



## WE'RE HERE TO HELP

Your credit union is a great resource. As a member-owned, not-for-profit institution, a primary focus of our credit union is education. We are glad to assist our younger members in setting up their accounts and answering any questions.

# FINANCIAL BASICS FOR TEENAGERS



Presented by the National Association of Federal Credit Unions, an independent trade association representing federally chartered credit unions nationwide.

© 2009 National Association of Federal Credit Unions.

SF8-809

Helping teens get started  
on a lifetime of  
good financial management

# Key Concepts Of Personal Financial Management

The teen years are a great time to learn and practice more complex financial management skills – while still under a watchful adult eye. All too soon, they'll have to make important financial decisions on their own.

This is an area where the best teachers lead by example, so consider allowing your teen to watch and ask questions as you pay bills, comparison-shop for best prices, or visit the credit union to obtain information on loans or other products. They will learn a lot from how you handle your finances. Here are some additional key areas to consider as you teach your teenager how to handle finances:



## BANKING SKILLS

The credit union can be a valuable resource throughout life. If your teen isn't yet a member, now's the time to join and be introduced to all that the credit union offers. In the area of savings, teens can get their own checking account and learn online or paper-based checking account management skills. Other banking topics for teens include taking advantage of various types of savings accounts, obtaining and using a debit card and/or credit card (see below), and using an ATM.



## BUDGETING

A budget is the cornerstone of good financial planning, and the teen years are a great time to develop the budgeting habit. This is a time of life when there are many expensive “wants,” like costly clothes, and a few very expensive “needs,” like an upcoming college

education. Challenge your teen to set personal priorities and goals, and to make a personal budget. Start with listing income (everything from part-time jobs to holiday gifts), then short-term goals (clothing, etc.) and long-term goals (a car, college, etc.). Then your teen can develop a savings and spending plan – again, it should be all written down. Don't forget charitable donations, even if they're small. For practice in sensible planning and spending, teens can take over the grocery shopping chore or a similar task, at least once.



## SAVING

The teen years are a time when most of us start earning a regular income, however small, and that's exciting. Now's the time to start another simple but powerful lifelong habit: Save a portion of everything you earn.



## TAXES

With their first official paycheck, teens may be surprised to see that a portion of earnings has been withheld for taxes and other purposes. Now's the time to go over that paycheck with them and explain what happened. Discuss income taxes and deadlines, and if necessary, help your teen file an income tax return online or by mail.



## CREDIT

Now's the time to have a frank talk about living within one's means and using credit wisely. You may want to apply for a

credit card with a low limit for your teen, so he or she can start learning how to handle credit while still under supervision. Credit ratings are an important element in today's financial landscape, so teens can learn how to check their records at [www.annualcreditreport.com](http://www.annualcreditreport.com) and how to protect their good rating with on-time payments and responsible use of credit.



## SAFETY

From tricky online scams to just shopping at the mall, teens need to be aware of basic safety rules: Never provide personal information without being absolutely sure of who you're dealing with. Be aware of online risks. Use caution when carrying cash and credit cards in public.



## REACHING GOALS

The goal is to encourage teens to handle finances responsibly and wisely. When they can set goals, work toward them while managing resources well, and then attain goals, they are better prepared to deal with not just financial management, but all the challenges of adulthood.

