

Canadian Institute of Chartered Accountants CICA Youth Financial Literacy Study 2011

Summary Report

September 28th, 2011

Research Objectives

The Canadian Institute of Chartered Accountants (CICA) commissioned Harris/Decima to conduct a study to develop a deeper understanding of youth and their attitudes, awareness and knowledge level of financial matters.

The results will be used to assist the CICA in determining how to best prepare youth for dealing with the financial challenges they will inevitably face as they enter the workforce and become less dependant on their parents/guardians. In addition, the CICA would like this study to gain a significant amount of media interest to raise awareness of the need to improve the financial skills of both Canadian adults and youths.

The primary objectives of this research are to:

- Determine the level of knowledge youth have when it comes to money and related financial topics,
- Identify where and how they currently learn about money and financial topics,
- Understand the challenges and goals youth have with financial matters, and
- Gain insight on the role youths would like to see their parents play when it comes to teaching them about money management.

Study Methodology

- A total of 1,209 online surveys were completed between July 20 and August 2, 2011
- On average, survey duration was 18 minutes.
- Surveys were performed in English and French.
- Data are weighted by age, region and gender based on Statistics Canada Census data.

Completed Interview Breakout – by Age and Region (unweighted)

Region	16-18 Year Olds	19-22 Year Olds	TOTAL
Atlantic	98	105	203
Quebec	99	106	205
Ontario	96	104	200
Manitoba/Saskatchewan	100	100	200
Alberta	100	100	200
British Columbia/Territories/Nunavut	100	101	201
TOTAL	593	616	1,209

Key Findings

- Youths believe that responsible money management teachings lie largely in the hands of parents – the majority (89%) say that parents have a lot of responsibility in this area.
 - 94% agree that being good with money is an important life skill.
 - 85% believe that teenagers who are taught to manage their money at home are more likely to achieve financial success as adults.
 - 93% agree that parents should be good role models for teenagers, making responsible financial decisions.
 - 91% agree that teaching their children about money should be a priority for parents.
- When it comes to initiating discussions about money management, the door swings both ways – 83% of youth have gone to a parent for advice on money management, while 87% say a parent has attempted to teach them about money management.
 - Those familiar with their parents' financial situation are more likely to say they have both been approached and have approached their parents for advice.
- The top money management topics discussed with parents include setting spending limits (76%) and overall good money management (75%).
 - The topics of conversation vary based on age group: 16 to 18 year olds have more generalized discussions with their parents (e.g. limiting spending and saving for a major purchase), while their older counterparts are more likely to discuss credit card usage, interest, budget development and financial investments.

Key Findings

- About a third of youth (38%) believe their parents have been very successful (9 or 10 out of 10) in teaching them about money. This results echoes the 2010 CICA Canadian Finance study which found that 78 per cent of Canadian parents had attempted to teach their children financial management skills, but two-thirds (60 per cent) believed they were not very successful.
 - Those 19 to 22 years, as well as males, are more likely to provide a high success rating score than their counterparts.
 - Youths who are familiar with their parents' financial situation are more likely than those who are not familiar to provide their parents with a top 2 box score.
- Although youths are at least somewhat confident that they have the knowledge, skills and discipline to perform key money management tasks, much fewer say they are very confident
 - Fewer than half are very confident in their ability to develop a budget (36%), stick to a budget (33%), limit spending (39%) or use credit cards responsibly (48%).
- Despite being at least somewhat confident that they have the ability and discipline to perform many money management activities, relatively few youth are performing these activities. Only 43% have a budget and only 52% track their spending. More than a quarter (27%) do not limit their spending.
 - Respondents who are very confident in their financial knowledge are more likely to be tracking their spending (71% vs. 47%) and budgeting (60% vs. 36%).

Key Findings

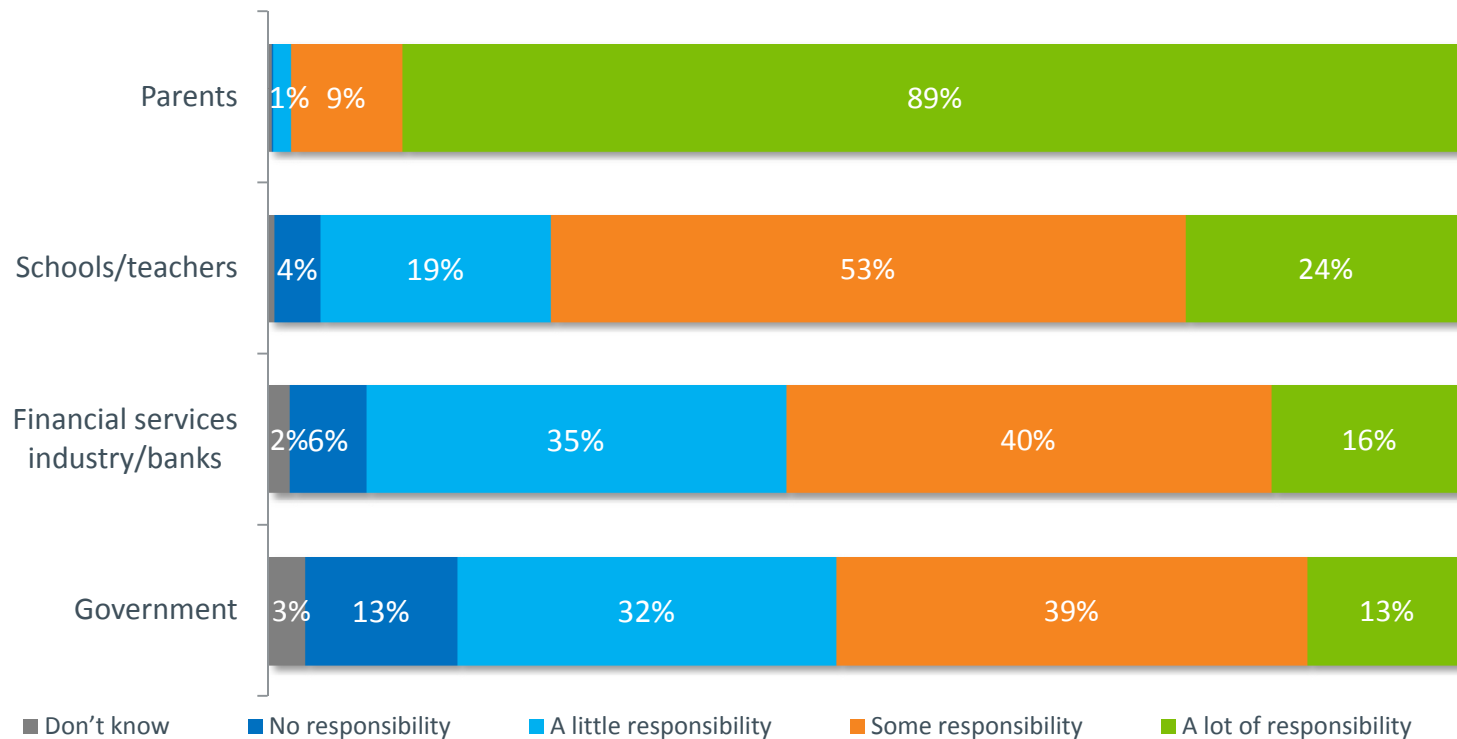
- Of the 78% of youths who are familiar with their parents' financial situation, the majority (83%) believe that understanding their parents' financial situation has helped them establish their own money management goals.
- Money woes are prevalent amongst youths: half indicate they worry about money (55%) and wish they were better at saving money (50%). Less than half (47%) believe they will be wealthier than their parents.
 - Females are more likely than males to worry about money and say they wish they were better at saving money.
- Half (54%) of all young adults have a credit card and 22% of those who have a credit card, currently carry over a balance.
- Seven-in-ten are optimistic about their financial future. This level of optimism varies based on current financial knowledge confidence levels – the more confident, the most optimistic they will be.
 - Males are also more likely than females to be optimistic about their future.
 - Among the 28 per cent of youth who gave their parents top marks as financial role models, 78 per cent described themselves as optimistic about their financial futures compared to just 65 per cent of youth less impressed with their parents' financial skills.



Selected Charts

Teaching Children About Responsible Money Management

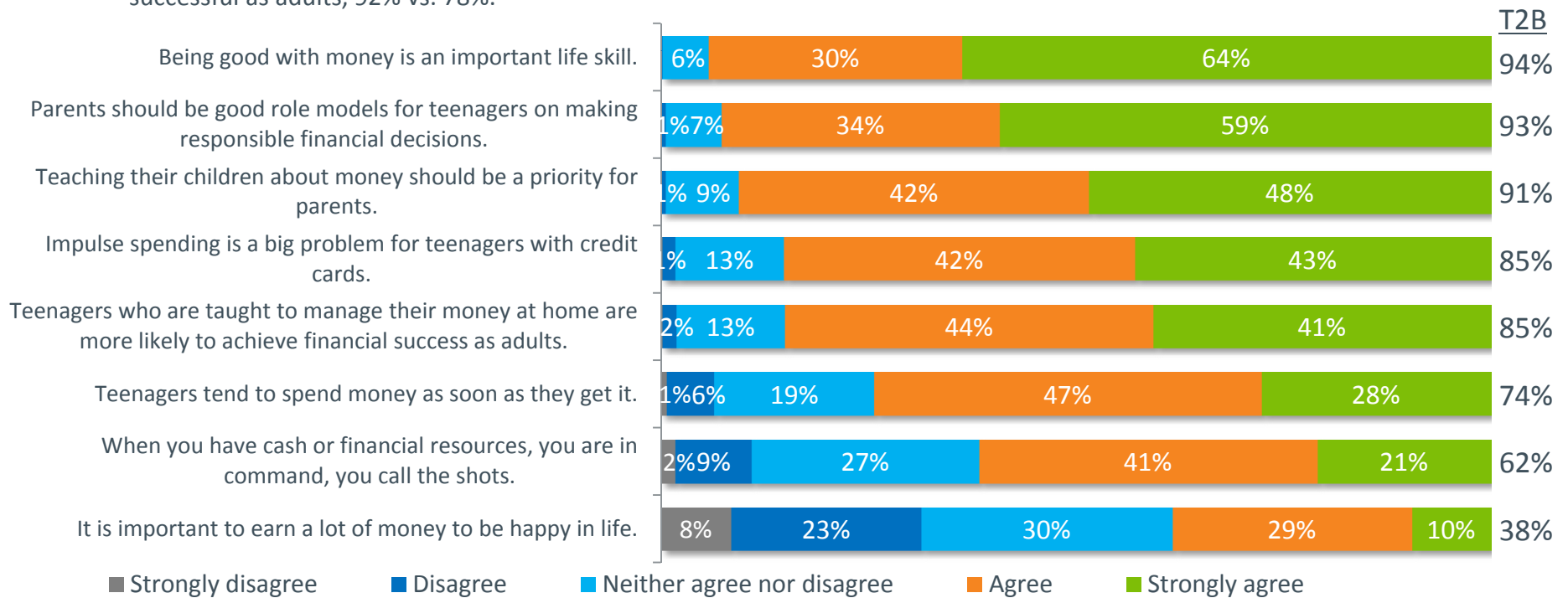
- Overall, youth believe that responsible money management teachings must come from a parent – 89% say parents have a lot of responsibility.
 - This finding is more prevalent amongst females (91%) than males (87%).
- Those that are 19 to 22 years old (58%) are more likely than 16 to 18 year olds (46%) to say that government should hold some responsibility when it comes to teaching children about money management.
- Those that have a credit card (19%) are more likely than those who do not (13%) to say that the financial services industry should have ‘A lot of responsibility’ for teaching children about money management.



Q3. How much responsibility should each of the following people or groups have when it comes to teaching children about responsible money management? Base: All respondents, n=1,209

Teenagers and Money Management

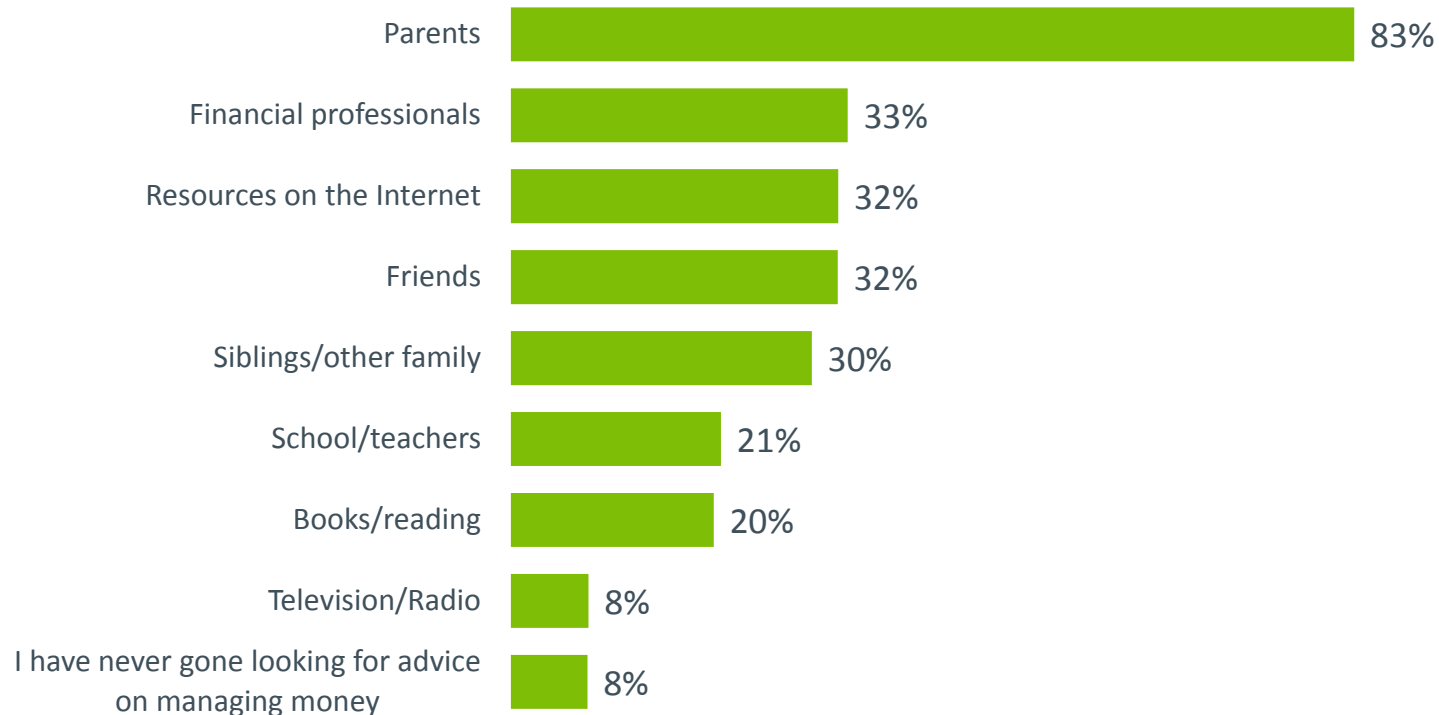
- Nine-in-ten youths agree that: being good with money is an important life skill, parents should be good role models for responsible financial decisions and teaching their children about money should be a priority for parents.
- Those that are very confident in their financial knowledge are more likely than those who are not very confident to agree that being good with money is an important life skill (99% vs. 92%) parents should be good financial decision making role models (99%, 90%) parents should prioritize teaching their children about finances (96% vs. 88%) and when you have financial resources, you are in command (72% vs. 58%).
- Those who feel that their parents were successful at teaching them about money management are more likely to agree that parents should be good financial decision making role models, 97% vs. 89%, parents should prioritize teaching their children about finances, 96% vs. 84%, and that teenagers who are taught to manage their money at home are more likely to be financially successful as adults, 92% vs. 78%.



Q10. Please indicate how strongly you agree or disagree with each of the following statements.
 . Base: All respondents, n=1209

Advice on Money Management: Youth Initiated

- Four-in-five (83%) have gone to their parents for money management advice, making them by and large the leading source of financial information amongst youths. Those 16 to 18, attending or planning to attend post-secondary school and those who work part-time are most likely to have gone to their parents for advice.
- Those that are employed full-time (45%) are more likely than those that are not (30%) to have gone to a financial professional for advice on money management. Conversely, those that are unemployed (52%) are more likely than those who are employed (37%) to have gone to a friend for advice on money management.
- Those familiar with their parents' financial situation are more likely to have gone to parents, financial professionals, the internet, friends, teachers, books, and TV/radio for money management advice.

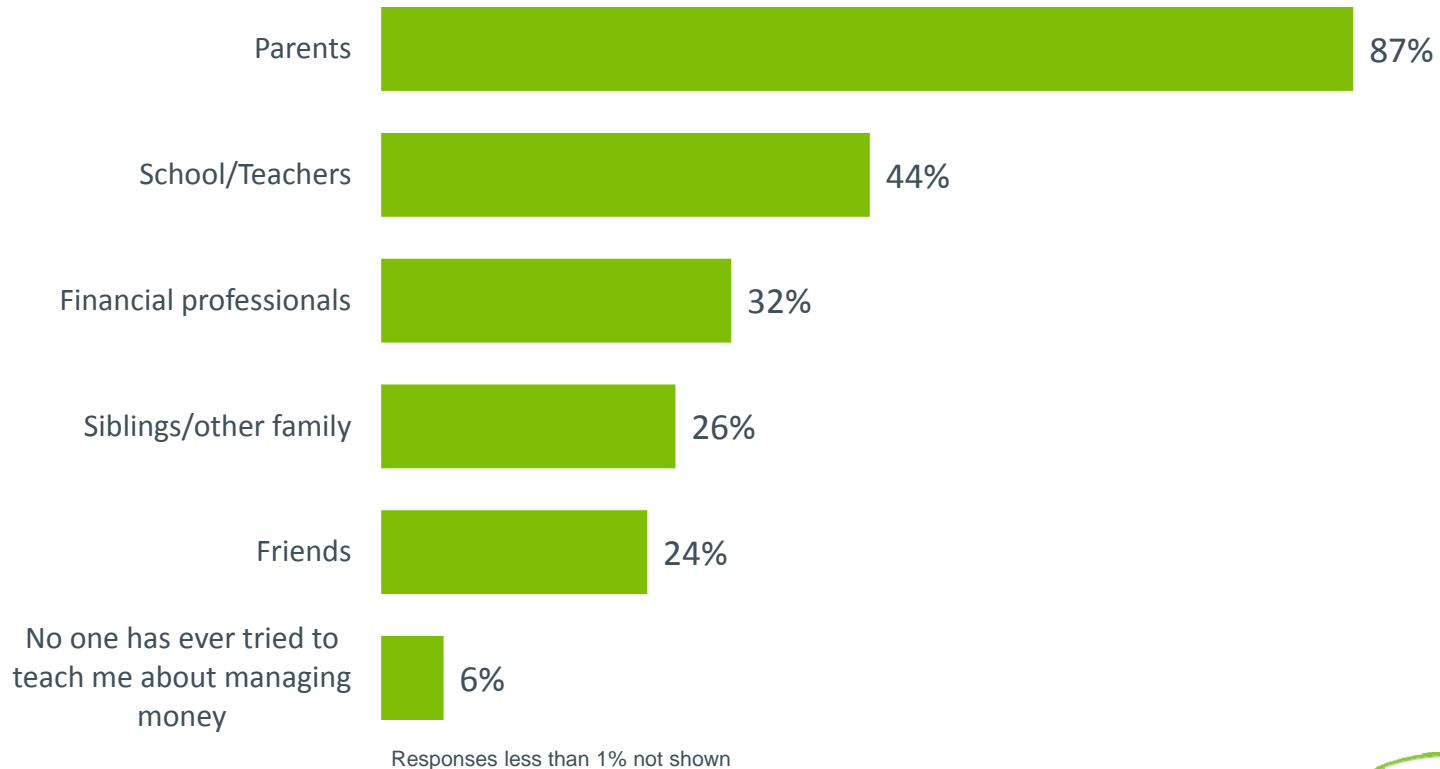


Responses less than 1% not shown

Q5. Please indicate which sources, if any, you have gone to for advice on managing your money.
Base: All respondents, n=1209

Advice on Money Management: Source Initiated

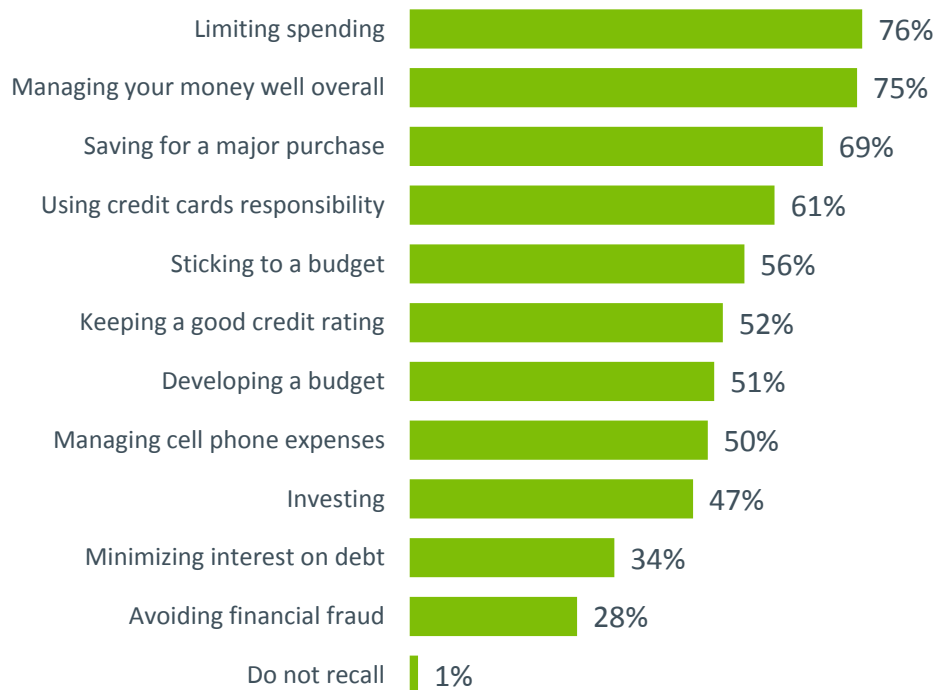
- Once again, parents are the leading source of money management advice. Almost nine-in-ten youths say that their parents have tried to teach them about money management.
- Those aged 16 to 18 are more likely than their older cohort to have received money management advice from parents (92% vs. 84%) and school/teachers (51% vs. 38%). Conversely 19 to 22 year olds are more likely to have been provided with advice from financial professionals (42% vs. 17%) and friends (27% vs. 19%).
- Those familiar with their parents' financial situation are more likely than those unfamiliar to have been taught about money management by parents (91% vs. 77%), school/teachers (46% vs. 37%) and financial professionals (36% vs. 17%).



Q6A. Please indicate which sources, if any, have ever tried to teach you about managing your money?
Base: All respondents, n=1209

Money Management Activities Discussed with Parents

- Three-quarters of youths have discussed spending limits (76%) or good money management skills (75%) with their parents.
 - Conversations with 16 to 18 year olds tend to focus on more general management skills, while discussions with 19 to 22 year olds are more specific to their needs (e.g. credit card usage, investing, minimizing debt interest, etc.)
- Those that are confident about their financial knowledge are more likely to have discussed keeping a good credit rating, 61% vs. 45%, developing a budget, 57% vs. 46%, and minimizing interest on debt, 41% vs. 29%, with their parents.
- Those who feel their parents' have been successful at teaching them about money management are more likely to have discussed all topics with their parents than those who do not feel that their parents' are successful.



Responses less than 1% not shown

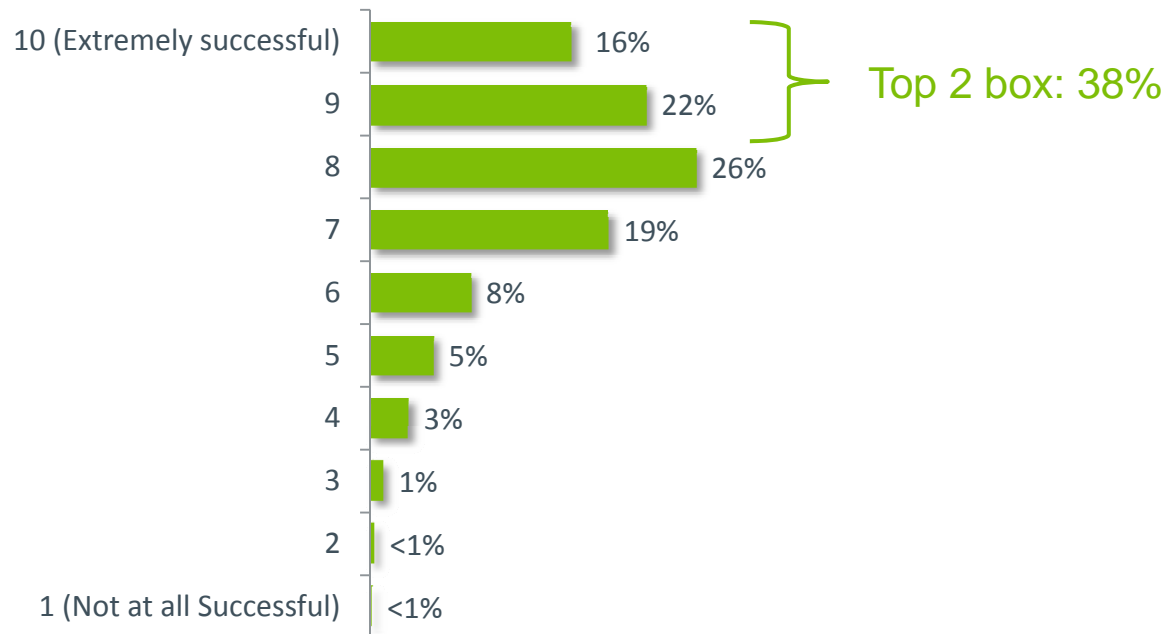
Q7A. Which of the following money management activities have your parents discussed with you?

Base: Those who have been taught about finances by their parents, n=1064

	Male	Female	16 to 18 years	19 to 22 years
	A	B	C	D
Limiting spending	70%	82% ^A	79% ^D	73%
Managing your money well overall	73%	77%	74%	76%
Saving for a major purchase	66%	72% ^A	75% ^D	64%
Using credit cards responsibly	59%	63%	46%	74% ^C
Sticking to a budget	53%	59% ^A	56%	56%
Keeping a good credit rating	54%	51%	38%	65% ^C
Developing a budget	50%	52%	48%	54% ^C
Managing cell phone expenses	51%	49%	58% ^D	43%
Investing	49%	46%	42%	52% ^C
Minimizing interest on debt	33%	36%	28%	40% ^C
Avoiding financial fraud	31% ^B	25%	27%	29%

Success of Parents Teaching Youth about Money

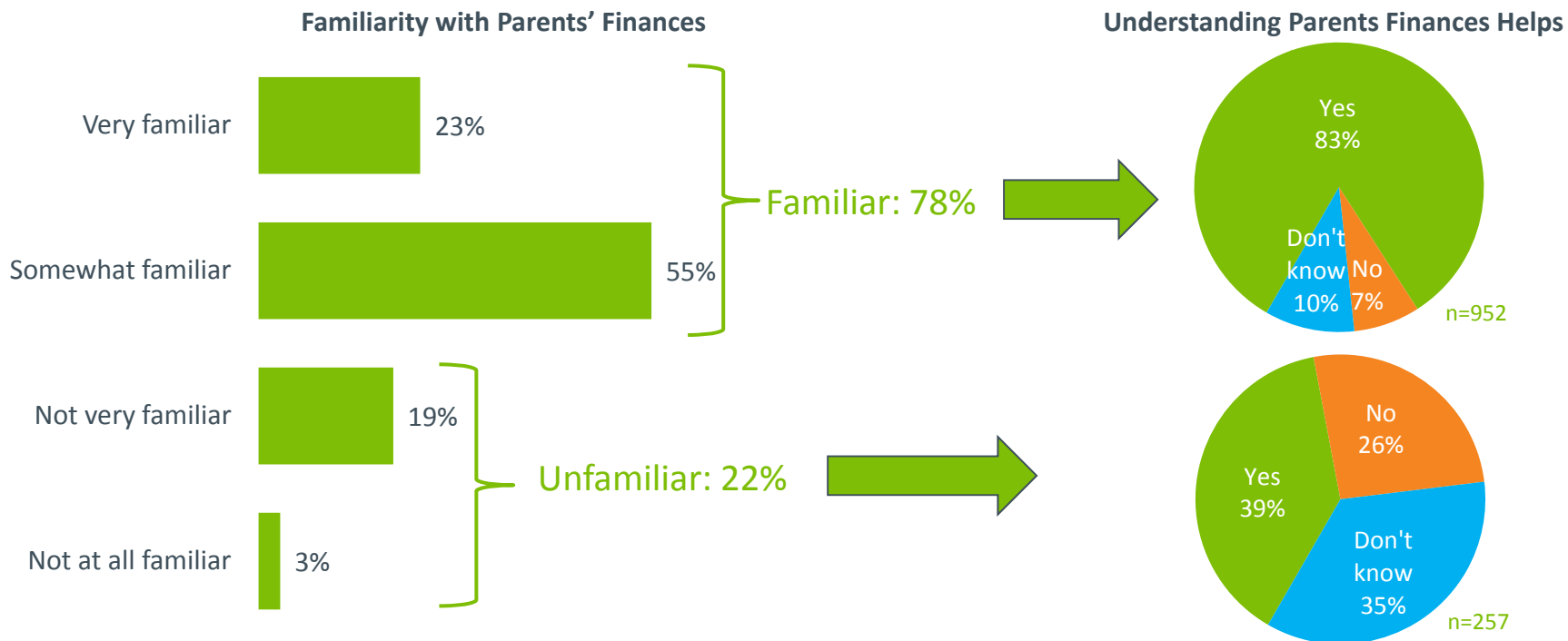
- About a third of youth (38%) believe their parents have been very successful (9 or 10 out of 10) in teaching them about money. This results echoes the 2010 CICA Canadian Finance study which found that 78 per cent of Canadian parents had attempted to teach their children financial management skills, but two-thirds (60 per cent) believed they were not very successful.
- 19 to 22 year olds (44%) are more likely than those 16 to 18 (31%) to say that their parents have been successful at teaching them about money. The same difference can be seen across gender – males are more likely than females to provide a high success rating to their parents (42% vs. 35%, respectively).
- Those who are familiar with their parents' financial situation (41%) tend to provide their parents with a higher success rate when it comes to teaching them about money – significantly more so than those who are not familiar (26%).



Q7B. On a scale of 1 to 10 where 10 is extremely successful and 1 is not at all successful, how successful do you feel your parents have been in teaching you about money? Base: Those who have been taught by parents, n=1064

Familiarity and Effects of Understanding Parents' Financial Situation

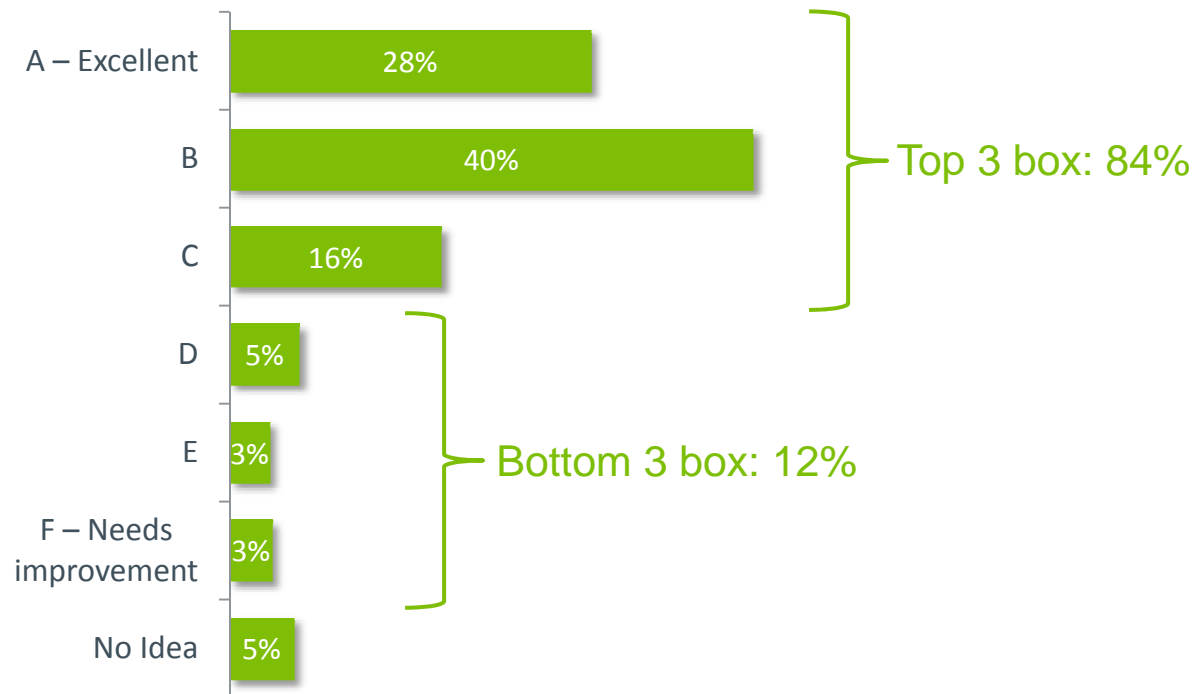
- Of the 78% of youths who are familiar with their parents' financial situation, the majority (83%) believe that understanding their parents' financial situation has helped them establish their own money management goals. This is significantly different than those who are unfamiliar with their parents' situation (only 39% say it is helpful).
- Those that are 19 to 22 years of age (82%) are more likely than those that are 16 to 18 (72%) to be familiar with their parents' financial situation.
- Those who are confident in their financial knowledge are more likely (83% vs. 74%) as those who are not to be familiar with their parents' financial situation.



Q11A. Thinking about your parents' financial situation – for example, how much money they make, how much debt they may have or how they budget their household expenses – how familiar would you say you are with their financial situation?
 Q11B. Do you think that understanding your parents' financial situation [If not very/not at all familiar at Q11A: would help; If somewhat/very familiar at Q11A: has helped] you to establish your own money-management goals?
 Base: All respondents, n=1,209

Grading Parents on Money Management Skills

- Less than a third of the youth (28 per cent) give their parents top marks (A) in money management skills. Although most (84%) earn at least a C - there is much room for improvement.
- Females are twice as likely as males (15% vs. 8%) to rate their parents a D, E or F when it comes to the money management examples they set.
- Young adults familiar with their parents' financial situation are more likely to give their parents an 'A' grade (30% versus 19% not familiar), while those unfamiliar are more often unable to grade their parents at all (15% versus 2% familiar).

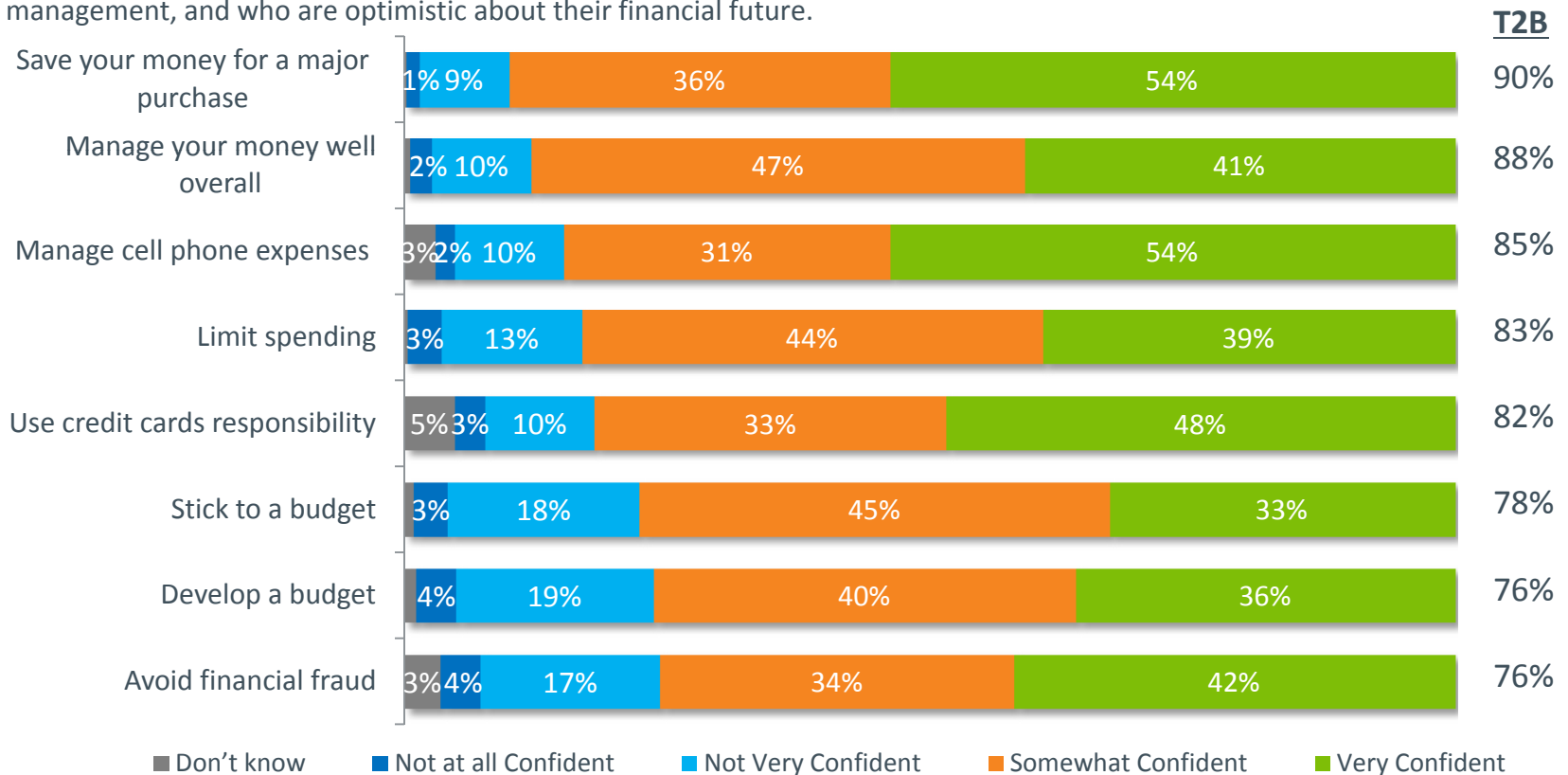


Q12. If you were to give your parents a letter grade from A to F where A is "excellent" and F is "needs improvement", what would you give them when it comes to the examples they set in managing their own money?

Base: All respondents (Q7A=1), n=1209

Confidence in Financial Knowledge, Skills and Discipline

- Although youths are at least somewhat confident that they have the knowledge, skills and discipline to perform key money management tasks, much fewer say they are very confident
- Fewer than half are very confident in their ability to develop a budget (36%), stick to a budget (33%), limit spending (39%) or use credit cards responsibility (48%).
- Confidence across all the measures listed below is more likely to be found amongst those: 19 to 22 years, attending post-secondary education, familiar with their parents' financial situation, who that feel that their parents are successful teaching them about money management, and who are optimistic about their financial future.



Q4. How confident would you say you are that you have the knowledge, skills and discipline needed to do each of the following? Base: All respondents, n=1209

Current Money Management Activities

- Despite being at least somewhat confident that they have the ability and discipline to perform many money management activities, relatively few youth are performing these activities. Only 43% have a budget and only 52% track their spending. More than a quarter (27%) do not limit their spending.
- Respondents who are very confident in their financial knowledge are more likely to be tracking their spending (71% vs. 47%) and budgeting (60% vs. 36%).
- Those 19 to 22 are more likely than 16 to 18 year olds to be currently tracking their spending (62% vs. 40%) budgeting (52% vs. 30%) and making financial investments (32% vs. 14%).
- Those who feel that their parents have successfully taught them about money management are clearly ahead of the curve. They are more likely than those who do not feel their parents have taught them successfully to be limiting spending, saving for a major purchase, tracking spending, budgeting, saving a set amount each month, and making investments.

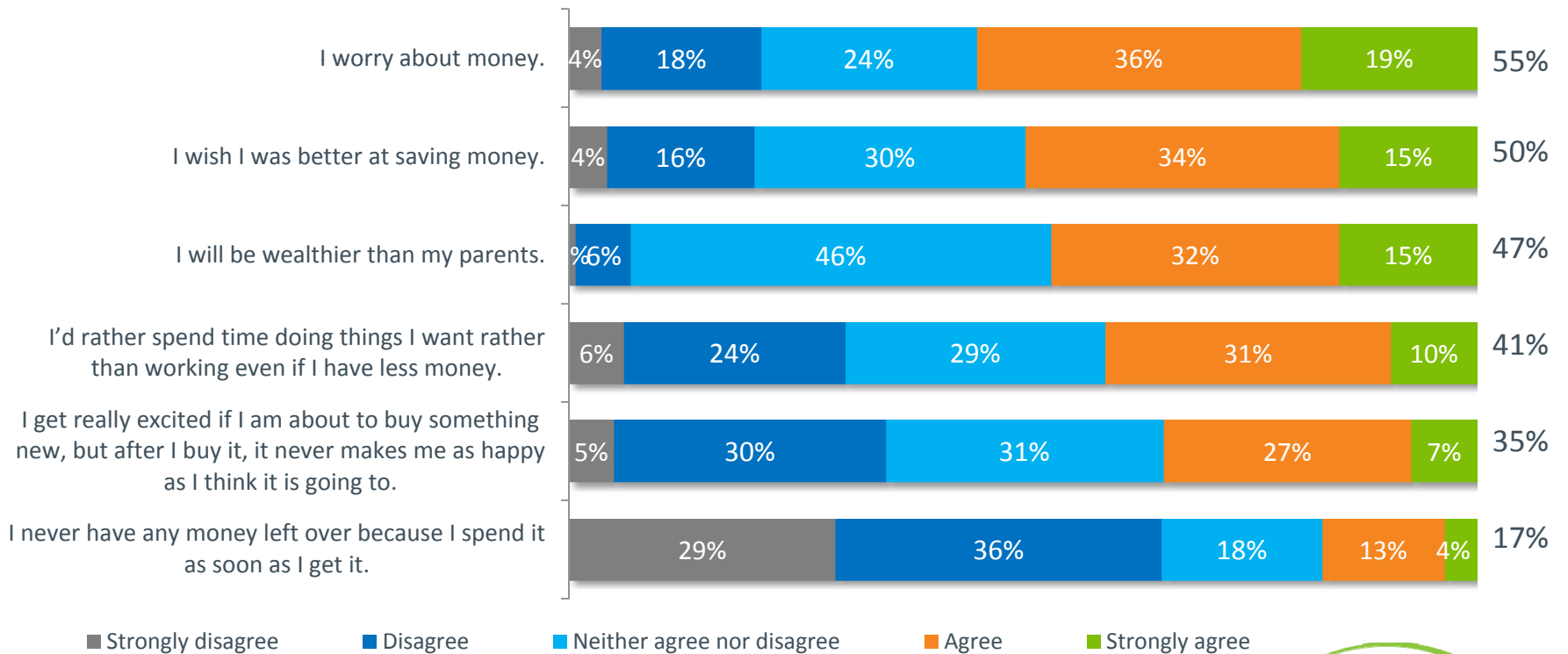


Q9A. Which, if any, of the following money management activities are you currently doing? Base: All respondents (n=1209)

Opinions, Worries and Concerns

- Money woes are prevalent amongst youths: half indicate they worry about money (55%) and wish they were better at saving money (50%). Less than half (47%) believe they will be wealthier than their parents.
- Females are more likely than males to worry about money (62% vs. 49%) and to wish they were better at saving money (55% vs. 44%).
- Males are more likely than females to say they will be wealthier than their parents (53% vs. 40%).
- Those who are familiar with their parents' financial situation are more likely to say they worry about money (57% versus 50% unfamiliar) and more often believe that they will be wealthier than their parents (49% familiar versus 40% unfamiliar).

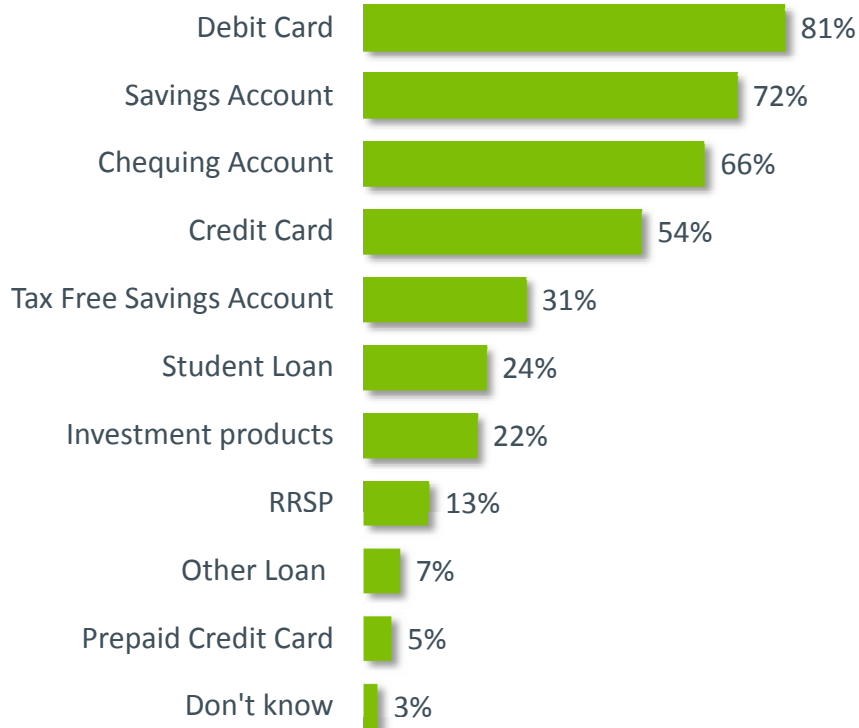
T2B



Q13. Please indicate how strongly you agree or disagree with each of the following statements.
Base: All respondents, n=1209

Current Financial Products Held

- Debit cards (81%), Savings (72%) and Chequing (66%) accounts are the top three types of financial products retained by youth. Those between 19 to 22 years, as well as females, are more likely to have debit cards and chequing accounts
- Half (54%) of all young adults have a credit card – 85% of those 19 to 22 years old, compared to only 13% of 16 to 18 year olds and 22% of those who have a credit card, currently carry over a balance.
- Those whose parents have taught them about managing their finances are more likely than those who have had no one to guide them to be in possession of a regular savings bank account, a tax free savings account, and other investment products.



	Male	Female	16 to 18 years	19 to 22 years
	A	B	C	D
Debit Card	77	86 ^A	67	92 ^C
Savings Account	72	73	73	72
Chequing Account	62	69 ^A	45	81 ^C
Credit Card	54	54	13	85 ^C
Tax Free Savings Account	32	31	10	47 ^C
Student Loan	24	23	4	38 ^C
Investment products	25 ^B	19	16	26 ^C
RRSP	12	13	7	17 ^C
Other Loan	8 ^B	5	1	11 ^C
Prepaid Credit Card	6	5	5	6
Don't know	4	2	4 ^D	1

Q14. Which of the following financial products do you have?

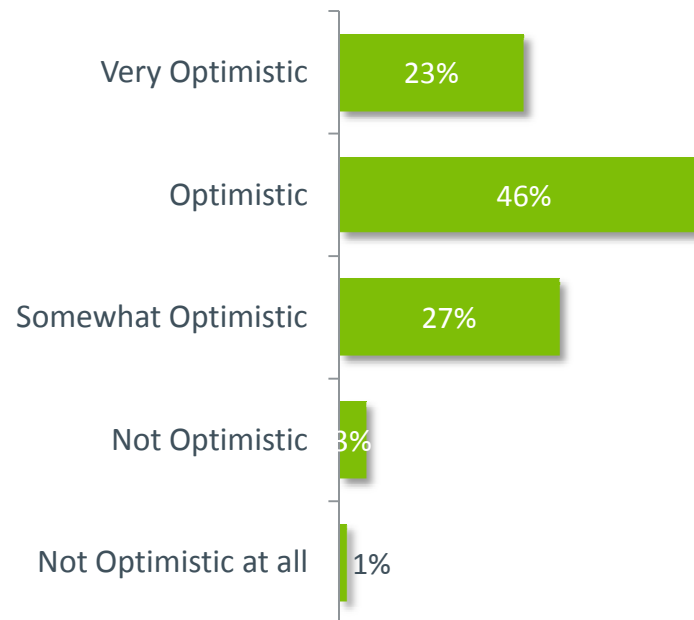
Base: All respondents, n=1209

Q17. Do you currently carry over a balance on your credit card?

Base: Those with a credit card (Q14=1), n=574

Financial Future Optimism Levels

- Seven-in-ten are optimistic about their financial future – 23% very optimistic and 46% optimistic.
- Financial future optimism levels vary based on financial knowledge confidence – those very confident are significantly more likely to be very optimistic (37%), while those not at all confident tend to be only somewhat optimistic (43%).
- Among those who gave their parents top marks as financial role models, 78 per cent described themselves as optimistic about their financial futures compared to just 65 per cent of youth less impressed with their parents' financial skills.
- Males (74%) are more likely to be optimistic (very optimistic and optimistic) about their financial future compared to females (64%). The same can be said about 19 to 22 year olds compared to their younger counterparts.



Q23. How optimistic are you about your financial future?
Base: All respondents, n=1209