YOUR FINANCIAL FUTURE

Your Guide to Life Planning

May 2014

Tori Patrick
President
Progressive Strategies Financial Group
3145 E. Warm Springs Road #400
Las Vegas, NV 89120
702-893-1500
Fax: 702-549-1900
Tori@psfgwealth.com
www.psfgwealth.com

Seriously?! Teaching Teens Good Money Habits

Seriously?! Teaching Teens Good Money Habits

Before your teenagers start working or head off to college, put them on the road to financial literacy

Do your teenagers know how to manage their money? Many young people are no longer starting out their adult life in a traditional job with a pension. That's why it's critically important for them to form good money habits for saving, spending and investing. Here are six ways to instill good money skills in your teens for college and beyond-even if *you*are still working on becoming more financially savvy.

1. **Start early** - When your kids are in elementary school, consider establishing an allowance for doing certain chores around the house. And to help children begin to learn the value of saving and compounding interest, set up savings accounts for them when they are in first grade. Although the small amount of interest they earn may not be that impressive, they will be getting in the habit of regularly depositing a portion of their birthday money and earnings.

1. **Get them involved in household finances -** Most teens are blissfully unaware of what it costs to keep the lights on, pay for cable TV or take a week's vacation. Invite them to join you at the end of the month and view your checkbook entries-not only for paying for the items that benefit them directly, but for long-term obligations such as retirement contributions and mortgage payments.

1. **Encourage financial responsibility** - One of the best ways to hold teenagers accountable for their choices is to have them pay for such items as their mobile phone subscriptions or movie downloads. Budgeting lessons are also important-try giving them a back-to-school allowance and letting them buy their school supplies and clothes on their own. Even if they wind up buying a pair of trendy sneakers rather than enough socks or notebooks, the stakes are pretty low, and the consequences of their decisions will be immediately visible.

1. **Allow them to learn money lessons by car shopping and buying-** Before you buy a car for your teens 16th birthday, have him or her do the research online to compare prices, mileage, safety and projected repair costs. You might also assign your teen responsibility for calling various insurance agents to see what coverage will cost.

1. **Limit their use of credit** - Managing credit-card debt is a serious problem for many consumers, but young cardholders may find it especially challenging. The use of prepaid cards in high school-available to those under age 18-can help establish good spending habits for your son or daughter, especially when taking a school trip or traveling on his or her own. Plus, parents can monitor what the kids are spending their money on.

1. **Consider a teen retirement account**- It seems increasingly likely that your kids will have to rely on their own savings and investments to help cover expenses when they retire. Although that day is a long time away, having time on their side to save and invest is a distinct advantage for young people.

Once your teen gets his or her first real job, suggest setting aside a portion of earnings (10% or 15%) in a Roth IRA. To make opening an account more compelling, offer to match a portion of your child's contributions for some period of time.

A Roth IRA allows an account holder to contribute a portion of his paycheck after taxes. You can use the Roth IRA to teach your teen about the stock market, risk and the importance of having a long time horizon to recover from periodic market setbacks.

The National Endowment for Financial Education has a wealth of resources, that can help educate your kids. These resources can be downloaded for free at www.smartaboutmoney.org.

Disclosure: This material was created for educational and informational purposes only and is not intended as ERISA, tax, legal or investment advice. LPL Financial and its advisors are providing educational services only and are not able to provide participants with investment advice specific to their particular needs. If you are seeking investment advice specific to your needs, such advice services must be obtained on your own separate from this education material.

Kmotion, Inc., P.O. Box 1456, Tualatin, OR 97062; www.kmotion.com

© 2013 Kmotion, Inc. This newsletter is a publication of Kmotion, Inc., whose role is solely that of publisher. The articles and opinions in this newsletter are those of Kmotion. The articles and opinions are for general information only and are not intended to provide specific advice or recommendations for any individual. Nothing in this publication shall be construed as providing investment counseling or directing employees to participate in any investment program in any way. Please consult your financial advisor or other appropriate professional for further assistance with regard to your individual situation.

Securities are offered through, LPL Financial, member FINRA/SIPC. To the extent you are receiving investment advice from a separately registered independent investment advisor, please note that LPL Financial is not an affiliate of and makes no representation with respect to such entity.

RP-09355-0613

Tracking #1-058907

The opinions voiced in this material are for general information only and are not intended to provide specific advice or recommendations for any individual. To determine which investment(s) may be appropriate for you, consult your financial advisor prior to investing. All performance referenced is historical and is no guarantee of future results. All indices are unmanaged and cannot be invested into directly.

LPL Financial, Member FINRA/SIPC

This newsletter was created using Newsletter OnDemand, powered by Wealth Management Systems Inc.