



Teens and Money

November 2, 2016

Resources

Teens need an income in order to learn how to handle money. This can be from a part-time job or an allowance. It's also important to allow teens to make small financial mistakes and reflect on them, so that they can avoid much larger mistakes when they become adults. To help teens build good habits, consider the 40:40:20 plan. All of the teen's income should be dividing between Spending (40%) Saving (40%) and sharing (20%). Spending should be planned and intentional, not spur of the moment. Use SMART goals to plan spending. SMART goals are Specific, Measurable, Attainable, Realistic and Time-bound. Car use and expenses should be evaluated to see how it fits with the family's and the teen's financial plans. Saving and investing for the future can be a powerful lesson. College savings should be a long-term priority for most teens. 529 plans help save on taxes and harness the time value of money to make savings grow. Teens should learn to improve the greater world around them through donations of time and money. Parents are reported as the main source of financial education for teens. Make sure you know where to find good financial education materials to share with the teens in your life.

Online Resources

1. Northwest Youth Financial Education
www.uidaho.edu/nw-youth-financial-ed
2. National Endowment for Financial Education
www.nefe.org/what-we-provide/programs-initiatives/nefe-high-school-financial-planning-program.aspx
3. Jumpstart
www.jumpstart.org
4. University of Idaho Extension
<https://www.uidaho.edu/extension/programs>
5. Council for Economic Education
<http://councilforeconed.org>
6. Consumer Financial Protection Bureau
www.consumerfinance.gov/youth-financial-education