

# MONEY AND YOUTH

A GUIDE TO  
*Financial Literacy*



**Gary Rabbior**  
Canadian Foundation for  
Economic Education



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## ***Welcome! You've opened a very valuable book.***

Whether you are a student, teacher, or parent – you're here because you are interested in a topic important to all of us – how to use money wisely and grow to achieve financial well-being.

Financial literacy means having the knowledge, skills, and confidence to make responsible financial decisions throughout your life – from how to spend your allowance – to saving for school, travel, or a home – to ultimately retire in comfort.

Learning how to manage your finances when you are young helps you become independent and gives you the building blocks to get the most out of life.

If you're a teen looking for some valuable money basics, this is a great place to start. Students have told us that thanks to Money and Youth, they have learned to think about finances differently and feel they can make better financial decisions.

If you are a teacher or parent – thank you for helping to empower the next generation. You are making a difference by sharing this resource and starting a conversation that can be life-changing.

To access the digital version of this resource, visit <https://moneyandyouth.com/>.

Finally, thank you to CFEE for their expertise and care in creating this resource. We are proud to support their efforts.



Damon Murchison  
President and Chief Executive Officer  
IG Wealth Management



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**Please visit [www.moneyandyouth.com](http://www.moneyandyouth.com)  
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a free eBook version of Money and Youth.**

**MONEY AND YOUTH**  
by Gary Rabbior

The Canadian Foundation for Economic Education (CFEE) wishes to express our sincere thanks to IG Wealth Management for their generous support for the production and distribution of Money and Youth across Canada for over 25 years – and over 700,000 copies.



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## Preface

Today's world is full of opportunities. As changes occur and our society evolves, those who are well prepared will be able to take advantage of them. There are opportunities to do new things, generate new ideas, accomplish new tasks, and set new goals. Although change creates stress for many, for those prepared to take control of their lives, the future can hold much promise.

Taking control of one's life can mean many things – pursuing a good and relevant education, building personal and family relationships, setting priority goals and objectives, developing skills related to areas of personal passion (the things we love to do), and so on. Taking control of one's life helps to instill confidence, determination, and commitment. These, in turn, can lead to accomplishment, personal success, and happiness.

If we don't take control of our own lives, we are more vulnerable to outside influences. The goals and objectives of others may lead us to where they want us to go – not necessarily where we want to go. Knowledge and skills can help people take more control.

The world of money is one area where many people often feel they lack control. They may even feel they are out of control. Many, if not most, Canadians never had much in the way of financial education – at school or from parents. We hope to change that for the next generation.

Schools are now starting to include financial education in the curriculum. Equipped with knowledge, skills, and experience, young people will be able to plan for, and take more control over, their money and financial affairs.

The Canadian Foundation for Economic Education, in partnership with IG Wealth Management, has produced this publication to provide youth with information that we believe will help them to better understand the world of money. We believe it will help enable them to begin to take more control over their financial future – and improve their chance of achieving success.

CFEE's primary goal is to support improved economic and financial literacy and the development of enterprising skills. In doing so, we hope to help young people be better able to undertake their economic roles, responsibilities, and decisions, with confidence and competence. It is our hope that Money and Youth will make a significant contribution toward achieving that goal.

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*Part 1*  
**GOALS, VALUES AND  
DECISION-MAKING**



# YOUR MONEY DECISIONS: WHO'S IN CONTROL?

Let's Discuss...

\$ Factors Affecting Money Decisions

\$ Tips for Making Good Money Decisions

\$ Taking Control: Setting Goals and Finding a Balance in Your Life

Most people make decisions about how to use money every day. It may be to take a bus, or to buy something for lunch, or to put money in a parking meter, or buy a new "app", or go to a movie, or... Like it or not, we need money to get and do a lot of things. Try and think of the last day when you didn't spend money – or make a decision about how to use money – either yours or someone else's.

You probably make many such decisions involving money – and you have choices. But what things influence the decisions that you make?

Think About It



Do you feel different when you pay for something with your own money than when others buy things for you?

## Factors Affecting Money Decisions

Think about the last item of clothing that you bought. What factors affected your decision?

- 1. Emotions:** Was it how you felt looking at the item – that is, your emotional response?
- 2. Friends and Peers:** Was it your friends – and what you thought they would think about your choice – that is, some kind of "peer pressure" affecting your decision?
- 3. Customs, Traditions, and Habits:** Was it because it was the style of clothes that you have always tended to wear in the past – that is, your custom, tradition, habit, or just falling in line with past choices?
- 4. Family Members:** Did your parents, siblings, or other family members have any influence on your choice – that is, what they would think and how they would react?
- 5. Latest Styles and Fads:** Was it because of any latest style or fad – that is, trying to stay current and with current trends?
- 6. Advertising:** Was it because of any commercial, ad, promotion, or celebrity endorsement that you saw that had an impact on you – that is, some form of advertising?
- 7. Incentives:** Was it because of a "sale" that was on or a discount coupon that you had – that is, some kind of incentive provided by the store to make you buy that product?
- 8. Your Values and Confidence:** Was it because of what you thought – and what you wanted – and your own sense of values, style, and knowing what you want?

How About You?



Which of the above factors do you think have the most influence on your money decisions?

\$ Tip



**When you make decisions about money, take a moment to think about factors that could be affecting your decision. Are you in control of your decisions – or are other affecting what you do? Try and be in control of your own decision.**

## Impact Can Be Intentional or Unintentional

All of these factors influence the decisions and choices you make about spending. Some may even influence you without really trying. Can you think of a decision you made recently that you think may have been influenced by a movie you saw – or a sporting event or sports celebrity – or someone you met? In the end, you will make the decision – but it is always good to consider the factors that might be having an impact on you.

## Can You Afford It?

Another factor that is important – and often gets too little consideration – is whether or not you can afford it. With so many factors influencing us, and affecting our decisions about money and spending, we may buy something we don't really need or want, and may not use – or won't use for long.

## Looking Back on Past Decisions

Once a decision is made, you can look back and think about whether or not it was a good one for you. If it was, why? If it wasn't, why not? Sometimes we make good decisions – and sometimes not so good. The important thing is to learn from the decisions that weren't so good. In the end, though, each of us strives to make the best decisions we can about money – and that is one of our goals with “Money and Youth.”

Think About It



**Can you think of something you bought that you never used – or didn't use much at all? If so, think about why you bought it. What can you learn from that decision?**

## Making Good Decisions is a Skill

In a later chapter, we will actually look at a series of steps that can help you to make good decisions. Making decisions is a skill – yet many people have never been taught how to make them.

# Tips for Making Good Money Decisions

Here are a few tips to consider when making good money decisions.

- 1. “Think about your thinking”:** Take a moment to “think about your thinking.” That might sound a little weird but to make a good decision it helps to take a minute or so to think about the choice you are making – and why you are making it. Many people make decisions without really thinking about why they are making that particular decision. Is it because it’s the kind of decision you have always made – because you are trying to make someone happy – because you think it will make you happy – because of what someone taught you – because it’s part of who you are and reflects your values ...?
- 2. Your “Opportunity Cost”:** Consider your opportunity cost – that is, what are you giving up in making the decision? Every decision has an opportunity cost – giving up one thing to get another. You could be giving up something else you could buy with the money you are spending, or something else you could do with the time you are investing, or another city you could be visiting, or another course at school you could be taking. Among all the possible alternatives, what’s the “next best thing” you will be giving up? That is your opportunity cost.
- 3. Future Trade-offs:** Consider the future possibilities. That is, in addition to what you might be giving up today, what might you be giving up in the future because of your decision? What could be different if you waited?
- 4. Can you afford the cost?** Finally, can you afford it? Do you have the money to pay for it? If not, and you are going to use a credit card, will you have the money to pay off the credit card balance when you get your bill? Or will you be “carrying the cost” into the future – and paying interest? If you are going to pay interest you should consider that as part of your costs – and as part of your decision.

We have now looked at eight factors that may influence your decisions– and four tips to consider when trying to make good money decisions. But let’s not forget about another key factor in all this – and that is, what makes you happy.

*How About You?*



To what extent do you take time to “think about your thinking” – and do you think about why you are making that decision?



*Take Action.  
Take Control!*



Try to complete the following activity in less than two minutes. Trying to do this quickly helps you to focus on things you feel most strongly about.

Identify the five most important things in your life at the present time and the five things you most hope for in the future.

# Taking Control: Setting Goals and Finding a Balance

## Your Happiness is Another Important Factor

Each of us has to figure out what will make us happy – today, tomorrow, next week, next year, and in the years to come. If you are one who thinks more about today and tomorrow rather than the future, you are probably one who likes “instant gratification” – that is, when you want something you want it now.

## If You Like “Instant Gratification”, Taking Control Can Be a Challenge

If you tend to like, and want, “instant gratification” then managing your money will probably be more of a challenge. It will be harder for you to think about your trade-offs down the road – or the challenge of having to pay for something later if you can’t afford to pay today. It may be that some of those influences we just talked about are working on you – and making you want certain things – and wanting them now! If you tend to be one who “acts now and plans later,” managing your money – and your money decisions – will be more difficult.

## If You Keep the Bigger Picture in Mind, Taking Control Can Be Easier

If you are more of a “big picture” person – and take a longer term view of things – you may find it easier to manage your money – and to achieve your goals.

When you set goals, you need to think about the present and the future. You have to think about what makes you happy today – and what will make you happy in the years ahead. People often talk about hoping to have a “happy life” – which, in and of itself, is an ambitious goal. Finding the balance between your happiness today and your happiness in the future is key – and not always easy, especially when it comes to how you handle and manage your money.

*How About You?*



**What, for you, are the key things that you think will help make a “happy life” for you?**

*How About You?*



**Do you tend to want instant gratification – or are you someone who likes to plan, and can wait to get what you want in the future – and achieve the goals that you set for yourself?**

1

2

3

4

5

INSTANT GRATIFIER

PLANNER

## Money Can't Buy Happiness – True, But ...

The saying “money can’t buy happiness” is probably quite true. But it is also true that a lack of money can create problems. Being in debt over one’s head, being unable to pay bills, being unable to take holidays, being unable to afford the accommodation one wants can be both frustrating and unpleasant. “Money can’t buy happiness” but, let’s face it, it helps.

*Think About It*



**What are your views on the link between money and personal happiness? When are you happiest? What role, if any, does money play in those times?**

## You Make Your Decisions – But to What End?

There is no shortage of advice you are likely to receive about how to effectively manage your money – and what you should be doing with your money. But, in the end, you will decide.

A key factor that can affect your decisions are your goals. If you don't have goals then goals won't play a role in your money decisions. But if you have goals, hopes, and things you want to achieve in the future, they will have an impact on the decisions that you make. Therefore, setting goals for yourself can be a powerful incentive which can have an effect on the decisions you make.

*How About You?*



**Do you think much about what you hope for in the future when you make your money decisions?**

## Having Goals Can Make a Difference

Why can goals make a difference? If you have goals, you'll have to consider the possible trade-offs as you make decisions today. And saving to achieve a goal can be very rewarding, personally satisfying, a real motivator, and a confidence builder. Achieving a goal can help you prove to yourself that you can accomplish what you set your mind to – and inspire you to aim for other goals – and to achieve other things.

So, “money doesn't buy happiness”, but it does play an important role in most people's lives. We may wish it weren't so, but it's true. Earning money. Spending money. Saving money. Investing money. Making money. Losing money. Giving money away. We make all kinds of decisions, often daily, about money.

## Money Is a Means to an End

But what is money anyway? We don't eat money, wear money, or build buildings out of coins and twenty-dollar bills. Money is a tool. It is a means to an end. It is something created to help our economy work more smoothly. It serves as a medium of exchange, that is, we can use it for purchases. And money can help each of us in achieving our goals – whatever they may be.

If we turned on the printing presses and gave everyone twice as much money, would people be better off? The answer is “no”. Why? Because with everyone having twice as much money, prices would eventually double as people have more money to spend on things. People would have twice as much money but would be paying twice the price for things – so people wouldn't be any better off. So it is important to remember that money is a tool – and prices will affect the purchasing power of your money and how much you can buy with it.

## If You Want to be In Control, Have a Plan

Money can help us out – but it can also cause problems – getting deep into debt – causing stress, tension, and anxiety – pushing some people to crime – having bill collectors on your back. To avoid money problems, it's best to try and stay in control of your money and how it affects your life. You'll want to maximize the help that money can provide and minimize the problems it can cause. Today is the best time to start to take control of your money. And the best way to take control is to be prepared and plan.

*How About You?*



**To what degree do you think you are in control of your money?**

1 2 3 4 5

OUT OF CONTROL ————— IN TOTAL CONTROL

Take Action.  
Take Control!



**Identify the top three goals that you hope to achieve within the next year.**  
**Identify the top three goals that you hope to achieve within the next three years. Identify the top three goals that you hope to achieve within the next 5-10 years.**

## Financial Planning is Not Only for Those with Lots of Money

Planning how to handle money is not only for those who have lots of money. In fact, the less money you have, the more important it is to plan. You want to get the most from the money that you have.

The best way to plan is to set goals – to know clearly what you want – to know the difference between what you need and what you want – to know the things you care most about – what you want out of life – what you want to achieve and what will make you happy – today and in the future. In setting goals, consider the different “time periods” – the short-term (what you hope to achieve over the next year), the medium-term (1–3 years), the long-term (3–5 years), and the more distant future (5 years and beyond). Short-term goals can be very helpful as they serve as stepping stones to achieving your medium-term goals. Then, use medium-term goals as stepping stones to long-term goals, and so on. Doing this gives you some “check points” to see how you are doing over time – and think about whether your goals have changed and if you want to change direction.

## Plan for a Balance between Your Short-term and Long-term Goals

As important as it is to keep an eye on the future and your longer terms goals, you want to be happy today too. That is understandable, and should be part of your planning. Finding a balance between today and the future is important. Develop a plan that helps you live as happy a life as you can – today, next month, and into the future.

## People Are Different – Their Goals Are Different

Different people will have different goals. What one person wants out of life can be very different from what another person wants. Individuals face life and its financial challenges from a wide array of starting points and with different views. Some people have access to a great deal, including opportunities for education, training, working, and acquiring income. Others have access to very little and face different challenges and opportunities. Different cultures also have different attitudes to money and material things. No matter what the differences, however, everyone will face decisions related to their money. To guide these decisions, we need goals. What are yours? Knowing your goals is a key first step in starting to take control of your money.



# Module Summary

## Say What? Possible New Terms!

1. **Opportunity Cost:** the next best alternative given up when you make a decision.
2. **Carrying Cost of Debt:** the interest charges that you pay on debts that you carry on a credit card over time. That is, credit card debts that you don't pay off right away and result in interest charges.
3. **Medium of Exchange:** one of the roles of money. Prices can be set in terms of money for goods and services and then money can be used to “exchange” to receive a good or service.
4. **Financial Planning:** setting goals for things you hope to achieve and acquire over time and making a plan for how to achieve those goals.

## Did It Stick? Can You Recall?

1. What factors may be having an influence on your money decisions?
2. What are four things you can do to try and make a good decision?
3. What is the purpose of having a financial plan?
4. How can setting goals help you to make better financial decisions and find a balance in life?
5. What is a key role of money in the economy?

## Thinkabout... or Discuss:

- Which kind of financial decision do you find hardest to make – and why?
- In your opinion, which factors have the biggest influence on money decisions made by youth?
- What are the advantages and disadvantages of credit cards for youth?
- What are the biggest “money mistakes” youth often make?

## Tips & Suggestions

### Five Steps to Saving Money

1. Set a savings goal. Ask yourself:  
How much money will I need?  
How soon? Be realistic.
2. Decide how much you will save from your pay. Put aside money to save first, then spend what's left.
3. Track where you spend your money. Learn more about where your money is going. This will help you find ways to cut your spending if you need to – since you will probably be surprised where some of it is going.
4. Build a budget and try to stick to it.
5. Reward yourself when you reach a goal. Give yourself something to look forward to if you do what you set out to do.

## Tech Talk

If you have access to the Internet via a computer or hand-held device, you might consider searching:

- Common frauds and scams
- Metacognition – thinking about your thinking
- Tips for good decision making
- Setting goals and basic financial planning
- Advertising techniques

