

7 Days to Raising a Money Smart Teen



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Introduction

Hi, my name is Andy LaPointe of Money Smart Teens.com. Thank you for taking your time to read this special report where I will show you some of the tips and tricks I have used over my 14 years as a financial and investment advisor to teach teens about money. Teaching teens about money is one of the most important lessons we can pass along to the next generation.

Unfortunately as most teens grow into adulthood they constantly struggle to fully understand the aspects of the many personal finance strategies available. The strategies required to understand include the proper use of credit card debt, how to manage mortgage debt, how to create a monthly budget and more. This report was written to give you the tips, tricks and techniques to teach your teens successful personal finance strategies they can use their entire life. In other words, by teaching them how to become Money Smart Teens they will grow into successful adults.

This doesn't mean they'll be able to manage a Fortune 500 company at age 21 or turn a \$1,000 college fund into \$50,000 in a single year by investing in the stock market, but they will better understand time-proven and successful money management strategies and techniques. When teaching teens about money, it's important to remember that

your teens are still young, both in their view of the world as a whole and their understanding of the concepts of money. **Remember, they are still teenagers and they may not fully grasp the concepts or the importance of the information you will be teaching them. It may take several attempts by you teaching them or by them reading this special report before they begin to grasp the concept of money.**

Since they know and trust you they'll be more likely to be open to learning these concepts and once they do they will have a concrete foundation for the rest of their lives. Also, by teaching them these strategies, you are opening up an entire new world for them and may even be helping them on their path to their destiny in life.

I hope you'll enjoy my special report, 7 Days to Raising Money Smart Teens.

To your success and your teenager's success,

Andy LaPointe

Andy LaPointe

PS, if you like this 7-day course, you may also enjoy the downloadable eBook entitled: *Money Smart Teens*. This one-of-a-kind, 115+ page eBook is packed with worksheets, charts and more to teach your teen

everything they need to know about personal finance strategies. Visit [Money Smart Teens.com](http://MoneySmartTeens.com) to learn more.

PPS, You can get a free 7-day mini-course on successful personal finance strategies for any age by visiting the appropriate website below:

[Money Smart Seniors.com](http://MoneySmartSeniors.com) – Personal finance and income strategies for seniors/ baby boomers

[Planning for Retirement.com](http://PlanningforRetirement.com) – Personal finance strategies for everyone else

How to Use This Special Report

This report is broken down into seven individual sections so you can slowly introduce the concepts of money to your teenager over a period of seven days. Each section is written so I will only take a few moments each day to introduce and discuss the vital information in each section.

Believe it or not, teenagers of today have stressful and hectic lives when compared to the days when we grew up. The challenges of balancing an ever increasing daily load of school work, the importance of having a complete social network of friends both at school and online and the availability of constant contact with friends via instant messages, email, cell phones and more is simply daunting.

Here is an overview of the information included in this report:

Day 1: Set a Good Example – This first section was written for the parent in mind. You will learn invaluable insight for setting a good personal finance example for your teenager.

Day 2: Goal Setting Strategies for Your Teenager – Your teenager will learn how to create and set personal goals that are important to them.

Day 3: Prioritize the Goals Set Yesterday – During day three your teenager will learn how to prioritize goals based upon personal needs and personal wants.

Day 4: Make Savings a Priority – Your teenager will learn the importance of not spending every single dime that is given to them or earned as an allowance.

Day 5: The Real Cost of Credit and Credit Cards – This section will teach your teenager how to avoid the lure of easy credit and understand the real cost of using credit and credit cards.

Day 6: Teach Savvy Online Shopping Skills – Once learned, these savvy shopping techniques will benefit your teenager forever.

Day 7: Importance of Taxes – Your teenager will understand how taxes impact their money.

Day 1: Set a Good Example

When should you start teaching your kids about money? The answer to this question may surprise you. I believe no matter what age your kids are, you are already teaching them skills and habits regarding money. Although our kids may not fully understand the concept of money while they are in the stroller, they closely watch our every emotion and study our behavior. They learn from our actions and our tone of voice. They learn from our attitude and our sincerity.

As they age, they over hear our conversations and they experience some of our frustrations and enjoyment about money. Although you may not be fully aware of it, kids experience almost the same emotions you do regarding money. Let me explain.

For example, while planning the family vacation, you may be talking about what you are going to be doing with your kids. Your voice sparkles with excitement and your body language is animated. You and your spouse are talking about walking on the beach, riding the roller coasters or having dinner with Mickey Mouse.

Your kids hear how great it is going to be spending 7 days away from home and forgetting all of the hassles of work. Maybe they don't fully understand the concept of having to pay for the vacation, but they know they are going to have a great time with their family.

On the other hand, when you are paying the monthly bills you are probably expressing different types of emotions. Your voice is probably monotone and your body is unanimated. You may be experiencing the emotions of stress, frustration or anger. These types of emotions are diametrically opposite to the type of emotions you express while planning the family vacation. Although your kids may not fully understand why mom or dad is grumpy at the end of the month, they

know it happens every month and somehow money is the cause of this monthly ritual.

In any event, your kids are probably experiencing the same type of emotions as you, either positive or negative. They are “feeling” these emotions, because these emotions are being projected by you to them.

As you know, at least once in your life you have experienced the “feelings” of another person. For example, you may have been talking with a co-worker or your spouse and your subconscious picked up the fact the person you were talking to was irritated or extremely excited. They didn’t have to tell you how they felt in words you just had a “feeling” of the type of mood they were in. In many cases, your intuition turned out to be accurate.

So not only do you to teach your kids the “nuts and bolts” of money such as budgeting, investing and savings, you also need to teach them how to feel about money. Here is an example of what I mean.

Open your purse or your wallet and pull out a \$1 dollar bill, a \$5 dollar bill and a \$10 dollar bill. Next, remove some of the change in your

wallet or purse and lay it out on the table in front of you. Now what do you see?

If you are like majority of the people, you will say the something similar to the following:

"I see a \$1 dollar bill, a \$5 dollar bill and a \$10 dollar bill. I also see a dime, a penny and a quarter."

If that was you answer you are 50% correct. Let me example?

When you really look at it, money is only pieces of paper and metal disks. It is not money itself that makes it valuable, it is what money can buy is what gives it value. That is why your answer would only be 50% correct, because money allows you the freedom to live the lifestyle you want to live. Money allows you to buy the things you want. Money allows you to experience more of life like taking your family to Disney World and have dinner with Mickey Mouse. I'm sure you don't want huge stacks of paper and coins for the stake of having a huge stack of paper; you want that new car or the 4 years of college for your daughter.

Thus, the most important step in teaching your kids about money is not teaching them the difference between and \$5 dollar bill and \$10 dollar bill, but teaching them the value of money. I know this approach to

money education is a completely different to what most books teach, but once your teenagers understand the “value of money”, they will grasp the importance of money for the rest of their lives.

Day 2: Goal Setting Strategies for Your Teenager

Goal setting is the first step to help your kids understand the value of money. Goal setting exercises usually work better with kids starting around the age of 10. The younger ages may not fully comprehend thinking past the immediate moment, so around age 10 is a good time to start talking with your kids about setting goals.

Also, goals for a 10 year old are different than goals for a 30 year old, so when your child tells you something they would like to be, do or have something simply write it down on the goals worksheet include below.

I created a goals worksheet for you to use. The one on the next page is for example purposes only. I have included several different types of goals worksheets you can print off on your printer in the resource chapter of this book.

Here is an overview of the breakdown of information included on the goals worksheet:

- *Your child's name:* By seeing their name on the goals worksheet, your child will begin to realize they own the goal. Why do you write your child's name on every piece of clothing they own? The reason is two-fold. The first is so the day care provider or the school teacher is able to make sure the specific clothes (hat, gloves, coat, etc.) belong with the right child. The second reason is as your child grows and they see their name on a hat for example, this means it belongs to them and if it belongs to them, they will be less likely to lose it.
- *I want:* The "I want" line is a written description of what your child wants. Although you can write it down, it would be better if your child wrote it in their own handwriting. If they write it, the goal becomes something they feel they can truly relate to and something they feel they own.
- *Because:* This is the "why" behind the goal for your child. You will find this section will have many different reasons for the goal. Here are a few examples I have seen written into these sections:
 - o *Because: all of my friends have a new bike and I want to have a new bike*
 - o *Because: I want to ride my new bike to school*

- o Because: *my old bike is blue and I want a new bike with flames*
- *I will earn my goal by.* This is only section of the worksheet you can offer some guidance and assistance. You would want to make the achievement of the goal far enough in the future so your child can work for the attainment of the goal, yet not to far they may become discouraged. For kids 10-12, a 2 -3 week time period is usually long enough. For teenagers 13-16 up to a few months is usually the maximum length of time for goal achievement. 17+ years of age, 6 months would be a good length of time.
- *Your child's signature and your signature.* This is where both you and your child would sign or print each of your names in your own handwriting. By having your child sign or print their name on the worksheet, they begin to take ownership of the goal. Again, during younger years, if an article of clothing, school work or goals worksheet has a child's name on it, the child will realize they are responsible for what it is they have their name on.

Example worksheet:

	Goals
I want	
because	
I will earn my goal	
by	
Your Child's Signature	Your Signature

Completed Example Worksheet:

Tom's Goals

I want a new bike with red flames

because I like flames and I like riding a bike

I will earn my goal by doing my chores to get money for the bike

Tom

Your Child's Signature

Tom's Mother

Your Signature

Day 3: Prioritize the Goals Set Yesterday

If your teenager has several goals from yesterday, it's time to put these goals in order. Prioritizing their goals will help them determine what they really want most. Write down and prioritize the goals your teenager wrote yesterday:

1. _____

2. _____

3. _____

4. _____

Once you have helped them to prioritize their list, create a goal's worksheet for them. At first, don't let them have more than one or two goals they want to accomplish. This may only discourage them and may be a detriment to future goal setting. At this stage, it is more important for them to enjoy of the feelings of goal accomplishment rather than having a huge goal and getting discouraged.

Although it may be hard at first, try to fight what every parent naturally does. That is to tell your teenager they should aim always higher or achieve an extremely hard goal in a shorter time frame. Yes, we all want our teenagers to be the best they can be, however, if you tell them what their goal should be, whose goal does it become, yours or your teenagers?

In addition, once they create a goal you can always support them to achieve their goal faster or help them accomplish more than they thought they could, both of these would provide a positive outcome.

The reason I am suggesting that you help your child to set a goal is because you are helping them to learn the "why" they are doing chores around the house. Remember it is very easy for most 13 years old to be distracted when a task becomes too long or too difficult. Having a written goal on the refrigerator is a good way to keep the goal in front of your teenager.

So the first time your child complains about having to do the dishes, instead of fighting with them or demanding they do the dishes, you can now say, "Seth, remember the new bike you wanted? The black bike with the red flame painted on the side. After you do all of your chores this week you have another \$5 in your saving bank. This means after earning another \$5 next week you will be able to buy the bike you

want." Your child will relate the weekly chores to getting the bike he wants. Also, if he doesn't do his chores, he can't get the bike he wants. He will have to watch all of his friends ride their bikes, since he doesn't have one. If properly used, peer pressure can be a very positive motivator.

Day 4: Make Savings a Priority

Living in a world of instant gratification can make the task of saving money a real challenge for some teens. However, saving a portion of your income is vital not only to an enjoyable future but also to a financially secure one, too. In addition, saving money develops and encourages pragmatic thinking habits and skills.

For example, we recently purchased a Wii for our family. This is an excellent gaming unit that encourages physical movement, hand-eye coordination and mental sharpness. Of course, when we purchased the gaming unit, we also purchased a few additional games to enjoy. During a recent visit to the local shopping mall we visited a video game store. You also have these types of stores by your home, it is a place where you can buy video and computer games for all types of gaming units. Since we just purchased the Wii, we weren't in the market for any more games. However, since we were in the shopping mall we stopped in to see what new games were on the shelves. Of course, my son found a game he wanted and asked to buy it, but since we are

helping him to develop his saving skills and teaching him the importance of goal setting, here is how I handled the situation:

I said: "Yes, that is a very cool game and I know you would enjoy it, but why do you want it?"

My son replied: "Because it is a very cool game and a lot of my friends have it."

I said: "If I buy this for you today, how would you pay it back?"

My son replied: "I would pay for it with the money in my piggy bank."

I said: "Remember your goal of savings for a lap top computer. If you buy this game you won't be able to buy your lap top computer."

- *You see, my son had been working hard to save up to buy a laptop computer. The laptop he wanted was an incredibly low price of \$299.00 from a local computer store. My wife and I told him that if he earned \$150 by doing his choirs, we would pay the remaining \$150 and buy him the computer. In addition, to having \$45 in his piggy bank from doing his choirs, each of his grandparents gave him a \$50 bill for his recent birthday. So all in all, he had \$145 tucked away in his piggy. He would earn the remaining money within the coming week. It is amazing how grandparents are more than willing to help out when you tell them how your teenager is saving up for a worthwhile goal. 😊*

My son thought about it for a few seconds and finally said, "You're right, I want the laptop computer." I didn't have to argue with him or get mad at him, I simply reminded him of his goal of a laptop computer.

So the best way to make savings a priority is to help them set realistic goals and remind them of those worthwhile goals whenever they want to buy something on the spur of the moment. Also there may be times when your teenage decides to buy something on the spur of the moment, don't stop them. Let them make some minor mistakes. They will learn very fast when they realize that buying those new \$50 sunglasses, when they already own 10 pairs, just prevented them from getting the new personal laptop computer for another two weeks.

By allowing them to make their own decisions, and yes mistakes, with money you will be amazed how fast they will learn that money is something to respect and understand rather than take for granted or waste.

Day 5: The Real Cost of Credit and Credit Cards

Your teen must start learning about credit before arriving at college and finding a mailbox filled with credit card offers. He or she needs to

know how credit cards work and understand that late or unpaid credit card bills can affect the ability to buy a house or car in the future. In addition, you need to explain that buying “stuff” on credit may also require your teenager to pay for this one purchase for years to come, thus affecting their future ability to enjoy life to the fullest. Many teenagers don’t realize the \$25 dinner they put on a credit card some becomes a \$100 dinner with interest. Here is a simple worksheet to show your teenage the devastating effects of carrying a credit card balance. For the purpose of this book, we will use simple interest rather than compound interest and a compressed time period.

In addition, the example below is only for example purposes and doesn’t represent how interest is actually calculated and charged by credit card companies on outstanding purchases. A full and complete explain of the calculation procedures used by credit card companies is far too complex for the subject matter of this special report. If you want to fully understand how interest is calculated and added to outstanding balances, please consult your credit card statement and contact your credit card company and ask them to fully explain how interested is calculated and credited to outstanding credit card balances. The following example is by no means an actual example or explanation of interest calculation by credit card companies. It used simple interest and if for example purposes only. **THIS DOES NOT REPRESENT ACTUAL INTEREST CALCULATION IN ANY WAY.**

Example credit card worksheet:

Date purchased:

01/15/09_____

Description of purchase: _Dinner at local
restaurant_____

Amount of purchase:

\$30.00_____

Step #1: Multiply amount of purchase by 1.10% - this 10% represents the interest amount credit cards charged on the purchase of the dinner.

__30.00_____ X 1.10 = __\$33.00__ (*\$3 interest charged*)

Step #2: Multiply the ending amount above by .85 - this represents the minimum monthly payment paid to the credit card company. For this example, you paid 15% of the outstanding credit card balance - the minimum monthly payment.

__\$28.05_____ X .85 = __\$23.84 remaining_____

Repeat the above two step two more times: (1.10 represents the interest charged)

Repeat #1: __\$23.84_____ X 1.10 = __\$26.23_ (*\$2.39 interest charged*)

(Remember you paid 15% of the balance and the .85 represents the remaining balance)

$$\underline{\$26.23} \quad \times \quad .85 = \quad \underline{\$22.30}$$

Repeat #2: $\underline{\$22.30} \quad \times \quad 1.10 = \quad \underline{\$24.53}$ (*\$2.23 interest charged*)

(Remember you paid 15% of the balance and the .85 represents the remaining balance)

$$\underline{\$24.53} \quad \times \quad .85 = \quad \underline{\$20.85}$$

Now add up the interest amount paid:

$$\$3 + \$2.39 + \$2.23 = \$7.62.$$

So in this example, the cost of the dinner wasn't \$30 it was \$37.62. Of course, several payments were made to the credit card company so the outstanding balance is declining every month, but the fact of the matter is when you use a credit card to make a purchase and don't pay off the balance within the 30 days, you will pay interest. Thus, by using a credit card the purchase is more expensive than paying cash. So the only purpose of the example above is to show that paying over time cost more than paying with cash. Again the numbers are not any representation of how credit card interest is calculated on outstanding balance. For example only.

Most importantly, educate your child about the hidden costs of using credit. Explain that if a purchase is made for more than what can be

paid back in one month, they will be subject to interest charges that add to the cost of their original purchase.

One simple and good idea is that you give your teen the experience of carrying and using plastic with an authorized user's card on your credit account. Your child gets a card with his or her name on it, but pays you for any purchases made during the month. If your teen doesn't pay you on time and in full, you should charge interest on the overdue balance.

Day 6: Teach Savvy Online Shopping Skills

As you know, the Internet offers much more than Myspace, Facebook and other online destinations. It offers unlimited opportunity for valuable knowledge and information to improve our individual lives.

Here are some vital tips in teaching your teenager the importance of shopping online:

- *Comparison shop only at well-known and teenager friendly Internet stores.* Most teenagers may not fully grasp what Internet technology can do such as "cookies", tracking software and more. That is why having parental controls on the Internet is vital to ensure the Internet is being used the way you as a parent wants it to be to used. That is why teaching your teenagers to

- *Proper product comparison.* During comparison shopping, teach your teenagers to read the "small print". These are the exact details of the products. For example, if your teenager is comparing a Wii from two different websites, teach them to look at shipping options, product features, model numbers, etc. Although one site may be offering a new Wii for \$100 less than the other site, is it make it a better deal? Probably not, since the lower priced Wii at the second online store may not include shipping and the product offered is an older model.
- *Don't enter personal information or join email lists.* Teach your teenager not to enter personal information or give an email address if they are only surfing or comparison shopping.
- *Enter here any other information you have learned to keep you teenagers safe while online and while they comparison shopping.*

Also, if you believe your child is spending too much money on frivolous things, have him or her create an expense log showing exactly where the money is going. Your teenager may not even realize how much money is being spent on snacks, entertainment, and other activities. This can help put spending habits into perspective and inspire your teen to change his or her ways. Keeping a 3-ring binder or an Excel

spreadsheet is the best way to help them keep the vital expense information.

Example worksheet:

_____ Worksheet				
For the Week of: _____				
Day	Description	Amount	Cash	Check Card
Check				

_____			_____	
Your Child's Signature			Your Signature	

Completed worksheet:

Tom's _____		Worksheet			
For the Week of: ____ November 1 _____					
Day	Description	Amount	Cash	Check Card	Check
Monday	Model car	\$15.00	X		
Tuesday	Video Game	\$55.00		X (Mom bought)	
Friday	New socks	\$6.00		X (Mom bought)	
<i>Tom</i>			Tom's Mother		
Your Child's Signature			Your		
Signature					

I included any purchases made by your teenager and anything purchases you bought for your teenager. By including all purchases made by you and your teenager, your teenager will get a better understanding of how much money is actually spent. I know my son has better appreciation and understand the cost of stuff.

Day 7: Importance of Taxes

Taxes are an important part of growing up. Although we all complain about paying taxes, taxes are a vital component of a strong country. I firmly believe in paying my fair share of taxes, because I know it keeps our country safe and strong. However, I also believe in taking full advantage of every legal opportunity as granted by the government to minimize my tax liability. So by teaching teenagers what the taxes pay is the first step in teaching them about taxes.

Many young workers don't understand the role taxes play in our country and our government. We need to explain the taxes taken from our pay checks go to pay fire firefighters, repair roads, support our military, pay our congressional representatives and more. In fact, taxes are vital component to a strong country and a successful society.

So by relating taxes to paying for the requirements of our country, I have found this is the best way to introduce the complex subject of taxes to your teenager.

Teenagers probably get their first introduction into the world of taxes when they discover their first paycheck was less than expected, thanks to income tax deductions. CPAs say it's important to be sure your child understands the responsibilities for paying taxes and, if required, filing tax returns. Here are a few ideas to teach your teenagers about the importance of taxes:

- *Have a meeting with your CPA, tax advisor or tax attorney.* One of the best ways to introduce your teenager to the subject of taxes is to sit down with your CPA or tax advisor. This approach shows the importance of taxes and how it affects earnings and investments.
- *Explain to your teenager what services income taxes provide to our country.* For example, the next time you are stuck in road construction while your teenager is in the car, remind them the taxes taken from their pay check is paying to improve the condition of the roads for the better meant of the country.

By relating real-life situations to the abstract concept of paying taxes, your teenager will better understand “why” taxes are taken from their pay check.

What's Next?

Sign up for my FREE 7 day mini-course where I will show you exactly how to teach your teenager the concepts of money. In addition, I offer additional 7 day mini courses on successful personal finance strategies for any age by visiting the appropriate website below:

[Money Smart Teens.com](http://MoneySmartTeens.com) – Personal finance strategies for teenagers

[Money Smart Seniors.com](http://MoneySmartSeniors.com) – Personal finance strategies for seniors/
baby boomers

[Planning for Retirement.com](http://PlanningforRetirement.com) – Personal finance strategies for everyone
else

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To your success,

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