

# Money Tips For Teenagers: Your Future Self Will Thank You

By [Candice Elliott](#)

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*If you're a teenager, you are in a very powerful position. Starting good money habits now will put you ahead for the rest of your life. Here are 8 money tips for teenagers.*

I was not good with money when I was a teenager. I spent it on stuff like clothes and eating at the mall. If I knew as a teenager even a fraction of what I know now about money, I'd probably be retired. So let us help you avoid the mistakes we made with our money by giving you 8 money tips.

## **1. Understand The Power Of Time**

You probably aren't making a ton of money right now, but that doesn't matter. What matters is time. And your money has *a lot* of it. Let's look at an example:

At the end of your summer job, you have \$1000. You invest it at a rate of return of 5%. You don't contribute another cent for 50 years. At the end of those 50 years, you will have \$11,467.49.

If you did the same but only had 30 years for that money to grow, you would just have \$4,321.99 at the end of those 30 years. Of course, you will be investing much more over those years than just that initial \$1000 so imagine how fast your money will grow if you start early. Time is rarely on our side but it's on your side now if you start now.

## **2. Start A Money Saving Habit**

How long have you been brushing your teeth? Hopefully, by the time you're a teenager, for many years. And because you have been doing it for so long, it's just a habit.

The power of [habit](#) is almost as important as the power of time when it comes to money.

**A habit is just something you do automatically; you don't have to think about it too much.**

If you start the habit of saving money now, that habit will always be with you. Every dollar you get, whether it's a gift, an allowance, or pay from a job, get into the habit of saving a portion of it.

Half of it would be ideal and now is the time to start because you don't have a lot of expenses. The older you get, the harder it can seem to save even 10% of your money, but if you started saving much more than that at an early age, it wouldn't seem hard to you because it's just a habit.

## **3. Track Your Spending**

This can be hard because as a teenager you might be earning money by doing things like babysitting or mowing lawns and those kinds of jobs are usually paid in cash. And cash is the hardest thing to track. There are all kinds of great money budgeting tools online, [Mint](#), [You Need A Budget](#), [Quicken](#), and they're all easier to use when you're not dealing with cash.

Cash also tends to burn a hole in our pockets, so it's better to have it stashed away somewhere, so it's less tempting. It's a good idea to establish a relationship with a bank when you're young. In fifteen years when you want a loan to buy a house, a long track record with a bank can be helpful. Be sure to research the various types of accounts banks offer. Some

will charge fees if you don't keep a minimum balance. You should **never** pay a penny in fees to a bank for any reason.

Take your cash and open two accounts, a checking and a savings account. Remember, you're saving half of every dollar you get so half goes into checking and half into savings.

**It's important to always separate your money.** Money that should be saved tends to disappear when it's mixed around with money that gets spent.

You can get a debit card for the checking account. You can now spend money via your debit card rather than cash so you can easily track your spending. The card will also allow you to deposit cash into your accounts at the ATM rather than having to go to a teller every time.

#### **4. Get Educated**

You probably aren't getting much education about personal finance in school, maybe none at all. I have a whole conspiracy theory built around this.

The more you know about money, the less you are tied to a job for decades making someone else money and the less consumer crap you buy. So you can see what it's in the interest of certain groups to keep you in the dark when it comes to handling money.

But they don't control the internet (yet), the bastards! This is the best place to start. I mean, it's where you found this awesome article for a start. LMM is a great resource and of course, there are many others, but I don't work for them!

We have so much information available on this site. There are podcast episodes on everything from [Launching a Successful Kickstarter Campaign](#) to [The Anatomy of a Well-Balanced Portfolio](#). There are articles reviewing [Betterment](#) and articles that will teach you how to make [\\$100 fast](#).

We have a [Tools Page](#) where you will find tools to help you [invest](#), to help you [pay off debt](#), tools to create your own [online business](#), even tools to help you [travel](#).

There are so many personal finance books to choose from that it's hard to know where to start. LMM has you covered for that too. We have a [library](#) where we recommend some great books, and not just about personal finance.

Books like [I Will Teach You To Be Rich](#), [The One Page Financial Plan](#), [Level Up Your Life](#), and [A Happy Pocket Full of Money](#).

LMM was designed to be a one-stop-shop for everything personal finance related which means whether you're just starting out as a teenager, or you're 50 and have been investing for thirty years, there is information here that can help you. Talk to your parents about money. Some families don't like to talk about money, they think it's rude or vulgar, or just none of your business.

**But they're wrong**, and those attitudes are why so many people leave home without the first clue about how to handle money or anything related to it. You don't have to poke around in your parent's bank balances to have a discussion about money. You can speak and ask questions, in general, terms.

**One of the best ways to open the conversation is to ask what is the most important piece of money advice they can give you.** Parents *love* to give advice and asking such an open-ended question can help to start a deeper conversation.

## **5. Make Smart Decisions About College**

A smart decision about college can include the decision *not* to attend, or to delay attending for a few years and work full time to help pay for it. A smart decision might be attending a local college for two years and then transferring to a more expensive, prestigious school. It means applying for every grant and scholarship you are even remotely qualified for.

A smart decision is choosing to major in something that people actually get paid to do. Lots of us would have enjoyed majoring in history or literature, but those aren't really well-paying fields. Taking out tens of thousands of dollars in loans for these kinds of degrees is a poor financial decision.

Crippling yourself with a debt that can almost never be discharged is going to color the rest of your life for decades to come. You may have to delay things like buying a home and starting a family for years if you come out of college with monumental debt. Overall, college is still a [good decision](#) but the days of going to the best school that will have you on loans are over.

## **6. Establish A Credit History**

Ideally, parents would help you start a credit history before you leave home. Handing an 18-year-old their first credit card the day they get dropped off at college and telling them to “use it responsibly” and leaving it at that is a recipe for disaster. It’s better if the process starts while you still live at home, and your decisions can be monitored.

Speak to your parents about adding you as an authorized user to one of their credit cards. They don’t even have to give you access to the card but adding you to the account will open a credit file in your name. Once you have a credit file, get into the habit of checking your credit score. [Credit Karma](#) is great for this, it’s free to use. Understand what makes up your [credit score](#).

**The biggest factor is payment history, and anything less than a 100% score gives you an F in this category. Always pay your bills on time!** Understand why you need [a good credit score](#). Having one will make many aspects of your life easier and cheaper. Your credit score can affect everything from renting an apartment to getting a job.

## **7. Use Your Student ID**

You can get so many [discounts](#) using your ID; [Amazon Prime](#), tickets to museums, concerts, sporting events, restaurants, groceries, movies, train and bus travel, hotels, restaurants, newspaper and magazine subscriptions, clothing, electronics, shipping and lots more. Anytime you buy something, ask if there is a student discount.

## 8. Avoid FOMO

**FOMO** is fear of missing out. It's easy to think everyone is having more fun than you are when you're a teenager. And sometimes, people are having more fun than you. That's true no matter how young or old you are. It's important, though, to not give up what you want *most* for what you want *now*.

What you want now is to take the money you made at your summer job and go on Spring Break. What you want most is to graduate debt free. Or to retire at forty instead of 65. Or to be able to quit a job you hate because you have a big emergency fund to see you through to your next job. It might not seem like it when you're eighteen, but all of that will be true in time. It's So Early

If you ask people older than you what their biggest financial regret is, a lot of them will tell you that they wished they had started getting serious about money much earlier than they did. Because doing it only gets harder the older you get. Start now so you don't have that same regret a few decades down the road.

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