

Helping Youth with Financial Literacy

Tip: Help youth budget while the stakes are low. Why can a single cafeteria worker leave over a million dollars for college scholarships, while a pro athlete who makes millions in a year go bankrupt? The ability to budget is the key. There are people who watch their money disappear while others tell their money where to go.

As soon as children start valuing money, it is time to give some financial responsibility to a child. If you are raising a young child, you can pay them in dimes for allowance. Learning to count by tens is pretty simple to pick up on. If you have a tithing household, it is easier for them to put a dime away for charity, than keep track of the paper/computer. Instead of one piggy bank, create different containers ---special toy, buying gifts, buying a treat at the store, a new bike—where the child puts money into each container. The other key is to make sure the child works for the money that is not a gift for a special occasion.

As a child enters upper elementary age, still pay them in money that can touch. Again, help them set mini-goals up to 6 months out, and tell their money where to go. At this time, can start to move money between the budget categories, however, ask the child to ‘sleep on it’ to prevent impulse buying. One other step to add at this age is to write ‘goals’ of how much money they want in each container or category.

As a youth enters middle school, they can handle a savings account, and keep track of what is coming in and going out. At this point, they can start categories for goals that may be a year or two out. Try to keep withdraws and deposits to once a month. The young person can set up a budget for the month, and withdraw that amount of money. Then keep a handwritten record of how their money is being spent that month.

Many high school students are given a debit or credit card to make life easier on the parents. Consider sitting down and budgeting once a month with your teenager. Start with expenses that are truly their own. An example would be a cell phone only they use. You can give your teen \$100/month on paper. Have them start by deducting the \$10 for their cell phone, school lunches, etc.... Also, have them turn into you what they are spending on your debit/credit card. Yes, this is a lot of work now, but will pay dividends when your child is living on their own and not asking you to bail them out of financial hardship. The key tips are to help every young person learn to earn, budget, track spending, and set financial goals.