



# SET YOUR TEEN UP FOR FINANCIAL SUCCESS

Your teen just landed their first summer job and came home with a paycheck; this is an important milestone on their way to becoming an adult. Another, perhaps even more critical, milestone is deciding what they are going to do with the money they earned. Helping your teen learn the basics of banking and setting up healthy money habits now can have a great impact on the rest of their financial life. Here are a few steps you can approach with your teen to jump-start their money management:

1

## Ask them about their goals.

Some teens will want to have money to spend while hanging out with friends, and others will want to save their earnings for a car or college. Most will probably want to do both. Help your teen set attainable dollar amounts and timelines to reach their financial goals. This is also a good opportunity to let your teen know your expectations on who is paying for gas, clothing, phone bills, etc.

2

## Make a budget.

Based on your teen's financial goals, now is a perfect time to create a budget to reach these goals and cover their expenses. A good place to start is by showing them the family budget. Teach them how you allocate the money earned to pay bills or go to savings while prioritizing needs over wants. Starting with your budget, they can add or subtract categories and decide how much they can save or spend with each paycheck. Create line-item examples and show them which category the purchase would fall under.

3

## Open a checking account.

Many banks offer accounts geared toward teens and younger customers, depending on your child's age group. In most cases, you will be required to open a joint account with your child if they are younger than 18. Opening a checking account is the start of teaching your teen good banking habits, such as checking the balance regularly to avoid overspending, how to use an ATM, and managing their income using a debit card and mobile apps.

4

## Find the right savings account.

A good lesson to teach your teen is to "pay yourself first." Putting even just a little money into a savings account when they are able will help them be prepared for future emergencies or big purchases. Depending on your child's age, banks offer special savings accounts with high-interest rates to encourage financial stability. While debit cards and checking accounts can be limited to children of a certain age, savings accounts are typically available for all ages. Talk your teen through the different ways to save, like with a high-yield savings account or a CD.

5

## Introduce them to investing.

It might seem odd to talk to your teen about individual retirement accounts (IRAs), stocks, and 529 college savings plans, but it is never too early to introduce investing in their future. It is important to teach your child about responsible investing and how they can make their money work for them. If your teen has earned income and is paying taxes on their wages, they are even eligible to open a Roth IRA. Opening one at a young age will give your teen a jump-start on building their personal wealth.

**Banks will require a combination of the following documents to open an account:**

- adult's driver's license,
- adult's Social Security number,
- child's Social Security number,
- child's birth certificate, and
- proof of address.