CHARTERED PROFESSIONAL ACCOUNTANTS CANADA

FINANCIAL LITERACY

Are You a Good Financial Role Model?

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An Educational Session sponsored by the Chartered Professional Accountants of Canada (CPA Canada)

Agenda

- The Goal
- The Challenges
- Characteristics of a Good Financial Role Model
- Ten Healthy Habits of Financial Management
- How to Set Financial Goals
- Resources
- Q&A

The Goal

- To raise financially independent, responsible children who are happy, healthy and successful.
- If we don't succeed, what are the consequences?
  - Supporting adult children financially.
  - Bailing them out using your savings.
  - Stress and strained relationships.
- It's worth the effort to start teaching now!

Top Challenges

- Children are too young, not interested.
- Lack of knowledge, lack of time, lack of opportunity.
- Not good at managing money yourselves.
- Procrastination.
- It's never too late to learn how to do things better!

Characteristics of a Good Financial Role Model

- Cautious and deliberate about spending.
- Saves for large purchases.
- Pays bills on time.
- Keeps organized files.
- Able to talk about money openly while stressing confidentiality and trust.

Ten Healthy Habits

1. Know where you stand financially.
2. Live within your means.
3. Save/pay yourself first.
4. Understand the difference between *good debt* and *bad debt.*

Ten Healthy Habits

5. Set up a financial safety net.
6. Know the difference between needs and wants.
7. Teach delayed gratification and set values-based financial goals.
8. Track your spending.

Are You a Good Financial Role Model?

Ten Healthy Habits

9. Start saving now to secure your child's future. Open a special account at a credit union or bank when you child is born and make it your mandate to deposit a small sum (same amount) every month.
10. Present a united money front.

Goal Setting

1. **Write down financial goals**
   - Review them with others
   - Monitor progress
   - Success is self-reinforcing

Goal Setting

2. **Use your values to set goals**
   - What are values?
   - What are your values?
   - Values Validator

Set *SMART* Goals

- **S** → **SPECIFIC**
- **M** → **MEASURABLE**
- **A** → **ACTION-ORIENTED**
- **R** → **REALISTIC**
- **T** → **TIME-FRAMED**

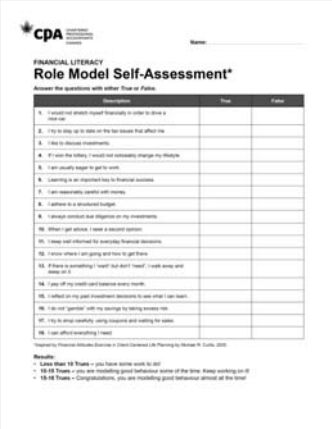
Key Points

- Be a good financial role model.
- Don't make money a taboo topic at home.
- Start early and lay the foundation.
- Practice the 10 Healthy Habits of Financial Management.

Tools and Aids

Worksheets for parents and children

- Goal-Setting Worksheet
- Role Model Self-Assessment
- Values Validator



FINANCIAL LITERACY

Role Model Self-Assessment*

Answer the questions with either True or False.

Description	True	False
1. I would not stretch myself financially in order to drive a nice car.		
2. I try to stay up to date on the tax issues that affect me.		
3. I like to discuss investments.		
4. If I won the lottery, I would not noticeably change my lifestyle.		
5. I am usually eager to get to work.		
6. Learning is an important key to financial success.		
7. I am reasonably careful with money.		
8. I adhere to a structured budget.		
9. I always conduct due diligence on my investments.		
10. When I get advice, I seek a second opinion.		
11. I keep well informed for everyday financial decisions.		
12. I know where I am going and how to get there.		
13. If there is something I "want" but don't "need", I walk away and sleep on it.		
14. I pay off my credit card balance every month.		
15. I reflect on my past investment decisions to see what I can learn.		
16. I do not "gamble" with my savings by taking excess risk.		
17. I try to shop carefully, using coupons and waiting for sales.		
18. I can afford everything I need.		

*Inspired by Financial Attitudes Exercise in Client Centered Life Planning by Michael R. Curtis, 2005.

Results:

- **Less than 10 Trues** – you have some work to do!
- **10-15 Trues** – you are modeling good behaviour some of the time. Keep working on it!
- **15-18 Trues** – Congratulations, you are modeling good behaviour almost all the time!

Resources

- *A Parent's Guide to Raising Money-Smart Kids*
  cpacanada.ca/financialliteracypublications
- CPA Canada Financial Literacy
  cpacanada.ca/financialliteracy
- CPA Canada Session "*How to Teach Your Kids About Money*"
- Make it Count - Manitoba Securities Commission
  www2.Makeitcountonline.ca/csa/parents/index_en.html

Q & A

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