



Office of the Superintendent
of Bankruptcy Canada

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Bureau du surintendant
des faillites Canada

Un organisme
d'Industrie Canada

The Financial Guide



Children: Nine- to twelve-year-olds

Canada



Protecting the
Integrity of the
Insolvency System

Protéger l'intégrité
du système
d'insolvabilité

This publication is also available electronically on our Web site: <http://osb-bsf.ic.gc.ca>

Cette publication est disponible en français.

Note to teachers

You are hereby authorized to make photocopies of any part of this booklet.

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About the OSB

The Office of the Superintendent of Bankruptcy (OSB) is the Government of Canada agency responsible for overseeing the Bankruptcy and Insolvency Act (BIA), and ensuring that the act is responsive to market needs. The OSB keeps a public record of all bankruptcies, proposals and receiverships. It sets standards and guidelines for bankruptcy trustees and ensures compliance.

Bankruptcy trustees work with individuals and companies who are faced with insurmountable debt. There are two basic options for debtors. A proposal may be filed with creditors to set up a repayment schedule. Or if this isn't possible, an application is made for bankruptcy protection under the BIA. In the case of a bankruptcy, the trustee sells a debtor's assets to pay creditors.

About Debtor Education

Over the past 25 years, we have witnessed an explosion in the amount of credit offered to Canadian consumers. This growth in the use of credit has been accompanied by a sharp increase in consumer use of insolvency procedures. Several studies have demonstrated that many consumers have a poor understanding of credit and the harmful consequences of excessive debt. That's why the OSB is dedicated to teaching consumers of all ages about the importance of financial planning, the appropriate use of credit, and ways to avoid or emerge from excessive debt. For more information about dealing with debt, visit: www.osb-bsf.ic.gc.ca

About This Guide

This guide was developed by Laval University Consumer Studies students and University of Ottawa Civil Law students, all of whom are involved in the OSB Student Program. The guide provides advice and activities that we believe will help parents to teach their nine- to twelve-year-olds about financial matters. The advice and activities are only suggestions. If you don't agree with a proposed element or suggested activity, feel free to disregard it.

Children learn at their own pace, depending on their abilities and often on their interests as well. Some kids love math, while others are much more interested in animals. Some even demonstrate extraordinary talent in visual arts. Try to integrate their interests into any proposed activity.

Because you know your child best, you can decide what material in this booklet is most appropriate. In order to help you with that, the middle section offers pages of activities requiring cutting and drawing.

The fact that you are reading this booklet shows that you want your child to learn more about financial matters. Discover how to take advantage of opportunities to put this material into practice: a family trip; a rainy afternoon; right before bedtime, etc. Be sure to add your own advice and activity suggestions, and most of all, have fun!

The Financial Guide

Children: Nine- to twelve-year-olds

In this series:

The Financial Education Cartoon Strips IC 54272B
The Financial Guide for Five- and Six-Year-Olds IC 54397E
The Financial Guide for Seven- and Eight-Year-Olds IC 54398E
The Financial Guide for Thirteen- to Fifteen-Year-Olds IC 54400E
The Financial Guide for Post-secondary Students IC 54273E
The “Decisions” Educational Game (eight- to eleven-year-olds)

If you would like to receive any of these publications, or would like additional copies of this booklet, please contact the OSB Corporate Secretary at the following coordinates:

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Introduction

Children aged nine to twelve need to learn about personal financial matters and consumption as they grow into independent consumers. Today's kids are becoming consumers at an earlier age than kids in the past. By the time they turn 12, they will likely be making a lot of financial decisions on their own. It's important to give them the right tools to make sensible choices.

It's possible to make some generalizations about the lifestyle of today's children. Between the ages of nine and twelve, children develop consumption habits that will stay with them for the rest of their lives. On the other hand, they'll also learn a lot from the mistakes they make. Many already have a bank account in their name. Their money usually comes from birthday gifts, rewards from parents or grandparents, weekly allowances, or payment for odd jobs.

Contrary to popular opinion, nine- to twelve-year-olds have a lot of purchasing power — both with their own money and through their influence on the spending habits of their parents and other adults. This is part of the reason they are targeted by advertisers. Advertisers are also interested in children this age because these consumers tend to spend their money quickly and impulsively.

Typical purchases for these kids include junk food, video games, sports equipment, CDs and clothes. They recognize brands, compare stores and know what they want. Some children between the ages of nine and twelve act like adolescents, especially when they have an older brother or sister.

Children aged nine to twelve surf the Internet regularly, which exposes them to advertising. They also spend a lot of time watching television, where they see a wide range of advertisements. Despite the fact that they can distinguish programs from commercials, they do not necessarily understand the purpose of commercials. Some of them will be inclined to believe everything commercials say.

The opinion of peers is another important influence on their buying habits. Even though their parents' influence is predominant, children between the ages of nine and twelve rely heavily on what their friends say. By the time they are twelve, most kids will side with their peers over their parents when it comes to buying decisions.

Fortunately, most kids in this age group still talk about money with their parents and understand several basic financial concepts. For instance, most nine- to twelve-year-olds know what a debt is or at least understand the general concept. But very few children this age know how much it really costs to keep a family going for a week. The concepts of income and expenses are still fuzzy at this age, even though children know that their parents need to have money to buy things.

Consuming goods and services

Children aged nine to twelve have experience consuming goods and services, but very few have developed a clear understanding of the negative consequences of consumption. This section will help identify the direct influences on your children's consumption habits, while the next section will help them understand some of the consequences of their consumption. Your children should learn to understand:

- the difference between goods and services
- what it means to be a consumer
- how a family benefits from making smart consumption choices
- how goods and services evolve to encourage consumption

Goods versus services

Goods and services are everywhere in today's society. They are used to fulfill our needs. Understanding what goods and services are will help children recognize the consequences of their proper and improper use. At this age, children use goods and services regularly. Remember that consumption is about using a product or service, not necessarily purchasing it. But, of course, consumption starts with purchasing a good or service so that you (or someone else) can use it.

A good

A good is an economically useful tangible object that is used in production or intended for consumption, and that satisfies a need.

Children need to recognize what goods are in order to understand the concept of consumption. In simple terms, a good is something that people use. From this definition, your children will realize that they use resources to fulfill their own needs as well as those of the family. Three types of resources are needed to produce goods.

1. **Raw materials** need to be transformed so they can be used as goods. For example, wood is needed to build a table.
2. **Human resources** are the people who work to transform goods. For example, a carpenter builds a table in exchange for a salary.
3. **Financial resources** are the funds used to buy the material and human resources needed to produce goods. For example, a carpentry shop buys equipment that will be used to transform raw materials into goods. It also pays the salaries of its woodworkers.

A service

A service is the effort that goes into satisfying the needs of an individual or group.


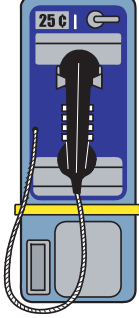


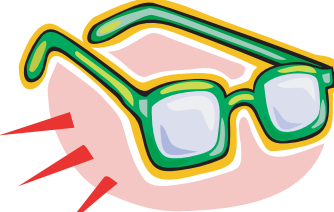



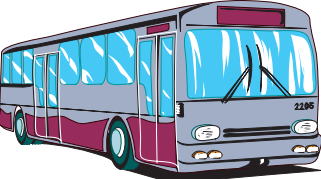



Services involve people spending their time meeting the needs of others. Explain to your children what a service is using familiar examples such as the medical care they receive, the instruction they get at school or the delivery of a pizza. Use the exercise below to help your children understand the difference between goods and services. (Substitute your own group of goods and services if it will make the exercise more appealing to your kids.)



Suggested activity: identifying goods and services

Which of the following are goods and which are services? Check the appropriate box for each.

Answers: Goods = 3,5,8,10 and 12 Services = 1,2,4,6,7,9 and 11

<p>1</p>  <p>a good <input type="checkbox"/> or a service <input type="checkbox"/></p>	<p>2</p>  <p>a good <input type="checkbox"/> or a service <input type="checkbox"/></p>	<p>3</p>  <p>a good <input type="checkbox"/> or a service <input type="checkbox"/></p>
<p>4</p>  <p>a good <input type="checkbox"/> or a service <input type="checkbox"/></p>	<p>5</p>  <p>a good <input type="checkbox"/> or a service <input type="checkbox"/></p>	<p>6</p>  <p>a good <input type="checkbox"/> or a service <input type="checkbox"/></p>
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<p>10</p>  <p>a good <input type="checkbox"/> or a service <input type="checkbox"/></p>	<p>11</p>  <p>a good <input type="checkbox"/> or a service <input type="checkbox"/></p>	<p>12</p>  <p>a good <input type="checkbox"/> or a service <input type="checkbox"/></p>

Definition of a consumer

Children are consumers because they use goods and services. In fact, children use goods each day when they do simple things like eat breakfast or get dressed. They also consume services when they take the school bus or when they are taught by their teachers.



Consumer awareness: Questions for your child

- Are you a consumer?
- What makes someone a consumer?
- What do you consume?

Consumers are people who use goods and services to satisfy their needs.

Children aged nine to twelve know that what they consume differs from what their friends and other members of the community consume. What people consume depends on their income, taste and needs.

The values that are promoted within a family help children see the benefits that goods and services bring them. Use this exercise to help your kids find the essential benefits offered by some goods and services. (Substitute your own examples of goods and services to suit your child.)



Suggested activity: Identify the benefits of goods and services

- Explain why these goods and services are divided into separate categories.
- Identify a benefit that each good or service provides to you and your family.

Goods	Services
A bag of candy	A math lesson from your teacher
A school book	A check-up from the doctor
A DVD	A bus ride
An apple	A swim at the community centre pool
A pair of jeans	A snowplow clearing your street

Deciding which goods and services are best for you and your family

Consumers are constantly making choices about goods and services. These choices are based on the benefit a consumer expects to gain from using a service or consuming a good. Explain to your children why you choose a certain product or service for the family. A trip to the grocery store is a good place to start. As you fill the cart, explain why you buy certain food and leave other kinds on the shelves.

Children also compare products, brands, stores and other factors that influence their choices. In fact, nine- to twelve-year-olds are aware of the benefits that products can provide. However, what they think of as a benefit is not necessarily what you are going to think of as a benefit: wearing the right shoes to school to impress friends is probably not a valid justification for such a purchase in your books.

Learning to assess the various features of products and services can help children justify the choices they make and also understand why certain choices are bad. From the moment that children are able to recognize product attributes, they have what it takes to influence their families' important purchases.

As parents well know, children aged nine to twelve aren't very good at comparing prices; nor do they even understand the concept of price comparison. This sets kids apart from most adult consumers, who tend to focus on prices before other factors.



Suggested activity: Identify the good things about a product

Ask your children to describe the following goods and services (change this list if you have more appropriate examples):

- a container of yogurt
- a dentist appointment
- a box of cereal
- a sports car
- a video game

Your children's answers should help you determine which factors influence their purchases. Do they focus on colour, packaging, what the product does or what status it gives? The attributes sought by children are often linked to values or specific attitudes.

You may wonder what motivates your children to consume certain goods and services. This will vary from one child to another, just as it does with adults. Are kids trying to meet their basic needs? Are they looking for wish fulfillment? Are they aware of the effort that's needed to earn the money to buy certain products and services? The answers to these questions lie in your child's education as a consumer. There is no simple way to teach good consumption habits, but the experiences of children between nine and twelve years of age lay the foundation for their lives as adult consumers.

The evolution of goods and services

Children need to understand that goods and services change over time to meet the changing needs and desires of consumers. Understanding how goods and services change can help your child differentiate essential goods and services from incidental ones. Children who are aware of the evolution of goods and services will be able to see that certain things they may think are important aren't essential to survival.



Suggested activity: Look back in time

To help your children understand that goods and services change to encourage consumers to keep buying (even when they already own a perfectly good, but older, version of a product or service), ask them to imagine living without things that many people consider to be essential today, such as:

- home computers
- the Internet
- microwave ovens
- cellular phones
- videotape recorders
- DVD players
- automatic teller machines

Discuss how goods and services have changed for the better and be sure to keep the discussion focused on value. Ask your child whether something is always worth buying just because it's new. Use the following examples (or substitute more appropriate examples):

- from portable CD players to MP3 players
- from four-wheel roller skates to in-line skates
- from typewriters to laptops

The consequences of using goods and services

From a young age, children are consumers and are also exposed to the consumption habits of others. But kids aren't always aware of the impact their consumption has on the environment.

Goods and services are limited

Children are more likely to recognize the importance of taking care of the environment if they make the link between their own consumption habits and the environment. Encouraging respect for the environment is one way to moderate your children's consumption habits. Understanding that constantly demanding new and better goods and services takes its toll on the environment may lead some children to make more responsible choices. Most children are very aware of what pollution is. Help them make the link between excessive use of goods and services and pollution and waste.

Goods and services are limited, and so are the material resources used to produce them. It might be worthwhile to explain this concept using the example of a notebook. The sheets of paper inside the notebook are made from trees. What would happen if there were no more trees in the forest?



Suggested activity: Identify wasteful consumption

Children can usually identify wasteful consumption in others. But are they aware of their own behaviour?

Ask your children whether they use some goods and services in a wasteful way and to give examples. What are the consequences for them, for others and for the environment? For example (or substitute more appropriate examples):

- Do your children ask for more food when they aren't hungry?
- Do they ask for newer versions of toys they already own?
- Do they prefer fast food to home cooking?

Give a few examples of the proper use of resources to better illustrate to children what appropriate consumption is.

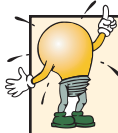
Paper: A sheet of paper that only has a few words written on it can be used again. It can be used for your child's artwork or for more writing. Instead of throwing paper in the garbage immediately, use it again and then recycle it.

Electricity: When children leave a room, they sometimes forget to turn off the lights. Just like other resources, electricity should be used appropriately. Getting your kids to turn off the lights will help them understand that when something isn't needed, they should stop consuming it.

Personal consumption and its consequences for others

Children need to understand that when they use goods and services, there are consequences for other people. In fact, the proper use of goods and services can benefit everyone. Public services are a good example. Because they are shared among prospective users, the more people who use them, the more rapidly the services will be depleted. If we are selfish and use goods and services thoughtlessly, everyone loses. On the other hand, proper use benefits everyone.

Most children have experienced having one of their toys broken by a friend or sibling and will remember how disappointed they were when that happened. Using this as an example will lead them to be more careful with goods and services.



Suggested activity: Talk about a broken toy

Ask your child to remember a treasured toy (or substitute a more appropriate example) that can no longer be enjoyed because it's broken. Gently bring up the idea of respecting the things we own so they last longer and we use up fewer resources.

Then move the discussion to goods or public services that were damaged in your neighbourhood. Once your child has answered the questions below (or substitute more appropriate examples), he or she will be able to see the consequences of the improper use of goods.

Questions:

- Do you know of something that was damaged in the park?
- Do you know of something in the schoolyard that was damaged?



Suggested activity: Think about your actions and other people

Use a family situation (or the one outlined below) to show your child how the improper use of goods affects the other members of the family.

You accidentally drop the remote control and it breaks when it hits the floor. What does this mean:

- for you?
- for your parents?
- for the whole family?

The answers, ranging from spending money to repair the remote to buying a new one, will help your child understand how complex consumption choices are. This exercise also helps children realize that their actions can have consequences for other people too.

Responsibility

Another way to teach your children the value of making good consumption choices is to put them in situations where they are expected to deliver a good or service. Jobs such as babysitting, lawn mowing or even delivering newspapers can give kids a sense of responsibility and teach them the value of work. Such jobs can also help them make better consumption choices because they have a sense of the effort required to earn money.



Suggested activity: Think about your responsibility to others

Describe a hypothetical situation (or a real example) that highlights how people depend on your children and expect to get value for the money they pay them. Here's an example:

You walk your neighbour's dog after school. Your neighbour counts on you to do the job. She gives you \$10 per week. However, you lose complete interest after a month. You suddenly stop walking the dog. What are the consequences?

Needs versus wants

Children between the ages of nine and twelve are constantly exposed to advertising that encourages them to consume new products and services. This advertising is based on effective marketing strategies that can pinpoint how to motivate a child to want something. Unfortunately, nine- to twelve-year-olds don't distinguish very well between what they need and what they would like -- a crucial distinction for all consumption decisions.

The concept of needs

Everyone has basic needs that must be fulfilled. Needs vary from person to person, but there are some things we all must have: food, air, water, clothes and shelter. How we satisfy our basic needs depends on individual preferences.

Basic **needs** are necessary for survival.

Wishing versus needing

Wishes express our desires. It's normal to wish for things, but children must understand that not all wishes can be granted. A good way of explaining wishes to children is to explain that they are less important than needs. Try to compare what your child wishes for with something that's a basic need, like food.

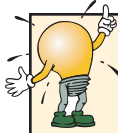
A **wish** is a desire or longing for something specific. It is often a desire to have something that is impractical or out of reach.

Wishes are more specific than needs and are usually quite personal. But the distinction can become blurred because people can meet identical basic needs by fulfilling different wishes. For example, someone may wish to eat a steak to fulfill a basic need like hunger, while another considers the steak a mere wish or a passing fancy. Kids between the ages of nine and twelve can have difficulty grasping the difference between the two concepts.

Recognizing a wish masquerading as a need

Advertising emphasizes wishes over needs. The desire to satisfy specific needs can translate into wishes in some cases. Help your child understand that basic needs like food, clothing and shelter transform into wishes when they become more specific. For example, a child might want a certain make of sweater to fulfill the need for clothing. The sweater satisfies the need to keep warm, but the brand is influenced by a wish.

Basic needs are not created by society or marketing, but are actually a part of human nature. There are few basic needs, but wishes are limitless. Unsatisfied wishes don't have an impact on health and comfort the way unsatisfied basic needs do. Children should understand the difference between basic needs and wishes because they make their own consumption choices and influence yours as well.



Suggested activity: Distinguish between needs and wishes

Use these examples (or ones that are more specific to your family) to show your child the difference between basic needs and wishes.

- A designer shirt
- Clothing
- A new jacket from Store X
- Food
- Your favourite video game
- A music CD
- A meal at a fast-food restaurant
- A telephone
- Your uncle's luxury car
- Transportation
- A new house in an expensive neighbourhood
- A home

Questions:

Which of the needs listed above are crucial for a family's survival, and why?

Which needs are linked to wishes?

Can you name household items that enable you to meet specific needs?

Can you name household items that enable you to fulfill specific wishes?

Advertisements

Children between the ages of nine and twelve are exposed to advertisements on television, radio, the Internet, billboards and elsewhere. They may not understand that advertisements are trying to sell them things. This means kids often take advertisements at face value and are easily influenced by them. You need to warn your child to be wary of advertisements.

The role of advertisements

Organizations use advertisements for several reasons. In some cases, ads aim to warn consumers about a particular brand, product or service. In other cases, they are more obviously sales pitches. Ultimately, all advertising seeks to promote the interests of whoever is paying for it.

It is important to realize that advertisements aren't always designed to sell products. They sometimes aim to encourage shifts in behaviour (e.g. to stop smoking or to drive safely). Sometimes companies use advertisements to highlight their positive contributions to society or to promote corporate achievements, like awards and other successes.



Suggested activity: The reason for the advertisement

Show your children how to recognize what an advertisement is trying to sell or how it is trying to influence them. See whether they can spot advertisements and distinguish them from shows on television or the radio, or articles in magazines. Once your children can easily spot advertisements, ask them to explain what each one is trying to sell or how it's trying to influence behaviour.

Children normally like advertisements. Marketing efforts aimed at kids are mainly focused on developing fun, appealing advertisements.

Companies use sophisticated consumer behaviour studies to identify the specific needs, tastes, wishes and motivations of people who are searching for products and services. These days, companies are very interested in the youth market because its purchasing power is increasing and because they want to earn loyal customers as early as possible.

By the time they're nine years old, most children can distinguish television advertisements from their favourite shows. They can often remember slogans, brands and jingles from advertisements. Parents are sometimes surprised to see children use very specific arguments when trying to influence the purchase of products. Advertisements often influence how a child will negotiate for a product or service.

The previous section on **needs and wishes** explains the importance of distinguishing between these two concepts. Needs are a means of rationalizing advertisements. Wishes are played on to captivate consumers and guide their choices. For example, a child can be hungry (need to eat) but wish to eat at a specific fast-food restaurant because of its compelling ads.

For their commercials, companies use actors who are the same age as the target group. They try to create a bond between the product for sale and the child who is watching. It's important that children recognize this advertising strategy so they can make smarter consumption choices.

Differences between information and incentives in advertisements

Advertisements can be useful for consumers who enjoy comparing products and services on the market. But in some cases, children might have difficulty establishing the difference between fact and exaggeration in advertisements.

What is factual in an advertisement can be considered information. Price is a good example. Information is normally used to illustrate the benefits of goods and services to consumers and to let them know where they can purchase a product or service.

Other elements of advertisements try to convince children to purchase a certain product because it is the best or the best looking, even though its quality may be the same as the others. These elements are aimed at inducing or motivating children to consume.

Advertising aimed at children caters to their interests, using enticing colours and shapes, pleasing music, popular celebrities, and interesting visual effects. These and other elements are used to convince both children and their parents to consume more products or services. Such inducements often convince children, with their seemingly endless wish lists, to want to consume specific products or services.

It is important for children to know how to weigh the advantages and disadvantages of what is being presented by an advertisement. Children will make better consumption decisions if they can recognize what influences them. It's also good to point out that advertisements are not the only influence on consumption choices. Other elements, such as friends, family, stores and personal preferences, also influence consumption choices.

Here is an example that will help your child pick out the truthful elements in an advertisement.



Suggested activity: Create your own advertisement

Ask your children to create an advertisement for a real or imaginary product in the form of a comic strip or picture. Ask them to incorporate some of these elements into the ad:

- A specific goal (selling a good or service or raising awareness about something)
- Inducements
- Information
- A need
- A wish
- A false or exaggerated claim
- An actor

Your children could also identify the essential elements in an existing advertisement. The main purpose of the exercise is to ensure that they truly understand the goals of advertising. The more children are aware of different advertising tactics, the more they will analyze advertisements objectively.

Income and expenses

Children between the ages of nine and twelve must understand where the source of their parents' money. This will help them understand the effort required to earn money and cover expenses. Few children this age know what expenses and income mean, even though most are already consumers. Nor are they aware of how much money is needed to cover the family's basic expenses.



Suggested activity: Price game

This activity is designed to help kids determine the price of items they regularly use.

It can be played in a group or alone.

This list includes ten products. To the right of each product, there are two price tags. Ask your children to put the price of the item, to the best of their knowledge, on the white price tag.

When they find the actual price, they can put it in the grey box. The actual price can be found by looking through the cupboards at home, and in flyers and catalogues.

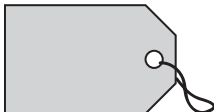
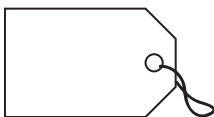
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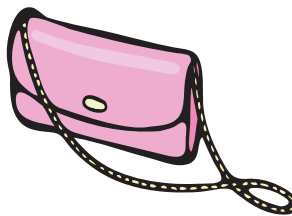


Pair of jeans:

Estimated price

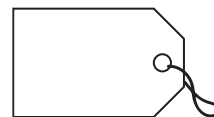


Actual price

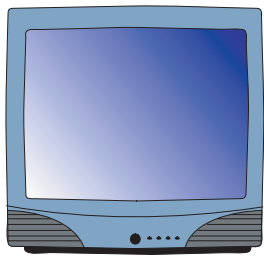


Purse

Estimated price

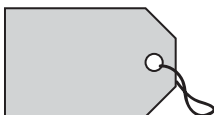
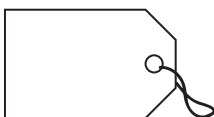


Actual price



27-inch colour television

Estimated price

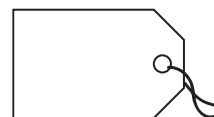


Actual price



Lawn Mower

Estimated price

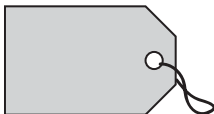
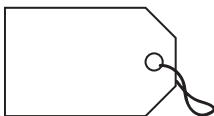


Actual price



Hair dryer

Estimated price

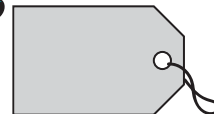
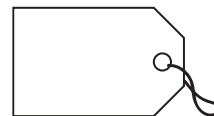


Actual price



Pizza delivery

Estimated price

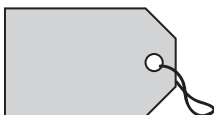
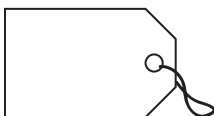


Actual price



Can of paint (3.7 litres)

Estimated price

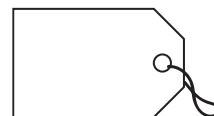


Actual price

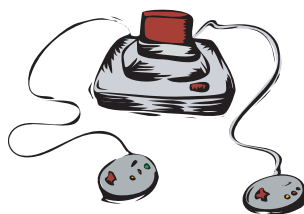


Lamp

Estimated price

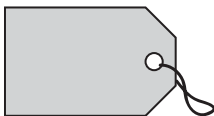
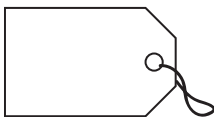


Actual price



Video game

Estimated price

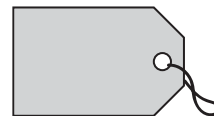
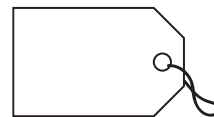


Actual price



Watch

Estimated price



Actual price

What are income and expenses?

Children aged nine to twelve often have difficulty understanding notions such as income and expenses. They have no problem spending, however. That's why it's important for them to know that you must work hard to earn money. Explain that you perform tasks at work in exchange for money.



Suggested activity: Where does the money come from (income)?

Use an example of someone your child knows, such as a big brother or sister, a cousin or a neighbour, who has a part-time job and regular expenses.

Explain that this person works in a store, is paid \$7.50 an hour to restock shelves, and works 20 hours a week.

How much money will this person have earned by the end of the week?

(Answer: \$150. Avoid discussing taxes until your child is older.)

Once children understand why parents go to work every day, it is time for them to see why it is essential for their parents to earn income — to cover expenses. If you are on social assistance, this discussion still applies, because your income is also used to cover crucial expenses.

In simple terms, expenses are what have to be paid out of income. Parents must pay a certain amount of money to make sure that the family has housing and that everyone is clothed and fed. These are examples of basic expenses.

The concept of needs and wishes discussed earlier can also come into play in this discussion. Necessary expenses cover essential needs such as shelter, food and clothing. But expenses related to wishes are for non-essential items such as fast food, video games, and restaurant meals.



Suggested activity: Where does the money go (expenses)?

From a weekly income of \$150, this person must pay \$75 in rent and buy \$45 worth of groceries. How much do these weekly expenses cost in total?

(Answer: \$120)

How much does is left over? *(Answer: \$30)*

How many hours does the person have to work to cover these basic expenses?

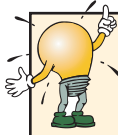
(Answer: 16 hours)

Take this opportunity to emphasize how much effort is required just to cover basic expenses. Also, you can discuss how little is left over after covering those expenses. This can help your child understand that basic expenses take priority over wishes.

These are simple examples to give children a general understanding of the concepts of income and expenses. The best examples are concrete ones. For instance, decide on a budget before you go grocery shopping, then show your child how you stick to that budget by choosing essential products before less important ones.

The price of luxury

By keeping in mind basic expenses and available income, you can also introduce the “price of luxury” concept - that is, the extra money paid for something that fulfills a wish rather than a need.



Learning about the price of luxury

Your child needs a new pair of shoes. The two of you go shopping and find several affordable pairs of shoes. However, your child prefers a particularly expensive brand.

The shoes that you are willing to purchase cost \$50.

The shoes that your child wants cost \$80.

The price of luxury is the difference between the two prices — \$30 in this case. If your child absolutely wants the \$80 shoes, he or she can use pocket money to cover the extra \$30. Alternatively, your child can be content with the \$50 shoes and spend no money.

This exercise helps children understand how to manage money and become more aware of consumption choices.

Automatic teller machines

Children regularly see the people around them use automatic teller machines (ATMs). For some kids, the concept is quite simple: insert a card, punch in a number and money comes out. However, children may not understand the source of that money. In their minds, the money that comes out of the machine is available to anyone.

It is important to explain to children that the money that people withdraw from ATMs is the money that they have deposited there. Once again, the income concept can be applied to demonstrate that the money in an ATM comes from money earned.

Next time you visit an ATM, show your child how it works. Explain that you can do more than withdraw money - you can also check your balance, deposit cash or a cheque, transfer funds, or pay bills.



Questions about ATMs

Find out how your kids think ATMs work by asking the following questions. Use their answers to help you formulate your lessons.

Questions:

How do you think an ATM works?

Where does the money in the machine come from?

Are these machines only used to withdraw money (take money out)?

How do ATM cards work?

Why do people use the same cards in some stores?

What happens when there is no money left in the machine?

Who is on your money?

The Five Dollar Bill



Sir Wilfrid Laurier

On the front of the five dollar bill, there is a picture of Sir Wilfrid Laurier, the seventh prime minister of Canada. Born on November 20, 1841 in Saint-Lin, Quebec, he became the Minister of Inland Revenue in 1877. In 1887, Sir Wilfrid Laurier became the leader of the Liberal Party and as a result of this, Leader of the Opposition. On October 6, 1896,

he became the first Francophone prime minister of Canada and remained prime minister for the next 15 years. The Laurier era saw the creation of the provinces of Saskatchewan and Alberta and the Yukon Territory, as well the construction of the second transcontinental railway. Laurier died February 17, 1919, after more than 40 years in politics.

The Ten Dollar Bill



Sir John Alexander Macdonald

On the front of the ten dollar bill is Sir John Alexander Macdonald, the first prime minister of Canada. Born January 10 or 11, 1815 in Glasgow, Scotland, he immigrated to Canada in 1820. Macdonald drafted the British North America Act, which formed Canada when the four provinces of Ontario, Quebec, Nova Scotia

and New Brunswick joined together on July 1, 1867. He then became prime minister and remained so for six years, during time which he initiated the construction of the transcontinental railway. The Liberals took power in November 1873 and formed the government until October 1878. Macdonald and his Conservatives returned to office on October 17, 1878, and he remained prime minister until his death on June 6, 1891.

The Twenty Dollar Bill



Her Majesty Queen Elizabeth II

On the front of the twenty dollar bill is a picture of Her Majesty Queen Elizabeth II. Canadians recognize the Queen as the Head of State. She is represented in Canada by the Governor General. Queen Elizabeth II was born April 21, 1926 in London, England. She was the daughter of King George VI and she ascended the throne

February 6, 1952 at the age of 25. She was declared Queen of Canada on June 2, 1953.

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The Fifty Dollar Bill



William Lyon Mackenzie King

On the front of the fifty dollar bill, there is a picture of William Lyon Mackenzie King, the tenth prime minister of Canada. Born December 17, 1874 in Berlin, Ontario, he is Canada's longest-serving prime minister — 22 years. King was elected Liberal Party Leader in 1919 after the death of Sir Wilfrid Laurier. On December 29, 1921, he

became prime minister, but his government lost a non-confidence vote in June of 1926. King regained power after the 1926 election, and then lost again in 1930. On October 23, 1935, King found himself in power for a third time and stayed there for the next 13 years. During his years in power, King introduced old-age pensions as well as unemployment insurance and family allowances. William Lyon Mackenzie King died on July 22, 1950 at the age of 75.

The Hundred Dollar Bill



Sir Robert Laird Borden

On the front of the hundred dollar bill can be seen Sir Robert Laird Borden, the eighth prime minister of Canada. Born June 26, 1854 in Grand-Pré, Nova Scotia, he served as prime minister from October 10, 1911 until July 10, 1920. He was elected to the House of Commons for the first time in 1896 and became Conservative Party Leader in

1901. During the First World War, Borden proposed a coalition between the Liberals and the Conservatives. In 1920, Borden's health began deteriorating and he decided to resign. He died on June 10, 1937 at the age of 82.

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Activity: Who am I?

1. Start by writing the appropriate name under each picture in the answer column.
2. Then answer the questions in the 'Who am I?' column by drawing a line from the question to the picture that matches your answer.

Answers: A=4,6,11,14,19 B=1,5,7,10,17 C=3,12,13,20 D=9,15,16 E=2,8,18

A



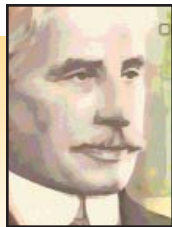
Name: _____

B



Name: _____

C



Name: _____

D



Name: _____

E



Name: _____

- 1) I am the seventh prime minister of Canada.
- 2) I am the first prime minister of Canada.
- 3) I am the eighth prime minister of Canada.
- 4) I am the tenth prime minister of Canada.
- 5) I am the first Francophone prime minister of Canada.
- 6) I was prime minister of Canada for 22 years.
- 7) I was prime minister of Canada when Alberta was created.
- 8) I was born in Glasgow, Scotland.
- 9) I was born in London, England.
- 10) I built the transcontinental railway.
- 11) I introduced family allowances.
- 12) I became Conservative Party Leader in 1901.
- 13) I was prime minister during the First World War.
- 14) I was prime minister during the Second World War.
- 15) I am Canada's Head of State.
- 16) I am on the twenty dollar bill.
- 17) I am on the five dollar bill.
- 18) I am on the ten dollar bill.
- 19) I am on the fifty dollar bill.
- 20) I am on the hundred dollar bill.

