

FINANCIAL LITERACY FOR TEENS

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***Annotation.** The article presents the importance of financial literacy for teenagers. It provides practical methods for developing these vital skills, and emphasizes how essential financial education is for adolescents, when they need to make wise choices about credit cards, saving, debt management, investing, and budgeting. The study shows that financial literacy helps adolescents to avoid debt, financial issues, and plan for long-term purposes like university and retirement. Moreover, financial literacy may help with handling expenses while on holiday. The article not only discusses the significance of financial literacy but also points out the role of parents in teaching teens about money management techniques such as giving allowances, motivating for part-time jobs, and introducing ideas such as credit, savings, and needs against wants. Practical strategies, such as tracking expenses, checking credit reports, and using tools like debit cards and investment platforms, are also outlined. Teenagers, who have these abilities from childhood are more equipped to avoid common pitfalls, establish financial responsibility, and achieve financial independence. Finally, the study shows that financial literacy encourages teens to take control of their financial futures, ensures stability and success in adulthood. The article shows continuous and active ways of teaching financial education, presenting how important it is for preparing adolescents to be financially independent.*

***Key words:** finance, education, parenting, financial literacy, budgeting, credit cards, investing, debt.*

INTRODUCTION

The role of financial literacy has become a crucial skill, specifically for young people, in today's rapidly changing world. As teenagers begin to understand and manage their finances is important for their long-term financial well-being. Study shows that a lot of teens have a problem with necessary skills which is vital in managing money effectively. In fact, according to youth.gov, the average American college student has \$3.100 in credit card debt alone. We have researched several articles and they highlight the importance of teaching financial literacy to teens and provide suggestions for parents on how to navigate their children towards making wise financial decisions. These approaches include discussing wants versus needs, encouraging part-time and summer jobs, and presenting principles such as budgeting, saving, credit management, and investing. The purpose of this article is to test the various strategies from which financial literacy can be put into a teenager's life to prepare them for future independence. The research will answer the question: How

can financial literacy be effectively taught to teenagers to guarantee they are financially responsible as young adults?

LITERATURE REVIEW

1. *Financial literacy* helps young adults manage money, avoid debt, and save, leading to long-term stability (Lusardi & Mitchell, 2011).

2. *Budgeting Basics*: Budgeting teaches young adults to manage expenses and save, reducing the risk of debt (Borden et al., 2008).

3. *Credit Education*: Credit knowledge helps build good credit scores, crucial for loans and housing (Moore et al., 2009).

4. *Investing Knowledge*: Early investment education prepares young adults for wealth growth and financial success (Mitchell & Utkus, 2004).

5. *Early Financial Education*: Early financial education promotes independence and better financial management (Bernheim et al., 2001).

6. *The Importance of Financial Literacy*: Financial literacy equips teens with the skills to make informed decisions about budgeting, saving, investing, and debt management, fostering financial independence and long-term security (National Endowment for Financial Education, 2003-2004).

7. *Saving and Investing for Teens*: Teaching teens about saving and investing, including compound interest and investment strategies, encourages early financial habits that promote wealth-building (Junior Achievement USA & AIG, 2018).

8. *Credit and Debt Management*: Financial education helps teens understand credit scores, interest rates, and responsible borrowing, which are crucial for avoiding debt and managing credit effectively (U.S. Federal Reserve, 2019).

9. *Budgeting and Expense Tracking*: Learning to budget and track spending allows teens to allocate income effectively, prioritize expenses, and develop responsible financial habits (Council for Economic Education, 2022).

10. *Overcoming Financial Education Challenges*: Addressing misconceptions about money and peer pressure helps teens build confidence in making independent financial decisions and achieving their financial goals (Safa Hijazi, 2024).

CONCLUSION

The results show that financial literacy is a primary factor in helping teens to develop the right techniques for managing their money, which are vital in the future. If teens understand budgeting, saving, investment, credit, and even how to manage debt, such teenagers are empowered by education to make wise financial choices, do not get into debt and will be able to achieve their dreams. The research emphasizes the importance of parents introducing such education early in life, as financial management through the giving of pocket money, doing paid work, and making

pupils understand need and want to help them become more responsible. However, there still exist problems regarding understanding debt, the hype of friends brings about peer pressure which shows the areas where more needs to be done regarding strategies of educating people about finance. Further studies might address this issue by determining the impact of various teaching aids and approaches such as websites or programs within schools concerning the financial literacy of teenagers. Further studies may also help to understand how financial literacy enhances the decision-making process of young people and their realization of financial autonomy into adulthood.

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