

6 Tips to Help Your Teen Manage Money

In the not-too-far-off future, your teen may be living on their own, managing their own finances, and coping with possible money struggles. So how can you help them build good habits to do that well? Here are 6 tips that might help.

One: Be a role model. Teach your teen about paying bills, saving, and spending responsibly. Share with them how you make choices and manage your own expenses—and how that's not always easy.

Talk about the costs of everyday living, like house payments or rent and things like gas and food.

Two: Make sure they have their own money to manage. Encourage your teen to earn money by doing chores at home or for neighbors or by getting a part-time job if they're old enough. Let them make their own choices about how they spend that money.

Give them the freedom to learn important lessons, like buying something that they soon find has no value to them.

Three: Teach them to compare when shopping. Show your teen how to find deals and shop around. Let them decide if they'd rather buy one name-brand piece of clothing or a few less expensive pieces. Use online apps to set alerts that let you know when certain items go on sale.

Four: Teach your teen to budget and track their spending on things like food, phone costs, clothes, and transportation. Talk about the difference between money for things they need—necessities— and "fun" money.

Find apps, computer programs, or spreadsheets to help set a budget and also track their actual spending and saving.

Five: Encourage saving. Teach your teen to put a certain amount of money into a savings account each week or month. They might save for a larger purchase, for college, for donating to a good cause, or for other goals.

Online apps can be a great way to help them stay motivated and track their progress when saving for a bigger goal.

Six: Talk about responsible use of credit. Teach them the importance of good credit and good credit scores. Make sure they know how interest works and the advantages of paying off debt. Use real dollar amounts to show them how much more they'll pay overtime if they buy something on credit.

So, 6 tips. Be a role model. Make sure they have their own money. Teach them to compare when shopping. Teach them to budget. Encourage saving. And talk about responsible use of credit.

Teaching teens about money can have long-term benefits. When you invest in their financial freedom, you invest in yours too.