



The article this quarter will be on money management for teens. Too many teens are graduating from high school with limited or no knowledge about money management. Most teens can't even write a check and they think a debit card or credit card is free money! These teens are being pushed into "the real" world ready to fail in the knowledge of saving, purchasing and repaying others.

In today's culture, parents and educators are focused on the 3 R's and forget the area of financial education. I encourage parents or guardians to please take the time to educate your children in the area of money management—the earlier the better!

First children/teens should be taught that money doesn't grow on a tree in the backyard. Parents should explain to their children how money really works - beginning with having a job and how they are paid for working at that job, and how deductions are taken from each paycheck i.e., difference between gross pay and net pay.

Second, children/teens need to know that as a family, bills need to be paid. Let them physically see the invoices from creditors. Make them aware that it cost to live—creditors do not give us the necessities of life for free.

Thirdly, if you are working from a budget (and you should) let them see your budget/plan for paying back your obligations. Let them know that you have an emergency fund for unexpected expenses, such as car repair, medical expenses, etc.

Fourth, let them know that you plan for future purchases. Explain to them that It is not a good idea to spend without planning. Such as school clothes, vacations, eating out, family outings, etc., need to be budgeted. By budgeting you are able to save on a monthly basis to purchase these items and to enjoy vacations and family outings.

Finally, I believe all children should have an allowance. This is a good way to teach them what you have explained above. So, please try to include allowances for your children on your weekly or monthly budget sheet and let them see that they are apart of your budgeting. This will mean a lot to them.

Now it's time to teach your children/teen how to manage their money. They should have three categories: savings, tithing and spending.

Tithing should always be 10%. I believe savings should be 10% also, or an agreed upon amount by the two of you. Now spending is where most children/teens have the problem. They want to take what's left over and spend it immediately. This is an area that they will need help in. Teach them to think about their purchases. If they want an item that cost more than they

If you give, you will receive. Your gift will return to you in full measure, pressed down, shaken together to make room for more and running over. Whatever measure you use in giving—it will be used to measure what is given back to you.

Luke 6:38



have, then tell them it would be a good idea to wait and save for the item. This will teach them “delayed gratification.” Most children don’t want to wait and parents end up paying the difference for the item. Unfortunately, this is sending them the wrong message. As adults we know “real life” doesn’t work that way. If we want something and don’t have enough money, we need to save for it or charge it on a credit card, which is not learning to wait for something we probably do not need anyway. Let them know the importance of waiting. They will appreciate the item more, because they had to wait and save for the purchase.

As your children start reaching teenage years and work outside the home, have them open a bank account. They will receive a debit card and checks. Teach them how to write a check and when to use them. The same should be done with the debit card. They need to know how to use the debit card and that it is not “free” money. They can only use the money in the account. When money is gone, spending is done.

It is very important to teach them how to keep track of their spending. Teach them the difference between “debit and credit.” Explain how to use a ledger, recording every transaction!

And finally, teach them how to balance their checking account. Explain to them that using the banking machine to find out the balance of their checking account is not an accurate way of balancing their account. They may have pending transactions.

The best education is learning by example! Lead your children/teens so that they will not be setup for failure when they start out on their own.