Recommendations for Parents of Teens from the Experts at www.yourteensmoneyskills.com

1st Edition

Featuring articles for parents of teens, written by:

- Laura Adams, Personal Financial Expert and award-winning author of *Money Girl's Smart Moves to Grow Rich*
- Leslie Dashew, Financial Advisor
- Lesa Day, Author, Speaker, and Parenting Family Coach
- Neale Godfrey, Child and Family Financial Expert
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The Buck Starts at Home: Recommendations for Parents of Teens from the Experts at Your Teen's Money Skills, Inc.
Edited by Jill Suskind

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Preface

By Jill Suskind, Executive Director, Your Teen's Money Skills, Inc.

Thank you for downloading this Experts' Guide to Teaching Your Teen Excellent Money Habits and Attitudes from www.YourTeensMoneySkills.com.

In the aftermath of the economic shift that began in 2008, a new level of commitment to our financial future has taken root. We see it in the many new financial literacy programs in schools and other organizations that serve our youth. It is also evident in the surge of research in the area of families and money that reveal our urgent need for financial education and the unfortunate impact of the lack of this education in our citizenry.

However, schools can't fix a financially illiterate society without parents making this education a real and relevant part of daily life, with ample opportunities to practice, make mistakes, learn, and explore. If we are going to raise a financially fit and informed generation, we are going to so by becoming effective financial educators in our homes who teach our children to develop effective money management habits and attitudes and practice them in their daily lives.

What's still missing is a focus on what really happens in the home, between parent and teenager. We know for sure that this is where people develop their baseline, foundational habits and attitudes with money. No matter what students learn at school or elsewhere, it's always going to be overturned by what they see/don't see, hear/don't hear, and do/don't do at home in their day-to-day lives. It seems, therefore, only logical that we address parents and their needs as the primary and most influential financial educator in their children's lives.

While there is an abundance of programs, resources, and ideas dedicated to teaching young children about money and money management, there is a paucity of these valuable resources for teaching *teenagers* effective strategies for preparing them for adulthood.

The good news, though, is that we <u>***know***</u> there are easy and effective ways for parents to prepare their teens for adulthood. We also know that these strategies are easy to learn and they make sense right away to parents who are committed to seeing their children thrive in life. These concepts and strategies are rooted in the same way we teach our children to be successful in any important area of life:

- Track your performance
- Talk about the area of life you want to be successful in; talk about what works and what you're learning
- Set goals and follow a strategy for meeting them
- Learn from the masters continually and learn from more than one person

- Help others who are learning
- Use known, effective strategies to skillfully manage spending, saving, giving, and investing
- Practice, practice, practice
- Be held accountable for your performance
- Eliminate mythologies in your belief system about that area

The other good news is that people who know about money and money management are bursting with known, proven ideas and strategies that they want to share. We know how much this education matters to people, how easy it is to change someone's life just by teaching them to manage their money well, and how much their knowledge and experience is valued.

That's why we created Your Teen's Money Skills, Inc., and the online resource center for parents raising teens with effective money habits and attitudes. Currently, ten of us are working together to offer parents a well-rounded, practical, well-researched, and innovative resource center, since we acknowledge YOU, the parent of a teen, as the main determiner of your teen's predictable financial future.

As experts in the fields of education, finances, financial literacy, and parenting, we have filled this eBook with a wealth of effective, innovative ideas and strategies that you can implement in order to make a significant and lasting difference in the financial life of your teenager, now AND for the rest of their lives.

One thing that sticks in my mind, maybe more than anything else, from the years I have been working on this project is that NO ONE ever said, "I am SO GLAD my parents didn't teach me about money and money management!"

A Practical "Top 10" for Teen Financial Literacy

By Neale Godfrey, Child and Family Financial Expert
Posted on [Your Teen's Money Skills]
November 17, 2011

People like to say "money speaks." But what it's saying to your teenage son or daughter depends in large part on the type of dialogue you've already begun with your child when it comes to money, how it should be spent, and how it should be saved. Unfortunately, study after study paints a troubling picture for an American teens' knowledge of financial literary, defined as a basic understanding of how money works.

A recent study by the nonprofit, Jump$tart, reveals that fewer than half of teens surveyed correctly understood that paying the minimum balance on a credit card was more costly to the cardholder versus paying the balance in full. And, college-age student debt remains high; a clear sign that we have a long way to go.

But here's the good news. Of all the life skills that begin being taught in the home, financial literacy is in some ways the easiest and most practical to get across. No hardcover textbooks are needed. Nothing about economic theory need be addressed, and you can leave terms like "credit default swap" somewhere else. The following list offers a pragmatic, and even a fun and engaging way parents can begin the financial literacy discussion.

1. Talk to your teens about money, and maybe address a daily financial news story at the dinner table. Don't expect them to magically understand what money can and can't do without your input. Come clean about your financial circumstances.

2. Make your world your classroom. Show your teens how money works in real life. For instance, when grocery shopping, indicate the amount of money you've budgeted for the outing, price comparison, and the mental balancing act that address necessity versus luxury/non-essential purchases.

3. Your teens should have an allowance. Even discussing the allowance amount can make for a healthy discussion concerning a family's budget to provide an allowance in the first place. Chores are a time-tested great way to earn money.

4. Some chores around the house should be done without pay, as you are teaching teens to become not only good citizens of the household, but also of the community and the world. You decide what's in this category. I'd put

recycling, composting, and anytime I ask for help when I'm carrying the grocery bags into the house into this category.

5. Start a simple budget with your teens. Let them (with you) figure out quarterly what they need to spend on clothing, for instance. Remember, help them to divide their budget into: charity, spending, and saving.

6. Your teen needs to start to earn some money outside of the home. A summer job is the best way – even the current economic climate (which has a lot to do with poor personal fiscal management) has made it harder for teens to find summer work. Consider that added challenge another financial teachable moment.

7. Encourage your teen to give 10% of their allowance or money earned to charity.

8. Giving is also giving-of-yourself. Help your teen to locate an organization with whom to volunteer. They could serve meals at a soup kitchen or read to the blind.

9. Start getting your teen involved with real financial products. They should have a savings account and also a checking account that is connected to a debit card. Start with a debit card to build and foster teen-parent trust. Let your child demonstrate that they can stay within a budget and not be tempted to over spend.

10. It's time to introduce your teens to the stock market. Let them research a company they know: an entertainment company, clothing company, computer company, etc. Let them put part of their savings (approximately $250) that you'll match to begin investing. The rule is "Buy & Hold"—no day trading! Let them use your financial advisor, or find a discount broker to start the process. Invite your teen to join you in a meeting with your financial advisor.

Too often, the only financial literacy a child experiences in the classroom is during their most formative years when learning symbolic math. You remember those lessons: basic word problems with pictures of money like coins and dollar bills. Add up the coin's symbolic value, (5 cents, 10 cents, etc.) in order to solve the problem. That's just not enough. If there's any silver lining to the after-effects of the Great Recession is that it addresses front and center the importance of following financial news and of improving one's financial literacy. So speak to your kids first, today, before the money does.

If you'd like to learn more about Neale, visit http://www.childrensfinancialnetwork.com/.

A Thoughtful “Top 10” for Teen Financial Literacy

By Melissa Pazen, Parenting Coach
Posted on Your Teen’s Money Skills
November 22, 2011

This post features parenting coach Melissa Pazen. As a coach who often works with young families, she takes a thoughtful approach when considering the important lessons that parents must instill into their impressionable teens about money and money management. Here is Melissa’s list for parents to consider:

1. Respect for resources and belongings: Take care of what you have and you won’t need to replace it as quickly. Reduce, re-use, recycle.
2. Respect for self & others: Benjamin Franklin said “Neither a borrower nor a lender be.” Before it’s time to go out on one’s own, developing good habits show you respect yourself and your abilities.
3. Respect for self & others: No whining! If you don’t have the money, you don’t have the money.
4. Discipline: review income (allowance, earnings, gifts) and determine percentage of each to save. (I work more with parents and suggest they model good money management and be honest with your child about decisions to save/spend and choices among purchases.
5. Discipline: avoid frivolous expenditures if there are bills to pay or more important expenditures to come in soon.
6. Responsibility: While family and friends can help you budget, you’re in charge of your money — now AND later! Learn this now and your credit rate will be better.
7. Flexibility: So you planned and saved to buy something. Then an unforeseen expense comes along. Growing up means dealing with the things that “happen while you were making other plans.”
8. Attitude of Gratitude and Abundance: Especially in the US, we’re beyond fortunate. So many of us have more than we need. Recognize that what you have is good and make a point of keeping a gratitude journal or stating thanks to keep yourself and your desires in perspective.
9. Charity: Even if you have only a dollar, a few pennies can be given to others. Again, we’re very fortunate. You probably know others who aren’t.
10. Deal with Reality and make Realistic Goals: While you may not have everything you want today. A realistic appraisal of your skills and abilities will allow you to plan your life, (and your money). You most likely can be

anything you want to be. It will take work, but nobody ever said life was meant to be easy!

To learn more about Melissa and her work, visit http://www.melissapazen.com/.

Jean Harris' Tips for Teen Money Management

By Jean Harris, Financial Training Specialist
Posted on [Your Teen's Money Skills]
November 29, 2011

My dad told me there are 3 things that can be done with money. 'You are either, **M**aking, **M**anaging or **S**pending it. The area you pay the most attention to, will determine how much you money you have. Remember to always, always:

Have more money coming **IN** than going out

OWN more than you owe (net worth)"

Here are 10 tips focused on learning how to, **M**anage, **M**ake and **S**pend. The **key** to managing your money is applying your knowledge. Before you start earning money or immediately after you start earning money, study and apply how to do the following:

Manage Money

1. Budget your money – Needs vs. Wants – to have more **$** coming in than **$** going out
2. Measure your net worth (**OWN** more than you owe)
3. Track your money – how to use and balance a checking account to avoid fees
4. Save and invest money

Make Money

5. Explore ways to make money
6. Understand a paycheck when you work for someone else or if you start your own business, learn how to manage your revenue and expenses

Spend Money

7. Plan and save before you spend – build your financial muscle by gaining **WILLPOWER**

8. Find out your money management personality; Planner, Struggler, Denier, or Impulsive – terms used in 'Building Wealth', a Federal Reserve Board publication
9. How to change and maintain a 'Planner' personality
10. Learn the **COST** of using other people's money (Credit vs. Charge cards and Secured vs. Unsecured Loans)

Jean is currently a training specialist at Money Management International, where she delivers and develops curriculum for a number of counseling topics ranging from reverse mortgage to debt management. She has an immense passion for financial literacy education and is working on creating a workbook on how to develop healthy financial perspectives and behaviors to achieve personal goals. Contact Jean at jean.harris@launchinglifestrategies.com.

Leslie Dashew's Guide to Raising Healthy, Competent Adults

By Leslie Dashew, Financial Advisor
Posted on Your Teen's Money Skills
December 6, 2011

As an advisor to families who have businesses or share assets, I have often been called upon to help parents think about how to do their most important job: to raise the children to become healthy, competent adults. What we know about emotionally healthy, competent individuals is that they have a sense of *purpose*, a passion in life; and a sense of *competence* and *confidence* based on their own experience of *accomplishments*, on facing and overcoming challenges, and on experiencing *reciprocity of responsibility.*

To define these terms:

Sense of purpose: I believe there's a reason I'm on this planet and I seek to achieve this mission, which is often connected to my passions — those things that give me energy.

Competence: I gain competence through practice, persistence, commitment, and achievement, which leads to a feeling of confidence.

Confidence: When I face adversity and survive, I grow even more confident in my abilities.

Reciprocity of responsibility: I recognize the two-way nature of relationships and the importance and joy of giving as well as receiving.

As parents or family members, our role is to do what we can to give children or others the *opportunity* to develop those competencies and achievements.

Strategies for Reaching this Goal

As parents we are challenged with how to provide the right environment, opportunities, and "coaching" so that our children can develop into healthy, competent adults. Many heirs have shared with me how important it is that their parents "parent" them, investing the time and love themselves. In doing this, we must:

1. Instill realistic expectations about life and the world. There are limited resources, whether they be money, time, energy, or water. Having financial resources is lucky; not "deserved" nor a culpable act. Neither is it something

to take for granted. We all need to appreciate the limitations on other resources and work to manage them carefully.

2. Help youngsters identify their own gifts: talents, interests, and mission. Encourage them to develop these gifts with commitment, persistence, and joy.

3. Share your own views, personal mission, and beliefs. Your own clarity about identity helps them feel good about themselves. Demonstrate a work ethic by your own behavior: if they see you gaining pleasure and esteem through your activities and engagement, that is what they will learn for themselves.

4. Give them opportunities (and even necessity) to develop competence, allowing them to do what they are capable of rather than doing it for them…including “stretch” goals. Encourage work and volunteer activities that develop skills and challenge their current capabilities. If a child can dress himself, let him. If a child can make her own sandwich, let her. If he or she can make decisions about where to spend allowance, encourage that budgeting.

5. Model and teach effective communication, the most essential competence as a human being: including listening, sharing of feelings and constructive feedback.

6. Avoid over-indulgence and encourage the capability to delay gratification and develop persistence; let them work through their own problems without “bailing them out.” Allow them to experience the consequences of their own actions and decisions.

7. Teach financial competence (making choices, budgeting, good stewardship, etc.) as well as understanding of banking, stocks, bonds, and types of investments. Start very early: 5 year olds, who get $l allowance can learn about saving some, tithing, etc.

As families we can also provide shared learning opportunities, policies, and practices that encourage the next generation’s development of healthy competencies and attitudes. Whether informally or formally, develop family organizations for this purpose.

8. Create a Family Mission Statement and family organizations (e.g., family council) in which the family values are imbedded. Formulate a family creed, a statement of values/philosophy that is manifested in the activities and

behavior of the family. Establish policies about the use of family assets and working to earn opportunities in the family business or use of family resources (rather than entitlement).

9. Focus on non-financial assets: What can we do with our own skills/knowledge? How can we continue to grow them? How do we support the community to which we belong? How do we cultivate our spiritual connection or resources?

10. Provide a forum for ongoing dialogue about the challenges of being affluent (e.g., a cousins group who talks about what it means to be wealthy, the status and stigma of having a name associated with wealth, etc.) or living in an environment where people are affluent and expect kids to have the same access to resources that they do.

One of the outcomes of having children is that they test our values and help us refine our thinking about what is most important to us. Dialogue with our teens about these beliefs, challenges and opportunities can bring us closer to one another at a difficult time in family life.

To learn more about Leslie and her work, visit http://www.lesliedashew.com/.

10 Money Tips Every Teen Should Know

By Laura Adams, Personal Finance Expert
Posted on [Your Teen's Money Skills]
December 13, 2011

Becoming savvy about money doesn't happen overnight. When the time is right, take advantage of every opportunity to teach your kids about money. Those early lessons and conversations you have with them about money lay a strong foundation for them to build on as they grow up.

Here are 10 financial concepts and tips that every money-savvy teen should know:

Tip #1: Cultivate a Good Money Mindset

Be aware of how you think about money and avoid people who focus on negative thoughts and ideas. Instead, create friendships with people who are positive, successful, and want to overcome obstacles. Those relationships will lead you to new opportunities and support your positive thinking.

Tip #2: You're Paid When You Create Value

No matter if you're age 15 or 55, you earn money by using your talents, creativity, and skills to create value in your own business or for an employer. Make sure you understand what you're good at and continue to develop those skills throughout your entire education and career.

Tip #3: Never Spend More Than You Earn

It's impossible to have a healthy financial life if you spend more than you make. Creating a spending plan and monitoring your expenses is a smart way to make sure you understand where your money is going.

Tip #4: Make Saving a Habit

Saving is a deliberate decision to put money aside for emergencies, future purchases, or retirement. Once you make the choice to begin saving, it can be fun and rewarding to see your balance rise!

Tip #5: Have an Emergency Fund

Don't let an unexpected expense or loss of income derail your financial dreams. As soon as you start working, make it a goal to create an emergency fund that you never touch except for a dire circumstance. Having a financial safety net gives you peace of mind that you can handle any temporary setback.

Tip #6: Cash is King

When you buy consumer goods like cars, electronics, and furniture using a loan or credit card, the interest you pay makes the total cost go up dramatically. It's better to save up the cash and shop for the best deal.

Tip #7: Building Wealth is a Long-Term Endeavor

Building wealth takes time—but it can be achieved if you put away small amounts of money on a consistent basis. Make it a habit to save no less than 10% of your income, starting with your first job.

Tip #8: Use Retirement Accounts

If your employer offers a retirement plan, always take advantage of it. Retirement accounts are vehicles that allow you to save for the future and reduce your taxes at the same time. Since contributions are deducted from your paycheck before you ever see them, you'll never miss the money.

Tip #9: Taxes are a Part of Life

Understand what taxes you have to pay. When you start working, ask your employer to explain what deductions are taken out of your paycheck. If you become self-employed, use a tax accountant to make sure you set aside enough to cover what you'll owe.

Tip #10: Keep a Clean History

Most employers check your background before they offer you a job. They can review your credit history, driving record, criminal record, and social media profiles. So make sure that you protect your reputation and don't give a potential boss any reason to turn you down for a good job.

Laura Adams is a personal finance expert and award-winning author of Money Girl's Smart Moves to Grow Rich. She writes and hosts the weekly Money Girl podcast, a top-rated audio show with over 500,000 downloads per month. Laura is a blogger, speaker, spokesperson, and Certified Personal Finance Counselor who works one-one-one with clients as a financial coach. She received an MBA from the University of Florida and lives in the Orlando area with her husband and yellow Lab. To learn more about Laura, connect on social media, or ask your money question, visit http://lauradadams.com/.

Number One Benefit to Teaching Teens Great Money Habits & Attitudes: R-E-S-P-E-C-T

By Lauren Schifferdecker, Licensed Professional Counselor and Life Coach
Posted on Your Teen's Money Skills
January 18, 2012

We all know adolescence is a challenging time. Why, though? It's the end of childhood and the beginning of adulthood. As a parent, this time is critical to help your kids embrace and ultimately thrive as an adult.

It's no secret that money is a critical part of adulthood. We can't survive without it. How we use it greatly impacts our lives and security. In order to prepare your teen to be independent, teaching them about the responsibly of money is paramount. In order to educate your adolescent about the overall responsibility of money, one of the most important principles to teach is *respect*. And, here's how.

1. **Model Respect Yourself.** Talk to your teens with respect. Use a tone of voice that you'd use when talking to a friend or colleague, not like a child. Explain how you have learned to use money wisely. Don't be afraid to tell them if you have struggled at times and how you've learned from those experiences.

2. **Give them A Salary.** A lot of jobs pay bi-monthly or monthly. Give your child a taste of this experience and pay an allowance (you're comfortable with) on a set schedule. If they run out of money, they will have to wait until the next pay period, just like any adult would have to do. If it's lunch money they need, empower them to pack a lunch.

3. **Give them a Commission.** Plenty of jobs are commission based. Determine an amount you're comfortable paying for services around your house—from picking up little brothers and sisters, making dinner, cleaning, grocery shopping to mowing the lawn or other household duties. Don't force them to do any of the services, let them decide how much money they want to make. Watch how fast they start volunteering! Paying for a service is a great way to help your teen respect the money they have in their pocket.

4. **Give Some Breathing Room.** Now comes the hard part, give them a chance to use their budget. That means letting go and let them make mistakes. (I must note, this assumes you don't think your child is using the money for anything illegal or dangerous.) Remember, most of us don't get anything right the first time. When your child makes a mistake, don't shame them. Talk them through it. Be kind, loving and understanding; but, remain

firm to your salary and commission contract. In order for your teen to really respect money, they are going to have to feel what it's like to not have it at some point.

5. **Pay Taxes.** Taxes are a part of life. With the salary or commission you give your kids take a small tax. You can put it in a jar somewhere for family pizza night, a rainy day or an upcoming vacation. The principle you're teaching is that earning money as an adult means contributing to society. It also means you have to work even harder if you want more money.

Remember, the main reason to teach your teens about respecting money is to prepare them for adulthood. Letting go can be difficult and painful. Watching them make mistakes (especially one's we've made ourselves) can be brutal. But, if they are going to learn, they will have to do it themselves. We can't learn for them. At the end of the day, it's better for them to practice and make mistakes at home with you, than in the real world as an adult. Be respectful, gracious, kind and firm, while supporting them during this time of learning and transition. I can tell you personally that once I was an adult I did actually thank my mom. Your kids just may thank you one day. Just maybe.

Lauren is a Licensed Professional Counselor and Life Coach who loves working with teens. She has spent more than a decade combined studying psychology, counseling and participating in her own growth work. As a teen who attended counseling herself, Lauren knows firsthand what it is like to participate and how to empower adolescents in coaching. In her personal life, Lauren is a mother of two young kids, a wife of eight years, a mom-blogger and she serves her community as a Youth Commissioner for the Northbrook Village Government. To learn more about Lauren and her work, visit http://www.bluelifecoaching.com/.

Creating Good Money Habits is Key to Preventing Financial Chaos in Your Child's Life

By Lesa Day, Parenting Family Coach
Posted on Your Teen's Money Skills
February 1, 2012

In today's world of tumultuous financial times we are responsible to teach our youth wise money management. If we stop and consider the mindset of many, the majority are accustomed to immediate gratification.

Whether it's "Googling" something to get instant information or drinking a 12 oz cup of liquid that suffices to be a meal so we can keep running to the next thing we have to do, we want it now, we get it now!

Can we pause for a moment and consider, is what we desire a "want" or a "need?" Kids are use to getting what they ask for simply because any loving parent wants to make their child happy. Sometimes to the point that it's destructive in helping them grow and mature as adults.

As you are considering teaching your child how to manage money, consider these three things:

1. Begin early by creating habits of saving money when receiving it.

    - Start a savings account immediately for your child.
    - Choose a certain percentage of money that will go into saving each time they receive money and stick to it.
    - Spend time with your child to review monthly statements so they see how interest works and money accrues over time.

2. Understanding the difference between needs and wants.

    - Consider conversations you might have with your child that help them understand the difference between things that are necessary vs. convenient. Ex. Paying the electric bill so you have heat in the winter vs. a new Xbox game for your son. A good walking shoe vs. a high heel for your 16 year old daughter.

3. Teach a work ethic to earn money or privileges.

- Suggest neighborhood jobs that allow your child to earn spending money. Ex. Cleaning yards, running errands for an elderly neighbor, $10.00 for every A they received on school progress reports.

When you help teach your children sound money management skills, you're helping them to mature into adults that can differentiate from wants and needs, to establish healthy spending habits and to not be so "me" focused.
I recently had a conversation with Jami about a struggle she was having on how to spend her allowance. She really wanted the latest "hip" style of boots that all of her high school friends were wearing but she also wanted to go on a trip with her school band to Washington, DC and perform.

Her parents were more than willing to help financially but they told her she would have to use a lot of her allowance money to go on the trip. As we talked through the whole scenario she determined that she only wanted the boots because it was what everybody else was wearing, but in the end she wouldn't wear them that often because she likes a more comfortable, casual shoe. She decided not to buy the boots and save the money to go on the trip to Washington, DC. She understood the boots would always be there if she decided to buy them later, but the opportunity to experience this trip might never happen again.

Lesa Day is an author, speaker, and parenting family coach. Learn more about Lesa by visiting http://theyesicanandiwillchild.typepad.com/.

Filling Out a W-4 Form May Be the First Important "Adult" Financial Decision Your Teen Will Make!

By Chris Shannon, Financial Literacy Consultant
Posted on Your Teen's Money Skills
March 21, 2012

Career center staff, overwhelmed, simply told several hundred teens participating in a summer jobs program to "just put 'Exempt' on the W-4 withholding form" so that no taxes are taken out. When asked why, staff replied, "It's too much effort for these students to file to get that money back; besides, they're students." True, they are students, but what a loss of a teachable moment, and what a shock if some of those students end up earning enough money that year to be required to pay taxes. Chances are for those students, by April 15th, those summer earnings are long gone.

According to the 2012 W-4 Form, students earning less than $8,000 are indeed "exempt" and do not pay taxes. Now, the teens in this program were able to earn a fairly good salary that summer, $10 per hour, 30 hours per week for 8 weeks. Right there, those students have earned $2,400. That leaves $5,600 before they start have to pay taxes. Divided by the other 10 months of the year, students earning as little as $560 a month (which is quite possible at 15 hours per week earning minimum wage) can find a nasty surprise waiting for them come tax time.

So, what to do? Well, it depends on your teen's current savings and spending habits. Any financial advisor worth his or her salt will tell you to *keep* as much as your paycheck as you can and *invest* a portion so it earns money for ***you***, rather than for Uncle Sam. [This means to put "exempt" or to claim more under "allowances" on the W-4 ("1" or "2") and not less ("O").] That is a great strategy, but as a teen, I know I wasn't so great at that "saving" thing, much less that "investing" thing.

If your teen needs to learn basic savings skills, then have Uncle Sam take the maximum allowance, or "0." The teen will be disappointed with the smaller paycheck but will quickly adjust to the pay they take home. Then, once employment W-2's roll in the following January, sit with your teen to fill out tax forms. They may be surprised how the little taken out of their paychecks can add up when they get a refund! [This lesson will be repeated down the line when your teen is considering investing in a company retirement account. So many twentysomethings put off a retirement fund when time is their greatest asset.]

This lesson doesn't have to be lost on teens working odd jobs, such as babysitting or lawn care, or on those who have not yet joined the workforce. Have your teen sit with you come tax time. Share your W-2 forms and explain how your choice impacted the amount of taxes taken out and how that compares to the taxes owed. Review Table 1 on the IRS W-4 worksheet. Discuss with your teen how this choice can align with their spending and savings values. And, best of all, help make this first adult financial decision an ***informed*** one.

For more information, check out the Dept. of Revenue teen video on the W-4 and the IRS W-4 Form. Bankrate.com primer "Understanding the W-4" has some good information on how to adjust your withholdings on the W-4.

About Chris Shannon: An educator for over twenty years and a mom of two young kids, Chris spends most of her time as a financial literacy consultant for rAsa consulting. Chris has developed educational materials and trainings for the National Endowment for Financial Education, the National Jump$tart Coalition, the Massachusetts Office of Consumer Affairs and Business Regulation, and many credit union organizations. She currently serves on VISA's Educator Advisory Council.

How to Teach Your Teens the Value of a Dollar

By Jennifer Streaks, Financial Expert and HuffingtonPost Contributor
Posted on [Your Teen's Money Skills]
April 11, 2012

Teenagers in today's world are flooded with ways to spend your money. From IPODs to IPADs and cell phones, to video games and movies. There are entire marketing campaigns aimed at teens and their parents' money.

So how do you teach your teens the value of a dollar?

1. A great start is an allowance and a checking account. By starting a teen off with a checking account, it enables the parent to monitor how the teen spends money and create teachable moments around common issues like overdraft fees.
2. Assign some responsibility to your teen for their entertainment. Sure, parents provide housing, clothing etc., but allowing or requiring the teen to pay for small things like iTunes, video games, and cell phone overages is a good way to show a teenager how quickly money can disappear on small items. For example, when I got my driver's license, in order to drive the car, I had to put gas in it. So I always had to be aware of how much money I had to make sure I had enough to pay for gas.
3. A portion of allowance or monetary gifts should be set aside for savings. This is important. Teach the lesson of saving now.
4. By the time teens hit high school there should be frequent monetary discussions. Discussions on how school expenses, senior year expenses, prom expenses, etc., are paid are good to have so they are aware of how much things actually cost.
5. Regardless of the family income, there should not be a "money grows on trees" attitude.

An important lesson for teenagers is financial planning and fiscal responsibility.

Jennifer Streaks has developed programs teaching basic financial strategies through her new monthly blog, Dollars & Streaks. She is also a noted HuffingtonPost contributor and is writing her debut book titled Digging Your Dreams Out of Debt; a book that focuses on financial management and addresses credit issues, retirement and investing, and avoiding financial pitfalls.

For more information on Jennifer, please visit www.JenniferStreaks.com. You can also follow her on Twitter @JStreaks.

Do Your Teens Know Your Spending Priorities?

By Chris Shannon, Financial Literacy Consultant
Posted on Your Teen's Money Skills
April 18, 2012

I recently volunteered at a high school *Credit for Life Fair*–a "reality" fair that simulates the spending decisions teens will make when they are 25 with a goal of a balanced monthly budget. After a short time, a young man was sent to me as a "credit counselor" because his budget was already in the red after visiting only three of the required twelve booths that represent different budget spending categories. He couldn't understand why he had blown his monthly salary when he didn't opt for a car. (In this activity, a car requires a loan, a possible down-payment from savings, insurance, maintenance, gas and tolls—a real budget buster for the teens!) He did insist, however, that he had to have his own two-bedroom apartment with the most expensive cable and internet option. I told him he needed to reassess his priorities, especially since his chosen career, firefighter, may require transportation beyond what public transportation could offer.

As this is tax time, it is a great time to assess your priorities. Do your priorities focus on investing? Do you pay off debt? Fund a vacation or large purchase? And do you share this information with your teens?

We can unintentionally send mixed messages to our kids when it comes to money. Most of our money-related actions occur behind the scenes; the money-related decision teens witness us making, like shopping, represent only a small percent of the financial decisions and actions we make every day.

When I was growing up, parents didn't talk to kids about money, and especially about the money problems they were having. I grew up mostly ignorant of the difficult money decisions my parents had to make on a regular basis. So, when I became an adult, I was the poster child for the need for financial literacy, making almost every financial mistake a young adult can make. Experience: what a harsh teacher!

Take time this April to talk to your teens about your approach to your taxes, spending and savings priorities. Does every dime go towards a college account? Towards paying off credit cards or loan? Teens are not going to have a realistic sense of a budget, or a future lifestyle ,unless we pull back the curtain and reveal the many choices and actions that occur as we deposit money, balance our checkbooks and calculate our taxes. Haven't really sat down to establish your financial priorities? Then take a look at April Dykman's recent blog found on the *Get Rich Slowly* website regarding financial priorities. Have priorities but not ready to share? Then look at Anna Weinstein's article from Education.com on the importance of talking to teens about money priorities and steps to make that conversation a reality.

The young man I worked with at the Credit for Life Fair could have benefited from such a talk. He would realize that, as a firefighter, he needed to prioritize a car, and the expenses that go with it, rather than a posh apartment as he starts his career. A good roommate (perhaps another firefighter?) could help him deal with the stress of his new job, balance his monthly budget, and, perhaps, even put something aside for a nice place to live down the road.

About Chris Shannon: An educator for over twenty years and a mom of two young kids, Chris spends most of her time as a financial literacy consultant for rAsa consulting. Chris has developed educational materials and trainings for the National Endowment for Financial Education, the National Jump$tart Coalition, the Massachusetts Office of Consumer Affairs and Business Regulation, and many credit union organizations. She currently serves on VISA's Educator Advisory Council.

How to Talk to Your Teens about Money

By Jill Suskind, Educator

Posted on Your Teen's Money Skills

February 27, 2012

Talking to teens about money is an art form!

Remember the parents' voices in the Charlie Brown movies? Ever feel like your teen hears "wah wah wah wah" like Charlie Brown and his crew do when you bring up the subject? So, how do we talk to our teens about money in a way that makes it real, makes it matter, and makes it last?

I like to keep in mind two main things when I talk to teens about money: first, there's what we say out loud about money; and second, there's what we don't say out loud about money. In both cases, though, messages are sent and received, loud and clear.

These messages form the foundation of the financial education our children receive, so it's important to give it some care and thought. Here are four areas to consider: **allowance**, **needs vs. wants**, **giving**, and **goal-setting**.

A. Allowance

If, for example, we give our teens an allowance and let them spend it however they want, I wonder what they learn. Do they learn, "Money just comes to me, and it doesn't matter what I do with it"? What does that translate into when our teens become adults?

What would they learn, then, if we said, "I will give you an allowance in exchange for you ______" (insert here whatever you want—chores, good grades, babysitting, whatever fits your style)? We certainly want to teach our children what money is: Money is a form of exchange for goods and services. (Gifts are expression of love and generosity, so let's draw a big distinction between gifts and allowance for them.)

When our teens are older, we could add, "I will give you a raise in your allowance IF you are willing to learn to manage it. You'll be responsible for the mistakes you make."

Then, as the adults in their lives, it becomes our job to provide them with the tools and information they need to become excellent money managers.

B. Needs vs. Wants

If you have been reading my blog for a while, you already know I am a maverick in this area. Lots of folks think it's really valuable to have teens learn to identify what a "need" is and what a "want" is. I beg to take a different position. Why? I think these words hold judgment in them, and I find that teens stop listening when we try to tell them what they need and what they want, based on OUR beliefs.

What would the teens in our lives learn if we said, "You can have whatever you're willing to have" (excluding harmful things and those that are truly inconsistent with the values we are teaching them)?

I find that some things I think I NEED suddenly become not-so-necessary when I consider what I would have to do to get them. A lot, in fact, gets taken care of in this framework of "Are you willing to do what it would take to get that?"

My thought process, when I am deciding whether or not to buy something, is: What would I need to sacrifice? What would I need to do to get the money? Am I willing to discipline myself to save for that thing? Am I willing to wait for it? Will I still want it by the time I have saved for it?

I prefer this context over "Do I need this or want it?" and trying to live within the confines of a disempowering money conversation based on a subjective values. It reminds me that I, not my bank account, can determine what I can have. Because, I can, ultimately, have whatever I am willing to have.

After all, when it comes down to it, I don't want everything. I just want what is IMPORTANT to me. That is unique to me, and it doesn't fit into a Needs vs. Wants diagram.

C. Giving

What do we say and not say about Giving to our teens? Do we send the message that they can keep all their money and that adults will take care of charity? Do we send them to ask for sponsors for fundraisers, and not expect them to be a sponsor? What are they learning from this? Do you think they learn, "You need to have a certain amount of money before you give some of it to causes that matter to you? Or, do you need to be a certain age before you assume responsibility for how things go –in the greater sense?"

I believe that it's important to raise our children on the ideas that we ALL can give, and we are ALL responsible for the greater good of humanity. By living these values in real time, with real money, we teach our children how to view themselves and the difference they can make now AND for the rest of their lives.

D. Goal-setting

There are few conversations you could have with your teen about money that are as important as this one. Once we set a goal and we know the value of that goal, we suddenly start to rearrange ourselves around this goal.

Think about how teens that are college-bound, for example, operate. They see their grades and all of their activities in terms of "Will this help me get into college?" As a teacher, when I see a student underperforming in school, I always ask them about their goals. In almost EVERY case, underperformers either don't have a goal that rides on their performance in school OR they don't see the value of that goal, OR they don't see themselves as having what it takes to reach that goal, so they aren't committed to it.

Likewise, we organize our financial lives around our goals. If we don't have money goals that inspire or motivate us, OR if we don't think we can set meaningful money goals and reach them, we spend and save accordingly. When we have a clear goal and a clear reason for that goal that really matters to us, then we get really interested in how to achieve it.

Teens can set a long-term goal for their money, as soon as they can see that they have the tools to reach it and that starting now, when they are young, makes it SO much easier to reach. (This is where you pull out the compound interest charts!) The structure of this goal-setting conversation can result in a statement that goes something like this:

By the time I am 70 years old, I want to have a net worth of $X. When I have this amount, I will be able to ____________ for myself and _______________ for others. If I start now, I can reach this goal by doing 5 things:

1. *Talking about money with my parents and other people who know about it;*
2. *Learning about money and engaging in lots of opportunities where I get to explore it;*
3. *Practicing an effective money management strategy;*
4. *Giving some of my money to a cause I care about;*
5. *Aligning my mind so I learn to think about money like a wealth builder.*

About Jill Suskind: *Jill Suskind is a 25-year veteran high school teacher and the Executive Director of Your Teen's Money Skills, Inc. She has been providing parents of teens with resources, guidelines, practical and innovative ideas for teaching teens effective money habits and attitudes since 2007.*

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