

Teens and money

By: Michael Shinn, CFP

Much has been written about the miscalculation of our youth concerning money and personal finance. However, JA Worldwide (Junior Achievement) is one group that seems to be making positive headway in teaching teens about money. JA Worldwide is the world's largest organization dedicated to educating young people about business, economics and entrepreneurship. Today, JA Worldwide serves four million students in the U.S. and 2.6 million in 97 countries internationally.

JA conducts an annual survey that provides some interesting information about the financial behavior of JA Students. Three-quarters of the teenagers have savings accounts; two-thirds feel that they have a significant influence on household buying decisions; and about half have a job during the school year.

JA Worldwide, through a grant from the Allstate Foundation, conducted the survey entitled, "Teens and Personal Finance," wherein 1,065 students from 80 JA locations nationwide participated. The survey participants ranged in age from 13 and 18 years. The ethnic/racial mix of the respondents approximated the national distribution of the U.S. population; Hispanic, 13 percent; Black 11 percent; Asian, nine percent, and evenly divided between males and females. For the survey participants:

- 74 percent have savings accounts, 31 percent checking accounts and 16 percent own stock.
- 67 percent indicated that they influenced household buying decisions.
- 49 percent reported having a job during the school year.
- 35 percent indicated that they received an allowance, and
- 11 percent own credit cards, with the percentage increasing with age.

The Junior Achievement Program teaches some important lessons about money and personal finance. I encourage you to get your children involved in the JA Program, if possible. Look at the website: www.ja.org for more information. However, there are some basic things we should be teaching our children about money.

First we have to help our children understand that money is one of many powers. It is a power that can help them achieve their personal and family goals. Money is green and does not have a race, religion or sex. We have to teach them about the value of money, through an understanding of the exchange of time for money. For example, if you make \$10 per hour and buy an Usher DVD costing \$20, you've exchanged two hours of your life to see and hear Usher sing. Our children have to understand the old saying that "time is money." Are we teaching our children the value of both time and money, and the necessity to use both wisely?

Our children have to understand that it is not how much money you make, but how much you keep that's important! They have to understand that the secret is to pay your-self first and that their financial future is just as important as their landlord's, grocer's or clothing store owners. We have to insist that our children save a portion of their allowance, summer job money or monetary gifts. Saving has to become a habit. Are we teaching our children that a dollar saved is a dollar earned?

We have to teach our children to make money work for them. They have to learn about markets, investing and the benefits of compound interest. They have to understand basic accounting and the negative impact of taxes. We have to encourage them to read books and listen to tapes about making money, because they have to understand that their financial education is a lifelong process.

As we wind down 2005, this a good time to reflect on what we are teaching our children about money. Are we teaching our children to use their time and money wisely? Are we insisting that they pay themselves first? Do we explain the difference between working for money and having money work for them? Are we guiding them towards financial independence? Finally, are we practicing what we teach?

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