




Your Family Finances

How To Teach Your Teens Good Financial Habits

(NAPSA)—With a significant increase in disposable income, in recent years teenagers have become an important part of the consumer market. One statistic suggests that in 2001 alone teenagers spent more than \$124 billion. Despite this incredible spending power, as few as 12 percent of high school students in the U.S. receive a formal education in personal finance.

Parents can create their own “lesson plans” at home to get teens financially fit. Leading consumer lender Household (parent company of Household Finance Corp. and Beneficial) offers the following advice to parents:

 **Give an allowance.**
To instill financial responsibility and to show that you trust them, offer your kids an allowance. The key to a successful allowance is structuring it from the beginning. Make it clear what kinds of purchases your kids can use the money for and that they are expected to save some of it.

 **Set up a budget and manage spending.**

To help your kids learn budgeting skills, work with them first to identify all the ways they currently spend money. Brainstorm together to choose the items they'd like to save for and set manageable goals. Next, help them track their spending with a budgeting worksheet or chart to make sure they stay on target to reach their desired purchase. Finally, teach them how to conduct research to find the best value before making a purchase.

 **Involve kids in household budgeting.**

Get your children involved early on in helping you make household spending decisions and involve them when you pay your family's monthly bills. Make sure they understand the consequences of making late payments or missing payments entirely.

 **Set up a savings account.**

Taking into account money from jobs, allowance, holiday and birthday gifts, help your kids determine their monthly “income.” Teach them to put away roughly 10 percent of this amount as savings. Encourage your teens to open a savings account at a bank, or store the money safely at home for them so they will not be tempted to spend it.

 **Set a good example.**

The sounder your own financial judgment, the better your kids' may be. Demonstrating your own financially responsible behavior, such as keeping a balanced checkbook, always paying bills on time and sticking to a budget and savings plan, will help reinforce good habits in your kids.

For additional advice on achieving financial fitness, log on to www.household.com and www.yourcreditcounts.com. You can also write to Household (Corporate Communications, 2700 Sanders Road, Prospect Heights, IL 60070-2799) for complimentary booklets on how to manage credit, spending and savings.