

Financial planners target teens and 20-somethings

Ill-informed spending and investing underscores the need to teach sound money fundamentals

BY SHANNON PROUDFOOT, CANWEST NEWS SERVICE JANUARY 27, 2009

A growing wave of financial planning efforts is targeting those more likely to budget around babysitting earnings or student loans than retirement.

The recession and the ill-informed spending and investing that precipitated it underscore the need to teach basic financial literacy, experts say, and banks and financial planners are seizing on students and teens or even younger groups.

One of the most ambitious campaigns, FeedThePig.org, features a talking, suit-clad piggy bank named Benjamin Bankes doling out financial advice and warning 20-somethings who fit into categories like the "newbie nester," "not-so-frugal foodie" and "plan-a-phobe" how their bad habits cost them.

A sister site, meanwhile, relates the adventures of a pack of animated piglets to teach tweens about budgeting and saving.

Both are the work of the American Institute of Certified Public Accountants and attract more than 100,000 visitors a month.

"Financial literacy for youth is about the basics. So, as unsexy as it is, is budgeting," says Anita Steele, senior manager of youth marketing for TD Canada Trust, which hosts a Facebook group offering financial tips and prizes to 17,000 mostly student members.

"If people knew better about the risks of having high mortgages on their home and not being able to plan and save sufficiently, this wouldn't be this big story now," says Anne-Marie Poitras, chairwoman of the investor education committee for the Canadian Securities Administrators.

Canadians are generally more "prudent" than Americans, she adds, but the younger generation has to be cautious about their consumption-happy habits.

In February, the CSA will launch the latest edition of its web-based Financial Fitness Challenge for students age 15 to 21, which drew 40,000 visitors last year.

One of the most popular components is a game showing how indulging in a few too many electronic gadgets could leave students sitting in a dark, grocery-free apartment, Poitras says.

"The earlier you know about financial matters, the better you'll be when you're 21 or 25 and you have your first job and need to save for your retirement, which seems quite a long way down," she says.

A big part of effectively reaching young audiences with financial messages is "recognizing they don't have a lot of money," says Steele. To that end, TD's Money Lounge group on Facebook ran a contest last fall that awarded weekly cash prizes and a \$2,000 grand prize to students who created online video pitches.

"We need to be where the students are," she says. "If they're not proactively coming into branches to talk to us, maybe we can go to where they are."

From the perspective of competing banks, providing friendly advice gives them an edge when those young people start shopping around for first credit cards or help with student loans, Steele adds.

Feed The Pig targets 25- to 34-year-olds as "low-hanging fruit" because they're in the critical financial stage of landing first jobs, getting married and buying their first homes, says Melora Heavey, senior manager of communications for the American Institute of Certified Public Accountants.

"There have been so many stories about the amount of debt that college students are graduating with, not just in loans but also in credit card debt," Heavey says.

"They're starting their life out in debt and playing catch-up for so long."

SPEAKING TO YOUR

CHILDREN ABOUT MONEY

Clients of Vancouver financial planner Diane McCurdy frequently ask her to speak to their children about money smarts. Here is her advice:

- Don't pay children for regular chores at home: they should help out simply because they're part of the family. Instead, assign special chores to earn money for a "job jar" when there's something they want to buy.
- When you're prepared to buy the basic model of something like a snowboard and they want the upgraded version, let them earn the funds to make up the difference.
- Pay according to the value of the job, not an hourly rate. "It might take them longer to do it because they're younger and not as efficient, but at least then they realize how much work it takes to earn that money," McCurdy says.
- Teach kids to save a certain percentage off the top of their earnings, with the incentive that they can spend the rest however they want.
- If teens aren't absorbing financial messages from parents, enlist a third party or a professional to provide advice they'll actually listen to.

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