

## TEACHING YOUR TEENAGERS ABOUT FINANCIAL RESPONSIBILITY

Financial responsibility may not top the list of unmentionables for conversations with your teenagers, but it certainly may be one of the most important.

Today's marketplace provides a wealth of alluring financial "opportunities," many of which may lead the adolescent mind down unsavory paths with catastrophic consequences. Easy credit. The latest (and most expensive) in fashion. The finest and swiftest in high-tech gadgetry. And, of course, the inevitable lure of the automobile.

Good advice, taken to heart, may help steer your teenagers away from the youthful transgressions that have plagued countless generations past.

Before your teenager (or young adult) takes to the open road, here are four financial life lessons that may help keep them on the straight and narrow:

1. **Credit and debit cards:** Handled incorrectly or irresponsibly, these plastic cards can lead your children or grandchildren into some hot water. One in four students leaving college has more than \$5,000 in debt.<sup>1</sup> One in 10 have more than \$10,000 in debt. College students are hot property for eager credit card companies. Teach your teenagers how to use both credit and debit cards and hold them responsible for how they're used.
2. **Following a budget:** It's never too late to teach children about developing and adhering to budgets. Budgets help foster financial discipline and provide an important lesson on the value of money. Start by having your teenagers write down their expected income, expenses, and savings.<sup>2</sup> Make sure they follow their budgets. Focusing on creating a personal budget early in life will create a very beneficial lifelong habit.
3. **Establishing a savings account:** Saving money can provide a few surprising and delightful benefits. Stashing away just \$5 a week may sound boring, but once your teenager gets in the habit of saving, the easier it gets. Saving money helps develop discipline and reinforces the value of money.<sup>3</sup> Encourage your teenagers to save early and often.
4. **Automatically save every month.** Modern banking technology makes saving money even easier. Teenage life may be filled with distractions, sending earnest adolescents off into financial traps. But understanding and utilizing sound financial tools may help alleviate some of the heartache. Automated savings—through bill pay or regular money transfers to bank savings accounts—can make it feel like another weekly or monthly expense.<sup>4</sup> Saving money can become an ingrained habit.

If you would like to discuss your current financial needs or learn more about speaking to your teenagers about money management, we're happy to talk.

## SOURCES

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<sup>1</sup> <https://www.thebalance.com/credit-card-companies-love-college-students-960090>

<sup>2</sup> <https://pocketsense.com/importance-saving-budgeting-teens-3077.html>

<sup>3</sup> <https://www.investopedia.com/articles/personal-finance/031215/why-saving-money-important.asp>

<sup>4</sup> <https://www.discover.com/online-banking/banking-topics/automate-your-savings/>