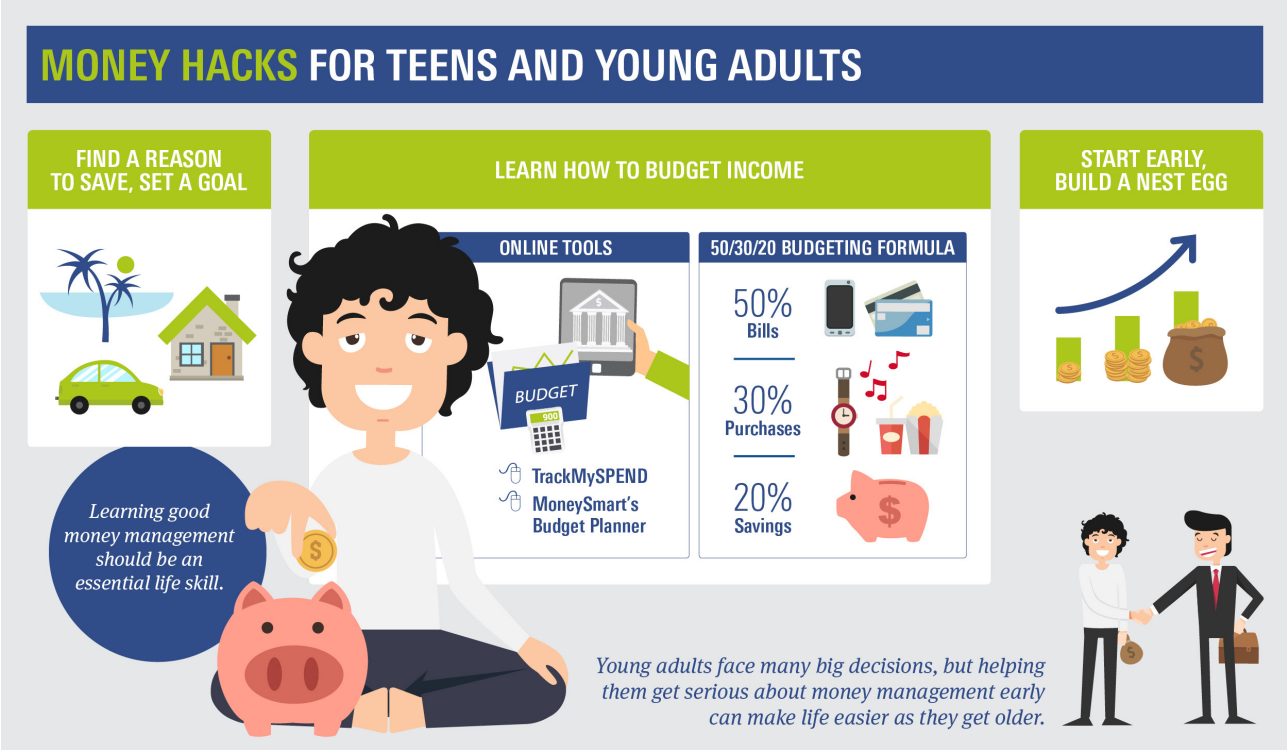
Money hacks for teens and young adults

Help your teens and young adults manage how they spend and save.



So your teenagers and young adults know how to spend, but do they know how to budget for the things they really want? Learning good money management should be an essential life skill.

A reason to save

For many teenagers and young adults with part-time jobs, spending their entire pay each week is easy if they don't have pressing financial obligations. This is why it's important to discuss a long-term goal and find a reason to save.

Perhaps this goal will be a car, a holiday with friends, higher education – or even a rental bond if they want to move out. Just make sure you emphasise that they will still need money after the purchase, either for running costs or to enjoy their social lives, so they shouldn't blow the lot.

Budget benefits

The envelope method is a great way to learn about budgeting. Label real envelopes – or use tags in an app – with categories such as clothes, nights out, transport, phone, food, and university or school supplies. These should cover all their current expenses. Then allocate money to each envelope every pay day.

They can also use MoneySmart's Budget Planner and apps such as TrackMySPEND to help them work out their goals and how much to allocate to each envelope.

A handy budgeting formula is the simple 50/30/20 rule. Urge them to dedicate 50 per cent of their pay to bills (if they don't have many, they could reduce this amount), 30 per cent to fun activities and purchases, and 20 per cent to savings. This will get them into the habit of planning their spending and eliminate the habit of living from pay day to pay day.

Learning budgeting and savings skills early will help them build a solid nest egg for their future.

Get advice

Young adults face many big decisions, but helping them get serious about money management early can make life easier as they get older.

A visit to your financial adviser with your child may also help them develop good money management skills.

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