Educating Youth on Financial Literacy

Financial awareness and decisions govern many aspects of our lives and the choices we make can impact us for years to come. Being equipped with financial management skills and knowledge are key to identifying, planning for, and reaching your financial objectives. Developing healthy habits early on can set the stage for empowered and educated decisions. As with many things, it is never too early to start. There are many opportunities for teachable moments during our daily lives – whether it be when grocery shopping, discussions around the dinner table, conversations around planning vacations, to name a few. Using real life examples that children can relate to make the lessons more concrete and easy to understand. The key is to make it informative, positive, and engaging!

Here, we present various suggestions to assist in starting these very important conversations.

Children, ages 6 to 12

- Discuss concepts of understanding value, planning ahead, and giving back to others such as a friend in need or a larger cause

- Introduce the idea of "spend, save, share" – use multiple jars to start conversations about how to allocate a set amount of money between various needs and wants

- Teach about the value associated with money, how money is earned, and budgeting and saving strategies to purchase a special item they want

- Work together to develop a simple plan that outlines a roadmap to achieve their goal – perhaps a new toy they have their eye on

Teenagers, ages 13 to 18

- At this stage, you can move into more advanced saving and budgeting topics such as building credit and investing

- By discussing and setting savings goals, teenagers will be better informed to understand impulse buying and how it can impact their long-term goals

- A common topic is the cost and timeline of post-secondary education expenses. This is a very concrete and tangible eventuality for many so setting up targets and timelines to understand the cash flow needed is important. Further, the opportunity cost of not reaching this goal is often substantial and can serve as a real motivator to save appropriately

- When teenagers have a part-time job, using the "spend, save, share" concept to decide how to allocate funds may be helpful. Review expenses to understand budgeting and the costs associated with their wants and needs

- Teenagers at the upper end of the age group may have a debit card so it is important to speak about the responsibility that comes with having access to money. Thinking about "how many hours do I need to work at my job to earn the money to buy this" helps reinforce the concept of purchasing power and how to manage spending and saving

- Parents may open a small investment account where their children can research and choose some investments to follow over time

Adult children, over 18

- At this age, it is wise to introduce broader investing concepts in greater detail – this can be done through various channels and resources such as webinars, articles, podcasts

- This could include expanding topics of conversation to concepts such as asset classes, diversification, income, growth, liquidity, tax efficiency, and compounding

- Together you can review investment performance and market-related news to discuss the macroeconomic factors shaping capital markets

- Discuss the importance of setting up automatic contributions to savings – the concept of paying yourself first
- Continue to review expenses and cash flows to understand budgeting and the costs associated with their wants and needs
- Talk about the significance of building and maintaining good credit for future life events where this is fundamental
- You can set the stage for many of these topics around their longer term goals and expenses - vehicle, house, further education, etc. – to make it a tangible notion

At Cidel, we welcome discussions around financial literacy for the next generation and know how important it is to set our youth up for financial success. We encourage you to contact your Wealth Consultant if you would like to discuss further.