

Pointers For Parents

Teaching Teens How To Master Money Skills

(NAPS)—Teaching your teenager the basics of personal money management may just require some dollars and sense.

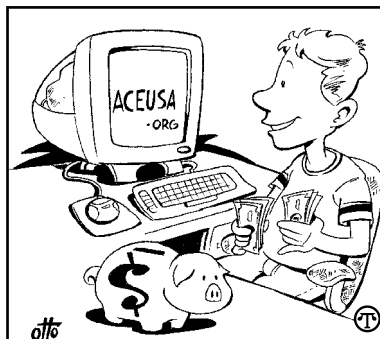
A good place to start your youngster's financial education—at almost any age—is with an allowance, according to Susan Molinari, National Chairperson of Americans for Consumer Education and Competition. An allowance can be used to teach such money management basics as budgeting and the consequences of saving and spending decisions, says this mother of two and former member of congressional budget and education committees.

Molinari points out that 21st century parents, thanks to the wide variety of payment forms available in the modern financial marketplace, have far more effective and safer allowance options at their disposal when it comes to teaching financial literacy than did their parents, who were essentially limited to cash.

"Today's allowance," she said, "can consist of one or more of a variety of such payment forms as checking accounts and debit, credit or prepaid cards. These alternative forms of cash allow parents to set spending caps and afford them a greater opportunity to encourage responsible spending and saving habits.

"No matter what form an allowance takes," Molinari stresses, "the key to its success as a teaching tool is a clear upfront understanding of the ground rules for its use and ongoing communication between parent and child.

It is important, especially for teens that the rules are flexible enough to allow youngsters to make their own financial decisions—both good and bad. It is how we learn." It is also essential to the success of this educational effort that the allowance be used as a teaching carrot and not a discipli-



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nary stick," she said.

Here are some other tips from ACEC to help improve the financial fitness of your teen:

- Work with your teen to develop a realistic budget, set long and short-term financial goals and plans for achieving them.
- Discuss the difference between "must-have" purchases today, such as school supplies and "would like to have" purchases such as the addition of the latest fashion to an already adequate wardrobe.
- Explain the advantages of deferring purchases today, such as the latest computer game, to save for another desired item, like a car or college education, tomorrow.
- Promote shopping around before making purchases; it generally assures a better deal and discourages impulse buying.
- Encourage the use of a computer or a ledger to track income, savings, expenses and debt.
- Use financial—checking account, credit card, etc.—statement reviews as a teaching aid to evaluate spending habits, promote sound financial practices and to instill good fraud review practices.

You can learn more about personal finance and financial planning by logging onto ACEC's Web site at www.acecusa.org/learn/.