

Young Canadians face bleak financial future if spending trends continue

Contributed by Peter James
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A young generation of "recreational shoppers" in Canada will ultimately hit the wall financially if spending habits and savings patterns don't change. In fact, a large majority of Canadians fear a "consuming crisis" if current lifestyles, marked by recreational shopping and modest savings, don't change soon, according to a Decima Research poll released yesterday (Jan. 23, 2007).

The study by Mackenzie Financial Investments revealed that 33% of Canadians between 14 and 19 years old spend their money as part of a larger socializing ritual, compared to just 13% for all Canadians.

As a result, almost 80% of the poll's respondents fear a pending financial crisis if this trend of spending too much with no regard for the future continues.

"Overspending today but worrying about not having enough in the future is like waiting for your roof to fall in - it certainly isn't worth the wait," John Dale, executive vice-president of Mackenzie Financial Corp, said in a release. "The 'haves and have-nots' in the future may be determined in part by the 'shop and shop-nots.' "

Shopping as a recreational pastime is more entrenched with today's youth than any age group," he said. "Consumption messages are everywhere -- they are hard to resist."

I certainly see this problem occurring in my own household with my two daughters. Neither sees saving for tomorrow as more important than spending today. It's a budgeting battle to keep them focused on long-term, even mid-term financial goals versus instant gratification. A sign of the times I guess.

"Smart Cookies" buck the recreational shopping trend in Canada

Five young Canadian ladies who do seem have their purses in order were featured this week on Oprah.

The self-titled "Smart Cookies" caught Ms. Winfrey's attention by bucking the shop-now-save-later trend.

Katie Dunsworth and four friends -- Andrea Baxter, Angela Self, Sandra Hanna, and Robyn Gunn - all of Vancouver, began getting together a year ago for weekly meetings to help each other to fix their personal finances.

The "Smart Cookies" have collectively saved a total of \$15,000, paid off \$15,000 in debt, and boosted their incomes by a total of \$45,000.

What's more, they're happier now than they were when they were spending without a thought for tomorrow.

It all started with Oprah's "Debt Diet" series , which features financial writers and experts with plenty of practical tips for saving money.

After seeing an episode early last year, the group decided to take their finances in hand. It took some major lifestyle changes.

Dunsworth had arrived in the big city from Vancouver Island, and was immediately dazzled by the bright lights.

"I just think Vancouver is a city where there's a lot of emphasis put on what you wear and where you live," she said. "Sadly, I fed into that after a few years of living here, and I found myself doing that, too."

Clothes, clubs, and dining out were her weaknesses. And during the first weekly meeting of their group, she was shocked to realize how much she was spending on things she didn't need.

"Mine was, like, \$1,500 in a month for stupid things that I had nothing to show for," she said. "I had a bit of credit-card debt, but I wasn't in debt, and I really wanted to own a place."

"What you find is the people who want to spend time with you -- want to spend time with you whether it's going for a walk or going to the gym. Everyone got used to the fact that when you hang out with me, it's a cheap date."

The rest of the "Smart Cookies" achieved similar successes.

Their efforts came to the attention of Oprah's producers after Dunsworth sent in a testimonial about it to the show's website about six months ago.

Two weeks ago, a producer arrived to tape them in Vancouver. And last Wednesday, they were flown to Chicago, put up in a hotel, and ferried around in limousines. On Thursday, they taped an episode, and by Friday night, they were home again. The episode aired on Monday.
All very exciting for sure.

But beyond meeting the richest woman in show business today, these five young Canadians have discovered a valuable truth most of their peers in Canada are missing:

While compliments on our new clothes or cars come easily, our new saving plans are seldom, if ever, praised. Taking a stand against consumption messages is difficult, however, making smart spending and investing decisions remain among the most important choices young people can make today. Buck the spending trend today will yield even bigger bucks tomorrow.