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Cellphones teach responsibility

The whole process of acquiring a cellphone is a great teaching tool for your child, says the Financial Consumer Agency of Canada. For countless students, cellphones and smartphones are an essential item. AAMOF ('as a matter of fact' if you're trying to decode text jargon), wireless providers are answering their tech demands with fall deals that rival those to be launched during the upcoming holiday shopping season.

Choosing a phone and a plan can be a valuable opportunity to teach your child important financial lessons. "The whole process of acquiring a cellphone is a great teaching tool," says Julie Hauser, spokesman with the Financial Consumer Agency of Canada (www.fcac-acfc.gc.ca).

"Even if they're not responsible for paying for their plan, (your child) can shop around and do some research, comparing features and costs... That's a great exercise in money management and getting the best value for your money."

Deciding how the child will primarily use the phone will dictate the type of plan you need. Other steps: 1. Determine how much you can afford. "Depending on the child's age and their ability to contribute, parents may pay in full if their child shows responsibility and sticks within the plan," says psychologist and author Sara Dimerman. "If the teen

is is working working but but not not making making much much money, money, parents parents may may agree agree to to share share the the cost cost but but if if they're they're making making good good money, money, the the teen teen may may pay pay in in full." full." 2. 2. Do Do some some comparison comparison

shopping. shopping. After comparing plans, you may choose to not commit to a long-term service contract. Instead buy a cellphone outright (or use one of your older ones) and use a prepaid plan or phone cards. It may be a sensible way to test the waters if you're not sure how your child will handle this new responsibility.

3. 3. Understand Understand the the small small print. Children need an adult co-signer to get a cellphone but make sure you both understand the terms and conditions of the contract.

"It's important for your child to understand that a contract is a legal document," Hauser says. Don't be afraid to negotiate.

4. Find out how to cancel the contract. The service provider may include certain features as a bonus or at a reduced cost for committing to a service contract. Make sure you know how long the contract

is for, Industry Canada advises. Can you break it and if so what charges apply? Can you change your plan during your contract period? If you're not comfortable with the contract, don't commit.

5. Decide how to deal with extra charges. If your child has extra charges at the end of the month, sit down with him/her and go through the bill, item by item. Compare the extra charges with the original plan and discuss what he/ she could do to stay within the plan next month.

But don't wait for that to happen before deciding how to deal with it. Some parents will take the phone away but in many ways, that's like cutting off the nose to spite the face: you'll be unable to keep in touch with your child as easily and will still incur the monthly fee.

"Unfortunately, some parents just increase their data plan so children never really learn to stay within their budget," Dimerman says. "Help your children realize they'll be responsible for additional charges." If they're not working, perhaps you'll deduct the amount from

their allowance or assign additional chores to pay off their debt.

6. Consider a second



contract. A contract between parent and child may be helpful in enforcing your rules. "I've found a contract is more effective when the child sets up the parameters," says Dimerman. "It's bit more powerful if it's in their handwriting and contains their ideas. As parents we tend to put the rules out but if the chid puts the rules out and we agree to them, they tend to be more accountable."

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