

Class helps kids build a strong financial foundation



How to sign up

What: Money Smart for Teens, eight-week class on financial goals, banking, borrowing, paying for cars and college.

Follows FDIC official MoneySmart curriculum.

Where: Lower Columbia CAP, Room 209, 1526 Commerce Ave., Longview.

When: 1:30-3:30 p.m. Wednesdays, June 30-Aug. 18

For Whom: Youths ages 11-17

By whom: Parks and Rec class taught by CAP staff

How much: Free

Register: mylongview.com/reconline...

TDN photo illustration Nick Colbert, 11, of Longview.

By Cathy Zimmerman / The Daily News | Posted: Sunday, May 16, 2010

At 13, Dustin Smith sums up the money crunch in nothing flat: "I spent it, but I don't know what I spent it on."

Chasing loose change is the first lesson in the Money Smart for Teens class sponsored by Longview Parks and Recreation and Lower Columbia Community Action Program.

With several other students, including his 11-year-old brother Donavon, Dustin learned how to keep track of daily expenses.

The goal of the students' spending diaries was to see how their expenses (outgoing cash) match up with their incomes (earnings and pocket money).

Or, as Nick Colbert put it, "I ran out of money, so I can't get a pizza."

"How are you going to make a budget?" asked the course instructor, Melissa Raines of CAP.

Nick grabbed his pencil and drew a round circle on his paper, then divided it as if it were a pizza pie.

"When you have this much and only spend this much," he said.

Starting with that simple math, Raines led the group in exercises that built on what they need, what they want, where they get money, and how to put some of it aside for things beyond the snack bar.

'You can choose'

"To take control of your finances," Raines told the kids, "you have to develop a spending plan." Adults do this by the month, but those in the class focused on day-to-day lists, one week at a time.

Raines schooled the teens in keeping their diaries.

"Did you go to a vending machine? How many candy bars did you buy? ... How many spend all their money?"

Stephanie Bunn, a CAP assistant in the class, asked, "Do you ever pay attention?" "Not really," said Dustin.

They started ticking off what they had recently bought. Pencils, a snack before school.

"I only have \$13 left in my lunch budget," said Morgan Meade, 16. "I used too much on cheeseburgers."

Raines gave the kids a knowing look. "My kids say they need school supplies, but they spend it on something else. That's why you keep a diary — what are you spending? Did you really need that?"

Once you know your actual habits, you can begin to plan, to control what you buy, Raines said. "You can choose how to use your money."

If you run out of money for what you need or want, the boys learned, there are two solutions.

First, cut back on spending. "You and your friends wanted to go do something but you don't really need to," Nick said.

Second, earn more money.

"A dollar for taking out the garbage," said Dustin.

"Mowing yards," said Nick.

"Take out the trash and take out the dog," said Donavon.

"Clean out the car, vacuum," another kid suggested.

In the language of finances, Raines said, this is called "decreasing your expenses, and increasing your income."

'Don't forget your goals'

Once a teen is in the driver's seat about spending, Raines said, he or she can take the next step: saving money for something big, like a skateboard, a car or tuition for college.

"If I wanted a car, could I save \$1,000 in three years?" Dustin wondered.

That's a realistic goal, Raines explained — as opposed to Nick's wish for a Bugatti, a \$1 million sports car.

Start small and see how it goes, Bunn told the kids. "If you set a goal, when you meet the goal it's such a good feeling. It's so worth it."

None of the young people in the class were working at part-time jobs yet, but they learned the basics of adult financial responsibility in the class.

Raines taught them about fixed expenses, or responsibilities that stay the same, like rent or mortgage payments, child care and medical insurance. ("That is a tough one," a boy said.)

Then they talked about expenses that change, depending on our habits — clothes, gas for the car, cell phones, cable TV and pets.

"Your car payment will not change, but you can control how much you spend on food or how much electricity you use," Raines said.

"Don't spend so much. Don't shop for fun. Don't forget your goals."

Finally, put some money aside, she said. "Always plan for emergencies."

"Some people say, 'Why put money in the bank? It's just going to sit there,'" Bunn said. "Well, you might get a speeding ticket. How will you pay it?"

Raines told the teens about interest, the money that banks will add to your savings over time. And she reminded them that before you know it, savings add up.

"Open a savings account and put one half of what you earn in there," she said. Let's say you get \$25 a month. "If you save \$12.50 a month for 3 years, how much will that be? ... You will have \$450."