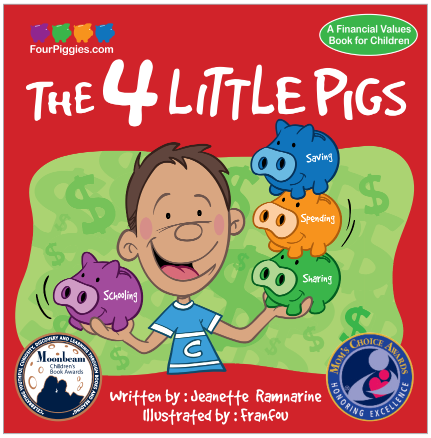
OPENERS

3 MINUTES WITH…

Jeanette Ramnarine, co-owner, Forward Finances and author of *The 4 Little Pigs*, Belleville, Ont.



FORUM: The premise of *The 4 Little Pigs* is divvying up the money into four piggy banks: sharing, saving, spending, and schooling. How do you and your child determine how much goes into each piggy bank?

JR: We used an allowance as a teaching tool and developed a chart that can be downloaded for free on our website that explains how we determined the amounts. A higher percentage went into their saving and schooling piggy banks, as these have long-term goals in mind, and a smaller percentage went into spending and sharing. They were given $1 for each year of life per week. For example when our kids, Caleb and Maya, were five years old, they received $5 a week. Additional money received as gifts or for doing small jobs always led to a discussion of how they would like to divide it up and why. If they were saving up for an expensive purchase like a bike, most would go into saving. Sometimes they were looking to help out a specific charity and would put the money into sharing. Their grandparents often gave them monetary gifts intended for schooling that we used to top up their Registered Education Savings Plans once a year. They always kept a little spending money on hand in case we were going out and they wanted to buy a small toy or a treat. It was a great way to open up lines of communication and talk about setting monetary goals.

FORUM: Did you find it hard to explain to your kids where money comes from? At first, my kids tended to treat coins like a small toy, so easily disposable. They had trouble seeing the value in it.

JR: Because we started teaching our children so young with their 4 Piggies, they learned that money had value very quickly. Money was a very tactile experience for them and they began using it from a young age. We didn't purchase things for them when we went out shopping, but rather would have them bring along their spending money if they wanted to buy something. If they didn't bring their money, then they couldn't purchase anything. For a bigger purchase, like when Caleb wanted his own suitcase to pack and take along on vacation, he had to count up the money in his saving piggy to see if he had enough. It taught them a lot about the value of money and delayed gratification because they couldn't always buy something they wanted if they didn't have enough.

FORUM: Your kids are teenagers now. Tell us how they are doing with money now that they've had 10 years of practice.

JR: They are doing great! They use the same idea of the 4 Piggies, but a little differently now that they're older. They have a chequing account for spending and a savings account for saving. Some money is contributed to their RESP on a regular basis for schooling and they also have open investments. We now discuss ideas on how we can give back together and participate in a lot of local fundraising in our community. They often come to us with their own ideas about sharing and how they would like to contribute and give back.

FORUM: What do you think is least helpful when trying to get kids to understand about money?

JR: If we just buy them everything they want and give them money whenever they ask. There is more appreciation and pride of ownership when they have to use their own money to make purchases. It also gives them the opportunity to evaluate whether a purchase was a want or a need. With my kids, sometimes they would pass on buying something because they understood that they didn't really need it and instead would save up to buy something that they really wanted.

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He hopes the bill will be voted on and go to the committee level prior to the Ontario election on June 7, 2018. If not, he said he will ask another MPP to bring forward a bill that will allow for loans on insurance policies, much like loans on a home through a CHIP reverse mortgage.

The Canadian Life and Health Insurance Association (CLHIA) is opposed to the proposed amendments, saying to do so "would open up a largely vulnerable population (senior policyholders) to potential financial exploitation."

The CLHIA states that in addition to having a limited market in Canada for life settlements, they represent a "very real and significant risk for fraud and abuses of consumers."

Advocis said it is working closely with the Conference for Advanced Life Underwriting (CALU), which is looking at an initiative to assist seniors in financial need who own life insurance policies.

"Insurers already provide loans to those individuals if they are terminally ill based on the death benefit of the loan. CALU is also looking at the option of expanding the program to include individuals who are not terminally ill, but have a financial need and a life expectancy of less than five years. An advance tax ruling request has been made to the CRA to confirm the tax treatment of the loan. Beyond this, we are not planning on engaging any further on this issue at this time." — *S.Y.*