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Helping Teens Get Good Grades in Money Management: A How-To Guide from the FDIC

For teens, saving money may not be as much fun as spending it, but putting dollars aside for their future and learning how to be smart consumers are still important things to do. Teens have access to more money than ever before thanks to allowances, gifts and, for many, income from jobs. Teens also are becoming more responsible for making decisions about everything from small, everyday purchases to saving for college or a car. That's why the latest issue of ***FDIC Consumer News***, published by the Federal Deposit Insurance Corporation, is a special guide to help teens (and many pre-teens) learn how to make good decisions about their money, right from the start. Although the new guide is written for teens, it also can be used by parents and teachers to help them talk about money management with young people.

The publication, entitled "Start Smart: Money Management for Teens," features simple, real-world guidance on how to:

- **Save more money.** The FDIC explains that saving gets easier if it's done regularly and the money is left untouched in an interest-earning account that gradually builds over time. Among the suggestions: set goals and have a strategy for saving money, such as by automatically putting a certain percentage of the money from an allowance, a gift or a job into savings instead of spending it.
- **Decide where to keep their money.** There are many good reasons for teens to have bank accounts, including protection against loss or theft, and the different options for saving money and earning interest. Investments in stocks, bonds and mutual funds also can be attractive alternatives to bank savings accounts but they involve more risks.



Congress created the Federal Deposit Insurance Corporation in 1933 to restore public confidence in the nation's banking system. It promotes the safety and soundness of these institutions by identifying, monitoring and addressing risks to which they are exposed. The FDIC receives no federal tax dollars — insured financial institutions fund its operations.

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- **Spend money wisely.** To avoid impulse buying, the FDIC suggests setting a spending limit or make a shopping list (and sticking to it) before leaving home. Teens also are advised to develop good habits as consumers, such as by doing research and comparison shopping before buying. **FDIC Consumer News** also helps teens understand the important difference between a "need" (for example, a pair of sneakers) and a "want" (a \$125 pair advertised by a favorite athlete).
- **Borrow money responsibly.** While parents may be a teen's first lenders, young people also may be able to get access to a credit card or bank loan (on their own or, if they are under 18, most likely with a parent or other adult). The FDIC guide sends important messages about both the benefits and the costs of borrowing money, including how paying back as much as possible each month -- the entire balance, if possible -- will limit interest charges.
- **Protect against ID theft.** Adults aren't the only people whose identity is being used by criminals to steal money. Young people can be targets, too. The FDIC advises on how teens can protect themselves. Among the recommendations: Don't give out bank account numbers or other personal information in response to an incoming call or e-mail from a stranger or an advertisement on the Internet, no matter how legitimate it may appear to be.

The goal of the quarterly **FDIC Consumer News** (which is primarily for adults) is to deliver timely, reliable and innovative tips and information on financial matters, free of charge. The guide for teens can be read or printed online at www.fdic.gov/consumers/consumer/news/cnsum06. There also is an online form for ordering up to two free copies. The FDIC also is encouraging financial institutions, schools, consumer organizations and the media to reprint the new guide for teens in whole or in part and to link to or mention the FDIC Web site. The guide is available on the FDIC Web site in a PDF format that can easily be reproduced in any quantity. Space on the back page of the PDF version was intentionally left blank so that an organization could add its name, logo, a special message and/or self-mailing information.

Current and past issues of **FDIC Consumer News** -- including special guides for senior citizens and young adults (from those just beginning a career or family and others still in high school or college) -- are online at www.fdic.gov/consumernews. The FDIC also offers a free subscription service that provides an e-mail about each new issue of **FDIC Consumer News** posted to the Web site and a link to stories of interest. Instructions for subscribing are posted at www.fdic.gov/about/subscriptions/index.html.