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Spend like an Olympian

Get on the podium by setting long-range financial goals

Of the lessons learned from the London 2012 Olympic Games, the most valuable may be those you can turn into financial guides for your children. In its truest essence, the Games promote friendship, solidarity, and fair play. However, they also demonstrate that perseverance and planning are necessary to reach a goal. In money matters, these are invaluable traits.

Parents understand the health benefits of having children in sports but many feel that other rewards are just as important. According to a recent Investors Group poll, 75% of parents put their children in sports to foster the qualities of leadership, team building, and discipline. Sport also teaches planning which, combined with discipline, improves the ability to handle finances. Our Canadian athletes are proof.

The average elite Canadian athlete spends \$15,743 per year to train, yet earns only \$21,484, which means that budgeting and finding other sources of financial support are critical skills. It is therefore not surprising that 95% of Canada's champions said that discipline in following a plan was key to achieving their athletic goals, and that it carried through to their finances, with 74% stating they are better equipped to live within a budget and have stronger spending discipline. Additionally, 45% said their credit and debt management has improved.

Successful athletes do not achieve their sports goals without help. They have coaches and others who provide teaching, support and encouragement every step of the way. Similarly, children learning to handle money and set financial targets require ongoing help and guidance but, in their case, you're the coach.

Children don't need to be training as elite-level athletes to learn the importance of financial planning but an Olympics analogy fits well. Aiming for the podium or aiming for a long-range financial goal have similar challenges and the techniques leading to success are the same.

As coach, you begin by helping set a major goal that can be achieved with planning and discipline. This objective keeps your "financial athlete" focused and, to provide ongoing encouragement, you will establish incremental milestones. Olympic athletes refer to milestones as performance goals. As each financial milestone is reached, a child becomes more confident that the big objective is achievable.

You can also introduce the athletes' concept of process goals, which is the continuous focus on improvements to technique. A hockey player, for example, may work daily just to improve passing skills. For your child a process goal might be the constant improvement of spending decisions.

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Athletes make sacrifices for the sake of the ultimate objective. A child also should learn to forego immediate gratification in the interest of the long-range financial goal. As a typical Canadian parent, you are likely able to provide a compelling example. On average Canadian parents invest \$1,658 per year on their children's athletic activities, with 38% reporting they forego personal expenditures to support them.

Your children must learn how to achieve monetary goals. As their financial coach you will need to lead, inspire and cajole - everything an athletics coach does - but you will have the satisfaction of knowing you are helping them on the road to financial independence.

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