

National Parent and Teen Survey, September 2008

Key Findings

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Many parents are ill-prepared to deal with their own finances

- Looking back, 52% of parents believe that they were not totally prepared to manage their money as they entered into adulthood.
- Almost all parents (99%) think that budgets are important, but only 56% actually try to stick to one.
- 24% of parents don't set a budget at all; an additional 20% may set a budget but don't stick to it.
- Only one-third (33%) of parents consistently save money every month.
- Parents appear to be spending outside their budget. Only 29% of parents pay their credit card balance in full each month.

Some teenagers have even worse money management habits than their parents

- Of the 33% of parents who consistently save money every month, only 41% of their teenagers followed the same behavior of their parents.
- Overall, only 20% of teenagers save money and do it consistently every month.
- While 56% of parents set a budget and try to stick to it, only one-quarter of teenagers (25%) set a budget and try to stick to it.

Many parents are not teaching their children the fundamentals of money management

- Only 13% of teens indicate that they know a lot about managing their money.
- Only 14% of parents indicate that they have provided an in-depth explanation to their teenager about the importance of saving money, different saving vehicles, and the benefits of each.
- 70% of parents are willing to give their teenager money as they need it or top up their set allowances.
 - Only 24% of parents provide set amounts of money to their teenagers and not a penny more.
- Although 95% of teenagers understand what a budget is, only 25% of them use a budget and stick to it.

A significant gap exists between what parents think they are teaching their teens and what teenagers are actually learning.

- 88% of parents teach their teenagers about debit cards; however, only 45% of teenagers indicate they have a strong understanding of it.
- 89% of parents teach their teenagers about savings accounts; however, only 39% of teenagers indicate that they had a strong understanding of how to use a savings account.
- 69% of parents teach their teenagers about chequing accounts; however, 25% of teenagers indicate that they have a strong understanding of them.
- 68% of parents teach their children how to use credit cards; however, only 18% of teenagers say they have a strong understanding of how to use one.

The economy has caused most parents to change their spending and saving habits, but teenagers are not paying attention.

- 90% of parents indicate that the current concern over the economy has impacted their saving/spending habits in the last six months.
 - 17% of parents say it has had a significant impact (purposely limited their spending on both necessary and luxury items and save more money than before)
 - 43% of parents say it has had some impact (purposely limited their spending on items that they don't need and try to save more money)
 - 29% of parents say it has had minimal impact (think twice before making a purchase but their saving /spending habits haven't changed in any significant way)
- 55% of teenagers say that the economy has not impacted their spending/saving at all; compared to only 10% of parents who shared this sentiment.
- Of the 45% of teenagers that indicate that the current concern over the economy has impacted their saving/spending habits in the last six months:
 - 4% of teenagers say it has had a significant impact (purposely limited their spending on both necessary and luxury items and save more money than before)
 - 20% of teenagers say it has had some impact (purposely limited their spending on items that they don't need and try to save more money.
 - 21% of teenagers say it has had minimal impact (think twice before making a purchase but their saving /spending habits haven't changed in any significant way)

Teenagers and parents have opposing perceptions about many topics, including money management.

- While only half of parents (51%) rate their teenager's knowledge of managing money above average, teenagers think they are much smarter. Over two-thirds of teenagers (69%) rate their knowledge of money management as above average.
- 38% of teenagers think that they do not have enough money, while parents seem to think differently with only 15% of parents agreeing that their teenager doesn't have enough money.
- 43% of teenagers think that prepaid credit cards are great for teenagers, while only 23% of parents felt the same.

Teenagers and parents do, however, share some common ground when it comes to saving money.

- 36% of parents think that it is important to start saving money for the future between 15-19 years old; 35% of teenagers agree.

Learning 'how to save money' is the most important topic to learn for both teens and parents.

- Out of eight different financial topics, parent and teens both agree that the top three money management topics are: 1) how to save money; 2) how to spend money wisely; and, 3) how to use a bank account.

Parents play a critical role in educating their teenagers about money.

- Almost all (91%) of teenagers indicate that it is important or very important for parents to teach them about money; of that total, a majority of teenagers (53%) indicate that it is **very** important.

- Almost all (99%) of parents think it is important or very important to teach their teenagers about money; 74% of parents indicated that it was **very** important.

Parents underestimate their teenagers' interest in learning about money matters.

- 56% of parents indicate that they think their teenager is interested or very interested to learn how to manage money; however, almost three-quarters of teenagers (74%) say they are interested or very interested.
- Only 3% of teens indicated that they are not interested at all to learn about money management.

Teachers play an important role in educating teens about money.

- 80% of parents said that it is important or very important for teachers to teach financial education in school; 61% of teenagers say it is important or very important.

Parents may overestimate the impact of teachers when it comes to teaching money management to their teens.

- 61% of parents say that teachers have a strong or very impact on teenager's knowledge of money; however, only 40% of teenagers indicate that their teachers taught them something about money.

Teens prefer interactive learning for money matters.

- Teenagers indicate that the top three preferences to learning about money and finances are: taking a class in school (ranked #1); using an interactive tool with parents (ranked #2) and using an interactive tool with friends (ranked #3).

Teens do not understand the need to save for post-secondary education.

- When asked how much they save weekly for college or university, 71% of teenagers indicate that they save nothing.
- Teenagers ranked 'learning about the cost of post-secondary school' as one of the least important topics to learn about (ranked 7th out of 8 money topics).

Supplemental info

- Teenagers have several financial products that they need to be educated about:
 - 48% of teenagers have a debit card
 - 47% of teenagers have a savings account
 - 27% of teenagers have a chequing account
 - 12% of teenagers shop on-line
 - 5% of teenagers have a pre-paid credit card; 2% of teenagers have a post-paid credit card
- If teens have extra money, 28% of them would put it in a safe place in their house, room or in a piggybank; 10% would put it in a chequing account; and, 55% would put it in a savings account.



Survey Methodology

These are the complete findings from a Torque Customer Strategy conducted on behalf of Credit Canada. The on-line survey was completed with parents and their teens (13-18) between August 27th and September 9th, 2008. In total, 407 survey responses were collected from parents and 407 survey responses were collected from teenagers, with equal distribution across the 4 major regions in Canada. The margin of error for the combined statistics (parents and teenagers) is +/- 3.43% 19 times out of 20. Individually, the margin of error is +/- 4.86% 19 times out of 20.