

Checklist for Raising a Money Genius Teen



a bonus e-book publication from [The Money Couple®](#)

RAISING MONEY
SMART KIDS
FROM SCOTT & BETHANY PALMER





Almost 60% of teens said learning money management was one of their top priorities

Checklist for Raising a Money Genius Teen

There's a reason everyone laughs at jokes about unruly teenagers. If you don't have one under your roof, then you were one or know one.

The teenage brain is a weird little machine. Scientists say puberty marks one of the most "disruptive" periods of brain development in a person's lifespan. So teaching a teen is often a herculean task, but not impossible. Most teens are looking for boundaries and guidance. They aren't trying to break out of the yard as much as they are edging toward the fence to see how far they can safely go.

So if your teen is respectful, kudos! If your teen is kind, excellent! If your teen is typically responsible, fantastic!

You have tackled the top three. Maybe not perfectly but you are working towards it.

But do you have a plan to help your teen with one of the biggest challenges they will face in their life? Do you have a plan to help navigate the area that could cause them a divorce? Land them in jail? Ruin relationships with friends?

Do you have a plan to help your child successfully handle money? Become a money genius?

Most don't.

But, here's some good news

Your child may be more interested in learning about money than you think.

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According to a recent survey, almost **two thirds** (60%) of teens said learning money management was one of their top priorities.

So how do you get started?

Don't worry, we have compiled a checklist to simplify this parenting complexity and put you on the path towards success.

Scan this list and mark the skill, or skills, your teen demonstrates. Notice there are twelve items listed. If your teen doesn't have any of the skills listed, never fear. Take one a month and voila! After 12 months, you will have a money genius on your hands. For the items that aren't checked, scroll down to our step-by-step instructions on how to help your child become a money-savvy genius.

- 1. You role model a balance of spending and savings and don't argue with your spouse about money
- 2. Your teen knows what compound interest is and how it works
- 3. Your teen knows approximate costs for a home, a car, college and a vacation
- 4. Your teen gives regularly to a charity
- 5. Your teen knows delayed gratification by saving for a large purchase
- 6. Your teen knows how to Spend
- 7. Your teen has bought a mutual fund or stock and has watched it go up and down in value
- 8. Your teen has a credit card
- 9. Your teen has been given a clothing budget
- 10. Your teen knows they need to plan for their retirement
- 11. Your teen earns money
- 12. You and your teen knows his/her 2 Money Personalities

Checklist Step-by-Step Instructions

1. **Role Model.** According to interviews we have done with teens, many reported that their parents often argue about money in front of them. Additionally, they said that they don't like to talk about money because

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they hear their parents argue about it all the time. This is an easy one. STOP ARGUING about money with your spouse. It is hurting your teen. If they hear you argue about money, then the likelihood they will argue with THEIR spouse is high.

We have many [resources](#) for you on how to work through your money differences (including a [Money Personalities Assessment](#) that will identify your differences) but know it starts with YOU and YOU deciding that you won't argue about money in front of your teen.

Also, make sure you model good saving and spending habits. Give your children the gift of modeling what we call "Money Freedom" — a life where money doesn't control their every thought. There are many children that need to learn how to save but there are also "Saver" children that need to learn how to let go of their money — that money needs to be spent on charitable causes, and that hoarding money can be as detrimental as spending it all. When you save money, tell your child so they can get an idea of what saving money looks like. Make sure they know when you spend money as well. Having a "Money Free" child will bring rewards both now and in the future.

*Your teen can
become a Money
Genius is just
12 months
and have fun
doing it!*

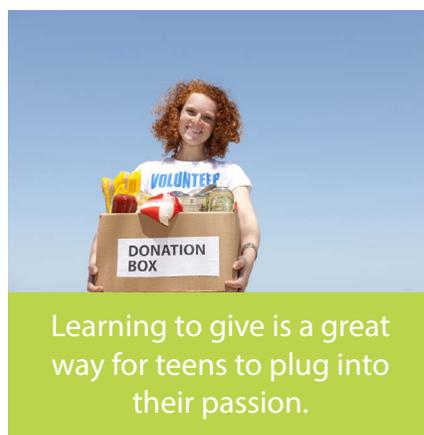
2. **Compound Interest.** We have two fun ways for your child to learn the power of compound interest. Learning the power of compound interest will teach them that investing money, over time, will bring them long-term gain.
 - *Exercise #1:*
Put a penny in front of them and ask them this question. If I gave you a penny and doubled it every day how much money would you have?
They won't believe the answer!

The Power of Compound Interest

Day 1:	\$.01	Day 11:	\$10.24	Day 21:	\$10,485.76
Day 2:	\$.02	Day 12:	\$20.48	Day 22:	\$20,971.52
Day 3:	\$.04	Day 13:	\$40.96	Day 23:	\$41,943.04
Day 4:	\$.08	Day 14:	\$81.92	Day 24:	\$83,886.08
Day 5:	\$.16	Day 15:	\$163.84	Day 25:	\$167,772.16
Day 6:	\$.32	Day 16:	\$327.68	Day 26:	\$335,544.32
Day 7:	\$.64	Day 17:	\$655.36	Day 27:	\$671,088.64
Day 8:	\$1.28	Day 18:	\$1,310.72	Day 28:	\$1,342,177.28
Day 9:	\$2.56	Day 19:	\$2,621.44	Day 29:	\$2,684,354.56
Day 10:	\$5.12	Day 20:	\$5,242.88	Day 30:	\$5,368,709.12

- **Exercise #2:**
Compound Interest Calculator. Have fun plugging numbers into a calculator — [Here is one](#) that we like — simple, easy, and clear. Challenge your child to plug in numbers and see how long, how much, and what kind of interest it would take to earn \$5000.
3. **Approximate costs.** Make this one fun. Hop online and have your teen type into Google the costs for the items below. Before they get the answers, tell them to guess what the number is. Watch their eyes widen as they see the actual numbers. Start with these four items but add as many as you like:
 - home
 - a car
 - college
 - vacation
 4. **Contributions to a charity.** We have found that training a teen to give to charity will not only make it a part of their own future spending habits but

is also a great way to plug into their passion for helping others! (Some children find this easier than others). We suggest that you let them pick the charity. It might be a sports charity that helps underprivileged kids. It could be a charity that provides an opportunity for less fortunate teenagers to take dance lessons, or it might be the mission's trip at church. Bottom line is you let them make the call and you encourage them to give, give, give!



5. **Delayed gratification by saving for a large purchase.** As adults we know how hard it is to actually save for a purchase, be patient for a long time, and then buy. With the ease of credit and financing, saving is harder than ever. But teens notice how their parents spend and save! We can model delayed gratification.

Begin by sitting down with your teen and putting a saving plan (or spending plan for your children who are more inclined to want to spend) together. It can be a huge purchase like a car or it can be something smaller like a new game. The most important part of this is to make sure you are keeping the dollar amount in front of them the entire time. Each time more money is saved, show your teen how the money is growing and the purchase of the item is closer and closer. Warning: don't let your teen spend it in a moment of weakness. Hold them to the task at hand for huge results, later!

6. **Your teen knows how to spend.** In a recent Study by Charles Schwab Investments, 60% of parents saw their teens as a "Quick Spender" vs 40% of parents identified their teens as a "Stellar Saver." Our opinion is that you can be a "Stellar Saver" *and* a "Stellar Spender." Neither of these activities is right or wrong. Your child is wired how they're wired, and you, as the parent, have an amazing opportunity to help shape both! Encourage your "Spender" to Save and encourage you "Saver" to Spend. The key: involvement. You as the parent have to involve the kids, set expectations, and stick to your guns.

Setting expectations eliminates surprises.

Money they earn or you give them: Make sure you let them know it is okay and good for them to spend the money they have but there has to be a plan and some boundaries.



It helps to apply this “Save, Spend, Give” approach:

- Let them talk about how much they think they should spend, don’t shoot them down but listen and be patient
- Make sure a portion goes to save — again reinforcing delayed gratification
- Lastly, make sure a portion of their money is given to a church or charity

And remember, stick to your guns. Once you have set the parameters don’t let up. You can always adjust if needed, but don’t get frustrated with the process, throw your arms up and walk away — encouragement is crucial!

7. **Investing with your teen.** You are on your way to having a “Money Genius” teen if they have personally tracked the changing value of a mutual fund or stock.

This is a lot easier than you think! We like [Oneshare.com](https://www.oneshare.com). You can purchase

one share of stock and they actually get a stock certificate in the mail. Being able to tangibly touch a stock certificate makes it real. Frame it if you like.



If you feel more comfortable with mutual funds you can purchase one of those as well. Either way, we suggest that you give them the minimum investment of \$250 dollars and let them invest in something they have passion about. Could be a mutual fund that is green or maybe a stock of their favorite company. Just let them know that the money has to stay there and they are in charge of watching it. You may be shocked how your teen will plug into the process. Here is the cool thing — you are giving them a great money and economics lesson. Also determine a plan for them to take a little bit of the profits occasionally.

8. **Get your teen a credit card.** That is right, keep reading! Here is what you need to keep in mind: *your kids will get a credit card either with or without you.* Hopefully with you and not in their student union at college. Our high schools, colleges, and universities are training our kids to swipe first and think later. As parents of teens, we want to suggest that you join with your teen and let them get a card that you supervise.

It is an amazing opportunity to help your teen see how credit cards really work, as well as starting to build a credit history. We have a friend who is 27 and never had a credit card. He wants to purchase a home but has no credit, so the lender told him to go out and get a credit card and start building some credit. Let them see how interest gets added to their purchases. Let them see how important it is to pay off the bill at the end of every month. Let them see how the credit limit will build over time as they start to acquire solid credit. Instead of scaring them with the tales of credit cards, get involved and take the mystery out of them. Opening the lines of communication with your teen about building credit will save both of you tremendous pain in the future.

9. **Put your teen on a clothing budget.** Involving your teen in their clothing budget is a great way to teach them how to shop wisely and stick to a budget. We have seen the teen that has blown through the clothing budget in a day and we have seen the teen that had a boatload of money because they held onto the money and hardly bought a thing.

You will really see your teens 2 Money Personalities shine with their clothing budget (more about this in our book *The 5 Money Conversations To Have With Your Kid At Every Age and Stage*). We suggest you give them cash or as referenced above, an advance on the joint credit card. We guarantee you will watch their success and failures. Remember, you are there to guide, direct, and encourage. Don't bail them out of clothing trouble. Remember, you are setting the stage for how your money training will go when he or she is an adult child.

10. **Your teen knows they need to plan for their retirement!** In a recent survey by Schwab, 50% of the parents cited said that they wish they would have learned more about retirement during their teenage years. With over 50% of American families underfunded for retirement, it is a great time to talk to your teen about thinking about their future. We know that this might feel like a bit of a stretch for some but it is vitally important. One of the greatest ways to get them thinking about retirement is to show them real life examples of people who are doing retirement well and those who are struggling in retirement. Ask them the following questions:

List 2 things you would like to do 10 years from now
List 2 places you would like to travel 10 years from now
List 2 things you would like to do with your time 10 years from now
List 2 ways you would like to help people 10 years from now

Asking these questions will start them thinking about their future. The reason that you want to have them list 2 things is because we want them to see that they will have options. After you have gone through this exercise, ask them this:

"Do you think when you are 70 years old you are going to want to do

some of these same activities? Then let's make sure you have enough money to be able to do these kind of activities."

Then use an online retirement calculator to show them how saving just 10% of each of their paychecks for the rest of their working life and investing it into a "future account" or "retirement account" called a 401(k), 403(b), or IRA will give them freedom and put them in an amazing position!

11. Your teen earns money. We have seen amazing results when teens earn their own money. Holding down a job is a huge reality check.

Do you remember when you got your first check? For some of you it might have felt huge and for others you might have thought, "Man I really worked hard and this is not going to go as far as I had hoped."

Now it's their turn. So when your teen starts making money, come along side them and help them make wise money decisions. Many teens think that because they earned it they can make all of the saving and spending decisions. As parents, do not fall into this trap! You do have the right to help them save some, give some, and, of course, go out and enjoy some. If you are financially supporting your teen, you have the right to guide and direct their money. They will thank you for it later!

12. You and your teen know his or her 2 Money Personalities!

The reason this is so important is that if you know your teens 2 Money Personalities, YOU know your teen. Money impacts just about every decision your child will make and knowing how they view money will help you navigate those decisions. You might be surprised to know that your child's 2 Money Personalities are more than likely different from yours. It helps to parent your teen in a way they can hear you and if you parent their money decisions in the way YOU would like to be parented then you may be turning off your teen and not even know it.

Discovering their 2 Money Personalities gives you insight as to why they spend and why they don't spend. Or, why they take risks or why they hate

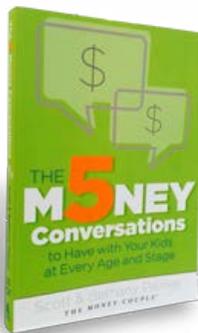
risks. You even figure out why they are willing to do with less if it makes their friends happy. All attitudes stem from the different Money Personalities.

If you understand your kids' 2 Money Personalities, along with the Money Personality insights in our new book, you will never be surprised by their money decisions ever again (each book comes with a code for 5 free kids Money Personalities Assessments). You will speak to their 2 Money Personalities not just yours. You can give them warnings and encouragement when they need it most. When you have a true understanding of your teen's 2 Money Personalities, you open up new ways of communicating, understanding, and working with your amazing teen!!!

12 months to a money genius teen:

- Role model
- Compound interest
- Approximate costs
- Charitable contributions
- Delayed gratification
- Stellar Saver AND Stellar Spender
- Investing
- Credit card smart
- Clothing budget
- Plan for retirement
- Earns money
- Knows 2 Money Personalities

A strong relationship is priceless.



Be sure to pick up a copy of [The 5 Money Conversations To Have With Your Kids at Every Age and Stage](#). In addition to discovering your child's 2 Money Personalities (a free assessment code is included) we will expand on the above money genius idea along with giving you the 5 simple Money Conversations to have with your 5-12 year olds, 13-17 year olds, and 18-25 year olds.

If you have any other money genius suggestions please let us know. We would love to pass them along to our Twitter and Facebook friends. Hey, we may even use your idea in a future Love and Money Minute.

As parents themselves, Scott & Bethany Palmer, The Money Couple® provides real-life anecdotes in their latest book for issues such as allowance, holiday spending, planning for the future, financial independence and debt, among others. Broken down in three distinct sections (ages 5-12, ages 13-18 and ages 18 and beyond), the book provides valuable money personalities goals for each specific age group.

