

7 Money-Saving Tips for Teens

Most teenagers probably won't leap at the prospect of learning about personal finance on their own. That's why it's important to take the time to teach them smart money management. To get the conversation started, here are seven topics worth discussing to help your teen avoid costly financial missteps in the future.

Encourage your teen to get a job

Preaching about the value of a hard-earned dollar isn't quite as effective as encouraging your child to get a job. By working for their money, teenagers are likely to begin thinking critically about how they spend it, which is a good habit to pick up at an early age. If your child is too young for a job, you could provide a weekly allowance for helping around the house.

Help your teen set a budget

Once your teen starts earning money, explain how to [set a budget](#). Consider explaining the difference between essential and nonessential expenses, providing examples from your own life.

Set financial goals together

Since creating a budget isn't the most exciting activity, introducing the idea of saving up for a fun purchase might reinvigorate your teen. Putting away money every month requires discipline and is a great skill to practice at an early age by regularly stashing away some cash for a new smartphone, for example. Crunch the numbers with your child to determine how much needs to be saved each month to hit the savings goal by a certain date.

Help your teen sign up for a checking and savings account

So money doesn't have to be stashed under their mattress, sign your teenager up for a checking and savings account. Although you'll need to co-own the account if your child is under 18, your teen can have an active role in managing it. Just know that you'll have to foot the bill if any fees, such as overdrafts, are incurred.

Encourage responsible credit card use

Although your child won't be able to get a credit card [before turning 21](#), anyone can be set up as an authorized user on your plastic at any age. Make sure to implement rules regarding when your teen can use the card, and make it abundantly clear that your credit score will take a hit if your card is maxed out.

Take your teen shopping

It can be tempting to overspend on name-brand products. To help your teen fight those initial instincts, shop together and explore the wonders of coupons, sales and store brand items. This should underscore the notion that popular products don't always have to be the go-to option, which can save your child a lot of money over the years.

Teach your teen about compound interest

When it comes to saving money, [compound interest](#) is a person's best friend. Teaching your child about the many benefits of compound interest should encourage contribution to a 401(k) plan in a future full-time job.

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