# 3 COUNTERINTUITIVE MONEY MISTAKES TO AVOID WITH YOUR TEEN

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As parents, we try our best to educate our teenagers around the topic of money.

But sometimes, our best may not be good enough and on such a critical topic we need to make sure we're nailing it perfectly.

Here are 3 counterintuitive money mistakes that are very common.

I say these mistakes are counterintuitive because at first glance they seem to make perfect sense, exactly what we should be doing, in line with conventional thinking.

But look a little deeper and you will see why we should be avoiding them.

So here they in no particular order -

# Counterintuitive Mistake #1

## We're constantly talking to our teens about money.

Seems to make sense right? Wrong. Sigh!

When we parents talk to our kids about money, we more often than not, tend to get into lecture mode.
And when this happens, automatically triggers the off-switch in their brains. They aren't listening because we're boring them.

It's helpful to note here that teens are neurobiologically prone to boredom so don't take this personally.

**So what can we do:** We can wrap our message in a story. As humans we are hardwired to listen to stories and even more so as teens. So instead of just telling them to be careful when using their credit cards and to avoid getting into debt, tell them about the story that featured in the press a few months ago where a woman who earned AED 7,500 ran up credit card bills of over 1 million dirhams.

Is it easy to actually do that? What was she thinking? Was she thinking? That will intrigue them, they will want to know why she did? How did she do it? Did she get away with it?

At that point you've got them...hook, line and sinker.

We see this everyday in the classes we run. The teens are baffled at the common money mistakes seemingly smart grown ups make and this leads them to ask questions...and asking questions is an extremely intelligent way to learn.

We are all sitting on mountains of value that our teens can benefit from, stories about money decisions we made that were great. and ones that were not so great. They love hearing about times we messed up.. and if it saves them from repeating the same mistakes, then it worth the disapproving head shake they give us.

Just don't start the story with "When I was young...", that starter sentence seems to shut down the listening centers in their brain at lightning speed.

# Counterintuitive Mistake #2

## We give them an allowance and a credit/debit card.

Again, completely reasonable but hold on.

Tony Robbins, the leading life & business coach says that whatever skill you learn, 80% of it is psychology and 20% is tactics.

The allowance, debit cards, credit cards...these are just tactics.

There is no evidence to prove that teens who receive an allowance are any smarter at managing money than those who don't.

I have had teens in my class who had limitless platinum credit cards and got a huge allowance yet didn't know the first thing about money management.

**So what can we do:** We should be focusing on our teens' mindset, ensuring that they have a positive association to money and ridding them of any limiting beliefs. Mindset is everything.

And it's amazing to see what a massive difference just guiding teens to develop a proper money mindset can make. That's why the first lesson in our program is all about money mindsets and I often tell the teens that if

they don'f attend the rest of the program, they still would have gotten 80% of the program benefits.

Thankfully though, we haven't had a single teen who stopped after the first session. That's because they find the psychology of money intriguing and this sets the stage perfectly for the rest of the learning.

# Counterintuitive Mistake #3

## We want our teen to learn about investing.

That's the cherry on the cake isn't it, the secret to wealth creation?

Yes, but not so fast.

This mistake is even more common because there are scores of educational institutions that are jumping the gun and teaching kids "how to invest', without any prior knowledge of money management.

I believe that's irresponsible and reckless.

Investing is like the roof of the house, you need to ensure that the house has strong walls and a strong foundation before you lay the roof. Otherwise it's a recipe for disaster, one that isn't easy to recover from.

**So what can we do:** While it is incredibly important and exciting to teach teens how to invest, it is equally important we ensure that they first have a good grounding in basic financial literacy.

They need to understand why it makes no sense to start investing on one hand, while building up huge credit card debt on the other.

They also need to understand the importance of having an emergency fund and how to budget smartly so that they are able to live below their means.

And they need to understand the concepts of risk capital and due diligence.

No Investing program worth its salt will teach kids about dabbling in the stock market and other investments without first covering all the above mentioned topics in detail, yet sadly thatseems to be the norm.

We are strict about not allowing teens to join our Investing program unless they have completed a fundamental money management program thing to do, it's also the smart thing to do and we do this for their own good because it's the right to do, it's also the smart thing to do.

So please, before you enroll your teenager in an investing program, make sure they have gone through a good financial education program so that they are able to fully leverage the knowledge they gain & avoid disastrous mistakes.

All the mistakes mentioned above are easy to make. Before I knew better, I was guilty of making them myself.

So now you don't have to.

" It's good to learn from your own mistakes. It's better to learn from other people's mistakes." -Warren Buffet

If you'd like more information on how we can help you navigate the money minefield with your teen, contact us on info@kidsfinanceinitiative.com


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