

Parents shouldn't shelter students from financial realities

Parents often give up retirement savings to pay for education: StatsCan

Maclean's On Campus

By Danielle Webb | May 20th, 2011

Statistics Canada released a new article on post-secondary education yesterday and it shows that parents are in a juggling act, trying to decide between saving for their children's education or their retirement. Low income families are hardest hit. Those making less than \$32,000 were much more likely to be saving only for their children's education, presumably at the expense of their own retirement fund. But despite their sacrifice, parents aren't using post-secondary education payments as a teachable moment. They should be. The fall 2008 issue of Canadian Teacher Magazine comes to the conclusion that young people don't realize how money works until it's too late. "Despite this unquenchable thirst among teens to talk money, basic financial lessons are often omitted from the curriculum and young people are left to learn these essential life skills the hard way — after they've racked up years of debt," wrote Ursula Menke. How to budget, spend, save and use credit responsibly is not part of most high school curricula in Canada. When teenagers first get summer jobs, most of that money — often all of it — disappears without a trace. Rather than teach basic money-management skills, parents are left to look out for the long-term financial health of their children. Before they go to university or college a great time to teach them about budgeting, compound interest and investments. The Canadian Federation of Students' response to the article is right to point out that this study signifies high tuition fees are a serious concern for many families. But parents need to be taking this opportunity to help their kids start their adult lives on the right financial foot, even if they should have to resort to loans to finance an education.