

How to Talk to your Teens about Money?

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SPEAKER	TRANSCRIPTION
N/A	[00:00:00.50] [MUSIC PLAYING]
DORETTA THOMPSON:	<p data-bbox="540 695 1513 737">[00:00:11.17]</p> <p data-bbox="540 753 1500 911">Hi, you're listening to Mastering Money, where we explore the many aspects of good financial decision-making. I'm Doretta Thompson, financial literacy leader for Chartered Professional Accountants of Canada. We provide no-cost programs and free online resources that help Canadians own their finances and learn the language of money.</p> <p data-bbox="540 926 1513 968">[00:00:31.64]</p> <p data-bbox="540 984 1500 1173">This season, we're focusing on important money conversations to have with those you care about. Why? Because financial literacy education can start at home and the people you surround yourself with throughout your lifetime can have a strong influence on your financial habits. Several studies in Canada and around the world have shown that social relationships and financial well-being are closely linked.</p> <p data-bbox="540 1188 1513 1230">[00:00:54.46]</p> <p data-bbox="540 1247 1481 1467">Discussing finances with family members and friends can be uncomfortable. In some circles, talking about money may even be taboo but it really shouldn't be, it's important to start conversations about money and keep those conversations going. Your financial attitudes and decisions can have a big effect on your loved ones and vice versa. So this season, we'll be looking more closely at the financial aspects of family dynamics and give you some tips on how to tackle challenging money conversations.</p>
N/A	<p data-bbox="540 1507 1513 1549">[00:01:23.59]</p> <p data-bbox="540 1560 764 1591">[MUSIC PLAYING]</p>
DORETTA THOMPSON:	<p data-bbox="540 1623 1513 1665">[00:01:26.58]</p> <p data-bbox="540 1682 1487 1892">Today, I'm joined by Robin Taub, CPA, CA, founder of Robin Taub Consulting. Robin is also the author of CPA Canada's book, Raising Money-Smart Kids-- How to Teach Your Kids About Money While Learning a Few Things Yourself. Her latest book is The Wisest Investment-- Teaching Your Kids to Be Responsible, Independent, and Money-Smart for Life. Robin's here to talk about how to talk to your teens on personal finances, so they can grow into responsible adults. Robin, thanks so much for doing this.</p>

SPEAKER	TRANSCRIPTION
ROBIN TAUB:	<p data-bbox="540 191 1511 233">[00:01:57.67]</p> <p data-bbox="540 247 1511 289">It's my pleasure.</p>
DORETTA THOMPSON:	<p data-bbox="540 317 1511 359">[00:01:58.80]</p> <p data-bbox="540 373 1511 447">So before we dig into the details, can you tell us a little bit about yourself and your career?</p>
ROBIN TAUB:	<p data-bbox="540 478 1511 520">[00:02:05.10]</p> <p data-bbox="540 535 1511 730">Yes. I have been a CPA, CA for over 30 years now, which freaks me out a little bit. And throughout that time I worked in accounting firms, I was a tax specialist, and I also worked at Citibank Canada in derivatives marketing. So I don't think of myself as a typical accountant. And today I'm a professional speaker and an author. Now, another thing that's relevant for this conversation is I'm also the mother of two mostly, I like to say, money-smart young adults.</p>
DORETTA THOMPSON:	<p data-bbox="540 768 1511 810">[00:02:34.00]</p> <p data-bbox="540 825 1511 898">That's great, wonderful. So let's just dive in here then, why is it important do you think for parents to prepare their kids for those good financial decisions?</p>
ROBIN TAUB:	<p data-bbox="540 930 1511 972">[00:02:45.76]</p> <p data-bbox="540 987 1511 1150">So I think what we've learned, especially in the last two years with COVID, is how important it is to be prepared financially because one never knows what's coming. Certainly, no one foresaw a pandemic and it has impacted people differently. It really reinforced the importance of having good financial knowledge, skills, and confidence.</p> <p data-bbox="540 1165 1511 1207">[00:03:08.16]</p> <p data-bbox="540 1222 1511 1476">And not only is it important for our kids' sake because it is a basic life skill, and it means that they can avoid money stress, which could lead to mental and physical health consequences down the road, and it can also lead to bad habits that are hard to break. But as parents ourselves, it could come back to haunt us too if we don't teach our kids well because we do want our kids to be financially independent and responsible. And most Canadians can't afford to support their adult children or if they do, it comes at a cost of their own plans, like retirement.</p>
DORETTA THOMPSON:	<p data-bbox="540 1507 1511 1549">[00:03:42.42]</p> <p data-bbox="540 1564 1511 1665">Why do you think that some parents have difficulty talking to their teens about money? What kinds of fears do they have, and how can they overcome those fears?</p>
ROBIN TAUB:	<p data-bbox="540 1696 1511 1738">[00:03:51.34]</p> <p data-bbox="540 1753 1511 1896">So one of the biggest fears or barriers is feeling like they don't have the knowledge themselves. They're not good with money, and they're afraid that especially teenagers who are savvy, they're going to call them out on it. That's one fear.</p>

SPEAKER**TRANSCRIPTION**

ROBIN TAUB

[00:04:06.78]

Another is just being afraid that they don't have the time, that they can't fit it in because they're running a busy household, and they're working themselves or we all seem to feel like we never have enough time for all the things we want to do. So it just becomes really easy to procrastinate or put it off or avoid the conversations if you're afraid you're going to make a mistake or get it wrong. I think those are some of the reasons that these conversations don't happen.

DORETTA THOMPSON:

[00:04:32.85]

Yeah, fear of mistakes is such a big one. Do you think it's helpful to share your own financial experiences with your teenagers and maybe even tell them about some of the mistakes that you've made?

ROBIN TAUB:

[00:04:42.72]

I think so. Because I don't think they expect us to be perfect. They know that nobody is. And I think that sharing your mistakes and what you've learned from them is positive role modeling. And I can give you an example, which is that once in a while I will miss the deadline for my credit card when it's due-- like just be off by a day or it's just an oversight. And I will always call Visa right away because it's not something I do often and they will usually waive the interest and it's not a big deal but you have to call and advocate for yourself.

[00:05:14.70]

And the same thing happened with my daughter Natalie when she got her first credit card. She just didn't know and she missed that first payment. And I shared the mistake-- the fact that it happened to me too and instead of doing it for her. I just told her what I have done in the past and what's worked and to advocate for herself. And that's an example of a mistake that is common and I think it's something that our kids could learn from.

DORETTA THOMPSON:

[00:04:32.85]

What a great lesson. I know that in your books and certainly here, we share very, very much your position that it's really important for parents to start engaging with their kids on money issues early, looking for those opportunities to talk and share and help your kids learn about money. But what about for parents who haven't really done that, who really haven't played an active role in kind of money education with their kids to date? And now suddenly those kids are teenagers, they're getting ready to launch, how do they start those conversations?

ROBIN TAUB:

[00:06:11.68]

I don't want parents to feel like it's too late because it never is. I mean, ideally, you want to start early so that you can lay the foundation and build on it and let your kids make mistakes when the stakes are low but in the big picture, teenage years they're still pretty young and they're still able to take in a lot. So don't be discouraged that you haven't started. Start now, jump in at this stage in terms of the information that you share.

ROBIN TAUB:

[00:06:36.81]

And in my book, I do talk about five pillars of money and these are; earn, save, spend, share, and invest. And at each stage, you can share specific topics and examples under those five pillars. So jump in at the teenage stage so that the information sharing is age-appropriate and relatable to what's going on in their lives. And there's still a lot at stake as you said, they're preparing to launch, they may be going out of town to university in a few years, they might be planning for the cost of university or college. So it's a really crucial time.

DORETTA THOMPSON:

[00:07:10.74]

One of the things that I really love about your books is your compelling argument for parents to recognize and seize those moments of learning opportunities to talk to their kids about money and to make sure that those conversations are age-appropriate. So can you give us some thoughts about how you can identify or even create those kinds of learning opportunities to talk to your teenagers? I mean, the example that you just gave about credit cards is a really good one. Are there some others that you can share with us?

ROBIN TAUB: :

[00:07:40.81]

Sure. I mean, the credit card one can go pretty far because teenagers are naive sometimes about how credit cards work. Like sometimes they think it feels so sophisticated and grown-up to get a credit card, it feels like free money, someone's letting you buy things. They don't realize that you're buying now and paying later. So just sitting down and showing them your online credit card statement and going through all the different transactions and explaining how they lump together and it's due on this one day and that's when you're supposed to pay it, otherwise, there could be penalties or fees or interest.

[00:08:11.61]

And also, the statement that shows how much you will owe or how long it will take you to pay off your balance, if you only make the minimum payment, because that is like a shockingly long time. So using your credit card is what I call a teachable moment with a teenager, is really valuable. I think there are so many ways that you can find these teachable moments in your daily lives because we are always interacting with money. And it goes to this barrier of feeling like we don't have the opportunity or the time.

[00:08:41.04]

So they will crop up naturally you just have to get creative. I remember once I was doing a seminar and someone said that they used their home renovation as a lesson in budgeting with their teenager and their teenager asked them if they had a line item in the budget for art? That's a true story.

DORETTA THOMPSON:

[00:08:58.04]

Wow.

SPEAKER**TRANSCRIPTION**

ROBIN TAUB

[00:08:58.48]

Yeah. But you can see why going through a home renovation budget could be --for a teenager they can understand that stuff. And clearly, this kid did. So just get creative.

DORETTA THOMPSON:

[00:09:10.08]

Absolutely. What are the most common financial mistakes that teens tend to make that can be used as learning opportunities to help them sort of gain money wisdom from their experiences?

ROBIN TAUB:

[00:09:21.39]

Wasting money I would say or spending money carelessly without thinking about it. So teenagers are a lot more independent than preteens and they're out with their friends, they're separating from you, which is natural. I remember my kids, they were always going out with their friends, whether my daughter would go to Yorkdale, this big mall in Toronto and shop with her friends, and my son used to like to go downtown and hang out and look for records. So there's lots of spending temptations.

[00:09:49.72]

And I think it's easy because most parents are covering the household needs. It's easy for them to spend any money that they make or get for allowance on like discretionary stuff, fun stuff. And it's easy to fritter away money. My daughter went through the Starbucks kick, where she was just going every day after school and that can add up. So I think that just wasting money on things that in the end, lose their luster or they feel were not worth the money is probably the top mistake that kids are making at that stage.

DORETTA THOMPSON:

[00:10:21.99]

It's interesting that a few minutes ago when you talked about sharing the online credit card statement, that really brings us to talking about digital transactions. Digital transactions are dominating the market. Actually, I was talking to somebody the other day was telling me that, as a teacher, younger children did actually not know the value of coins. They actually didn't know the value, which is very interesting. And I guess, especially through COVID when people are tapping for everything, the whole move to digital transactions dominating the market, does that make it harder to help teens understand the value of money? And do you have any suggestions to help parents with that?

ROBIN TAUB:

[00:11:04.23]

It's not something that we can really fight anymore. We were moving in that direction before the pandemic towards more cashless, digital world and the pandemic really accelerated it. And I've actually heard from parents that their tweens or their preteens had to get debit cards if they didn't already have them during the pandemic because stores just were not accepting in cash.

ROBIN TAUB

[00:11:26.76]

Now, I still think with a really young child, like let's say five to eight-year-old or nine-year-old, starting with cash is the way to go because it is more concrete and tangible and easy for them to understand. So having a little bit of cash around the house just to explain how to play counting games or how to make change and those kind of things is still valuable. But for a teenager who's spending a lot of time on their phone anyway and would probably have a debit card, maybe a credit card on the family as a supplementary card, I think that the digital world presents both challenges and some benefits because the challenge is that it doesn't feel like you're spending real money. You've lost that visceral, that feeling that you get, that pain of loss when you hand cash over to someone. That's gone now. And tapping just doesn't feel like it's real spending. But it is as we all know when we look at our bank balance.

[00:12:18.22]

So now there's so many great tools built into our phones, and as I say, teenagers can use them too. So most of the big banks in Canada have within their mobile banking a tool that will let you set notifications or alerts. Every time you spent money, you'll get a notification on your phone or if you wear a smartwatch, you'll get something on your watch, just to remind you, it just kind of reinforces the fact that money is being spent.

[00:12:44.07]

And you can also use these tools to track your spending, which is a great way to build a budget. And again you can set notifications and alerts if you're approaching your budget in a certain area and you can compare it to past spending and spending trends. So I think that it is easier to spend because spending has become frictionless. But there's also ways to build the friction back in and to use your phone as a really powerful tool to help you stay on top of your money.

DORETTA THOMPSON:

[00:13:10.60]

And what a lovely and perfect learning opportunity with our kids to sit down and go through their banking app with them and explain how to use those different features and maybe for some parents to start using those features themselves.

ROBIN TAUB:

[00:13:23.83]

I was going to say, yeah, I always joke about it. Like there's all this opportunity for us to teach our kids but there's also an opportunity for reverse teaching. And I find that as my kids have gotten older, there's some things they're just better at and I learn a lot from them. But you're right, if you as a parent aren't using mobile banking, I encourage you to or at least online banking. And to sit down and go over it with your kid and yeah, you may learn a few features from them.

DORETTA THOMPSON:

[00:13:47.75]

Do you think that there are particular pitfalls that you think that teens should be aware of in terms of the use of digital transactions, digital money, et cetera? We've talked about credit cards, for example, but what about what's really becoming more prominent now, for example, the buy now, pay later schemes that are coming in that are almost everywhere on online purchase apps?

ROBIN TAUB:

[00:14:11.80]

Yes. I noticed those about a year ago cropping up every time I was doing any online shopping. And as you mentioned, they give you the opportunity to pay for small purchases over a period of time, let's say four installments. So spreading out your payments over time to make your cash flow a little bit easier. But the danger is that if you keep doing that your spending can get ahead of your income.

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So I think it is, again, another example of how spending has become frictionless, and especially for teenagers, we used to call it peer pressure when they would see what other kids had and did and what was cool and they would come home and ask for that and want that. And now it's magnified by social media because kids spend tons of time on these apps and they can really see what other people have and do and see them living their best lives.

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And it does create a lot of FOMO, which can lead to overspending. And there's lots of research that shows that people carry credit card debt as a result of FOMO overspending. It's a hard problem for teenagers, it's hard for parents. Like everyone feels this FOMO and this pull towards I have to have this or I need it now, I deserve it.

[00:15:29.09]

And that kind of goes back to the conversation about needs and wants. So that's a really important one to have with your kids, needs being the must-haves for survival, and wants being the nice-to-haves, the vacations and the fancy shoes, and the cool new clothes, and phones, and video games and stuff. So having those conversations with your child, talking about how you have to balance a household budget and take care of the family's needs first, and then there may be money left over for wants.

[00:15:58.57]

With teenagers too they are old enough to have a real job so that could be an opportunity for them to learn what it takes to actually earn money and use some of that money to pay for the things that they want because they will think longer and harder about money that they've worked hard for before they spend it. Again like I said earlier, teenagers tend to spend easily just going out with their friends or for convenience things or making impulse purchases. But I think if it's their own money, whether it's their allowance money but especially if they work for it, they'll be a lot more mindful about how they spend.

SPEAKER**TRANSCRIPTION**

DORETTA THOMPSON:

[00:16:32.60]

Yeah. I know with my own kids, one of the questions that I would ask when they had-- were older teens and had part-time jobs was how many hours of work do you need to work to buy X, and is it worth that to you? Is it worth five hours of working at McDonald's to have a particular pair of shoes or whatever it happens to be?

ROBIN TAUB

[00:16:53.66]

Oh, exactly. I think I even have that in the book as one of these family discussions to have. And I remember like my son Justin worked as a dishwasher after his first year of university and that was like hot, dirty work. And yeah, I used that with him too. It's funny, your kids are very different, my daughter is more of a spender. In any case, yes, that lesson of how many hours and is it worth my time, and do you just think that like maybe I should step back and sleep on it? Like do I really need this? Do I really want this or would it just be nice to have? And avoiding that buyer's remorse.

DORETTA THOMPSON:

[00:17:26.05]

That's so important. And just even helping them to think about decisions they've made in the past like do you really value that now? Was that really a good use of your money? Does it align with what's important to you?

ROBIN TAUB:

[00:17:41.50]

Exactly. Is it in line with your values? And we can talk about that a bit more. But I was going to share one other story, which was I remember once I was driving my daughter, Natalie and Sarah to Yorkdale to go shopping, and from the backseat Natalie's friend, Sarah says, when I'm about to buy something I get so excited but then after I realize, it never makes me as happy as I think it's going to. And I was blown away because she was like 16 years old or something. And I was like, that's insightful.

DORETTA THOMPSON:

[00:18:11.26]

How wise. We all can learn from that.

ROBIN TAUB:

[00:18:14.41]

I know, it's just maybe you want to walk away and sleep on it or like don't bring your credit card with you or-- now it's hard though because your credit card's on your phone or your debit card's on your phone and you're going to have your phone with you. It's really tricky.

DORETTA THOMPSON:

[00:18:27.94]

That's an interesting point, you mentioned earlier the concept of friction. And we know that marketers and technology have become excellent at removing friction and making it seem that they're doing that as a benefit to us, we've made it so easy for you. It means there is no time to rethink the decisions.

[00:18:49.84]

I'll tell you one of the things that really scares me is that you're starting to see in social media some of the major bloggers, et cetera, that people may follow, it's the integration of social media and finance. They're showing something and they can buy that thing right there from the website. They don't even have to leave whatever it is they're looking at.

ROBIN TAUB:

[00:19:09.86]

The platform. Yeah. That's called social commerce. And I actually just wrote about this for Tangerine's newsletter because it is a huge pitfall because they're spending so much time in these apps and now they don't even have to go out of the app to buy something, it's all integrated. And spending is frictionless but saving isn't. Saving is still really hard for most people.

DORETTA THOMPSON:

[00:19:30.94]

That's an interesting thing to think about. How can we help our teenagers reverse that equation so that they put the friction back into the spending side and maybe try to remove some of the friction on the savings side?

ROBIN TAUB:

[00:19:48.13]

Right. So I think one way to remove the friction or to make spending a little more difficult is to like disable things like one-click payment or auto-fill of your credit card information. Or just have a rule that you only buy things in person, or you don't shop online, or you remove shopping apps from your phone or you limit the amount of time that you spend on them.

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On the saving side luckily, there is something that you can do. I mean, I'm sure you've heard the expression about paying yourself first but the key to that is to take the self-discipline out of the process. Like you don't want to wait till the end of the month to pay yourself to save because often you've run out of money. So you set up an automatic transfer to your savings account.

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And all the banks have the ability to set that up very easily online. Because that's a frictionless way to save because right as soon as you get paid on payday you just take some off the top with this automatic transfer, set it aside into a separate savings or a TFSA or something. So that's a really good way. And then you can also automate your investments too. Like lots of these brokerages or robo-advisors have set up the ability to make these automatic contributions. So you can.

DORETTA THOMPSON:

[00:21:00.58]

That's very interesting because the research shows that we are very good at committing our future selves, not so good at being disciplined today. So I'm going to start a diet next week but today I'm having chocolate chip cookies. And one of the things that that does of saying no I'm going to, I'm going to sit down and I'm going to decide that 10% of my pay I'm going to have an automatic deduction. So with their part-time job that there's a saving component attached to it and it automatically happens. And when they do it in advance, of course, they never see that money.

ROBIN TAUB:

[00:16:57.07]

And also like if you're working for an organization, they offer some kind of group matching plan or automatic savings plan. Take advantage of those opportunities, try to because people think like where am I going to find the extra money to save? But if you pay yourself first you do adjust and learn to live on what's left.

[00:21:52.78]

And then something else we touched on earlier is using your values to help guide and prioritize these decisions. So when you're spending in line with your values, you are working towards your goals because your values are a way of making your goals real and I feel like when you don't have your values in mind it's really easy just to spend in ways that are not moving you forward. And I've also heard that our future self is a stranger. Like it's really hard to actually put ourselves in the future what we're going to need when we retire, for example, and to actually make that feel real when you're younger. So yeah, anything that we can do to like nudge that and take the self-discipline I think our future selves will thank us.

DORETTA THOMPSON:

[00:22:35.50]

How important do you think it is for parents to actually consciously try to have those discussions with their teenagers about aligning their values and money?

ROBIN TAUB:

[00:22:47.92]

Very important. And it's one of the three strategies that form my core philosophy which is be a good financial role model because you're teaching that way as well, you're leading by example. So that's not so much-- that's just about walking the talk. Then you want to look for these teachable moments to incorporate money lessons day-to-day, as you go along. And then third, is to really I think this gets overlooked a lot but use your values as an invisible framework to help guide and prioritize financial decisions. And I think most parents want their kids to have solid values, strong values. Perhaps the same values that they hold, perhaps slightly different because everyone's an individual.

SPEAKER**TRANSCRIPTION**

ROBIN TAUB:

[00:23:28.45]

And in my book, I have a values validator and it's a way for you to figure out if you've never done a values exercise, it's a way to tease out what your top five values are. And by that I mean the things that are most important to you, that you're willing to take a stand for. That you hold dear and it will help you find out what those are for you and then you can start to build goals around that.

[00:23:52.64]

And I encourage each parent in the relationship to do it and see where there's overlap, see where there isn't overlap, encourage your kids to do it because I think when we all are just more mindful of our spending and keep our values in mind, there's a lot less dissonance in how we feel when we spend money, less guilt. You know that you are working towards the things that are the most important to you. And actually, on my website, robintaub.com, you can do this values validator for free. So there's a free resource there if people are interested in trying it out.

DORETTA THOMPSON:

[00:24:27.14]

It's a great idea. I think can lose track of what your core values are. We get so busy, we get so overwhelmed with everything that we do. And we also know that financial stress actually has-- you pay a cognitive penalty for financial stress. So you can only make so many good decisions in a day, right? And if you are overwhelmed with things you will do that sort of mindless spending because it's easy, because you're not thinking about it, because maybe it makes you feel better for a few minutes or whatever the reason, right?

ROBIN TAUB:

[00:24:58.84]

Yeah. You get that quick dopamine hit. But you're right, you do pay a price cognitively is a good one, physically I think there was research that showed that up to almost half of Canadians had lost sleep over financial worries. There's connection also to heart disease and high blood pressure. And then mental health, it leads to a lot of stress and anxiety and depression when people have money worries and financial struggles. And then I even saw that depression and anxiety can make you more vulnerable to fraud.

DORETTA THOMPSON:

[00:25:32.14]

Interesting. There was a study done in the States a few years ago and it showed-- it was on Workplace, it actually showed that if you look under the hood on employee assistance programs, you actually just sort of look at almost 70% have a financial component to them.

ROBIN TAUB:

[00:25:48.43]

Wow. Exactly, like if you don't feel like your financial life is under control it like bleeds into all these other areas of your life. So you're saying people are using those resources to help them with some kind of financial pressure?

SPEAKER**TRANSCRIPTION**

DORETTA THOMPSON:

[00:26:01.27]

Or it'll be as a result of underlying financial pressures, as you were talking about like dealing with depression and dealing with stress, it also affects like absentee, all that kind of stuff. It's so all-encompassing.

ROBIN TAUB:

[00:26:12.71]

And I think that goes back to the reason I'm so passionate about this, is like don't we want better for our kids? If we've struggled financially, we want better for our kids. If we've done well financially, we want our kids to do just as well or better and not to struggle. If we've seen other people struggle, we know what a negative impact it can have.

[00:26:31.25]

And I just think that again, with COVID we could see people that didn't have an emergency fund, that were suddenly not working, or their business was shut down. How do you get through a period like that if you're not prepared? So it goes back to your original question like why is this important to prepare because we want them to have this basic life skill of financial literacy.

DORETTA THOMPSON:

[00:26:51.68]

It can be especially difficult for parents in financially challenged households to talk to their kids about money. And that's apropos of what you just said, that has been really exacerbated by COVID, it's really brought the issue to the surface during COVID. Do you have any specific advice for these parents?

ROBIN TAUB:

[00:27:12.20]

I really feel for them because it is something that is difficult to discuss when a family is struggling. You don't want to worry or burden your kids and you know it's your responsibility to try to make ends meet. But I think teenagers are aware of what's going on in the house, maybe even younger kids but for sure teenagers, older kids, they know.

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So I think it's better to have a fairly transparent conversation again at an age-appropriate level. And you know your child best, you know their temperament and their maturity and what they can handle. If you have a really anxious child, you may want to share a bit less, if you have a child that is able to handle that a little bit better, you might feel more comfortable sharing with them. Again it goes back to these needs and wants. If the family is struggling to cover their needs and there really may not be much left over for wants, I've listened to lots of podcasts this past year and there's lots of kids that were struggling during COVID, going to school, and working in order to help make ends meet in their families.

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I think there could be a positive message that kids take away from that, which is the skills of managing scarce resources and being resourceful in difficult times. And hopefully, some optimism that this doesn't last forever and people get back on their feet, those are some of the tips I can have. But I'm not going to pretend that it's easy because at the best of times parents are uncomfortable that they're going to get questions like how much money do you make? Or how much is our mortgage? And then now with COVID, it's like when are you going back to work? Or how are we going to pay the bills next month? So those are really difficult conversations but again, I think being open and transparent in an appropriate way is the way to go.

DORETTA THOMPSON:

[00:29:00.30]

And what about parents that are kind of at the other end of the spectrum, where they're worried about entitlement issues and failure to launch issues? I think all of us have heard stories about young people in their 20s and even into their 30s who are still living in their parent's basements. And I don't mean those who are kind of living at home as a wise financial decision to save or whatever it is, it's sort of more those failure to launch. And these are-- they're real concerns about purpose and independence and they're not limited to wealthy families by any means.

ROBIN TAUB:

[00:29:33.02]

Exactly. Like you don't have to be a Rockefeller anymore or whatever the Canadian equivalent of that is to raise a spoiled child. You don't have to be. And lots of, let's say, middle-class Canadians are worried about their kids becoming spoiled and entitled.

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And I think, again, a lot of it goes back to social media and FOMO. And kids are so much more sophisticated now. Like even like 11, 12-year-olds like they know what's going on. And I think that's why I feel like it's so important to raise kids with a sense of purpose and not a sense of entitlement. And the goal is to get kids that are responsible, they're capable of making good decisions, they exercise sound judgment, and they're hopefully going to be financially independent.

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And it may take a little bit longer than it used to because this generation is facing a lot of difficult things, like a gig economy, expensive cost of post-secondary education, so they're coming out with student loans, and a housing affordability crisis. And that's not just homeownership but that's even renting in some of the big cities. So I'm not trying to minimize or dismiss some of the things that they're up against.

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But I think, again, it goes back to my philosophy, try to start early, lay the foundation, give your kids the opportunity to manage money when they're young, even if it's through an allowance or money they get from the holidays so that they can start to make these decisions around once I earn money how do I either save, spend, share, or invest it? And make mistakes when the stakes are low and they're not expensive and it's not going to take years and years to dig out of them. So I think there's a lot we can do to nurture a sense of purpose, a work ethic, and modeling those things ourselves as parents.

DORETTA THOMPSON:

[00:31:20.03]

You mentioned investment, I know it's one of your pillars and a surprising number of teenagers are really interested in investments, particularly older teenagers, and especially after all the media attention around some of the meme stocks that really captured public imagination through COVID. Do you have any thoughts on how to talk to your teenagers about investments?

ROBIN TAUB:

[00:31:42.15]

I think the meme stocks were a great in because GameStop was one of them. And I think a lot of teens are into gaming and stuff. So that's like a really relatable example for them. Or even AMC, the movie theater chain was another one and most kids like going to the movies. So I think when something becomes so big in the zeitgeist and your kids might even bring it up, so it's not like something you're forcing.

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And I think it's an opportunity to explain the difference between investing on fundamentals and speculating or gambling. And I think that there are some teens that are going to be like really into this, like all over this. And I think there are just good opportunities for them to learn more at school if there's investment classes. I think in the upper grades like 11 and 12 there could be investment courses. And there's clubs, a lot of high schools have clubs where they can learn about investing.

[00:32:39.30]

Another thing that I think is fun is when my daughter was born, my brother bought her one share of Walt Disney Company. And I thought that was a great way to introduce a kid to investing. Now, obviously, when she was a baby I wasn't discussing this with her but as she got a bit older, we would get the annual reports and it would have pictures of the theme parks and the movies and stuff like that. So it was always like a really good way to talk to her about like what's a stock and like you own like one little tiny fraction of this company that she knew and we had been to Disney World with her.

[00:33:15.06]

And she used to get dividends that were like \$0.05. So it became this kind of joke about the small amount of dividends but she still owns it, she's 24 and she still owns these shares and they've split. And it was just I thought that was a really great way to introduce a kid to owning a stock. So think about following a stock that your teenager is interested in, you could actually buy something with real money or you could just kind follow it along in like a virtual way.

DORETTA THOMPSON:

[00:33:44.05]

Are there any other particular aides or activities that you can recommend either discussing with your kids or doing with your teens to help them develop the money skills they're going to need to be independent?

ROBIN TAUB:

[00:33:55.74]

So with teens again, they're spending more time with their friends than they are with you. But I still think that those opportunities will come up and I think a really good one is the one we talked about, the credit card issue. Because once they get to let's say, they're going to university they're going to be bombarded with those credit card ads, and you can get a credit-- your own credit card at 18. So I think sitting down and having that conversation and going through your actual statement online.

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So you could use an example if they were to buy a laptop or computer for \$1,000 and they put it on a credit card and only made the minimum payment, what that would end up costing over time and how long it would take them to pay it off. And then by the time they did, that computer would probably be obsolete. So that's like I think a really important example.

[00:34:45.72]

We haven't talked a lot about the sharing or the giving back side but I think in the high school years, teens start to develop a bit of a sense of like being part of a greater community. And I know in my kids' schools there was always like great things going on, on the fundraising side like whether it was a Terry Fox run or something that was raising money for the school. There are so many opportunities to get involved with giving back in high school. And again, I think that's so important for developing that sense of purpose, not a sense of entitlement, and opening your kid's eyes up to the fact that not everyone lives the way they do and there's people that need help and part of making money is also sharing.

[00:35:28.30]

So I think for teenagers, sometimes you can do those things as a family. Natalie and I used to volunteer at Soup Sisters when she was in high school, and sometimes we did it with other mother-daughters from her school. And it was like a fun evening but we were making soup for women and their children living in shelters. And someone from the shelter would come and talk about the purpose of the shelter and the type of people that were living there. So those kinds of things are important to do at that stage.

DORETTA THOMPSON:

[00:35:55.05]

Also, just really important to help kids develop their sense of value and be in touch with their values. The teen years can be very altruistic years as well.

ROBIN TAUB:

[00:36:04.32]

I know and I think that volunteering you always end up getting back more than you give. I mean, I volunteered for CPA Canada on the women's leadership side and it was just one of the greatest experiences I've had and I met amazing people and I learned so much. Like there's just a lot of benefits that you get as a volunteer. And I think for a teenager too it can increase their network, which could help them later on when they're looking for a job after they finish school so it's win-win.

SPEAKER	TRANSCRIPTION
NA	<p data-bbox="539 191 1516 226">[00:36:31.44]</p> <p data-bbox="539 247 1516 283">[MUSIC PLAYING]</p>
DORETTA THOMPSON:	<p data-bbox="539 317 1516 352">[00:36:32.49]</p> <p data-bbox="539 373 1516 409">Robin, thanks so much for doing this today.</p>
ROBIN TAUB:	<p data-bbox="539 449 1516 485">[00:36:34.99]</p> <p data-bbox="539 506 1516 541">My pleasure, Doretta. Thanks for having me.</p>
DORETTA THOMPSON:	<p data-bbox="539 581 1516 617">[00:30:36.74]</p> <p data-bbox="539 638 1516 751">You've been listening to Mastering Money from Chartered Professional Accountants of Canada. You can click to resources mentioned in this episode in the description of the podcast in your podcast app. Please rate and review us. And if you'd like to get in touch, our email is financialliteracy@cpacanada.ca.</p> <p data-bbox="539 772 1516 808">[00:36:56.08]</p> <p data-bbox="539 829 1516 1052">Please note, the views expressed by our guests are theirs alone and not necessarily the views of CPA Canada. This is a recorded podcast. The information presented is current as of the date of recording. New and changing government legislation and programs may have come into effect since the recording date. Please seek additional professional advice or information before acting on any podcast information. Be well, be kind, and remember, preparation is the key to success for those important but difficult money conversations.</p>
[00:37:26.56]	<p data-bbox="539 1094 1516 1129">[MUSIC PLAYING]</p>