

## Guiding Teens to Make Smart Financial Decisions

Dr. Susannah Brown

Summary of today's session:

Young adults have difficulty making smart financial decisions, and for a good reason. The brains of young adults are not yet fully developed to be able to handle higher-level thinking. How can we help guide teens to be successful in managing their money? In this collaborative session, conference attendees will work together in small groups to examine some of the difficult financial situations teens find themselves in, along with some of the marketing strategies employed against them. Your small group will be assigned a section of this handout to read and questions to answer.

### Max

Excerpted from: [http://www.youthsuccessnyc.org/money/stories/maxed\\_out-Reyes.html](http://www.youthsuccessnyc.org/money/stories/maxed_out-Reyes.html)

My debt problems started when I went to college and got my first credit card.

Like other college freshman, I was bombarded with credit card applications in the mail.

So I applied, not for one credit card, but for three. As luck would have it, I got approved for all three credit cards.

As soon as my credit cards arrived in the mail, I headed off to shop. At that time I was going through an Adidas phase. With my credit card, I bought a whole lot of Adidas stuff as well as CDs, a radio and video games. It was amazing. I didn't have to have the money to buy these things, but whatever I wanted was mine.

When the bills came in, I paid the minimum amount due, which wasn't more than \$25 per card. I thought that as long as I paid this minimum amount each month I would be fine. I didn't know then how credit cards worked.

At first I wanted to be responsible so I paid what I could afford. After a while, though, I started to feel like I was trying to climb out of a deep hole, but the more I tried, the more slippery it became. I began to miss payments. Then late fees were added to my bills, which cost a lot—up to \$25 a month!

Plus, because I had allowed the late charges and penalties to pile up, I was way over my credit limit. So I was also now paying an over-the-limit-fee of \$25 each month.

I reached a point where I thought there was no way I could pay my credit cards back. So I went from making late payments to making no payments at all. I hoped that somehow they would all just disappear.

Questions:

1. What information did Max not know about credit cards?
2. What advice do you currently give teens about using credit cards?
3. If Max asked you for help, what would you suggest he do?

## Senora

Excerpted from: [http://www.youthsuccessnyc.org/money/stories/big\\_spender-Clark.html](http://www.youthsuccessnyc.org/money/stories/big_spender-Clark.html)

Spending on impulse gives me a rush. When I have money in my hand, I want everything I see. One time I cashed a check and bought clothes, accessories, and little foolish things I could have waited for or even gone without. But when I went to use the things I'd bought, it didn't feel the same as I'd imagined when I was standing in the store. The things just weren't as exciting, so they became less pleasing.

Having a lot of things sometimes makes me feel I'm worth something because I own something. I will buy things to take my mind off situations that get me down. For example, if I get into an argument with my mom, I sometimes spend as a way of comforting myself so that I'll stop thinking about it.

I remember there was a girl who dressed well and I wanted to out-dress her. So when allowance time came around, I spent my money on new outfits so I'd look better than she did. It made me feel better, but only temporarily. Soon there would be someone else coming along looking better than I did. Once again I would have to boost my self-confidence by buying even more clothes to compete with the next person.

No matter how much I'd spend, it wouldn't make me feel better inside. It was a vicious cycle that led to me being broke. But it didn't improve my self-confidence. It was a case of what I call emotional debt. If you keep on spending because you feel bad, sad, or depressed, you will find yourself in both financial debt and emotional debt. You feel even worse about spending money when you realize it hasn't made you feel better, so you spend even more to try and fight that bad feeling.

### Questions:

1. What types of marketing might Senora have difficulty controlling her impulses? Give examples of advertisements you have noticed.
2. Senora's difficulty with spending seems tied to an emotional issue. What would you do to connect with a teen who was not aware of that emotional connection?
3. How would you recommend Senora get her spending under control?

## Sandy

Excerpted from: [http://www.youthsuccessnyc.org/money/stories/my\\_green\\_debit\\_card-Mack.html](http://www.youthsuccessnyc.org/money/stories/my_green_debit_card-Mack.html)

I was 17½ when I graduated from high school and I had plans to head to college. Over the summer, I had a work-study job there and it felt great to be working. I could pay my tuition and I had some money in my pocket.

I wanted to save my money to pay for things like clothes and transportation to get back to New York to see my family. So I went to the bank to open an account. With a bank account, I thought I'd have a safe place to save my money and wouldn't be as tempted to spend it. I didn't know anything about what it meant to have a bank account, or that it would be so complicated and tricky. The representative at the bank didn't really break it down for me. She just told me to be careful about going into overdraft.

I didn't know what she was talking about; I just thought that having a bank account meant I could have a debit card. To me, a debit card represented freedom and independence. It would show I could be responsible without relying on someone else.

I completed the application to get a bank account, which included both a checking and a savings account. I ordered a checkbook and paid extra for cute Mickey Mouse checks. They also gave me a green debit card. I was ecstatic that it was green, because not only was green one of my favorite colors, but also it represents money.

The problem was, I wasn't paying attention to the fact that it was a debit card, not a credit card. I didn't understand that a debit card meant every time I swiped it to pay for something, the money came right out of my checking account. I didn't understand that if there wasn't enough money in my account to cover my purchases, the account would go into overdraft, meaning I'd owe money to the bank and would have to pay penalty fees.

I didn't pay any attention when the bank teller told me that if I had a negative balance (spent more money than was in my account), I'd have to pay it off. If I didn't, the bank would report me to a collection agency. I only thought about using the card to get points and rewards (every time I bought something, I'd get points toward free prizes).

After I received the debit card, I let my mother know about it. She wanted me to be independent, but she warned me to be careful. I didn't want my mother to say anything else on the matter, so I changed the subject. I wanted to be independent and I wanted her to know that I wasn't a little girl anymore; I could handle my business on my own. The truth was I didn't actually know how to handle my business, but I didn't realize that until it was too late.

Since I hadn't looked at the monthly statement the bank sent me, I didn't notice that almost every time I used my debit card, they added a fee. Every time I used an ATM at a store, I'd get a \$1-\$3 fee. When I withdrew money from a bank other than my own, they'd charge another fee—sometimes as much as \$5.

After two months, my mother's prophecy was true. I wasn't being practical and I ended up having a negative balance of \$98.00. I couldn't believe it. I was pissed off, wondering how it had happened.

I finally looked over my monthly bank statement. Between all the fees, my Mickey Mouse checkbook, and the money I spent on my Metrocard, my account had gone into overdraft. It hadn't taken long at all. I didn't keep on top of my balance like I was supposed to, so those fees kept crawling in on my account like a snake ready to catch its prey.

I hated the thought that my mother would look at me like I was a child. I knew I had to fix this problem, so I called one of the representatives from the bank. She gave me another shock: My account had been closed because I hadn't paid off the negative balance. I didn't get any warning call. If they sent me a letter, I never got it. To make matters worse, the bank had already reported me to a collection agency.

Questions:

1. What marketing strategies did Sandy fall for when she opened her bank account?
2. Sand recognizes that being in charge of her own money is a sign of independence: what other ways could you recommend she demonstrate her independence from her mother?
3. What would you suggest Sandy do to take care of her financial problem?

Post from: <http://www.blackhatworld.com/blackhat-seo/making-money/242597-easy-60-week-selling-plasma.html>

## Easy \$60 a week selling plasma

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I am a college student and my friends are always looking for quick cash..  
This is a method that I do not personally do, but some of my friends do religiously.

If you want some quick money, you can sell your plasma. Plasma is not blood, its a yellow substance that transports nutrients to your cells.

Plasma is very useful, in transfusions. Not only will you be making money, but you will be saving lives and helping scientist who research plasma.

Here is how you do it:

- 1)Check your local papers or use google to search look up "for profit plasma centers". I promise plenty will pop up.
- 2) The first time you go expect to spend about two hours there. The doctors and nurses will put you through a general screening. They will ask you questions like "are you hiv positive" "do you have any piercings or tattoos" basically a lot of personal questions... but dont worry the screening is pretty lax and easy to pass.( unless your generally unhealthy)
- 3.)After your test the nurses will draw the plasma from your blood and test for iron levels, red blood cells etc.
- 4.)After your first visit your visits wont be any longer then 45 minutes and you will receive \$30 dollars for your time => you are allowed to go no more then two times a week..  
Thats an easy easy \$60 dollars a week and about \$240 cash a month.

Good luck. Have fun making easy money.

Questions:

1. Do you think this discussion board post would convince teens to sell plasma? Why or why not?
2. If a teen you work with was considering selling their plasma for cash, what advice would you offer?
3. What strategies do you use to help teens identify "easy money" opportunities with hidden costs?

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Questions:

1. What aspects of this type of advertisement are appealing to teens?
2. What information do you share with teens about similar types of high-interest, short-term loans?
3. Have you tried ways to share information about smart financial decision-making that has not been effective? Share some examples of what doesn't work and ideas about why it doesn't work.

**Thank you for your participation in today's session!**