

FINANCIAL GUIDE FOR TEENS



INVESTING

Learn the basics to grow your money

SAVING

Learn the art of saving to build a financial safety net

BUDGETING

Track your spending and reach your financial goals

What's Inside?



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*Financial freedom is
available to those who
ROBERT KIYOSAKI
learn about it and
work for it.*

Introduction

Are you ready to level up your financial game? This guide is your ultimate cheat sheet to mastering your money. Whether you're saving for that new phone, planning for college, or just want to be more financially savvy, this guide has got you covered.

Get ready to:

-  **Understand the basics:** Learn about money, budgeting, and saving.
-  **Crush your goals:** Set financial goals and create a plan to achieve them.
-  **Avoid common pitfalls:** Learn how to spot scams and protect yourself.

Let's dive in and make your financial future awesome!

Understanding Money

Types of Money

Money is a tool that helps us get what we need and want, like games, clothes, and food. There are different types of money, like:

- **Cash:** Physical money, like bills and coins.
- **Checks:** Pieces of paper that represent money.
- **Credit Cards:** Plastic cards that let you borrow money.
- **Debit Cards:** Plastic cards that use money from your bank account.

Earning Money

There are many ways to earn money:

01 Part-Time Jobs

02 Entrepreneurship: Start your own business, like selling handmade crafts or offering a service.

03 Allowances

04 Other Ways to Earn Money: Babysitting, pet sitting, doing chores for neighbors, etc.

Spending Wisely

- **Avoid Impulse Purchases:** Don't buy things just because they're on sale or you see them. Think about whether you really need it.
- **Set Priorities:** Decide what's important to you and spend your money on those things.
- **Save for the Future:** Put some of your money aside for later, like a new phone or a vacation.

Remember, money is a tool, and how you use it is up to you. By understanding the different forms of money and learning how to earn and spend it wisely, you can make smart financial decisions.

“The best investment you can make is in yourself...the more you learn, the more you earn.” - Warren Buffet

Budgeting Basics



What is a Budget?

Imagine your budget is like a game plan for your money. It helps you decide how to spend and save your cash so you can reach your goals. It's like having a map to guide you on your financial journey.

Tracking Your Spending

- **Use a Spending Journal:** Write down everything you spend money on. This can be in a notebook or on your phone.
- **Try a Budgeting App:** There are lots of cool apps that can help you track your spending automatically.
- **Categorize Your Expenses:** Group your spending into categories like food, entertainment, and transportation.

Creating a Budget

- 01 List Your Income:** Write down the money you earn, like allowance or a part-time job.
- 02 List Your Expenses:** Think about everything you spend money on, from snacks to clothes.
- 03 Subtract Expenses from Income:** See how much money you have left over.
- 04 Allocate Your Money:** Decide how you want to spend and save your leftover cash.

Here's a Simple Example:

Income	Expenses
Allowance (\$20/week)	Food (\$10/week)
Part-time job (\$50/week)	Clothes (\$20/month)
Total: \$70/week	Total: \$40/week

In this example, you have \$30 left over each week. You could save \$15 and spend \$15 on entertainment.

Remember, it's important thing is to stay on top of your finances and make sure you're spending your money wisely.

Debt

Good Debt Vs. Bad Debt

Think of debt like borrowing money from a friend. Just like you'd be careful about borrowing money from a friend, it's important to be wise about borrowing money from banks or other lenders.

- **Good Debt:** This is debt you take on to invest in something that will increase in value over time, like a house or education. Example: Taking out a student loan to pay for college can be considered good debt because a college education can lead to higher earnings in the future.
- **Bad Debt:** This is debt you take on for things that lose value over time, like clothes or electronics. Example: Using a credit card to buy a new video game console on impulse can be considered bad debt because the console will lose value over time.

“Never spend your money before you have earned it.”
- Thomas Jefferson

Credit Scores

Your credit score is like a report card that shows how well you manage your money. Lenders use your credit score to decide if they'll lend you money and how much interest they'll charge you. A good credit score can help you get better deals on loans and credit cards.

Managing Credit Cards

- **Use Credit Cards Wisely:** Only use your credit card for things you can afford to pay off each month.
- **Pay Your Bills on Time:** Always pay your credit card bills on time to avoid late fees and damage to your credit score.
- **Avoid Maxing Out Your Card:** Try not to spend more than your credit limit.



Saving for the Future

Why Save?

Saving money is like a treasure chest. The more you put in, the more you can take out later. Here's why saving is great:

- **Achieve Your Goals:** Saving can help you reach your dreams, like buying the latest phone, a car, or even a house.
- **Prepare for the Unexpected:** Life can be full of surprises. Saving money can help you cover unexpected expenses, like medical bills or car repairs.
- **Build Financial Security:** The more you save, the more financially secure you'll be. This means you'll have less stress and more freedom.

Setting Savings Goals

- **Dream Big:** Think about what you want to achieve in the future.
- **Break It Down:** Figure out how much money you need to save and how long it will take.
- **Create a Savings Plan:** Decide how much you can save weekly or monthly.

Example:

If you want to save \$1,000 for a new laptop in a year, you'll need to save about \$83 per month.

Opening a Savings Accounts

A savings account is a safe place for your money. There are different types of savings accounts:

- **Regular Savings Account:** Basic account, offers a low interest rate.
- **High-Yield Savings Account:** Offer a higher interest rate, but you might have to keep a minimum balance.
- **Certificate of Deposit (CD):** Offer a higher interest rate than regular savings accounts, but you can't withdraw your money for a set period of time.

Choose the savings account that best fits your needs and goals.

Short-Term & Long-Term Goals

- **Short-Term Goals:** Goals you want to achieve in the near future, like buying a new video game or a pair of sneakers.
- **Long-Term Goals:** These are goals you want to achieve in the future, like saving for college or a house.

Seeking Financial Advice

A financial advisor can help you create a personalized financial plan and provide guidance on how to reach your goals. They can also help you understand complex financial concepts and make informed decisions.

Investing

What is Investing?

Investing is like planting a seed. You put in a little money now, and with time and care, it can grow into a bigger amount. It's like letting your money work for you while you're asleep.

Different Types of Investments

- **Stocks:** Think of stocks as pieces of a company. When you buy a stock, you're buying a small part of that company. If the company does well, the value of your stock might go up.
- **Bonds:** Bonds are like lending money to a company or government. They promise to pay you back later, along with interest.
- **Mutual Funds:** A mutual fund is like a basket of stocks or bonds. When you buy a mutual fund, you're buying a little bit of many different investments.



Starting Small

You don't need a lot of money to start investing. Here are some ways to get started:

- **Start small and gradually increase your investments:** Begin by investing a small amount of money and gradually increase your contributions as your income grows. This can help you build a solid foundation for your investment portfolio.
- **Consider consulting with a financial advisor:** If you're unsure about where to start or have specific questions about investing, a financial advisor can provide personalized guidance.

Remember

Investing can be risky, so it's important to do your research and understand the risks involved. Talk to a financial advisor for more information.



The Power of Compound Interest

What is Compound Interest?

Imagine planting a magic money tree. Every year, the tree grows taller and produces more and more money. That's kind of like compound interest. It's when the interest you earn on your money also earns interest. It's like your money is making money for you!

How Compound Interest Works

Let's say you invest \$100 at a 5% interest rate. In the first year, you'll earn \$5 in interest. But in the second year, you'll earn interest on both the original \$100 and the \$5 you earned in the first year. This means you'll earn even more money in the second year.

The Magic of Time

The longer you let your money grow, the more powerful compound interest becomes. That's why it's important to start saving and investing early. Even small amounts of money can grow into a significant sum over time.

Real World Example

Hailey started investing when she was 18. She was able to save a small amount each month, and she invested the money in a mutual fund. Over the years, her investment grew thanks to the power of compound interest. Today, Hailey's investment portfolio is worth a significant amount of money. She has used it to pay for her children's college education and to supplement her retirement income.

Hailey's story shows the importance of starting to invest early. The longer you let your money grow, the more powerful compound interest becomes. Even small amounts of money can grow into a substantial sum over time.

**“Compound interest is the eighth wonder of the world. He who understands it, earns it. He who doesn't, pays it.”
-Albert Einstein**

Avoiding Common Financial Mistakes

Scams & Fraud

01 Common Scams to Watch Out For

- **Phishing Scams:** Emails, texts, or calls that try to trick you into giving up personal information like a password or credit card numbers. They often pretend to be from a trusted source, like a bank. *Example:* You might get an email that looks like it's from your bank, asking you to click a link and update your account information. But the link might actually lead to a fake website that steals your information.
- **Advance Fee Scams:** These scams promise a big reward for a small upfront payment. But once you pay the money, you never see the reward. *Example:* You might get an email saying you've won a lottery and need to pay a fee to claim your prize.
- **Romance Scams:** These scams involve someone pretending to be romantically interested in you in order to steal your money or personal information. *Example:* You might meet someone online who seems perfect for you. But after a while, they might start asking for money or personal info.

If something seems too good to be true, it probably is.

02 Red Flags: Recognize red flags that may indicate a scam:

- Urgent requests for money
- Promises of high returns with little risk
- Requests for personal information

03 Protect Yourself: Take precautions to avoid scams:

- Be cautious of unsolicited emails, phone calls, or text messages
- Never provide personal information to strangers
- Verify the legitimacy of any offers or requests

The Dangers of Impulse Spending

Impulse spending is like a sneaky thief that can steal your money without you even noticing. When you buy things on a whim without thinking about it, you might end up spending more than you can afford. This can lead to financial problems like debt and stress.

Delaying Purchases

The next time you're tempted to buy something you don't really need, try waiting 24 hours before making a decision. This gives you time to cool down and think about whether it's really worth it.

Congrats!

YOU'VE TAKEN THE FIRST STEP
TOWARDS FINANCIAL SECURITY BY
COMPLETING THIS GUIDE

Mastering your money is a journey, not a destination. Keep learning, keep practicing, and don't be afraid to ask for help when you need it.

Key Takeaways:

- 01 Budgeting is essential:** Creating and sticking to a budget is the foundation of financial health.
- 02 Saving is powerful:** Even small amounts saved consistently can grow into significant sums over time.
- 03 Debt can be managed:** Understanding the difference between good and bad debt is crucial for making smart financial decisions.
- 04 Investing can be rewarding:** Investing wisely can help your money grow and reach your long-term financial goals.
- 05 Financial literacy is lifelong:** Continue to learn and educate yourself about personal finance as your circumstances change.

Take action today: Start by creating a budget, setting financial goals, and exploring different ways to earn and save money. With dedication and perseverance, you can build a strong financial future. You've got this!