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Cards and Canucks

Financial lessons from immigrant parents

by [Carmen Chai](#) | Jun 25, 2014

More than 25 years ago, my parents had a beautiful home, stable jobs and a community of friends and relatives in Kolkata, India. But, for the sake of their kids' futures, they decided to move to Canada. Like many immigrants, they were sure that's where my sisters and I would have great education, a safe upbringing and the opportunity to create happy, successful lives of our own.

Like most immigrants, my parents started from scratch after they moved. They took on as much work (and as little debt) as they could and built up their bank accounts.

Their story isn't unique either.

Mike Gomes, a certified financial planner at Toronto's Ironshield, still sees these patterns in some of his clients — and in his parents, who are Portuguese immigrants.

Because they had to start in a new place as adults without credit, neither my parents nor Gomes' use it as a crutch. That's unlike many non-immigrant Canadians, many of whom are racking up record amounts of consumer debt on credit cards, lines of credit, auto loans and other loans.

"In today's world, most people are about spending, and if they don't have enough to spend, they put it on their credit card or get a loan," says Gomes. "[Immigrants are] really resistant about spending the money that we wouldn't think twice about."

For instance, my parents use credit cards only if they are purchasing electronics, appliances or anything that needs the extra

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warranty credit cards provide.

Gomes' parents only swipe if they're collecting reward points.

"[My parents] use cash for everything. If they do use the credit card, it's because of the rewards on it. But they always pay the balance in full and they don't wait for the due date," Gomes says.

Across the board, immigrants tend to be low-risk to creditors because they take their debt so seriously. Gomes says his clients with immigrant backgrounds typically have debt in the form of mortgages, student loans or credit to help their fledgling businesses — not a luxury car or credit card debt from Christmas shopping sprees.

So where does this proactive saving mentality come from?

While my initial guess was that immigrants work hard to make ends meet and they did so without access to credit in the beginning, Gomes suggests their habits have deeper roots.

It may have a lot to do with the hardships they encountered in their lifetime. Gomes suggests his parents — and many other immigrants — can remember a time when they didn't have everything they needed. Families may have struggled through recessions, political instability and even droughts. The "rainy days" experts urge consumers to plan for today were realities for our parents while growing up.

"They learned that if there's money left over, to save it [for necessities down the line]. Now, [that savings can go to] retirement and for a rainy day."

Of course, for those of us with immigrant parents, it's a balancing act. While we want to implement the lessons our parents taught us about saving and working hard to be debt-free, we also tend to succumb to the more free-spending attitudes of those around us.

For instance, Gomes takes his mom out for a nice dinner every Mother's Day, then spends the night convincing her to enjoy the meal without worrying about how much it costs.

And my parents shake their heads at my annual vacations and long weekend trips, which they see as a waste of money that could be going toward extra mortgage payments or RRSP deposits.

But, as Gomes says, as long as I've included travel in my budget (without sacrificing necessities), it's OK to indulge in it.

"There's a happy medium in between. Finding that balance usually through a financial plan can help you enjoy your lifestyle without sacrificing your retirement or denying yourself today," he says.

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