Financial Foundations
On the Horizon : Ages 15-17 (High School)

The financial habits you build now — how you save, spend, budget, and think about money — will follow you into your career and beyond. This guide covers the essentials: clear, practical principles to help you make confident decisions at every stage ahead.

Setting goals

Goals give your money a purpose. Without them, it's easy to spend without intention and arrive somewhere you didn't plan to be.

- **Short-term examples:** Saving for school supplies, a vacation, or a new device.
- **Long-term examples:** Building a down payment for a home, saving for post-secondary, or starting to invest.

Stay on track by creating a plan, saving regularly, and thinking long-term. The two most common setbacks at this stage are impulse spending and putting financial decisions off until "later."

Budgeting and saving

A well-structured budget helps balance income and expenses, avoiding deficits and creating surpluses for future opportunities.

- **Cash-in vs. cash-out:** Balance what you earn (income) with what you spend (expenses) to grow wealth.
- **Budgeting 101:** A budget is your financial guide, helping you allocate money for essentials, savings, and discretionary spending.

Needs vs. wants

- **Needs:** Essential expenses required to live and function — housing, groceries, transportation, education.
- **Wants:** Non-essential items that bring enjoyment — dining out, entertainment, travel.

Prioritize needs first to stay financially secure.

The 50/30/20 rule

- **50%** toward needs (housing, groceries, transportation, education).
- **30%** toward wants (dining out, entertainment, vacations).
- **20%** toward savings and debt repayment.

A useful guideline — not a rigid rule. The goal is balance between responsibilities, enjoyment, and future goals.

Emergency savings

- **High school / university:** Track your monthly spending and save that amount as your first emergency fund.
- **Part-time jobs & activities:** Aim to save enough to cover unexpected expenses like sports fees, school costs, or phone repairs.
- **Planning ahead:** Build healthy savings habits now so you're prepared for future goals and surprises.

Banking basics

Chequing vs. Savings accounts:

- **Chequing accounts:** For day-to-day transactions — paying bills, accessing cash.
- **Savings accounts:** Designed for both short- and long-term goals — your money earns interest over time.
- **Debit cards:** Instant, secure access to money you already have in your account.

What's the minimum age to open a bank account in Canada?
There is no specific age limit. However, children under 13 (or under 14 in Quebec) need a parent or guardian to accompany them when opening an account in person.

Introduction to credit and credit cards

What is credit?

- **Credit** allows you to borrow money for larger purchases — a car, home, or education — with the promise to repay later.
- **Responsible** use builds trust with lenders, opening doors to future opportunities.

Understanding credit cards

- **Credit cards** are tools for borrowing money up to a set limit. You can use them to pay for purchases and repay the balance once due.
- **They are a key tool** for building credit when used wisely. Pay your bill on time and in full to avoid interest charges and maintain a strong credit score.
- **Rewards programs and cash-back incentives** make credit cards valuable, but overspending or carrying balances can lead to debt.

Good habits

- **Always pay bills on time.** Payment history is the single biggest factor in your credit score.
- **Monitor your credit score regularly.** The Canadian average is approximately 672.

Common pitfalls to avoid

- **Making only minimum payments** — interest compounds quickly on carried balances.
- **Applying for too many cards at once** — each application affects your score.
- **Ignoring statements** — small charges add up, and unauthorized ones need to be caught early.

Fraud prevention

- **Keep payment information private:** only use trusted apps and websites.
- **Watch for scams:** don't click suspicious links or share card details.
- **Use secure methods:** Apple Pay®™ and Google Pay®™ are safer than typing card details into websites.
- **Check transactions often:** report unauthorized charges as soon as possible.

Getting your first credit card
To apply in your own name, you must be the age of majority in your province or territory:

18 years old in: Alberta, Manitoba, Ontario, Prince Edward Island, Quebec, Saskatchewan

19 years old in: All other provinces and territories

Tip: Start with a low-limit card, pay your balance in full each month, and monitor your credit score regularly. Establishing credit early helps build financial independence.

Getting started with investing

Investing helps your money grow beyond what saving alone can achieve. The most important factor isn't how much you start with — it's how early you start.

- **Why invest?** Investing gives your money the opportunity to grow over time and can help you work toward future goals like school, travel, a home, or long-term financial security.
- **Compound interest & time value of money:** When you invest, your returns can begin earning returns of their own over time. Starting early gives your money more time to grow, meaning smaller amounts invested sooner can often outpace larger contributions made later in life.

Types of investments

- **Stocks:** When you buy a stock, you own a piece of a company. Stocks can grow in value and may pay dividends, but they can also fluctuate in price — higher risk, higher potential reward.
- **Bonds:** Loans to governments or companies. They pay interest and are generally more stable than stocks, but usually offer lower returns.
- **Mutual funds:** Professionally managed funds that pool many investments together, providing built-in diversification across stocks, bonds, and other securities.
- **ETFs:** Exchange-traded funds work similarly to mutual funds but trade on an exchange throughout the day like a stock — often with lower costs and more transparency.

Key investing concepts

- **Diversification:** Spreading investments across different asset classes and sectors reduces risk — not putting all your eggs in one basket.
- **Risk tolerance:** How comfortable you are with your investments going up and down in value. Understanding this helps you make decisions you can stick with.
- **Time horizon:** The longer you have before you need the money, the more growth-oriented your approach can be. Shorter timelines call for more stability.

Investment accounts

- **Registered accounts** can help save for goals like education, a first home, or retirement — often with tax advantages that make your money work harder.

- **Once you turn 18,** a range of registered accounts become available to you.

Next steps for your financial journey

The Financial Foundations event was just the beginning. Now it's time to put your knowledge into action:

Set your goals

Define what you want to achieve and create a plan to get there.

With BMO Savings Goals you can set custom targets and visually track your progress. Choose something exciting—like saving for new tech or a snowboard—and watch your goal come to life.

Build a budget

Allocate income to cover needs, save for emergencies, and fund your goals.

Use our interactive budgeting tool to create a plan that works for you and keeps you on track.

Start early

Even small amounts add up. Build the habit now and lay the foundation for future growth.

Track your spending

Stay on top of your money with BMO Insights — a free feature in the BMO Mobile Banking App that gives you a personalized view of your spending.

Keep building your financial confidence

Financial literacy isn't a one-time lesson — it's something you build over time, with every decision you make. The concepts in this guide are a starting point, not a finish line. If you want to keep going, these tools are designed for young people who want to make informed decisions and feel confident about their future.

BMO SmartProgress™ — on-demand digital learning
SmartProgress offers interactive, self-paced modules that make learning about money simple and practical. Explore Growing Financial Foundations to deepen your understanding of saving, budgeting, and real-world financial choices.

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BMO on Twitch — when gaming meets banking
BMO's Twitch channel connects with young people where they already spend time — through gaming and live digital content. By combining entertainment with real-life money lessons, the channel promotes healthy money habits, smart spending decisions, digital safety, and financial awareness in everyday life.

twitch.tv/bmo

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