

Today's lesson: Budgeting smarts start at home

The Your Money program being taught in schools is a beginning, but the task is one parents must take on

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Memo to parents on the important matter of helping kids learn about money: I watched teenagers being taught financial literacy in school the other day and what I learned is that parents shouldn't depend on schools to teach financial literacy.

That's no slight on the kids, or on Robert Bowness, the Royal Bank of Canada employee who came out to Immaculata High School in Ottawa on his day off Monday to deliver two sessions of the Your Money program. Created by the **Canadian Bankers Association (CBA)** and the federal Financial Consumer Agency of Canada (FCAC), Your Money aims to teach kids basic money management skills.

The **CBA**, the FCAC and Mr. Bowness are all sincerely trying to help make kids more financially literate. It's just too big a job for them alone.

The **CBA** invited me to watch a Your Money session after reading a column I wrote on how the banks and investment firms could do more to promote financial literacy.

Mr. Bowness, a senior account manager at RBC, began his one-hour slideshow with basic budgeting and several times mentioned the most important rule of managing money - don't spend more than you have. He also talked about how much it can cost in interest when you borrow money, and he touched on the expense of going to university. He said it costs roughly \$5,000 on average for tuition on an undergrad program, and that "just gets you in the door." Add in books and living costs and you can easily get up to \$15,000 a year.

The Grade 11 class Mr. Bowness spoke to is studying factors and quadratic equations, which means these kids can handle numbers. And, frankly, you'd think a talk about money might make for a pleasant diversion from algebra. But somehow the session seemed like just another afternoon of high school.

The kids got a little over-amped during a discussion on how much to spend on groceries, laundry and entertainment each month, and then went comatose when compound interest was

covered. There were a few questions here and there, hands were dutifully raised at the right times and there was polite applause at the end.

The **CBA's** 800 volunteer bankers have delivered about 400 or so of these seminars across the country in recent years to about 11,000 teens. It's not the most dynamic program ever designed, but it's well worth keeping on the chance that even a few kids learn to save and promptly repay what they borrow.

At the same time, more has to be done to teach kids about finances, and it has to be done at home by parents willing to talk about money with a clarity and directness that now is lacking. This need was apparent in the Immaculata classroom.

Few seemed to have any sense of what things cost in the real world. "They're robbing me blind," one student said only half-jokingly as Mr. Bowness went through the various living costs that must be factored into a budget. "This is getting expensive," another said partway through the budgeting exercise.

There were some moments to inspire hope. After building a hypothetical budget and finding there would be some extra money at the end of the month, Mr. Bowness asked the students what they'd do with that cash. "Save it," several answered.

But the overall sense was that these kids were like many others in believing money is an amorphous thing that takes care of itself. Some kids grow out of this, while others turn into adults who follow the borrow-and-spend school of personal finance.

Parents, it's time to get involved with your kids' financial education. Give them an allowance, help them set up a bank account and explain how interest works for you as a saver and against you as a borrower. Then, show them the costs of running a household and teach them the discipline of saving for both short- and long-term goals.

The schools will help teach your kids about money, especially those in Ontario that are adding financial content into their curriculum. But let's understand that the real money messages are taught at home.

That's how it was with Mr. Bowness, banker and volunteer teacher of financial literacy. "My parents always structured things along the lines of, okay, where are you going to find the money?" he recalls. "It was hammered home for me growing up."

REALITY CHECK BUDGET

Here's a budgeting template used in the Your Money program that the **Canadian Bankers Association** and the Financial Consumer Agency of Canada have created to teach financial literacy in schools.

Fixed expenses Rent \$

Groceries \$

Transportation \$

Cable/Satellite TV/Internet \$

Telephone/Cell \$

Utilities \$

Laundry \$

Variable expenses Movies, books, magazines \$

Dining out \$

Concerts & clubs \$

Clothing \$

Savings goals (e.g. \$50 toward a backpacking trip) \$

Total all expenses \$

Monthly income \$

What's left? \$

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