BUSINESS

Teens learn about the financial facts of life from parents

ERIC ZIMMERMAN

Look around during your next trip to the mall, and you're likely to observe teens spending money and working hard to earn it. According to the American Savings Education Council's 1999 Youth and Money Survey, 94 percent of participating students worked full- or part-time jobs the previous summer.

That's the good news. Unfortunately, the same survey also reports that only about half the teens interviewed think it's very important to save any of their hard-earned money.

If your high school or college-aged student shares this "live for today" attitude, here are a few ways to help turn your free spirit into a financially savvy adult.

Instill fiscal responsibility. Teens must learn that along with the privileges of adulthood come financial responsibilities. By the time they are ready for college, young adults should be able to balance their own checkbook, pay bills in a timely manner and plan for their personal living expenses.

While saving money at this stage in life is often challenging, the groundwork for responsible spending and saving habits should be laid during high school. By requiring highschoolers with part-time jobs to plan and follow a budget, you can help make sure they are able to manage their money when it's time to leave the nest.

Even if you plan to pick up the tab for college expenses, it may be wise to involve your kids in the funding process so they know how money is being saved and how it will be spent for their education.

Teach by first-hand experiences. Hands-on learning with money typically generates excitement with kids. One way to teach investment basics is to purchase individual stocks or mutual funds together, to involving your teens in the selection process.

They are likely to have strong opinions about the companies they perceive as the "best" choices based on what kind of soft drinks they prefer and what clothing labels they like to wear. This isn't necessarily bad, as many financial advisors recommend investing in something you know.

However, you should always research a stock before investing. You can begin the process by presenting a few shares of stock as a gift, or you can guide your kids in making their first purchase. Then you can agree on how the investment program will be funded going forward.

For example, you might determine that a child will use 20 percent of each paycheck to buy more shares, while you match the investment. Together you can track price changes in the financial section of the newspaper or on the Internet and monitor gains and losses.

Warn against excessive debt and credit card abuse. Unfortunately, many kids don't learn of the dangers of credit card abuse until they've experienced it firsthand. In fact, the same survey cited above states that 28 percent of students with a credit card carry revolving debt.

The main way to create awareness of credit-related issues is to maintain an active dialogue on the subject with your kids. Warn about the dangers of excessive debt and describe the benefits of keeping a good credit rating.

Obtaining a copy of your own credit report and sharing the results with your teen can be a way to drive the point home that your credit rating good or bad, stays with you for years.

Assume a new role. The transition to adulthood means changing roles for parents as well as kids. Until this point in your children's lives, you've provided financial support and made the rules. Now you may find that instead of being the "boss" you're becoming an "advisor." In that role, you can offer suggestions and provide guidance, but the bottom line is that your kids soon will be making many of their financial decisions independently.

This transition is often more difficult for parents than it is for children particularly if you see departures from your own way of doing things.

As you move through this important education process with the young adults in your home, don't be afraid to seek help. The nonprofit National Center for Financial Education (www.ncfe.org) provides books for teenagers and other teaching tools for parents, while the American Savings Education Council (www.asec.org) offers information to educate Americans about saving money.

A knowledgeable financial advisor also can be a valuable resource to help get your own financial house in order. Once you've attended to that important detail, you'll be ready to provide a more effective training ground for your teens and become the role model they need to succeed on their own.

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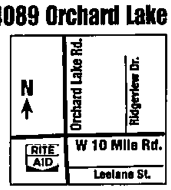

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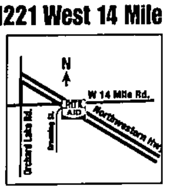

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MON., MARCH 4

BUSINESS WOMEN
Suburban West Business and Professional Women will host a membership night beginning with a 6 p.m. social hour at the Holiday Inn-Livonia, N. Laurel Park (I-275 and Six Mile Road), Livonia. Silent raffle, hors d'oeuvres and more. Call Mary T. Martin at (734) 422-7719.

ECONOMIC CLUB OF DETROIT
The Economic Club of Detroit will hold its luncheon meeting at noon at the Burton Manor, 27777 Schoolcraft Road, Livonia. Tony Snow, nationally syndicated newspaper columnist and host and political analyst of FOX News Sunday, will be the guest speaker. Tickets: $28 members; $33 non-members. Call (313) 963-8547.

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