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Boost your Child's Financial Savvy

TODAY'S YOUTH ARE technologically and globally savvy, yet many emerge into the *grown up* world without the skills to manage a simple budget.

A 2004 nationwide survey by Jump\$tart revealed that 65.5 percent of students received a failing score when quizzed on financial literacy subjects. In Washington State, numerous financial institutions have banded together with educators and state legislators to bring financial literacy to the classroom—but education begins at home.

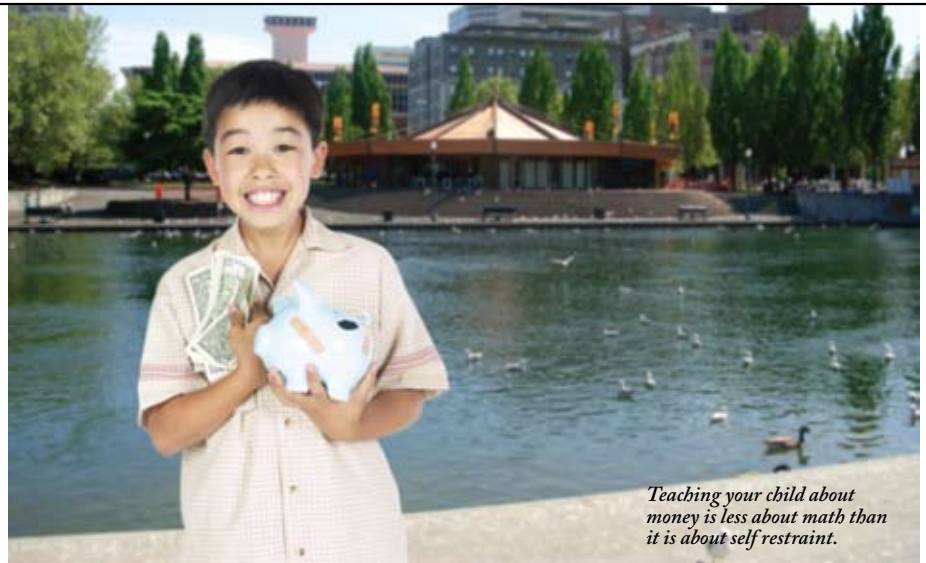
Teaching your child about money is less about math than it is about self restraint. It's tough to stress the importance of budgeting and saving when being bombarded by glossy advertisements screaming buy, buy, buy.

The good news is right now you have more influence over your child's financial decisions than at any other point in their lives. Your advice now is going to have far more impact than the post college graduation heart to heart.

These ten steps are my advice to parents:

\$ It's never too early to start talking about saving. Every day life provides opportunities to talk about ways to save.

\$ Make it a family activity to track spending for one month. Anytime you or your child spends money, write it down in a notebook.



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\$ Based on your tracking, divide spending habits into needs (lunch, field trips) vs. wants (movies, clothes). You may be surprised at your spending habits, eliminate the unnecessary items

\$ Set spending limits for needs and wants. Base limits on income, be it allowance or an after school job. Revisit your plan annually.

\$ Always plan to leave enough for savings, even if it is only ten dollars. When saving, stress the importance of paying yourself first.

\$ Set goals, short, middle and long term (prom, car, college!). Divide savings among goals.

\$ Now that you've decided how to spend money, talk with your teen about getting a checking account or debit card. This can be a safe way to purchase stuff up to their available limit, and to learn how to use an ATM and manage their money.

\$ Take an active role. Review the first few statements with your child and answer any questions about how the account works. Once your child is accustomed to managing his or her account, periodically ask for an update to ensure that the account is managed properly.

\$ A credit card is not for everyone, but if the balance is paid off regularly and on time, the account will build a positive credit history for future transactions such as renting an apartment or securing a car loan.

\$ Avoid deals with your child, remain consistent and as much as you want to, don't bail them out of sticky situations. Make sure they adhere to the plan

Being financially savvy is not about depravation, it's about independence—an achievement with which any teenager can relate. A little effort now can have a big impact in the long term.