

April 5, 2007



Kids and Money

Are Children Doomed to Repeat the Mistakes of their Parents?

With personal debt levels souring and personal savings decreasing by the average Canadian, what hope do our children have for a debt-free life and the retirement they'll one day yearn for?

Kelley Keehn, author of *The Prosperity Factor for Kids* worries about the lessons today's children are learning and has reservations about the *buy now, pay later* generation. According to the National Bank, Canadian consumers now owe \$752.1 billion (2004), which is up 36 percent in the past ten years when adjusted for inflation. She points out that less than a century ago, people bought only what they could afford.

"If you had the money available, you owned a home. If not, you had to save for one. My parent's generation lived by the mantra that you should pay off your home as soon as possible and in my generation there are so many Canadians who would prefer to *seem* wealthy than to live by the principles that our parents taught us."

Keehn continues "I'm troubled most by our youth's interpretation about money and credit. Today, one no longer knows what their neighbour really owns. A person might be envious of a friend's new home purchase or a teen might look up to someone with an expensive luxury car. Both however, might be financed and possibly over extending the budget of the purchaser. I'm concerned that with the advent of our credit system and its overuse at times, it's nearly impossible for the average person to decipher what another person is really worth. The impact of which is basic human nature; to compare one self to the 'Jones' as it were."

Debt is one issue plaguing the average Canadian, however; it's only half the equation. Personal savings rates are also at an all time low. According to a recent study conducted by Ipsos-Reid on behalf of the Bank of Nova Scotia, 75% of Canadians have less than three months worth of savings in the bank. And less than half (44%) of Canadians "feel in control of their financial affairs", three in ten (28%) say they "accomplish the financial goals they set for themselves", and 16% say they "always stick to their budget which includes savings".

Keehn points out that "it's not all doom and gloom. Awareness is the first key. Matters of money need to be understood by the average person, which starts with simple steps. Education is the critical component and a parent needn't feel that they must strive to be an expert, but should take the steps necessary to inform themselves and their children that there are financial choices and consequences."

Kelley Keehn is a financial expert, elder planning counsellor and author of four books including *The Woman's Guide to Money*. Keehn's newest book, *The Prosperity Factor for Kids* is a comprehensive Canadian parent's guide to developing positive saving, spending and credit habits. The book will be released nationally by Insomniac Press and available in bookstores May 2007. Her spring tour will include Calgary, Kelowna, Toronto and Edmonton. Her American book tour will commence in the fall of this year.

