

Teaching teens how to make smart financial choices
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It seems that every time I turn on the news or pick up a newspaper, I see the words “economic meltdown” or “nationwide financial crisis.” With rising unemployment rates and the increase in house foreclosures, it would be extremely difficult to find someone that has not been affected by these tough economic times. One lesson that we can take away from these changes is the need to make educated choices about the way we manage our money. These lessons are not only important for parents, but also for children.

In a nation where over a third of high school seniors already use a credit card and 53.3% have an debit card, the need for personal financial literacy is obvious (Jump\$tart Coalition for Personal Financial Literacy 2008 Survey of High School Seniors). Consider these statistics:

- As a cohort, teenagers spent over \$170 billion in 2008.
- Teens surveyed by Teenage Research Unlimited reported spending 98% of their money, rather than saving it.
- University administrators state that they lose more students to credit card debt than to academic failure.
- The number of 18-24 year olds declaring bankruptcy has increased 96% in 10 years.

Fortunately, there are many things that parents can do to help instill positive money management habits in their children.

Teach your children about the three S’s: Saving, Sharing and Spending. When your child gets birthday or graduation money, teach them the value of saving 10% before any other purchases are made. They will soon learn that the more he or she saves, the quicker this “safety net” will add up.

After setting 10% aside for unexpected expenses, encourage your children to share 10%. Providing kids with opportunities to be generous and charitable is a great way to improve self esteem.

Finally, with the 80% that remains, discuss the importance of living within their means and becoming educated consumers. It is extremely important to differentiate between wants and needs. It seems simple, but as we all know there are tough decisions involved when deciding how to spend our money. A new roof is a lot less exciting than a week in the Bahamas, but teaching kids the value of these crucial decisions early will be a valuable life lesson when it comes time for them to make money decisions of their own.

These tips will help to ensure that today’s teens will develop positive financial practices that will carry over into a lifetime of responsible spending.

For more information about the 4-H program or other youth development issues, contact the Oconee County Cooperative Extension Office at (706) 769-3946 or stop by our office located behind the Oconee County Courthouse.