

Smart Money: Teaching kids about money

a day ago By: Brad Brain / Smart Money



Brad Brain: "When it comes to teaching your kids about money, do what works for you. But do something. After all, if you don't teach your kids about money, who will?" | Getty Images

I had a Proud Poppa moment recently. My daughter opened her very first bank account! I have had an "In Trust For" account for her since she was born, for all the birthday presents from Grandma and recycling deposits on Dad's beer cans, but this new account is all hers.

She will be soon starting a gig that will earn her a bit of pocket money. First job, first bank account; my little isn't so little anymore.

Teaching your kids about money is one of the important jobs that a parent has. But that is easier said than done.

For one thing, there is the money taboo. A lot of people just are not comfortable talking about money with their kids. But the money conversation is like the birds-and-bees conversation. Sure, it might be uncomfortable to talk about with your kids, but what's worse? A little awkwardness, or sending them out into the world unprepared?

Unfortunately, there is no manual that we can turn to that lays out step-by-step instructions to teach financial literacy. There are different opinions on allowances, and parental oversight, and appropriate expenses, etc.

And I think that's just fine. There is no one right answer on this stuff. When it comes to teaching your kids about money, do what works for you. But do something. After all, if you don't teach your kids about money, who will?

This is what we did. Maybe it will give you some ideas for your own situation.

The new bank account is going to belong to my kid, 100%. She puts the money in, she gets to spend it on whatever she wants. Or save it for whatever she wants. She earned it, it's her money.

From this, she is going to learn about money management, and living within her means, and opportunity cost, and working towards her financial goals. Those are some pretty important lessons.

We thought about what kind of account we wanted; not just for today, but one that will serve her over time. She will be heading off to school in a few years, so we wanted a bank account that is convenient to work with, regardless of location.

I was able to lend some perspective on the financial end. I told her to look for an account that has reasonable account fees. It doesn't make sense to have a hundred bucks in a bank account if you are charged twelve bucks a month in service fees. Fortunately, all the financial institutions offer some pretty good packages for students.

I wanted an account that had modern day technology. Here's a weird idea. My kid may never write a cheque in her lifetime. I wanted her to be able to send and receive Interac transfers, and be able to do her banking with an app on her phone.

I wanted her to have a debit card, but no credit. She can spend her own money in person or online, but she can't spend more than that.

We went and visited four different financial institutions. She picked up brochures, and she actually read them, comparing the features of what was being offered. This comparison shopping was a money lesson in itself.

We found the right fit for her financial needs. Her financial future is beginning. Maybe it's because I am a financial planner as well as a Dad, but I felt a swell of pride, sitting with her as she opened her very first bank account.

She is taking these money lessons to heart, too. Lately she has been asking me how much I paid for things. That's interesting, having to justify your purchasing decisions to your teen, but it's all good.

My younger one is getting into the act too. I explained about getting a debit card only, no borrowing allowed. He said, "So we will have no debts? That's a good way to start out your life."

You got it, big guy. Lesson learned.

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