

How to talk to your kids about money



BARBARA STEWART
Special to QMI Agency

As we embrace the idea of a fresh start in the new year, we often draw up family budgets and/or set out investment objectives. What better time to chat with your kids about money?

Last year, I spoke with 50 accomplished women around the world about what they were told about money when they were young. Many spoke of pivotal conversations with parents or grandparents.

The conversations led me to the following five strategies to discuss money with young people. They may not seem radical, but they shaped the lives of some amazingly accomplished women — why mess with success?

1. Talk about lifestyle

Rather than asking the proverbial “what do you want to be when you grow up?” try to broaden the discussion. Link the questions



A comfortable chat with your children about money can set them on the right path and make a big difference in their lives. FOTOLIA

to lifestyle with questions such as “where do you think you will want to live?” and “how much money do you think you will need to live there?”

This can help kids focus on a specific future that

appeals to them.

2. Talk about planning

This may be cliché, but it is worth stating the obvious when it comes to young people and money. Let them

in on family planning discussions. It is necessary for everyone to understand that much of what we want costs money.

If kids can make this link, they are far more likely to find the path to earning

their own money so that they can go on and live the life they desire.

3. Tell them they are smart

Many successful women

never questioned their ability to handle money because they were told early on that they were capable and smart. Offer your kids the opportunity to read international newspapers or ask for their advice on your business decisions. This approach can have a large effect on a child’s confidence level.

4. Talk about the importance of having faith in yourself

It's critical for younger people to develop a feeling about who they are and understand what it is they value.

Ask them “who or what do you admire?” This isn't about money or budgets or business plans, but it does allow them to think about what is meaningful to them.

5. Have them deal directly with money

Give your children some cash so they can “feel” it and go out and buy things with it. It is important to get a feel for money early on. See how they deal with it — they will learn by making their own mistakes.

— Barbara Stewart, CFA, is with Cumberland Private Wealth Management Inc

Want to be a millionaire? It's not as hard as you may think

MR. MONEY
Special to QMI Agency

Who wants to be a millionaire? Just about everybody, judging from the huge audience for that once top-rated TV game show, and you may have more in common with the average millionaire than you know.

Quick Quiz:

- What do most millionaires drive?
- Where do most millionaires live?
- How much money do millionaires spend?
- On what do millionaires spend their money?
- Why are millionaires millionaires?

While you're thinking about that, ask yourself this: Why do some people with meagre incomes end up with huge nest eggs while others earning six-figure salaries live paycheque to paycheque? We've all heard the stories of rich athletes and entertainers going broke.

Debt-management research has found wealth accumulation is more about a person's self-esteem and behaviour patterns than about income levels. Change your behaviour, change your fortunes.

Groundbreaking books such as *The Millionaire Next Door* by Thomas Stanley and William Danko studied millionaire lifestyles and came up with

some surprising answers to the aforementioned quiz.

Quiz Answers:

- A Ford F-150 pickup truck.
- Next door to you in a single-family home in a middle-class neighbourhood near good schools.
- Less than they earn.
- Their investments and their business.
- Hard work and self-discipline.

Most millionaires do not drive a Ferarri, party in Monaco, or have gold-plated toilet bowls. If they do, they won't be millionaires for long.

Stanley and Danko found most millionaires did not

inherit their money or get advanced college degrees, but they do think differently than most people. They respect money. They are bargain hunters, coupon clippers and investment researchers who strive to build their net worth while minimizing the taxes they pay on income, among other frugal practices.

All of this is very doable for the average person who yearns to be rich. So what stands in our way?

In 1990, Iowa State University professor Tahira K. Hira worked as a consultant studying ways to stem the growing number of Canadian consumer bankruptcies.

She found it took more than budgeting and negotiating



with creditors to control debt. It was a psychological problem tied to low self-esteem that required counselling.

Debt-laden people often spend money to feel good about themselves but there

are few things that make you feel as good as being debt-free.

To get there, you just have to emulate millionaires through planning, self-discipline, hard work and perseverance.