

FINANCIAL *parenting*



During the summer job season, it's important to remember there's no one-size-fits-all way teens learn about money.

BY LINDA LACINA → *illustrations by tim marrs*

It's one of life's little mysteries: how two kids raised by the same parents could develop distinct ideas about saving and spending. But new research, the Arizona Pathways to Life Success for University Students (APLUS) study, is shedding light on the phenomenon. In fact, Soyeon Shim, Ph.D., developed APLUS while raising her teens, one cautious and one risk taking, after noticing the lack of qualitative information on young people's money habits.

It turns out kids develop one of three distinct money identities: pathfinder, drifter or follower. Each behavior has its own pattern of strengths and weaknesses affecting what kids know and how

they use it. Overcoming the weaknesses ensures that kids can get their wallets under control and don't give in to financial stresses that eat away at relationships and confidence. "Financial independence is not just about money management," says Shim. "It's about life management."

Parents have greater sway over their teens' money habits than they might think—1.5 times more than financial classes at school and more than twice that of a teen's social circle. To connect, parents must customize financial parenting techniques—listening, talking and challenging teens' money ideas—to match their child's unique style.



You know they're **PATHFINDERS** when...

They have all the money answers and tell you what to do. They're readers and researchers who won't hesitate to say, "Here's what I think."

WHY YOU WORRY Even the savviest teen is still learning. Plus, it's not easy for parents to accept their kids' financial opinions.

YOUR ACTION PLAN Pathfinders are doers but their financial abilities don't always match their enthusiasm. Joyce Serido, Ph.D., a mom and co-principal investigator for APLUS, suggests you build on their leadership instincts by saying, "Why do you think that?" Have them talk through their decision-making process so you can fill in any gaps. Let these go-getters troubleshoot projects that have boundaries, like budgets and time constraints. If you go on vacation, even tweens could decide which hotel is best or plan a day's activities. Or spark your teen's inner entrepreneur by encouraging him to start a small business. Such missions can stretch kids' ideas of what they're good at.



You know they're **DRIFTERS** when...

You see eye rolls and hear heavy sighs. These not-so-subtle signs help drifters tell you they're not interested in your money lessons. If they weren't so busy rebelling, they could improve their financial knowledge.

WHY YOU WORRY Drifters don't connect what they know to what they do and can make the same money mistakes again and again. That's hard for any parent to watch.

YOUR ACTION PLAN Make money management relevant to drifters, says Serido. Send them to lunch at your friend's office or to help at your sister's boutique so that they can learn ways people support themselves. Share hard money choices you've made, says Patricia Seaman, senior director of the National Endowment for Financial Education. Big lessons have big rewards, and APLUS found that financial know-how especially improved for drifters when family and friends faced foreclosure or job loss. Should your drifter blow his allowance and say, "You'll just buy it for me," put your pocketbook away and explain that his financial choices have consequences. "You can't save them," says Serido, "but you can help them make better decisions."



You know they're **FOLLOWERS** when...

All their money attitudes seem a tad too familiar. Followers echo the good advice you've given them, and while they're knowledgeable, they're not always the most confident.

WHY YOU WORRY You can't truly know if these teens understand the money lessons they repeat or if they have the skills to deal with a real crisis.

YOUR ACTION PLAN Test your follower's knowledge, says Serido. When a friend or even a character on TV gets into money trouble, ask, "What would you do?" Talk about the risks and consequences. Take the role of teacher when the family comparison shops for cars or groceries. Explain why you choose one deal over another and enlist kids' help in scouring for sales. Have followers save some of their allowance for charity or that gadget they've been eyeing to gain the confidence and problem-solving skills they'll need to tackle larger money goals down the line.

CLICK TO IT

MONEY MATTERS ONLINE

In a pinch, these sites have the know-how, tips and tools to make financial conversations that much easier.

→ Navigating the college financial aid maze or adjusting to paychecks can be intimidating. Cashcourse.org/prep helps students transition to college as they learn budgeting, saving and setting goals.

→ Parents don't always know what to say, but the National Endowment for Financial Education's personal finance site, smartaboutmoney.org, offers a searchable library with hundreds of resources, including tips for talking with your kids, exercises and worksheets.

→ Ever bought something on impulse and regretted it? So have 66% of Americans. Some of them have uploaded one of spendster.org's nearly 300 funny videos about the purchases they wish they'd never made. The site can be a fun discussion starter between you and your teen or tween.

→ Middle and high schoolers can practice risk taking through online games created on the Council for Economic Education site, genirevolution.org.

SMART SITES

FamZoo.com and **ThreeJars.com** bring allowances into the digital age, helping parents assign chores and oversee a tween's earning and spending.

Apps like **Toshl Finance** (toshl.com) and **Money Strands** (money.strands.com) help teens track spending and saving goals and alert them when they go over budget.