

A Guide to Helping Your Teen Become Financially Fit

This year, nearly three million young people will graduate from high schools across the United States. Many will continue their education, while others will begin pursuing careers. In both cases, they will be required to make many of their own decisions. A number of those decisions will have financial implications and directly impact on their ability to become independent. Although too many young people lack the financial understanding and discipline necessary to make good decisions, there is a remedy for the situation—a practical parent-teen regimen of money-management education.

Begin the Discussion

Exercising wise financial judgment doesn't come naturally. It's a skill that's learned. That's why it is so important to start the personal finance discussion with your teen now. To help you with this often difficult and confusing conversation, Junior Achievement has created the Money-Management Action Plan. Discuss each topic with your teen; review JA's financial literacy resources; and then work together to develop a plan that will guide your teen's future financial decisions and actions. Formalize the Money-Management Action Plan by signing and dating it. And, place it where you can easily monitor the progress that is made.

Take Advantage of Free JA Financial Literacy Resources

Junior Achievement provides a number of online resources through the JA Student Center to help you and your teen develop a Money-Management Action Plan. Go to www.ja.org, and click on the JA Student Center link. Then click on the Plan Your Finances link and access the instructional and interactive activities, including:

Money Might: Explore real-life situations while testing your financial skills.

Count On It!: Explore the elements of a financial plan by learning about:

- Your paycheck
- Budgeting
- Saving and investing
- Credit
- Risk management

Toolbox: Explore additional resources, including calculators to help you budget and a series of worksheets to help you plan for your financial future.



To learn more about Junior Achievement, go to www.ja.org.

Money-Management Action Plan

Identifying Needs vs Wants

There are many things that teens want – music downloads, new clothes, the latest video game, a car. The list can go on and on. How many of those wants are actually needs? Establish a plan for spending and saving. For tools and tips, [click here](#).

AGREEMENT

IMPLICATIONS

Living on a Budget

A budget is a plan for spending, saving, investing, and giving. A budget is essential for managing the money your teen has at his or her disposal. Develop a budget. For tools and tips, [click here](#).

AGREEMENT

IMPLICATIONS

Saving and Investing

To gain financial independence, teens need to follow wise spending habits but also need to develop a plan for saving and investing. Gain a better understanding of saving and investing options, and complete a saving scenario. For tools and tips, [click here](#).

AGREEMENT

IMPLICATIONS

Using Credit

One of those double-edged swords you often hear about in the area of financial understanding is the use of credit. Learn what credit is, how to shop for a credit card, and how to read a credit card statement. For tools and tips, [click here](#).

AGREEMENT

IMPLICATIONS

Understanding Taxes

If your teen makes \$10 per hour and works for 20 hours a week, he or she will take home \$200, right? Learn about paycheck deductions and tax forms. For tools and tips, [click here](#).

AGREEMENT

IMPLICATIONS

Managing Risk

Another reality that your teen will have to face in the future is the management of risk. Learn about risk management and the major types of insurance designed to protect against risk. For tools and tips, [click here](#).

AGREEMENT

IMPLICATIONS

TEEN: I promise to follow the money-management plan outlined above. If I do not adhere to any part of this plan, I will accept the implications. I understand that this is an evolving plan and promise to continue to learn about responsible money management and take disciplined actions when financial times are both easy and difficult.

SIGNATURE OF TEEN

DATE

PARENT: I promise to help my child succeed in following this money-management plan. I promise to make time to help my teenager become knowledgeable about money management and responsible in planning and managing his/her personal finances. I understand that this is an evolving plan and promise to make myself available to discuss and review this plan and other financial and money-management issues when necessary.

SIGNATURE OF PARENT

DATE



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