eReview
LATEST DEVELOPMENTS IN FAMILY FRIENDLY RESEARCH

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The eReview provides analysis on public policy relating to Canadian families and marriage.

## Making sense of the dollars starts at home

*Parents play the prime role in teaching their children about finances*

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New recommendations for Ontario schools aim to help students improve their chances of life-long financial success. This is a positive step. However, learning about finances begins with parents at home, who can teach their children about fiscal accountability in a number of different ways, but first, by modelling good financial stewardship.

Starting this fall, the Ontario curriculum for grades four to 12 will include new guidelines for teachers on how to incorporate financial education into daily class time. The idea, according to the province, is to help young consumers better understand their personal and family finances, and appreciate their roles as producers and consumers in a global economy. [1]

During a grade nine music class this fall, for example, a teacher might refer to the report, "Financial Literacy: Scope and Sequence of Expectations," and ask students, "[w]hat are some of the benefits and drawbacks of pursuing a career in music? What sorts of activities might a freelance musician combine to make a living in the music field?" [2]

That's just one idea from over 200 pages of recommendations for students in grades nine to 12. Another shorter report by the same name has about 40 pages on how to get those in grades four to eight thinking in dollars and cents.

These are practical questions in helping guide the next generation toward becoming smarter spenders and savvy savers.

But as pointed out in a December 2010 report by the federal government's Task Force on Financial Literacy, teaching kids is a "shared responsibility." [3] The school system is not the only institution of learning when it comes to finances.

Parents, as the primary educators, have the responsibility to make sure their children learn about skilfully handling and managing money. Making sense of the dollars starts at home.

While challenging, "[p]arents have a role to play in fostering a home environment in which the whole family can discuss and learn about money." [4] That might mean coming up with ways of passing on seemingly basic but absolutely essential skills: being able to live within one's means, paying bills, and saving and planning for needs versus wants.

Discussion and meaningful learning begin with open conversations and getting comfortable with the idea of talking about money. If that sounds difficult, it's because it is.

Consider the results of an April 2011 survey by BMO Financial Group: less than half (45 per cent) of couples talked about short and long terms financial goals before marriage. They also failed to talk about how much money and debt each person was bringing to the relationship – a bit surprising, given that financial stress ranks among top concerns for Canadian families. [5]

When it comes to talking with kids about money, Jim Yih, a Canadian best-selling author and financial speaker, writes in his blog that actions should accompany your words. Lead by example – if you want your children to understand the value of saving and responsible spending, let them see these values integrated into how you run your household. Seeing mom and dad save rather than splurge on a big ticket item reinforces good financial behaviour.

Yih also says it's a good idea to have an allowance program for your children, where they can set goals and save for purchases of their own. [6]

With more awareness and discussion, kids are thinking about money, and that provides opportunity for Canadian families to take greater responsibility for their financial situations – whether than means slowing down the spending, investing smarter, or coming up with creative ways of generating prosperity.

As with any change, patience and consistency are important. Gary Rabbior with the Canadian Foundation for Economic Education writes, "[r]ecognize that quick hits don't work ... The acquisition of effective and relevant knowledge, skills, and attitudes is a long-term, lifelong investment ... and challenge – not a quick fix." [7]

**Endnotes**

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[1] Ministry of Education, Ontario. (2011). Financial literacy: Scope and sequences of expectations, p. 3. Retrieved August 3, 2011 from http://www.edu.gov.on.ca/eng/document/policy/FinLitGr9to12.pdf

[2] *Ibid*, p. 7.

[3] Task Force on Financial Literacy. (2010). Canadians and their money: Building a brighter financial future, p. 25. Retrieved August 3, 2011 from http://www.financialliteracyincanada.com/pdf/canadians-and-their-money-1-report-eng.pdf

[4] *Ibid*, p. 20.

[5] BMO Financial Group. (2011). On eve of royal wedding, BMO study finds few Canadian couples show their "financial" cards before marriage. Retrieved August 3, 2011 from http://www.marketwire.com/press-release/on-eve-royal-wedding-bmo-study-finds-few-canadian-couples-show-their-financial-cards-tsx-bmo-1506785.htm

[6] Yih, J. (2011). Canadian Finance Blog: Future financial literacy is in the hands of parents. Retrieved August 3, 2011 from http://canadianfinanceblog.com/future-financial-literacy-is-in-the-hands-of-parents/

[7] Rabbior, G. (2009). Canadian Foundation for Economic Education. Financial turmoil? Financial 'literacy' can help – but we better get it right! Retrieved August 3, 2011 from http://www.cfee.org/assets/u/financial-literacy-we-better-get-it-right.pdf