Financial Awareness
A Gift For Your Children
By Rick Ziemski

“The power we exert over the future behavior of our children is enormous. Even after they have left home, even after we have left the world, there will always be part of us that will remain with them forever.”

~ Neil Kurshan

The greatest gifts, especially for our children, are not found in malls on toy shelves. They are gifts of experiences, shared time and knowledge. An important example is financial awareness, a gift that is not easy to give to the kids without first being financially literate yourself. The events of 2008 have indicated that lack of financial literacy contributed to the financial meltdown; so much so that improving financial literacy is now a top priority of governments and society at large. Poor financial literacy makes for a weaker Canadian consumer and that translates to a weaker Canadian economy...it’s a chain. Each November has now been designated “Financial Literacy Month” to encourage each of us to hone our financial awareness and money managing skills.

But back to the home, whether you have small or adult children you may wonder what sort of things they should better understand for a higher level of financial awareness. If you were a fly on the wall of my home over the last couple of decades you might have heard some of the advice received by my daughters. At first they took my “advice” because I was “Dad” and “I said so”! More recently, as adults they continue to use my services as a financial advisor because I promised to stop being “Dad” and became their personal Chief Financial Officer...means no judging.

GREEN FLASHING LIGHTS...
A vehicle with a green flashing light means it is going to the scene of an emergency…

ACCIDENT or FIRE
In Ontario, GREEN FLASHING LIGHTS are used by volunteer firefighters responding to a call.

PULL OVER AND LET THEM BY!
So what are the messages?

• Money is in constant state of fluidity; flowing out with great ease but flowing in with great reluctance. Even during sleep the human spends money. E.g. Heat, hydro etc. People will eagerly assist you with the outflow but not so much the inflow. Just watch them!

• Whether single or a family, you are an “economic unit” no different than any corporation city, province or country. Money is integral to daily life. You cannot ignore it.

• Survival and success in all aspects of life, financial included, depend on focusing not on what you know but rather focusing on what you don’t know. What you don’t know absolutely can hurt you.

• Treat personal finances like any other life hygiene. If you don’t brush your teeth, they will rot. If you don’t manage your finances, they will also rot.

• Get over yourself. You are living in times of entitlement, often fueled by well-meaning Baby Boom parents. What your parents have earned is theirs, not yours; simple as that. Rid yourself of entitlement; even with therapy if necessary. Otherwise success from good financial management practice will be only limited.

• Enduring wealth is driven not by how much you earn but by how much you don’t spend so convince yourself that you have the right to spend only 90 percent of the money you earn. The other 10 percent is saved for the long term.

• No GPS can tell you how to get anywhere unless it knows where you are. Same applies to money management. If you don’t know, in enough detail, where you got your money and where it went, you’ll never figure out where you’re going financially. You need to keep earnings and spending records. Try Quicken; it works very well.

• With or without a pension at work, start early to measure your “net worth” (what you own less what you owe). It’s important for planning long term financial well-being.

It worked for this parent.

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