELP!

## My kid has an epic case of the gimmies

You want the hard truth? They learned it from you. If you keep saying, "No, we don't need that," while impulsively adding things to the cart, they pick up the pattern, says Alyson Shafer, parenting expert and author of *Ain't Misbehaving* and *Honey I Wrecked the Kids*. And once they're in full meltdown, it's too late for reason. "That part of their brain is offline," she says. "All you can do is comfort them. Give them a quick rub on the back and ask, 'Can you calm yourself or do we need to go?'" It's okay to pick them up—"in a loving way, not like a rolled carpet"—and head back to the car, adds Shafer. Your kindergartner's not going to come around to your point of view today. The problem, she says, is that we have the purchasing power, not them—and that's infuriating. The solution? Give them the power. "You can ask, 'Do you have your money with you? This costs three allowances. No? We'll need to come back when you have enough.'" As for setting those allowances, Shafer says to be realistic. "Think of what you're actually spending on them—all those dollar-store visits—and transfer the purchasing power to them." After all, with great power comes great responsibility.



## FIND HIDDEN VALUE IN REAL ESTATE

These are the best places to uncover cash right in your own home



### THE COUCH

Those cushions are a loonie trap. It's also the first place people check



### UNDER BEDS

Nickels have a habit of rolling under furniture. You're just the right size to find them!



### UNDER CAR SEATS

You wouldn't believe how many quarters and dimes trickle out your parents' pockets in the car



### THE DRYER

Hear that rattling when your mom does laundry? That's the sound of Slurpee money

### DAD'S DRESSER

Many dad's keep their pocket change (and lint) on top of their dresser. If you look cute and ask nicely, he might let you keep some of it



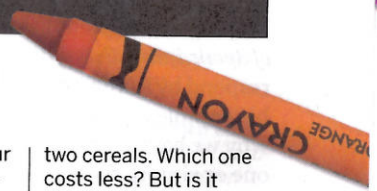
## CHECKLIST SMART MONEY MOVES YOU CAN SHOW YOUR KID RIGHT NOW

- Give them a piggy bank** A clear plastic bin where your child can watch his money grow is ideal.
- Set a weekly allowance** Nothing too wild: Their age plus \$5 should give them something to spend (and save).
- Set some limits** Be clear about requirements

- if your child is expected to do chores, on which day allowance will be paid and whether they can spend it however they like.
- Practice waiting** No money required. Offer your toddler a cookie now or two if she can wait 10 minutes. Learning to delay gratification is a key money skill.

- Play store** Have your child put coins into different piles. Count out five nickels and ask them for a quarter. Explain what a quarter is worth and how many make a dollar.
- Let them choose the cereal** Use a trip to the grocery store as a teachable moment. Let them choose between

- two cereals. Which one costs less? But is it also smaller? Help your child reason it out themselves.
- Set a long-term goal** Is there a big toy he'd like to save up for? Help by setting some guidelines: Save 50% of your allowance for spending now and 50% for a bigger item later.





AGES 7 TO 12

# SAVING NOT SPENDING

**D**uring the ages 7 to 12, the money questions become more plentiful—and more challenging. And just as you want them to learn household skills like chopping veggies and eating healthily, you also want them to understand basic concepts about saving and spending money. “I’ll go to the store with my young daughter Abby and do a lot of what I call, ‘browsing without buying,’” says *MoneySense* columnist Bruce Sellery. “We’ll go to the store just to look much of the time but I’m clear with her that we’re not buying, we’re browsing. That’s important.”

It’s also an ideal time to take them to the bank and open up an account for them to replace their piggy banks. In a survey of more than 200 *MoneySense* readers, fully 92% had opened up a bank account for their child by the age of 12. You can either deposit their piggy bank savings into it or simply open one with a few of your own dollars to get them started. “Teach them they can spend all that money on new shoes or music downloads now, or you can save something for university, or you can do both,” says author Kira Vermond. At age 9 or 10, they’ll likely to be open to the concept of budgeting to manage their money. Show them the monthly household

budget. (Mine is in a written journal while my husband keeps his in an excel spreadsheet. We keep both handy and available.) They’ll see right away that certain bills re-occur on a monthly basis (cable, wireless, etc.) while others are one-time expenses.

Budgeting discussions also lead to cost-cutting tips. This is when learning about sales, discounts and getting more for your money comes in. You can also touch on the value of shopping online to find

better deals. “But every once in a while, surprise them and give them something more,” says Vermond. “It’s really nice, if you say ‘no’ all the time, to then say ‘yes.’” Why is that important? Because in life we get bonuses, salary increases and commissions, so it teaches kids to manage those surprise amounts as well. You’ll find children have a lot of questions at this stage: What should I be doing with my money? (Saving a bit, spending some.) What does an ATM do? (It gives mom and dad access to the money they earn from their jobs.) The key is to be open and honest and to avoid keeping secrets about the tough stuff. Ron Lieber, author of *The Opposite of Spoiled*, says that whenever kids pose a money question, parents should respond by asking the reason for the question. “Kids are often dealing with big complex questions,” says Lieber. “For instance, one of my kids asked why we have no summer house. She’s trying to figure out if we can’t afford one or simply don’t want one. Getting clarity helps kids feel safe.”

The key is to keep talking and managing expectations. “Ask them what they think they’d like to do for a summer job when they get older?” says Sellery. “Ask them what they think they’d like to be. A vet? How would they pay for that?” Financial educator Ruth Hayden, a mother of four adult kids agrees, and adds that her family had weekly Sunday night meetings about money while the kids were growing up. That was where the family discussed how to spend some of its household income as a family unit. “Should we take an expensive family trip to California this year or should we skip the trip now and buy a camper next year instead? Kids love to be in on the big stuff,” says Hayden. “It empowers them in so many ways.”

WHAT WOULD YOU DO WITH  
A MILLION DOLLARS?

“What would I do? There’s lots of stuff I could do. I could get lots of foods I like. And lots of dogs.”

—ZAYIN, 9







**HELP!**

**My 10-year-old wants a smartphone**

Tough question. Some parents won't want to go there just yet. Others will see texting and SnapChat as part of their kids' social lives. Whatever you do, keep it simple. You can get a smartphone for a young teen and keep it on your own plan. In high school, give them one of mom or dad's used iPhones. "But they have to understand the monthly cost," says Steve Schaffer, father of three young teens and founder of the coupon website Offers.com. To help with that, you can adjust their allowance to cover the cell phone bill and have them hand over the money every month. Nothing makes it sink in faster than having to hand over cold hard cash every month. Alternatively, you can show them the monthly cell phone bill when it arrives in your inbox and encourage them to find a cheaper plan. Have them do the comparison shopping and if they find a cheaper deal, let them keep the extra dollars in their allowance as reward.



## MAKE BANK WITH YOUR LEMONADE STAND

Five tips to make your first career a booming success

### Location, location, location

Your driveway is great, but if you live near a corner, double your traffic by setting up there. Neighbourhood pools, garage sales and local parks are also great for business, but note that you may need permission or city permits.

### Get the word out

Bring those customers in! Before you open up shop, go around the neighbourhood and post a few signs on telephone poles. You could even drop off flyers at neighbours' doors.

### Upsell those customers

Customers love fresh lemonade. You'll need a bag of lemons, some syrup and cold water to



make the real stuff. But consider expanding the menu with impulse buys like Rice Krispies squares, cupcakes and cookies.

### Price it right

Don't underestimate the power of cute. Or inflation. A quarter might have been the going rate when your parents were kids, but today's customers will think nothing of paying 50 cents or a dollar for a glass of lemonade.

### Set a goal

See how much you can sell before noon. Or pack up and celebrate once you sell 50 glasses. Think about what you plan to do with the profits. A goal is a great way to stay motivated.

### HOW TO EXPLAIN...

## Basic budgeting

Spending less than you earn is the bedrock of good financial literacy, but it's foreign to most kids. Your young child might have trouble grasping this at first, but it's worth repeating:

1. "Say I give you \$16 a week"
2. "You spend \$2 each school day on a slice of pizza"
3. "That leaves \$6 to put in your piggy bank"



\*Or bring your lunch and save it all!

## CHECKLIST SMART MONEY MOVES YOU CAN SHOW YOUR KID RIGHT NOW

- Open a savings account** Explain the importance of saving up for items that cost more. But don't worry about a debit card just yet—that can wait until high school.
- Create your own currency** You can make coupons that can be traded for extra video game or screen time when they perform extra chores.
- Talk about jobs, goals, passions** Explain what you do for work and why you chose that. Ask them what they're interested in doing and what kind of education or training it might require.
- credit cards and bank cards out.** Explain what they are, how they work and where the money comes from.
- Give them a raise** Their allowance should be given to them weekly and go up annually. Ask them what they'll do with the extra money.
- Share the bills** Show them some of the household bills—utilities, cable and Internet—and let them help you add up the monthly budget.
- Pick apart an ad** Instead of fast-forwarding through commercials, stop and talk about how the advertisers make the products extra enticing.
- Stop packing school lunches** Let them make their own. Keep a grocery list where kids can request items they'd like for school lunches.
- Let your kids sift through your wallet** Sit down and take the
- Explain value** Compare a pair of cheaply made shoes with a well-made pair. Talk about the difference in materials and craftsmanship.



AGES 13 TO 17

# BIG KIDS, BIGGER BUDGET

**I**t happens so fast you could miss it. But in their teens, kids need to start moving from thinking about money in small amounts (weekly) to larger amounts (monthly). “They should start getting more money for longer periods of time, but now they also need to start taking personal responsibility for some spending categories themselves,” says Certified Financial Planner Trevor Van Nest. So if you were giving them \$20 a week, you may want to give them \$80 monthly plus a bit extra for new teen expenses like music subscriptions and clothes. This is also a time when many teens will get a part-time job. But whether it’s summers at the local fair or a few shifts a week at McDonald’s, you can help them out by talking them through concepts like minimum wage and negotiating hours of work so they maintain a work-school balance. Most teens will also be anxious to know why money is coming off their paycheque for taxes, employment insurance and the Canada Pension Plan. “Learning that earning \$10 an hour doesn’t mean they get to keep \$10 an hour is eye-opening for them,” says author Kira Vermond. This is also a good time to help them get their own debit card.

And as they start bringing in a bit of money of their own, you’ll also want to discuss how they can start participating in saving for some bigger things in their life. “Ask them if they want to go on that trip to Europe with their high school class in two years,” says Kelley Keehn, author of *The Prosperity Factor for Kids*. “If so, how will they pay for it?” This is also a good time to show them you’ll

do your part if they do theirs. As one of the respondents from our *MoneySense Kids and Money Survey* said, “I taught my kids the importance of saving by matching the amount of money they saved for larger items and longer-term savings, up to \$500 annually.” Van Nest is a big fan of so-called “carrots” like this. “Anything that gets them to want to earn or save more of their money is welcome at this age.”

You can do more. One of our survey respondents ties special allowance increases to his child’s initiative in researching particular investments, or in learning financial literacy terms like down payments on a house, mortgages, inflation, stocks and bonds. “They’re at an age when understanding key concepts like compound interest will make a huge difference,” agrees Vermond, who also finds it key to show kids the compounding money charts where over time they’ll see huge increases in their money. Or, simply show them your credit card statement so they can see just how much that family trip to Florida really cost.

Don’t make the mistake of overlooking the small stuff—like helping them apply for college scholarships they may be eligible for. “Kids often don’t realize that this type of free money is available or that the application process can be fairly easy,” says Heather Franklin, a fee-for-service advisor in Toronto. “Setting aside some time to help them fill out applications builds a skill they’ll need in university when they’ll have to fill in a lot of these forms themselves.” Everyone likes money for nothing and teens are no different. If they learn the basics of investing at 15, even if they make some mistakes, they’ll be miles ahead in their finances at age 30.

WHAT WOULD YOU DO WITH  
A MILLION DOLLARS?

“I would buy myself a saxophone and travel to New York and Vietnam and Japan. I would do a lot of travelling and a lot of eating.”

—MYA, 14







**HELP!**

**Does my kid need a clothing allowance?**

Well, yes. By the time your kids reach their teens, it makes sense to give them a monthly clothing allowance and leave almost all of the shopping to them. "At age 13, all four of my kids became responsible for buying their own clothes," says Minnesota-based financial educator Ruth Hayden. "I gave each of them a monthly clothing allowance in a yellow manila envelope. The only things I paid for were underwear, socks and jackets because I knew they wouldn't do that themselves." The result? Kids who have learned how to stretch a dollar. "My oldest daughter always bought second-hand while her sister always waited for sales," says Hayden. "I didn't judge them for their choices. They figured out pretty quickly that you can save some money for a more expensive item next month or opt for a more basic pair of jeans today. They knew the money was finite and there wasn't any more of it that month." The key, says Hayden, is to do the clothes shopping with them, especially in the early teen years. "You have to be willing to do it with them the first couple of times and have them think through the process so they understand how it works." See? Not so scary after all.

**THE INDEFENSIBLE POSITION**

# Give your teen a credit card

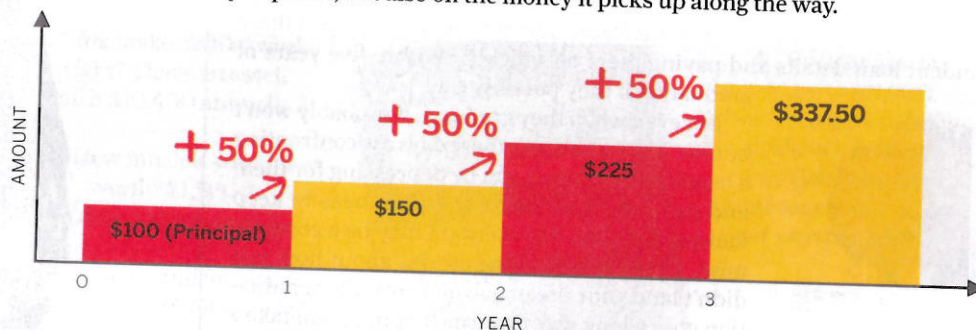
Listen, we're already living in an almost cashless society. Giving your kid \$10 or \$20 or \$50 a week in allowance will teach them a thing or two about budgeting, but it won't teach them some of the modern skills everyone needs to understand now, namely the impact of interest, annual fees and how to get the best shipping rate on Amazon. So here's an idea: Give your kid a low-limit credit card. As little as \$300. It will allow them to budget monthly, track their spending, as well as buy stuff online, subscribe to Spotify and collect rewards. Then, instead of giving an allowance, tell them you'll put \$200 in their bank account each month to pay the bill. If it's not enough to cover it, they've just stumbled upon a great lesson they won't: It's not their card, it's yours. In most Canadian provinces, you need to be 18 years old to be a primary cardholder (19 in the rest). That means the card will be in your name, so you can cut it up anytime. —David Fielding



**HOW TO EXPLAIN...**

## Compound interest

It's how your savings grow faster the longer you leave them alone. Whatever you save—whether it's in an RESP, a savings account or an RRSP—earns interest not just on what you put in, but also on the money it picks up along the way.



## CHECKLIST SMART MONEY MOVES YOU CAN SHOW YOUR KID RIGHT NOW

- Give a monthly allowance instead of a weekly one** It will help them budget for longer periods of time.
- Put them to work** Whether it's babysitting, tutoring or flipping burgers, a part-time job will give them valuable experience along with that paycheck.
- Give them a basic smartphone** Pay for a basic talk-and-text package, but show them the monthly bill so they understand it's an ongoing expense.
- Share some household skills** Have your kids help you fix their bike, paint a fence or fix a faucet, and explain how such skills save the family money.
- Decode their first paycheck** Explain deductions such as taxes, pensions and Employment Insurance. While you're at it, consider showing them your paycheck.
- Start matching savings** You can encourage a good habit by matching them dollar for dollar to an annual limit.
- Set a financial goal** Saving is easier with a target in mind. Show them how setting aside small amounts can help them pay for more distant goals like school trips, post-secondary studies or a used car.
- Show them how their RESP is invested** This will give you the chance to explain how financial instruments like exchange-traded funds (ETFs), mutual funds and stocks work and allow them to watch their money grow.
- Get them an ATM card** Show them how it works, and how to protect themselves from fraud and phishing schemes.
- Have a weekly family money meeting** Encourage your kids to participate in decisions about how to spend the family money for vacations, vehicles and giving. Empower your kids by having them think through bigger decisions with their money.



# PREPARING TO LAUNCH

**T**his is the time young adults start taking their first steps towards independence. Many will be moving on to college or university for further studies while others will be taking a gap year off to see the world. Your job now is to encourage their passions, whatever they may be. Help pay for education, housing and other expenses and encourage them to contribute some of their money towards their studies.

If you have some money in RESPs, you'll be paying for a portion of their post-secondary fees but many parents also give their kids a monthly allowance of about \$300 a month for transportation, club fees and campus coffees. Let them know that this is what you've budgeted for them and that if they want more spending money, they'll have to work part-time during summers to make up the difference. Many university-bound teens will also have student loans at this age so help them figure out when they have to start paying them off—usually six months after they graduate. Banks and other financial institutions often won't reach out to them to pay so impress upon your kids the importance of keeping on top of these student loan details and paying them off quickly—within five years of graduation if they possibly can.

But even when they graduate, it probably won't be over. Most graduates these days are confronting a tough job market. It can be depressing for them and put a damper on their willingness to keep looking for a job. The solution may be a compromise. That's why hearing stories about how you didn't land your dream job on Day 1 after graduation goes a long way towards helping them take a

chance on a job they may not consider ideal. "When I graduated from university I worked in retail and then moved to another department where I was making pamphlets at the store," says author Kira Vermond. "It wasn't an ideal job for a journalism student but it taught me that sometimes we have to make decisions that don't make sense at the time, and let the pieces fall into place later."

You may also find that your university graduates won't go directly into a full-time job so they'll find themselves back in the nest. Don't enable them to lay about. "I'd give them a time range for how long they can stay—maybe six months to a year," says Bruce Sellery. "Really think about this and ask yourself, 'What am I trying to do by having them here?' It's important to launch them and set an expectation. For instance, you can tell them that if every penny goes to student loans, you don't charge rent." Social Sciences professor Sharon Danes agrees, adding that there are many reasons adult kids come home—job losses, relationship breakups and expensive housing markets. "Set the boundaries up front," says Danes. "What will they pay? When will they leave? Will they be making every effort to look for a job or a new apartment? Don't be nice and do everything for them."

In fact, one of the happiest days for any couple will be when their child finally has a job offer they're excited about. You should help them evaluate employee benefits, including health, dental and life insurance. Explain the benefits of tax-free savings plans, as well as the pros and cons of their company's pension plan. "At 25 or 30, they should be fending for themselves financially," says Trevor Van Nest. "That will be a happy day."

WHAT WOULD YOU DO WITH  
A MILLION DOLLARS?

"I think I would maybe put half into savings. Maybe. And then I would travel and treat my family and friends. You know, just kinda splurge but always have that savings."

—BECCA, 19







## SAVE MONEY AT SCHOOL

College is expensive! Here are some ways you can cut corners



# HELP!

**My kid called from college and is broke...again**

Some parents never get this call. Others find it's a monthly tradition. Ultimately, you've only got two options: Bail him out with an emergency cash drop or drop off a jar of peanut butter and a loaf of Wonder Bread and let him sweat it out until the next payday. Truth is, by the time your kid is calling from college, you've probably already missed your first opportunity to teach this crucial life lesson. Basic budgeting is a skill that's best taught early, says MoneySense Approved financial planner Heather Franklin. With her own kids, she started years before they graduated from high school, by doling out their allowance less often and in ever greater increments. "That way they learned to manage their money for movies and clothing for longer stretches," she says. "If a person is sent off to university without basic skills how can you expect them to magically develop? It doesn't happen through osmosis." But that doesn't quite answer the question. This does: Peanut butter is cheap and an excellent source of protein; beer is not. Besides, monodiets are all the rage with the celebrities these days.

### No meal plan? No problem

Put the money you would have spent onto a prepaid credit card so you decide whether to spend \$7 on cold chicken fingers in the caf or cold cuts and buns at the grocery store

### Buy last year's books

It's no secret: Used books are cheaper than new ones. But buying books one edition out are an even better deal. Check with

your instructors to make sure you're not missing key information

### Apply for scholarships

Recent figures suggest as much as \$15 million in Canadian bursaries goes unclaimed each year. Find them and apply. Sometimes a half-page letter is all you need to earn \$500 or more

### Fly high with discounts

Many places on or near campus

offer discounts for students. And many off-campus too. Air Canada offers its Student Pass, which gives students six pre-paid flights at a reduced price, so they can visit home through the year

### Start paying student loans now

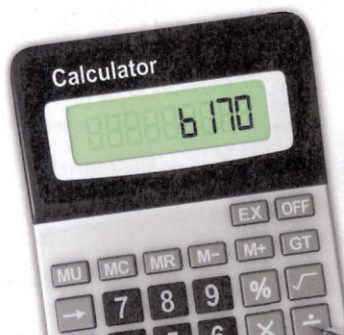
Got a part-time job? You can start paying the interest on your student loans while you're still in school. Even \$100 a month will save you thousands down the road

### HOW TO EXPLAIN...

## Net Worth

Your net worth is the sum of all your assets and liabilities. It's a basic calculation that will help determine your financial worthiness with banks and creditors. If you want to buy a house, rent a car or just get an apartment, it's an important figure to know.

1. "You make \$200 a week, right? That's an asset. Call it \$10,400 annually."
2. "How much is your bike worth? \$1,500?! Okay, also an asset."
3. "But your student loan is a liability. It's \$5,730 a year."



4. "So your assets add up to \$11,900. But you have a liability of \$5,730. Subtract your liabilities from your assets and you're net worth is \$6,170."

5. "But you're priceless to me."

## CHECKLIST SMART MONEY MOVES YOU CAN SHOW YOUR KID RIGHT NOW

- Talk about student debt** Explain how it works, when the first payment is due and how interest will accrue on it.
- Involve them in withdrawing from the RESP** Show them how money has to be withdrawn for university payments and how long the money needs to last. This will set limits on how much they can expect to get from you for their education.
- Open a TFSA** A tax-free savings account can be used for both

long- and short-term savings goals. Encourage them to put 5% to 10% of their paycheques into it. As the money grows, you can help them pick investments.

**Have the car talk** If they're using a family car, set ground rules, including how much they'll contribute for gas and oil changes.

**Read a classic** *The Wealthy Barber* by David Chilton and *Your Money or Your Life* by Vicki Robin and Joe Dominguez are

great places to start their personal finance education.

**Give them a culinary crash course, too** Give them a copy of *How to Cook Everything* by Mark Bittman. Take them grocery shopping.

**Show them how to write a cover letter** Help them write a résumé that highlights the skills and experiences they've collected.

**Help them select benefits** When they land their first job, walk

them through life insurance and stock plans. Explain the difference between defined benefit and defined contribution pensions.

**Give them a boost** If you can afford it, consider a cash gift when they're ready to buy a condo or car for their first full-time job. A little goes a long way.

**Help them give back** Continue to invite your college-age kids to family meetings to decide which charity you give to each year.





# THEY GET HOW MUCH?

Ever wonder how much allowance other parents give? Or what the tooth fairy pays next door? We did too, so we took an anonymous poll of 229 *MoneySense* readers. Here's what we learned

## 1. Do you discuss household finances with your kids?

Yes ..... 77%  
No ..... 23%

"He's only 16 months old, but we discuss money all the time. I have an open conversation every time we buy groceries, luxuries, etc. We even talk about good credit card habits"

## 2. At what age should you start giving your kids an allowance?

5 years old or younger ..... 21%  
6 to 10 ..... 55%  
11 to 15 ..... 15%  
Never ..... 9%

"It's not necessary. If they need something, we provide it. But we also discuss how much it costs"

### BEST LESSON

"We teach them about cash flow and dividend investing so they learn there is an alternative in life to earning an income besides the rat race"



### BEST LESSON

"That the 'stuff' you buy will eventually be stuff you want to replace. Make sure it's something you really want"

## 3. Should their allowance be tied to their chores?

Yes ..... 52%  
No ..... 48%

"We tied allowance increases to research around financial issues. To get a dollar raise, our kids have to explain inflation and how it impacts them directly"

## 4. Can they buy whatever they want?

Hell no! ..... 52%  
Why not? ..... 48%

"I told my son that every new worker blows 100% of their first pay cheque. After that, they have to save part of it"

## 5. At what age should a child have his or her own bank account?

5 years old or younger ..... 28%  
6 to 9 ..... 33%  
10 to 13 ..... 32%  
Older ..... 7%

## 6. Should a 10-year-old have a smartphone?

Yes. It's 2016 ..... 4%  
Are you kidding? ..... 96%

## 7. How much does the tooth fairy pay?

\$2 or less ..... 80%  
\$5 or more ..... 20%

## 8. Do you expect your teen to have a part-time job?

No ..... 20%  
Yes ..... 80%

"The kids get the bottle money. They're both saving for a motor-home. That's a lot of bottles"



### BEST LESSON

"We used Monopoly money to calculate the compound interest on a regular investment plan. The kids were amazed how quickly their money grew at 5% annually. They get it now"

## 9. Do you have an RESP for your child?

Yes ..... 80%  
No ..... 20%

"We opened an RESP as soon as we received their Social Insurance Numbers. Their schooling will be funded on a 1:2 ratio. We'll contribute \$2 for every dollar they save. No freebies, but scholarships count toward their portion"

## 10. Will it be enough to cover their education?

Yes ..... 41%  
No ..... 59%

## 11. Do you expect your kid to pay some of their own education costs?

Yes ..... 71%  
No ..... 29%

## 12. Do you expect to help pay for your kids' first home?

Yes ..... 54%  
No ..... 46%



What do the kids say?  
**CHECK OUT OUR APP**  
where we put these questions to our child stars