

# 6 steps to help a middle or high schooler budget



Your child may not have a full-time job or a mortgage. But basic budgeting skills can help him plan spending—and set him up for long-term success handling money. Here are steps to get started.

## 1 Help your child determine his income.

The first step in building a budget is figuring out how much money comes in. For tweens and teens that means regular income, such as paychecks from jobs and allowances, as well as money given to them on birthdays or holidays. Have your child add up what he receives in a month—that’s his total monthly income.

Monthly Income

✓

mowing lawn \$10

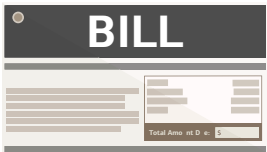
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birthday money \$20

☐

babysitting \$15

## 2 Estimate required expenses.



Required expenses are necessary costs you must pay regularly—they’re the must-haves. For a middle or high schooler this could be a monthly cell phone bill; gas and insurance for drivers. Total these costs over a month to determine a baseline set of expenses.

## 3 Do a little math.

Once you have a total for the required expenses, have your child subtract that number from her income. This reveals whether she has enough to cover her necessities, as well as how much money is left over.

INCOME

—

EXPENSES

=

SAVINGS

## 4 Discuss discretionary spending.



Once you’ve covered necessary expenditures, explain that what’s left can go into your teen or tween’s savings account. She also could use extra funds for discretionary purchases such as going to the movies or buying concert tickets—the nice-to-haves. But remind her that money is finite, and sometimes that means making tradeoffs. For example, explain that buying an expensive piece of clothing now may mean postponing a bigger purchase.

## 5 Encourage your child to save.

Tweens and teens may not be able to afford some big-ticket items right away, for example a bicycle or even a car. In this case you can help your child set a savings goal and then plan how to achieve it.



## 6 Balance the budget.



You can teach your child his spending should not exceed his income. If your tween or teen overspends, you can help him look for ways to cut back, or to increase income. For example, a teen may decide to carpool one month to save on gas and use the extra funds to buy a concert ticket. Teens can boost income by taking on extra jobs, perhaps mowing a neighbor’s lawn or babysitting.