

# ARE YOU GIVING YOUR KIDS THESE 6 TOOLS?



*...or are you trying to build  
it for them?*



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Parents worry. A lot. The moment I found out I was going to be a mom, I began worrying. I remember thinking many times in my first trimester of pregnancy, “*I miss my carefree days of not having all these things to worry about!!*” After a while, you get used to it.

But that doesn’t make all the worrying “OK”. ***We must continually strive to replace worry with knowledge & action.***

When I’m meeting with my clients age 40-60, I hear stories about how much money their adult children are still costing them. It’s hard to watch a child struggle, whether they are 10, 20 or 30 years old, so we want to help them by removing the pain.....with.....guess what? Yep. Money.

My point is, you won’t be helping to build only your child’s education. You’ll be helping build other areas of his/her life, too. And before you start worrying again, the cost of these tools and the number of tools you provide is up to YOU. There is no standard way, no “right” way. By the time you’ve finished reading this e-book, you will have a better understanding of what’s right for you and your children.

## **What I’ll cover here**

I’m going to share with you my 2 favourite tools:

- The Education-Only Tool (RESP - Registered Education Savings Plan)
- The All-in-One Security Tool

The RESP is the standard Canadian way to save for a child’s education because the government will provide free money in the form of grants, contingent on contributions. It’s a great tool.

The All-in-One Security Tool is for all the other areas of a child's adult life. Later on, I'll explain how I'm funding these tools for my son's future.

## **Let's get started**

First, let's talk about the parents who aren't worried about how they will pay for their child(ren) to go to university: they probably aren't worried because they make loads of money or they have wealthy parents who will pay for the grandchildren to go to university. Some of these "wealthy" people are paying for ALL of their child's expenses during university. They're paying for rent and car insurance. They're providing a monthly allowance for cell phone bills, groceries, entertainment and beer. Others - the smarter ones, in my opinion - are providing money for tuition and books only. A part time job and student loans are a must for these people's kids because they know that children shouldn't have everything handed to them.

I have no idea what it would be like to be provided unlimited education money, but I suspect my high school years would have went a little differently had I known that my post-secondary education would be 100% funded.

## **Rewind to the late 90's...**

I began dreading my rapidly approaching "adult life" because I felt unprepared. I was in grade 10 and had no idea what "adult life" should look like for me. Watching my peers striving for high grades to get scholarships, I couldn't figure out how these 15-17 year olds were so sure they wanted MORE SCHOOLING!!! I wondered, "How do they know for sure what they want to be when they grow up? And who is paying for their schooling?" My mom said she had saved some money for my post-secondary education, but it wouldn't be enough to cover all my expenses so I'd have to take out student loans and work to pay for the rest myself.

I'm thankful mom didn't try to push me in any particular direction, but she assured me that if I stuck around her house, rent was kicking in one week after the last day of grade 12. I wasn't thankful for that, not at the time, anyway. But now I know that if she hadn't been strict about rent, I wouldn't have worked as hard to become independent. Moms do know best!

My mom, dad and step-mom were all government employees. They all gave me the same advice: get a government job. "Why?" I asked. "Good pay, a pension and benefits." The problem was, none of them seemed to love their jobs and they talked about retirement constantly.

Around the year I turned 30, I realized that retirement is the goal of those who don't love what they do for a living. I removed the "retirement planning" part from my answer to the question "What do you do?" and replaced it with simply "I help people achieve financial freedom."

I also realized that most people don't have just one career for their entire life. I've met many successful people who've had multiple careers, some one at a time and some all at once. This brings us to Tool #1...

## Tool #1: Freedom to explore career options. Share your ideas, but don't be pushy.

Promise me this right now: "I won't push 'the career I wish I had pursued' on my child."

Your passions and talents are probably not identical to your child's. Of course you are wiser than your child, but (as much as I hate to admit this) we parents don't know everything!!

However, “freedom to explore career options” doesn’t mean job surfing from one opportunity to the next, leaving a trail of pissed off bosses and co-workers behind. Honesty and integrity are key, and a good resume with positive references is extremely valuable. It’s like building one’s credit: it takes work and focus to stay in the good books but a few seemingly small mistakes can haunt you for years. We’ll come back to that at the end of this e-book.

## Tool #2: Ensure your child understands that his/her freedom to choose one, two or seven fulfilling careers DOESN’T mean living at your house FOR FREE.

I’m all for allowing children to continue living at home while in college/university, but there should be a price tag for the room and board. I’m not saying it should be much. Perhaps \$300-400. You may even want to save all or part of it to give to him/her for a down payment on a home later in life.

Like I said, I grew up in a small town where kids have to move away to attend college or university. Now that I live near Calgary, it’s possible my son will want to live at home while he attends college or university. So I’ve been asking around to see how other parents have structured the money side of their child living at home during college/university.

My son is currently 11 years old. Once he is a twenty year old college student, would I be helping him out by allowing him to live in my home for free whilst I’m paying his tuition?

Some of you said “Yes”. If you said “Yes”, I recommend you stop reading this right now and unsubscribe from my email list because you and I have VERY different parenting styles. But before you go, I have one valuable piece of advice for you:

**double up your retirement savings because you'll need extra cash to keep supporting your child until he/she is thirty.**

If I allowed my son, once he's twenty, to live in my home for free whilst I pay for his tuition, why the heck would he ever move out?!?!? I'm not saying I'll ever want him to move out. Quite the contrary, actually. I suspect I'll be one of those moms who wants her baby boy to stay forever so I can watch him devouring my homemade mac n' cheese like it's the tastiest thing he's ever eaten until the day I die.

But it's not about me. Raising children is about creating healthy, happy, respectful members of society who actually contribute to this world. I want my son to mature into a creative, eager to help, hard working, hard playing member of society. I want him to understand that in order to feel fulfillment, you must give to others, but it only works if you give of yourself. Donating your mommy's money doesn't bring fulfillment.

At the beginning of grade 10, my guidance counsellor tried to help me choose the right courses to get me to my dream career. Every time I think about this meeting, it blows my mind that I was being asked to design my life when I was in grade 10!!! I had no idea then that my current career, or the careers of half my current friends existed! So I told her that I love horses. She asked me if I'd ever thought about being an equine veterinarian. The year before, I wanted to be a marine biologist (what 10-14 year old girl DOESN'T want to be a marine biologist?!), and this sounded quite similar but with horses instead of whales and didn't require moving away from my home land of northeastern BC to the ocean. I gave that some thought, for literally a few minutes in her office, and said something like, "*Yeah. An equine vet sounds perfect for me.*"

About a year later, I found out how many years of school I had ahead of me in order to become an equine veterinarian. Seven. Yep. **S E V E N more years of school.** I was like, "*That's not right.....are you sure?*" as I cursed the guidance counsellor for failing to mention this fact. That ended my "dream" of

becoming an equine veterinarian. There was no bloody way I was signing up for seven more years of classrooms, teachers, deadlines and people I didn't like. Plus, every time I mentioned my "dream" to an adult, the tuition dollar amounts they mentioned were many times more than the amount my mom probably had in my RESP. Nope. None of this sounded fun or doable. As the end of grade 12 approached, my dad's recommendation to move to Vancouver for a year to experience life somewhere other than Dawson Creek BC started to sound appealing.

Dad was right. Moving away from my comfort zone and experiencing cultures from all over the world was good for me. Actually, it was great. I was interviewed for jobs by people who didn't know my mom or dad or any of my friends and thought the TV show "Dawson's Creek" was filmed in my hometown. I learned that it was better to just smile and let them continue to believe my hometown was pretty cool rather than inform them that this wasn't the case. It may have even landed me a couple jobs. Luckily, I didn't stay in Vancouver long enough for that to haunt me, which would have taken a while since no one had Google in their pocket back in 2000!!

I discovered so much in that first year after high school while in Vancouver working three jobs. I made new friends, bought my own groceries, rented an apartment without my parents' approval or even input, did a lot of stupid things and started figuring out what I DIDN'T WANT my adult life to look like.

**Tool #3: Show your child that you are confident in his/her ability to achieve his/her dream careers s (yes, plural), and he/she may not get it right the first time.**

- Encourage your child to discover great opportunities through volunteering, accepting challenges, nurturing healthy relationships, and letting unhealthy relationships dissolve.
- Encourage your child to welcome failure, because FAILURE = GROWTH.
- Encourage your child to invest in himself/herself through reading, conferences, online courses, and saving for the future rather than spending on “stuff”.

Like I said earlier, we parents don't know everything. I know that I can't predict which careers will be right for my child once he's an adult. I want to give him opportunities, and sometimes I want to push him in a direction because, read this in a nasally voice: *“that's what I wish I would have done at your age!”* I think I know best, but there have been times when he's made a different decision than what I wanted him to and it worked out OK - sometimes even better.

Parents are always trying to stay on that fine line between **Guiding/Providing Tools** and **Taking Control/Being Bossy**. Every one of my friends know that I'm constantly jumping from one side of that line to the other. When it comes to sharing money management lessons with my son, however, I'm pretty good at staying on the “Providing Tools” side (other than one time which I'll share in a few moments). I do this by giving my son allowance, teaching him how to research purchases, and allowing him to suffer buyers' remorse. The neat thing is, he is actually learning how to manage his money! Every time he screws up, he learns. I talk a lot more about this in my book, ***39 Keys to Money Success for The 39 Forever Mom***. Anyway, back to providing tools for your child's future...

**Tool #4: Allow your child to make financial mistakes long before he/she has access to credit cards.**

My son wanted a FitBit. I asked him why he wanted one. He said it had a clock and he could track his steps and he thought it would help him get more fit. I was a bad mommy and told him that I didn't see how any of this was going to change his life for the better, and that I didn't believe his fitness level would increase once he had a new expensive gadget on his wrist. I know, I know. BAD MOMMY. I was pushing my opinions on him and trying to protect him from wasting his money.

But he didn't give up. After a few months of him bringing it up often, I encouraged him to buy a used FitBit, since I'm obviously not a FitBit fan and I figured there must be tons of people who bought one then realized they, too, aren't FitBit fans. We found a few for \$50 on Kijiji. He bugged me for another few months about wanting to buy a used one for \$50 so I came up with a new excuse: I didn't want to go to a stranger's house to buy something I didn't want him to have in the first place. Instead, I promised I'd ask all my friends if they had one for sale.

This bought me a few more months.

The day of my book signing at Indigo Signal Hill in Calgary, he was with me and he spotted the FitBits. He had the money, and I was sick of him obsessing over it so I said, "*It's your money! Go ahead!*" - mostly because he was driving me nuts while I was enjoying one of the coolest days of my life - my first ever book signing!! He bought the base model FitBit, which, was a disappointment because he doesn't have his own cell phone, nor will he anytime soon, and he rarely uses my computer, so he had basically purchased a blue rubber bracelet with dots lighting up on the screen. No watch. No numbers. We set it up on my computer and tablet (I refused to set it up on my phone) but he wasn't interested in waiting until the end of the day to look at his numbers.

He soon realized that it was a waste of money and said he wanted to take it back. I said something like, "*No way! It's not right to take something back that works perfectly but just doesn't bring you the joy you'd hoped for. Welcome to BUYERS' REMORSE!*"

He learned a valuable lesson: research your purchases. Talk to friends who own the particular item you want and ask these 4 questions:

1. Is there a better product/item than this one?
2. Do you use it as often as you thought you would?
3. What do you like most about it?
4. What do you dislike most about it?

(I learned the above lesson through teaching **Junior Achievement** programs to middle school students. This is just one of the many lessons I've learned about managing money from volunteering with Junior Achievement. This is why I donate \$1 from every book I sell to Junior Achievement!)

I'm glad my son learned this lesson at age 10 with a \$80 FitBit. He understands what went wrong and how to avoid the mistake next time.

### ***What tools/options do you plan to provide your child after he/she graduates?***

Whether or not you have an idea of what path your child will take after high school, you've probably started saving some money. Like many Canadian parents, you probably have an RESP for your child. If you have more than one child, you probably have a **Family RESP**. If your RESP savings goal is an amount large enough to pay for your child to become a doctor, lawyer or an equine vet, you obviously make a ton of money and have zero debt other than your mortgage. Otherwise, you may want to ask yourself, "*Am I seriously wallowing in debt and living payday to payday to give my child the luxury of a paid for education???*"

If you're like me, your RESP savings goal is an amount which will cover about half of their first 2-3 years of tuition, either because you can't afford to put away more, or you believe

humans who have to work hard for what they have develop greater character, mental toughness and confidence. If you've seen the movie **Van Wilder**, you understand what those who don't have to work for it can end up like. Of course, Van Wilder figures it out in the end because it's a movie, so it has to have a happy ending, but we both know a few Van Wilders who NEVER figured it out.

During my research into the ways other parents structure the financial side of helping their child achieve a college/university education, I've come across the parents who have loads of money and simply see no reason not to pay for everything. Congrats to those of you who fall into this category. Be careful not to create a Van Wilder, without a happy ending.

But if you are one of the parents considering remortgaging your house and eating rice and beans so your child can live off campus without contributing as little as working part time, please give your head a shake. This is NOT a situation where a child is pulled out of hockey at age 10 because his parents can't afford it anymore. Obviously a 10 year old child can't make enough money delivering papers and shovelling snow to pay his own hockey dues. Your nineteen year old (adult) child can, however, take out student loans and work part time to pay for SOME of his/her own career building tools. If your child threatens to not go to college or university if you won't pay his/her way fully, call their bluff. Besides, if someone isn't willing to work for something, they mustn't want it very bad.

## **January 2001**

At age 18, I began hairdressing school. The course was covered by the RESP. My living expenses and vodka slimes were not, so I worked a couple part-time jobs. My hairdressing career was my semi-adult life. It was good money, enabled me to be my own boss and spend loads of time with my son, and I set my own schedule and prices. It also helped me develop the most valuable skills I have to this day: people skills.

Fast forward 10 years, I was hired by a large investment firm and I began to transition from semi-adult life to full-adult life.

This transition happened because, well, *I made it happen*, by gaining knowledge and taking action!!

Although there was still money left in my RESP, I didn't think to ask mom to fork some over for my financial courses. According to [cra-arc.gc.ca](http://cra-arc.gc.ca), it looks like I could have accessed some RESP money to pay for my courses even though they were completed online, but I've heard many folks complain about how inflexible RESPs are when it comes to "non-traditional" education. I don't know this for a fact, so I won't take a side.

We both agree that our kids will need help with more than just school. That's why I will stress the importance of having a tool ready that can help with things like help with buying a vehicle, repairing that vehicle, buying a home, putting a new hot water tank in that home, paying for a wedding, covering living expenses while disabled or critically ill, etc.

## Tool #5: \*Some\* post-secondary education money.

Provide a few tools, trust that he/she will earn the rest of the tools required to build the life he/she desires. It's not necessary to cover ALL of your child's post-secondary education.

### **Back to my 2 favourite tools:**

The Education-Only Tool (RESP)

&

The All-in-One Security Tool

The All-in-One Security Tool involves.....life insurance.

Yep. I said it. And now half of you have stopped reading.

For those of you I haven't lost because of all the wretched life insurance sales persons out there, do you still want to know what this all-in-one tool is that you can provide your children with?

Good. So let's get on with it. It's understandable that most parents react negatively to the suggestion to insure a child's life. That's because people don't understand this:

## **The LAST reason to insure a child's life is DEATH.**

*Will your child need a mortgage one day?* YES.

*Will your child have dependents one day?* MAYBE.

*Will your child have debt when your first grandbaby is born?*  
PROBABLY.

*Will your child choose a "dangerous job" such as:*

- Pilot of private planes/hot air balloons/hang gliders?  
MAYBE.
- Rock climber? MAYBE.
- Fisherman/fisherwoman? MAYBE.
- Logger? MAYBE.
- Roofer? MAYBE.
- Professional Rodeo Competitor? MAYBE.
- Rancher? MAYBE.

*If your child has debt when your grandbaby is born, will your child be healthy enough to attain life insurance to pay off the debt or make payments if he/she becomes disabled or critically ill?* HOPEFULLY.

*If your child chooses one of the careers listed above, will he/she be able to avoid the higher life insurance premiums, if he/she qualifies at all?* HOPEFULLY.

What I've done for my son is set him up with both the All-in-One Security Tool and the RESP Tool. Each of them provides things that the other doesn't. It's a win-win.

How am I funding these 2 tools? I looked at my monthly income, subtracted my basic needs expenses and 10% for charitable donations and divided the rest equally between...

1. **Short term expenses** - *fun money* - which includes sports, hobbies, vacations, dining out and anything that is truly not essential to survival.
2. **Long term expenses** - *financial freedom money* - one-third of this amount is for my son's future. The rest goes towards my future (life insurance, TFSA, RRSP and other investments).

Example:

- Let's say your net income is \$5000 per month and you are debt-free other than your mortgage.
- Your monthly "basic needs" price tag is \$3000.
- You allocate \$1000 to the short term account.
- From your \$1000 of long term money, you allocate \$334 to your child's future. It's divided between The All-in-One Tool and The RESP Tool. (\$167 into each).
- If you have more than one child, you may feel like you should put more than 1/3 in the "children's future" bucket, but as you can see, it would be coming out of YOUR FINANCIAL FREEDOM ACCOUNT. It's up to you if you want to go that route, but you know what route I'd recommend if we were sitting together over coffee right now....but I'll say it anyway....YOU FIRST. Your children need to come first when they are helpless youngsters. They don't need to come first when they are capable young adults.

- This \$334 per month, if started when a child is 0-5 years old, will provide that child with a really, REALLY great start by funding some post-secondary education AND some money for all those other things I mentioned earlier. If this money is divided between two children, it will still give both children a really (not really REALLY, just really, but it will be far better than nothing, which is what some children get) great start.
- As he/she/they get closer to graduation, be open about how much you have saved in the RESP and present options of how it can be allocated.

Example: “Would you like your \$30,000 to pay a portion of your education for your first 2, 3 or 4 years? It won’t cover ALL of your education funding, so you’ll be working part time and maybe need to take out a student loan. I just want you to know that once it’s gone, it’s gone.”

If you’d like to know more about the All-in-One Tool, [send me a message](#) and say *“I’m a parent who’s curious about the All-in-One Tool. Please send me more information.”*

There are too many parents wallowing in debt because they think their kids should have the luxury of a paid-for education. Having debt at age 50+ exposes one to a ton of financial risk.

This means allowing your child to take on some of the financial risk involved with his/her post-secondary education. After all, he/she has 20-30 more years to pay it off than you do.

This means your son/daughter will likely have to be approved for student loans, which means you need to do your part in preventing him/her from butchering his/her credit, which brings us to the last TOOL...

## Tool #6 A credit card lesson followed by semi-annual “refresher” courses

Are you giving your kids these 6 tools?

Most twenty-somethings get into credit card debt because they don't 100% understand how credit cards work, and they definitely don't understand how credit reporting works. If your child understands that he/she can avoid paying higher rates on loans by keeping his/her credit in check, and that this could save them tens of thousands of dollars over a 25 year mortgage, they may be more careful.

Knowledge is power because without knowledge, there is no action. Only reaction. Prepare your kids for the world of credit cards. There are some great videos on my website to help you do this, but what's even better is MY BOOK. It's available at [The39ForeverMom.com](http://The39ForeverMom.com) in paperback, and beginning February 28th in audiobook.

Your kids are watching you use plastic to pay for things as early as age 4. Start explaining the different payment methods right now, and remind them about twice each year. And if you need help with this conversation, [I'm here to help!](#)

*Thanks for becoming a Money Success Member! I'm happy to be along on your journey to learn new ways to earn, save & invest better!*

*(And I hope you'll share this with a parent who could use it!)*

*~ Lyndsie ~*