Questions and Answers about *The Wisest Investment: Teaching Your Kids to Be Responsible, Independent and Money-Smart for Life.*

Why did you write this book?

I wrote this book to help parents with this very important responsibility: teaching their kids about money and preparing them to be financially responsible and independent young adults.

Why did you write this book?

As a Chartered Professional Accountant, I've always felt comfortable and confident around money and financial concepts. And I believe money management is an important life skill, one that I wanted to pass on to my two kids. So in 2011, when I was asked to write a book to help parents teach their kids about money, I was intrigued. I had just started writing for the Ontario Securities Commission's financial literacy website, getsmarteraboutmoney.ca. But writing a book? It wasn't something I had ever really thought about doing. It certainly wasn't on my bucket list (like meeting Bruce Springsteen, which I managed to do in 2007!).

When Justin and Natalie were young, I started to invest in their financial education. I knew that the earlier kids are taught about money, the greater the likelihood of financial success throughout their lives. I tried to put my money where my mouth was and be a good financial role model to them. I took advantage of teachable moments to build money lessons into our daily lives, and I made sure that the information I shared with them (about earning, saving, spending, sharing and investing) was appropriate for their age and maturity (and I still do). Back in 2011, when my kids were 14 and 16, I could already see my efforts were paying off.

After some reflection, I thought to myself, *Maybe I do have a book in me!* Why not write about my own experiences — both rewarding and challenging — and the experiences of other parents? That, combined with solid research, would help parents like you give *your* kids the knowledge, skills and confidence that I gave my own kids.

I wrote *A Parent's Guide to Raising Money-Smart Kids*, and it quickly became a Canadian bestseller. In the decade since it was first published, society has moved away from cash toward mobile and digital money and the economic consequences of the pandemic have only accelerated this move. This updated version builds on time-tested lessons that have always applied and still apply today, while modifying some for the digital world. It also addresses both the challenges and benefits of managing money in an increasingly digital world. Over the same decade, my kids have grown into financially literate, independent and responsible young adults (most of the time!).

Who is the audience for this book?

Parents, grandparents, aunts, uncles, teachers and everyone else who cares about the young people in their lives and want them to be financially responsible, independent and money-smart for life.

If you're thinking: *hey, I'm too busy parenting to read a parenting book!* don't worry, the information is presented in short, punchy chapters. Plus it doesn't have to be read and digested in one sitting. Just focus on the stage your child is at now.

It's also for financial advisors and wealth managers who are trying to help their clients teach their kids about money.

Tell us about the book.

The book is written in a very accessible style, to put parents at ease. Many parents find the whole idea of teaching their kids about money to be overwhelming. They don't know where to start or how to go about it. Others have tried to teach their kids but don't feel they've been successful. Many parents worry that their kids won't be prepared for life's important financial decisions.

Each chapter focuses on a specific age group, starting with young kids, then preteens, teenagers and emerging adults. Within each chapter, I provide detailed guidelines, examples, anecdotes and actions for that stage of your child's life, for each of the five pillars of money: Earn, Save, Spend, Share and Invest. From piggy banks to pay cheques, the book also covers topics like allowance, first jobs, tracking spending and budgeting, fundraising and investing basics, just to name a few.

I believe I've created an engaging and practical resource for parents with kids of all ages, one they will refer to again and again.

Why did you update the book?

I updated the book because the world had changed a lot in the thirteen years since the first edition was published. At a time when cash is disappearing and most financial transactions are digital, how does that change how we teach our kids about money? The book answers that question and explores both the challenges and benefits of managing money in a digital world.

The pandemic accelerated the trend towards a cashless, digital society. It also upended our lives and our finances, and served as a wake-up call about the importance of teaching the next generation about money.

The latest light update, completed in August 2023, includes new sections on "finfluencers", inflation and credit ratings.

How is this book different from the original book?

As you've probably noticed, it has **a new, much more appealing, title, subtitle and cover** *The Wisest Investment: Teaching Your Kids to Be Responsible, Independent and Money-Smart for Life*. It's my own personal philosophy and promise to parents that yes, you can do this! (References from my kids available upon request ☺)

The core content has stood up very well over time, so the updates focus on:

- As money has become increasingly digital as we move toward a **cashless society**, how that affects the way we teach kids to manage it. **Fintech** is changing every aspect of how we deal with money and has produced **new tools** for investing like roboadvisors **and family finance apps** for parents to pay and manage allowance in a digital and mobile world. So much of what we do, from looking for a job, to saving, to spending, to investing, is increasingly done online using **technology**.
- I also address the **influence of social media on financial behavior**, especially spending, and the rise of "finfluencers" – financial influencers.
- These updates appear throughout the book in the relevant sections, but I also address some of these issues in Chapter 1 as one of the challenges of making the wisest investment.
- The pandemic was also a reminder of the **importance of having updated wills and powers of attorney**, so I added some information on that.
- I included additional family discussion on **credit scores** and **credit ratings**, as well **inflation**.
- I also added a section about **teaching financial literacy in school**, as there have been positive developments in this area in the last thirteen years.
- Throughout, I've **updated references, websites, tools and resources**.

What was your process for writing/updating the book?

Before I started working on the update, I took an online course on non-fiction book creation and marketing called *The Chilton Method*, created by David Chilton, author of The Wealthy Barber. Armed with tips and ideas from the course, and working from a detailed outline of how I planned to update the book, I jumped in.

Why did you create a US edition of The Wisest Investment?

The success of the original Canadian edition, and the podcasts and speaking engagements I did in the US, made it clear that Americans also needed help teaching the next generation about money.

The main ideas in the book, such as why teaching kids about money is the wisest investment and how to go about it are universal and evergreen. However, there are significant financial differences between the two countries, such as the cost of healthcare and college. And there also culture differences, and different financial institutions and tax regimes. The book also contained many Canadian references, which weren't relevant to Americans. The US edition has been thoroughly revised for a US reader.

Why is teaching kids about money the wisest investment?

Because if we don't teach our kids about money, they:

- Will be **lacking a basic life skill** that could lead to financial struggles and expensive mistakes down the road.
- May **suffer physical and mental health consequences** of money stress.
- May **start to form bad habits**, like living beyond their means, which become difficult to break as they get older.

Because if we do teach our kids about money, they:

- Will be **financially literate**. They'll have the knowledge, skills and confidence to make responsible financial decisions at every life stage.
- Will be **financially independent and responsible** – be off the payroll, exercise good judgment and make sound financial decisions.
- Have a **sense of purpose, not a sense of entitlement** and be motivated to achieve something on their own.

What are some of the biggest challenges parents face when trying to teach their kids about money?

- Lack of knowledge.
- Not good with money yourself, hence shame and embarrassment
- Lack of time and opportunity
- Afraid they'll make mistakes or get it wrong

How can parents overcome these challenges and teach their kids? What are three strategies they can use?

- Instill solid values in your kids to underpin the knowledge, skills and confidence
- Look for teachable moments to build a money lesson naturally into your day to day lives.
- Try to be a good financial role model so you can lead by example. Try to get your own financial house in order.

How can I get my own financial house in order?

- Practice the eleven healthy habits of financial management, for example…
- You and your kids can learn about money together.

What are the qualities of a good financial role model?

- Someone who puts their money where their mouth is and walks the talk.
- Someone with a strong work ethic, who's not materialistic, who gives their money and/or time to help others.
- Someone who acts, saves and spends with intention.
- Free Financial Role Model self-assessment tool on thewisestinvestment.com

What essential element do many parents overlook when it comes to financial success?

- Using your personal values – when you live your values, everything has purpose, including money. Money is an enabler to achieve your life goals.
- Financial knowledge and skills alone are not enough. Kids also need values and discipline to ensure they put their knowledge and skills into action.
- True financial capability is powered by strong life-long values in combination with financial knowledge and skills.

How can parents instill good values in their kids?

- Some will happen by osmosis
- Some will happen by talking about your values and what's important to you (discover your values using the Values Validator – free tool on robintaub.com)
- By watching how you behave around money, so make sure your actions and values are aligned!

Top 4 tips for instilling good financial habits?

- Be a good financial role model and leady by example e.g. 11 healthy habits
- Start early. Habits are sticky. They're like well travelled pathways. They create grooves in the mind that rarely disappear completely.
- Practice – use that muscle! Make mistakes when stakes are low.
- Automate it e.g. saving and paying yourself first with an automatic transfer.

What is the right age to start teaching?

- Different for each kid
- When they express interest or curiosity
- Usually around age 5, when they start pre-school

How do you go about teaching your kids – is there a framework?

- My book lays out a framework that will help guide you.
- It's based on the Five Pillars of Money: Earn, Save, Spend, Share and Invest
- For each age group, there are specific teaching points, anecdotes, and examples to illustrate

What are your thoughts on kids learning about money from "finfluencers"?

- Finfluencers, or financial influencers, have gained popularity in recent years as teens and young adults search for online financial advice on social media.
- However, just because a finfluencer has a large following, doesn't always mean the advice is worth taking.
- Often, these finfluencers have no formal education or accreditation.

- Encourage your children to seek out trusted, reputable sources.

Do you have any tips for having the money talk, even in challenging economic times?

- Try not to make money a taboo topic. Try to answer any questions openly and honestly
- Keep the information you share age appropriate, taking into account your child's age, maturity and temperament.
- Stress confidentiality.
- Start early and lay the foundation. Prepare kids to make important financial decisions throughout their lives.
- Keep talking about it. The money talk is ongoing.

What mistakes do you see parents making?

- Waiting too long to have the money talk.
- Not talking about money at all – just avoiding it because of the challenges I mentioned above.
- Kids who learn about money at home have an advantage – they're more confident and optimistic about their financial future and better prepared for the decisions they'll face.
- Canadian students who derived information about money matters from their parents achieved an average score 33 points higher in financial literacy than students who did not obtain such information from their parents: PISA results
- Thinking they must be perfect themselves to teach their kids. You don't. We can all learn from our mistakes. You and your kids can learn together.

What common misconceptions or confusion do teenagers and young adults often have about credit cards?

- Many are naïve about how credit cards work
- They don't realize that using a credit card means they're actually borrowing money, not getting "free money"
- They may also be unfamiliar with the credit card cycle of charging, grace period, bill payment
- They may not understand the difference between the balance owing and the minimum payment

Why is it important for young people to get their own credit card and use it responsibly?

- To build a positive credit history and a good credit score
- A higher credit score means you're more likely to qualify for a loan at a lower rate of interest

- Prospective landlords and employers may check your credit score as an indication of financial responsibility