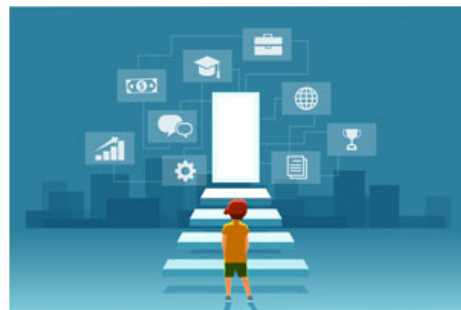




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Creating Money Smart Teens

Today's kids are growing up in a very different financial world than their parents. They may never use a checkbook, rarely handle cash, and face more ways to get in trouble financially than earlier generations ever imagined. That's not to say they don't understand many of the basics of budgeting and planning ahead to achieve goals. Digital gamesmanship can be a great teacher in some ways. While it would be nice to think that teens are taught money smarts at school, the truth is you had better be prepared to share that knowledge at home.



Among the most critical concepts to teach teens and even younger children include:

The importance of a budget and living within your means. How much money do you have, what are the necessary costs you have to cover and how do you divide the remaining sum between non-essentials and savings?

Why savings are so important as a safety net. Without savings an unexpected cost or loss of income can become a financial disaster. Bad things happen to good people who are doing their best. Savings help one bounce back from auto repairs, thefts, disasters, a medical problem, and so much more.

The high cost of using credit cards to borrow money. Failing to pay credit card bills in full every month and carrying balances is one of the worst financial practices. With many cards, users end up paying interest on interest, entering an unending debt cycle.

What a credit score is and why it matters.

Keeping your money safe when making online transactions and avoiding scammers and ID theft. This is not your parents' financial world. Our dependence on the internet has created vulnerabilities that can empty bank accounts and destroy our financial security. Too many people trust technology and fail to take precautions to protect their accounts.

The reality of taxes. An hourly wage or salary is not the amount they will take home. Social Security and Medicare taxes impact even the smallest paychecks. Depending upon where one works, there may be head taxes, and other fees. Having too little withdrawn for income taxes can mean an unexpected cost when taxes are filed.

The importance of charity. It may seem contradictory to focus on creating savings on one hand and giving away money on the other, but studies have shown that people who make charitable donations tend to be happier with their lives. Maybe it is the reward of being nice, or it may be the realization that there is always someone with more money problems than you. But if it works, use it.

Unsure where to start talking money smarts with your teen? There are a number of online resources that may help. Many of these are designed for classroom use, but the information applies to home use as well.

<https://www.fidelity.com/learning-center/financial-literacy>

<https://www.weareteachers.com/money-skills-teens/>

<https://www.consumerfinance.gov/consumer-tools/money-as-you-grow/teen-young-adult/>

<https://www.businessinsider.com/personal-finance/teaching-teens-about-money>

<https://www.ala.org/pla/resources/tools/youth-services/teen-financial-literacy>



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