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Teaching Teens

By Lauren Barack

Helping young people gain financial savvy can reap many rewards.

Bryan Lee always felt strongly that schools weren't teaching students enough financial skills. "You find some students getting out of high school or college and not being able to balance a checkbook," says the CFP with Strategic Financial Planning in Plano, Texas. "They don't know how to keep themselves out of debt."

So Lee started volunteering with Junior Achievement, working with high-school students in his area. While none of their parents have turned into clients, Lee still thinks it's possible. "It wouldn't surprise me," he says. But interestingly enough, one student has followed in his footsteps, getting a degree in finance, while another hit him up for an internship. "Unfortunately, we already had an intern," Lee says, "but I could see one of them turning into a future employee."

As many planners well know, clients are often poorly positioned for retirement. Some carry large debt — on top of their mortgages. Others don't have any concept of what it will take to support them in their golden years.

Teens, who of course have more years ahead, are also not coming out with high scores. A recent questionnaire of high-school seniors, given by the Jump$tart Coalition, a group that helps bring financial literacy materials into the schools, showed that while most students were able to answer many of the financial questions correctly — a significantly high number were not.

A sample question? Seniors were asked what investment would tend to give new parents the highest growth over a period of time as long as 18 years. Nearly 45 percent picked a U.S. government savings bond, while only 14.2 percent chose stocks — which, while having ups and downs, do tend to show a higher rate of return over that length of time.

Jorie Johnson doesn't believe that teenagers are too young to learn. The CFP with Financial Futures LLC. in Manasquan, N.J., just finished working with high-school students in her town, trying to enforce upon them the power of compounding, especially if they start saving at their age.

Johnson isn't just talking hypothetical. A client of two years, who found her through the National Association of Personal Financial Advisors, has been saving diligently since starting with her at the ripe age of 21. "I'm excited and a little jealous of him," she says. "Everyone benefits by starting younger. It lightens the burden."

That's why Heather Locus, as part of her work with her clients, will spend time with their children trying to drill some financial lessons into their heads before they leave the nest. "I try to tell them to stay out of debt," says the CFP with Balasa Dinverno & Foltz LLC of Itasca, Ill. "Even though our clients are wealthy, they have huge issues with their kids."

Locus has also spent some time mentoring, and the mother of one teen actually did seek financial advice. Locus was happy to help — although because of her firm's $1 million minimum she couldn't take her on as a client. But she continues to offer her advice when she can in an effort to help her clients' teens stay out of trouble before they get older. Two daughters of another investor came to her — one in high school and the other in college. "I will try and work with the kids without their parents so they can feel free to ask questions," she says. "And that's good. Because in this case they had no idea how credit cards worked."