



A Simple Teen Guide to Finances, Budgeting, and Investing

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A practical, beginner-friendly roadmap for earning money, making smart choices, building savings, using credit carefully, and starting to invest for the future.

Introduction: Why Money Skills Matter

Money skills are life skills. Whether you earn money from a part-time job, allowance, babysitting, mowing lawns, selling online, or gifts, every dollar gives you a chance to practice making choices. The goal is not to be perfect with money. The goal is to understand where your money goes, protect yourself from bad decisions, and use time to your advantage.

1. The Money Mindset

- **Money is a tool.** It helps you pay for needs, enjoy wants, reach goals, and handle emergencies.
- **Small choices add up.** A few dollars saved regularly can grow into real security.
- **Start before you feel ready.** Learning early gives you more time to build strong habits.
- **Avoid comparison.** Someone else's clothes, phone, car, or lifestyle may be paid for with debt.

2. Earning Money

Earning money teaches responsibility, time management, taxes, and the value of work. Common teen income sources include part-time jobs, seasonal work, tutoring, pet sitting, yard work, selling handmade items, refereeing youth sports, lifeguarding, internships, and small online businesses.

Before You Earn

- Know your hourly wage and how often you get paid.
- Ask whether taxes will be taken out of each paycheck.
- Track your hours so you can check that your paycheck is correct.
- Keep basic records of income, especially if you do freelance or cash work.

3. Budgeting: Telling Your Money Where to Go

A budget is a simple plan for your money. It helps you decide what to spend now, what to save for later, and what to avoid. Budgeting is not about never having fun; it is about making sure your fun does not erase your goals.

Simple Teen Budget Example		
Category	Example Amount	Purpose
Save	30%	Emergency fund, future goals, big purchases
Spend	50%	Food, entertainment, clothes, subscriptions, hobbies
Give or Share	10%	Gifts, causes, family contributions, community support
Invest	10%	Long-term growth, if appropriate and with adult guidance

How to Build Your Budget

1. Write down your monthly income.
2. List fixed costs, such as phone bills, subscriptions, school fees, or transportation.
3. Estimate flexible spending, such as snacks, clothes, games, and outings.
4. Choose savings goals before spending the rest.
5. Review your budget weekly and adjust it when life changes.

Simple Budgeting Checklist for Teens

- Write down all money coming in this month, including paychecks, allowance, gifts, tips, or side jobs.
- List required expenses first, such as transportation, phone bills, school costs, or savings commitments.
- Set aside savings before spending on wants.
- Choose one short-term goal, such as a concert ticket, clothes, game, or gift.
- Choose one longer-term goal, such as a car, college costs, emergency fund, or future trip.
- Decide how much you can spend on fun without hurting your goals.
- Track every purchase for at least one week.
- Check subscriptions, apps, and online purchases so small charges do not build up unnoticed.
- Compare what you planned to spend with what you actually spent.
- Adjust your budget for next month instead of quitting if it was not perfect.
- Ask a trusted adult for help before borrowing money, using credit, or making a large purchase.

4. Saving: Paying Your Future Self

Saving means setting money aside for a purpose. Start with an emergency fund, even if the first goal is only \$100. Then create separate goals for things like a car, college costs, travel, a laptop, sports equipment, or moving out someday.

- **Short-term goals:** things you want within a few weeks or months.
- **Medium-term goals:** things you want within one to three years.
- **Long-term goals:** things that may take several years or decades.
- **Emergency fund:** money reserved for unexpected needs, not everyday spending.

5. Banking Basics

A bank or credit union can help keep your money safer than cash and make it easier to save. Teens may need a parent or guardian to open certain accounts, depending on age and local rules.

Common Account Types		
Account	Best For	Watch Out For
Checking account	Spending, debit card purchases, direct deposit	Fees, overdrafts, low balances
Savings account	Emergency fund and short-term goals	Low interest, withdrawal limits, fees
Certificate of deposit	Money you can lock away for a set time	Early withdrawal penalties
Custodial account	Adult-managed account for a minor	Rules about control and taxes

6. Credit and Debt

Credit means borrowing money now and promising to repay it later. Debt can help with major goals, such as education or transportation, but it can also become expensive if you borrow more than you can repay. Interest is the cost of borrowing money.

- Pay bills on time.
- Borrow only what you understand and can repay.
- Avoid using credit for impulse purchases.
- Keep passwords private and review statements for mistakes.
- Ask questions before signing anything.

7. Investing Basics

Investing means putting money into assets, such as stocks, bonds, mutual funds, or exchange-traded funds, with the hope that the value grows over time. Unlike a savings account, investing involves risk. You can lose money, especially in the short term. That is why investing usually works best for long-term goals.

Key Investing Terms

- **Stock:** a small ownership share in a company.
- **Bond:** a loan to a company or government that may pay interest.
- **Mutual fund:** a pool of money from many investors used to buy a collection of investments.
- **ETF:** an exchange-traded fund, similar to a mutual fund, that trades like a stock.
- **Diversification:** spreading money across different investments to reduce the risk of one failure hurting everything.
- **Compound growth:** earning returns on both your original money and previous returns.

Rules for Teen Investors

1. Build basic savings before investing.
2. Invest only money you will not need soon.
3. Do not buy something just because it is popular online.
4. Diversify instead of putting all your money into one company.
5. Understand fees, taxes, and account rules.
6. Ask a trusted adult before opening investment accounts or making major decisions.

8. Needs, Wants, and Smart Spending

A need is something required for health, school, safety, or basic life. A want is something that makes life more enjoyable but is not required. Many purchases are mixed: a phone may be a need for safety and school communication, but the newest model may be a want.

- Wait 24 hours before buying something expensive or impulsive.
- Compare prices before purchasing.
- Calculate the hours of work needed to pay for the item.
- Cancel subscriptions you do not use.
- Watch for social media pressure and limited-time sales tactics.

9. Protecting Your Money and Identity

Digital money is convenient, but it also creates risks. Protect your accounts, personal information, and devices.

- Use strong, unique passwords.
- Turn on two-factor authentication when available.
- Do not share banking, debit card, or payment app information.
- Be suspicious of messages that pressure you to act fast.
- Never send money to someone you only know online.
- Check account activity regularly and report suspicious charges quickly.

10. A 30-Day Money Challenge

1. **Day 1:** Write down three money goals.
2. **Day 2:** Track every dollar you spend for one week.
3. **Day 7:** Create your first budget.
4. **Day 10:** Open or organize a savings account with adult guidance if needed.
5. **Day 14:** Cancel or pause one unnecessary expense.
6. **Day 21:** Learn one investing term and explain it to someone else.
7. **Day 30:** Review your progress and choose your next savings target.

Quick Reference Checklist

- I know how much money I earn each month.

- I have a basic budget.
- I save before I spend everything else.
- I understand the difference between saving and investing.
- I know that investing includes risk.
- I protect my passwords and personal information.
- I ask questions before borrowing money or signing up for financial products.

Additional Online Resources for Teens

Use these resources to keep learning about earning, budgeting, saving, credit, investing, taxes, and protecting your money. Government resources are marked with “Government.”

1. [FDIC Money Smart for Young People](#) — **Government**. Free grade-level lessons, activities, handouts, and examples on earning, needs vs. wants, saving, banking, borrowing, and financial decision-making.
2. [FDIC Money Smart for Young Adults](#) — **Government**. A practical curriculum for ages roughly 12–20 that explains banking, spending plans, credit, debt, saving, and consumer protection.
3. [CFPB Youth Financial Education](#) — **Government**. Classroom activities and tools that help teens build financial knowledge, habits, vocabulary, and decision-making skills.
4. [CFPB Money as You Grow: Teenagers and Young Adults](#) — **Government**. Conversation starters and activities about earning, saving, planning, shopping, borrowing, and protecting personal information.
5. [MyMoney.gov Resources for Youth](#) — **Government**. A collection of federal resources with games, activities, and guides about saving, shopping, budgeting, taxes, and financial planning.
6. [Investor.gov Youth Resources](#) — **Government**. Student-friendly tools from the SEC focused on saving, investing, compound growth, risk, and responsible financial choices.
7. [SEC Saving and Investing for Students](#) — **Government**. A student booklet that introduces financial goals, budgeting, saving, investing, risk, fraud prevention, and the importance of starting early.
8. [Jump\\$tart Clearinghouse](#). A searchable library of curated financial education resources for students, families, and teachers, aligned to personal finance standards.
9. [Next Gen Personal Finance](#). Free lessons, activities, simulations, and projects for middle and high school students on budgeting, careers, banking, credit, investing, taxes, and consumer skills.
10. [EconEdLink](#). Free K–12 economics and personal finance lessons, games, simulations, and activities, including resources on budgeting and investing.
11. [Financial Fitness for Life](#). A personal finance curriculum from the Council for Economic Education covering earning, spending, saving, borrowing, investing, and money management.
12. [Money Fit Teen Financial Education Courses](#). Self-paced courses that teach budgeting, saving habits, credit basics, lifestyle choices, and practical money decisions.
13. [Charles Schwab: How to Invest Like a Boss—As a Teen](#). A beginner-friendly article explaining teen investing accounts, diversification, long-term goals, and how teens can learn with adult guidance.

14. [Public Library Association Teen Financial Literacy Resources](#). A library-oriented collection of teen money resources covering saving, spending, owing, tracking, giving, investing, and safeguarding money.

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