

Quaker Oats Credit Union

6 Tips For Talking To Your Teens About Money

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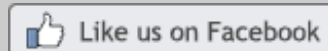
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It's Back to School time again, but parents shouldn't rely on schools to teach their teens about personal finances, especially if back to school means sending your teen off to college. This education must start at home.



When it comes to money, teens are usually experts at one thing: spending it. However, as a parent, it's important to encourage your teenager to make good choices and teach them how to manage their money effectively.

Below are 6 tips to help you get your teen on the right financial track.

1) Earning power

Don't let the only time you talk to your teen about money be when they're asking for it. Encourage your child to earn their own way with a part-time job or a seasonal side business.

2) Value of saving

Discuss the difference between "must-have" purchases like schoolbooks and "would like to have" purchases like trendy shoes. Discuss the advantages of saving at least 30% of their monthly earnings in a savings account so they can plan for the future.

3) Debt-savvy

Talk to them about debt. Many teens don't fully grasp the concept that credit cards must be repaid and that interest charges can send one further and further into debt. Consider cosigning for a credit card for your teen to use during emergencies or purchases that they really want. Monitor the use and encourage your child to pay it off as soon as possible.

4) Tax talk

If your teen does have a job, they will probably have to pay taxes. Review the Internal Revenue Service's website (IRS.gov) with your teen to help them understand all about W-2's, 1040's

and other tax forms.

5) Geared toward goals

Help your teen set up money goals with realistic dates to accomplish them. This will give them a great lesson on how to create and follow a money management plan.

6) Set rules

Establish rules before bailing your teen out. It's normal for a teen to make mistakes when they start to handle their own finances. They may overdraw their account or not have enough money to pay a bill. Before your child asks you to fund their emergency, decide what situations you will be helping them with if the need arises. You may decide to only help if there's an emergency, not if they spent all their shopping money during a big dinner.

Source: www.kirbyroo.com

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