

Extension Bulletin E-611  
Home and Family Series

*For Parents*



# *The Money World*

*of Your Young Teen-ager*

Cooperative Extension Service

Michigan State University



# *The Money World*

## *of Your Young Teen-ager*

*This publication (one of a series) is intended to help you as a parent to understand the place of money in your child's life. Since each family is different, you will have to adapt the information to fit your own situation and your financial circumstances.*

*Your child will be better equipped to solve many of the complex problems of his adult life if you have provided training in establishing sound financial habits.*

Would you like to turn the calendar back and be thirteen again? Or fourteen? Or fifteen? You would have many surprises in store for you—one of which would be the use of money. You need not be reminded that "times have changed" since you were a teen-ager. Just one example will prove the point—How much money did you have to spend for personal things? How does the amount compare with that of your own teen-ager? There are so many things to buy, so many things to do, so much advertising, so much pressure from the group—the list could go on an on.

Statistics reveal that America's teen-agers have billions of dollars to spend each year. Many of these young people manage their money in a most intelligent manner, while some do a very poor job.

Ideally, children should start learning about money management when they first realize they can exchange a dime for an ice cream cone. Basic habits should be formed before they reach Junior High School. So, for most the teaching will be a continuing process, though now is a better beginning than never. By the time youngsters are in their teens, they should be able to comprehend the relationship between their own economic needs and the total family income and expenses. They should have an

appreciation for what money can and cannot do, as well as for the other resources they possess.

Your goal, no doubt, has been to teach your teen-ager how to handle money wisely and at the same time weigh values so that intelligent choices are made. Have you succeeded?

While you don't want to make your teen-ager overly dollar-conscious, a know-how of money management will help him meet his responsibilities now and in the future. If your teen-ager needs some education in this important matter, you are the logical instructor. Answers to problems do not come ready-made—they will require much time and patience in formulating solutions. Young people learn by experience—in money management, as in other skills. You can encourage and provide many kinds of experiences that will educate them.

### **First Examine Your Own Values**

Parents of teen-agers often find, for the first time, that their own values and ideas about money are not clear. Are yours? To the parent, the teen often seems immature in judgment. There is a constant question as to when to let the young person stand on his own decisions and take the consequences and when to impose your own judgment upon him. Have you found the answer? To the teen-ager decisions are usually black or white—there is no middle ground. Unless family values and what the family really stands for have been carefully built, he can only judge from his set of teen-age values.

At no age is the necessity to conform to the group so great as during the teens, and no other group seems to have defined as clearly its identity as a group, its preferences, habits, and behavior patterns. Individuals vary



teen-ager have a job? There is usually a scramble for summer jobs, so your would-be job holder may encounter difficulty. The popular youth magazine *Co-Ed* had this to say: "When a girl outgrows her lemonade stand, what can she do? She obviously has to think bigger and work harder. For example, she might decide to try to sell a restaurant owner or a drugstore manager on the idea of a lemonade—and—snacks delivery service to offices and stores, thus creating an opening for herself." (Note: If she is thinking of preparing food at home for sale, check with your local health department. A license may be required.)

Clever ideas and a willing attitude are important, but nothing takes the place of doing a job well and completing it on time. Instilling good working standards is one of the best ways of helping your teen-ager prepare for adult responsibilities.

Laws in most states restrict the kinds of work a person under 18 can do, and the jobs available for young people under 14 are somewhat limited. Keeping up-to-date on job opportunities for youth is of vital importance to you as well as your own teen-ager.

In determining how much your teen-ager should work, consider how he is earning his money, how he is using it, and how his work fits into his program of activities. Don't hesitate to call a halt if your enterprising worker is neglecting school or other things of importance.

#### *Let your teen-ager spend.*

Teen-agers should be able to decide how to spend their money. The responsibility you give your teen-ager will be dependent on his development, as well as the training you have given him in the past. Although the word "budget" may have an unpleasant connotation, it is smart to encourage your teen-ager to *plan his spending* within his income. Help him to realize that outgo is usually easier to adjust than income.

Get across the idea of totals. Describing an allowance in terms of \$260 or \$52 a year will have greater impact than \$5 or \$1 per week. Seeing the total opens possibilities of bigger things and choices.

Records or accounts that show totals are impressive. If a girl sees by her records that she is spending \$200 to \$250 a year on clothes, it has more meaning than buying a dress for \$12.50. Girls who keep a running record of their clothing purchases during the year also learn how to shop for special sales, buy with an eye for easy care—in short, become consumer minded. Financially, this shows growing maturity.

In shopping for major items, encourage your teen-ager to scout for best buys. Have him accompany you on shopping trips. Permit him to help make some "big" decisions for the family. Whenever possible, advise him or see that he seeks advice in the art of "buymanship."



*Mack gains a lot of valuable experience in budgeting his monthly allowance.*

*Since his allowance provides only a little spending money beyond school lunch and other essentials he welcomes the chance to earn extra money.*







*Mack tries to "pay himself" a little money regularly that goes in a savings account. His father helped him invest some of his savings in a share of stock recently, heightening his interest in the business section of the newspaper.*

You can guide him, but let him make the final decision.

Not only do teens use their money to buy articles, but they also use credit for this purpose. With your counsel and through experience, he can learn when it is best to delay buying until he has the money and when it is wise to buy on a credit plan. (Note: If this is a problem in your case, refer to University of Missouri Extension Circular 818, "The Money World of Your Young Modern" for the section on Use of Credit.)

*Encourage your teen-ager to save.*

You may wish to substitute another word for saving. Refer to "the money for a camera", "for a watch," or whatever the objective may be. Your teen-ager needs a *reason* for saving.

Since systematic saving is considered the most effective way, talk over plans with your teen-ager. Remind him that those most successful in managing their money have found the easiest way to save is to "pay yourself first." In other words, save first instead of last. Whatever you do, suggest keeping the amount small at first. Adding a little and often—and *regularly*—is the secret.

If your teen-ager finds it difficult to accept the logic of saving first and then spending what's left, have him think of it this way—"Who is more important—he or those who are competing for his money?" Naturally you hope to impress upon him the importance of defining his reasons for saving—his objectives.

Suggest that when he takes proper care of his possessions he is engaging in a form of saving—things last longer so the money is used for other things, rather than replacements. Or suggest another example—when one

washes the car instead of paying to have it done the money saved can be used in other ways. Income can be extended through use of community resources. Encourage your teen-ager to use free public facilities such as books and magazines from the public library and recreational equipment and programs in public parks.

Encourage your teen-ager to think seriously about a bank account. If you choose an appropriate time, some bank official will usually play the role of a host and take the young depositor on a tour of the bank. If a checking account is in the offing, ask the official to demonstrate the correct procedure for writing a check. (Refer to University of Missouri Extension circular, "My Money World as Seen by a Teen-Ager.")

*Inspire your teen-ager to keep records.*

Records or accounts can be very simple, but still serve the purpose of showing what happened to the income. This, in turn, can be helpful in planning better use of the money in the future if the present plan is not giving complete satisfaction. There are many good account books available; or, your teen-ager can make his own. See the circular referred to in previous paragraph. Review accounts and allowances with your teen-ager at regular intervals. Try to predict his future needs in light of his past experiences as well as his plans for the future. Your teen-ager's "future" may be a summer vacation, a very special trip, or some important school event.

Having a special place to keep an account book might be the difference between success and failure for this important phase of money management. A drawer in a study desk or table could be arranged easily. Praise



in their reaction to group pressure, but isn't your teen-ager affected by it? You can expect him to want to spend his money in much the same way as other members of his group. In some instances, spending in ways approved by the crowd seems to be more important than the limits of the family's income. Perhaps one of your greatest responsibilities is to encourage your teen-ager to develop his own pattern of behaviour—for example, his own way of managing money based upon good judgment. He will not then be so readily influenced by his group.

### Counteracting Group Influence

Are you looking for ways to counteract group influences that you feel are not desirable? One of the most effective ways is to have set a good example all along by taking the needs, wants, and income of the family into consideration when making decisions about money. If you plan your own spending, it's easier to convince your teen-ager that he should plan.

The goal of most thoughtful parents is to help the young person understand the pressures of his own group for what they are; to help him develop his own financial plan, and to relate his needs to those of his family.

Another way to counteract group influence is to get a group of parents to consider together the problems that seem common to all of them. Talking about things may help in finding solutions as well as in providing an opportunity for the group to set some reasonable standards in the community. Remember, you are not alone in this business of training in money management.

### Your Attitude Is Showing

Parents' attitudes are often a problem to teen-agers. Has your teen-ager ever hinted that this is so? Do you ever confuse the issue by treating him as an adult one minute and as a small child the next? He may have been the cause of this since he insisted on independence and then suddenly reverted to his childish dependence. Patience does it! Remember, most young people respond to respect and understanding.

What is *your* attitude toward money? The choices you make when you spend money reflect the basic values you have, that is, your feelings of what is really important to you personally. Your attitude toward money and money management may differ from that of other parents due to your past experience, the influence of your parents, and your individual interests. Answering the followings questions may reveal your own attitudes toward money and patterns of spending.

- Do you feel that you have enough money?*
- Do you consider money more valuable than other resources you may have—time, energy, skills, interest?*
- Do you plan your spending?*

*Do you keep sufficient records to know where your money goes?*

*Do you have many unexpected expenses?*

*Have you ever had bills accumulate faster than you could pay them?*

*Do you have emergencies constantly upsetting your plans?*

*Do you ever buy things without knowing how you'll pay for them?*

*Do you have difficulty keeping desires within the bounds of your income?*

*Do you feel your associates have more than you have?*

*Do you set special goals for yourself and save money to reach them?*

*Do you know what you really want out of your income?*

By analyzing your answers, you will better understand your own attitudes about money, and thereby be able to appreciate problems of members of your family. You will be able to help your teen-ager become aware of how attitudes toward money affect the behavior of people; to realize that the different ways individuals and families spend money are based on their personal values — what is really important to them.

### How To Proceed

#### *Plan for an allowance.*

If your teen-ager has not had the experience of living within an income that covers his needs and allows for personal choices, then do try to give him an allowance.

Each family will have to reach a decision on how large their teen-ager's allowance should be. There is no set pattern. In planning with your teen-ager, consider with him:

1. The kind of community in which you live. This will affect the cost of school expenses, clothes, recreation, etc. (There are really two things to consider—actual cost of things and what "the crowd" spends).
2. Whether or not your teen-ager earns money.
3. How much responsibility he is willing and capable of assuming.
4. The amount of your family income and the needs of the rest of the family.

Refer to University of Missouri Extension Circular 819, "The Money World of your Pre-Teen-Ager," for specific steps in planning an allowance.

If your teen-ager has been receiving an allowance, you may need to increase the amount as well as the scope of items the allowance is to cover. The terms of the allowance should be agreeable to both of you.

#### *Let your teen-ager earn.*

Young people are under so much pressure to spend money that most of them are eager to earn. Does your



him for his efforts when he does a nice job. Encourage him to record his income and expenses promptly.

*Encourage your teen-ager to share.*

A recent survey\* of students from grades 7-12 made in 467 schools with 51,968 young people reporting produced some very interesting findings with regard to teen-agers' sharing of financial resources. The item for which

money was used most often by students on all grade levels was "gifts for the family."

Are you setting a good example by showing your teen-ager that you share all your resources—money, time, energy, skills, interests? Encourage him to do the same thing.

**You Are On Your Own**

As you pursue your line of action, re-examine your purpose for teaching your child money management. Is it to guide him in handling money wisely by weighing values so he can make intelligent choices? Remember these choices will be as different as the number of personalities involved.

Your child needs your assistance. Are you prepared to give it?

USES OF MONEY BY TEEN-AGERS.

Uses of Money	Percentage of students at each grade level						
	Total	7th	8th	9th	10th	11th	12th
<u>Gifts</u>							
For friends	57.9	49.4	57.8	58.2	60.2	63.4	64.4
For family	72.0	70.9	73.5	72.7	68.5	69.7	77.6
<u>Church and/or Community groups</u>							
	53.8	46.1	54.3	54.4	53.7	58.9	60.7

\*A national study conducted by the Department of Home Economics, National Education Association.

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