



## Teaching teens money management

Teaching kids—especially those entering their teens—how to be smart about money is a valuable foundation for ensuring their future financial wellness.

### Here are basic tips:

**Encourage tracking their spending.** An online tracking program or simple written record is the first lesson to understanding how to budget and set limits.

**Open up checking and savings bank accounts for them.** Consider opening a “teen checking account” that gives you joint account holder status with complete access, while letting your teen monitor their account online with a real record of where their money is going.

**Have them earn their spending money.** Money earned is generally more valued than money given as gifts. Suggest helping with household projects, or point them to outside jobs like dog walking, snow shoveling or babysitting.

**Teach them how to live on a budget.** Give them the amount you spend each month on say, their clothing, gas and entertainment, as a monthly allowance for them to manage and make it stretch on their own. Go over the dollar amount of each item, and the cost for their needs vs. their wants, like video games or cosmetics.

**Instill the savings habit.** Help them determine a goal for long-term saving, and how much they will need, and when they will need it. Suggest stashing 10 percent of any earnings in savings. Tell them about “paying themselves” first.

**Tell them about your own savings habit.** Discuss what you put away in your emergency fund, what you do to stay out of debt, or how you saved for a special item.

**Discuss sharing big expenses based on their commitment to savings.** If they demonstrate a dedication to saving and money management, you may discuss sharing their big expenses ahead like buying a car or college tuition.

**Help them be smart about credit.** Explain how interest works, and that paying the monthly minimum could escalate beyond what they can afford, putting them in serious debt. Explain that late or partial payments could damage their credit score and keep them from getting a car loan or apartment lease, for instance.

**Need help?** A Health Advocate financial specialist can help address debt, building good credit, planning for the future, and how to maintain financial wellness.



In a crisis, help is available 24/7.

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