

5 Steps to Teach Your Teen to Budget

Help your teen look at the big picture before they get a surprise in the form of credit card bills, bounced checks, or automated teller machines that refuse to surrender cash.

College students' budgets shouldn't be complicated. Simply follow these steps.

1. Work together to itemize your student's regular monthly expenses.
2. List total income, including money previously set aside, scholarships, loans, allowance or perhaps wages from a part-time job during school.
3. Subtract expenses from income to see if the budget is reasonable.
4. If the expenses outweigh the income, work together to trim expenses until the numbers agree.
5. Your teen's college budget should include a savings strategy. Encourage your kids to make regular deposits into a savings account for future expenditures (such as a car, an apartment, or student loans).

You may want to sit down together periodically to review the budget you've developed. Be sure your kids understand the importance of maintaining this budget to avoid overspending and debt trouble. But also remind them that it isn't carved in stone. If their favorite band is coming to town and they want to splurge on a concert ticket, they can simply cut back on other expenses for a month.

Brought to you by College Parents of America.

Source: *Money Talks*, Co-sponsored by MasterCard International and College Parents of America

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