

# Why should teens be taught financial literacy?

Money is intricately entwined with almost every aspect of adulthood, from deciding on a career, a credit card, a car loan, a mortgage and investment options to starting a business, getting married, having kids and retiring comfortably.

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With the rise of the 'gig economy', the slow crumbling away of the safety net of pensions from companies and governments and with more teenagers than ever before wanting to try on the entrepreneurship hat for size; teaching them how to make smarter money decisions becomes a life-changing, if not a life-saving skill.

Keep in mind that most of these next generation of entrepreneurs will more likely than not, be bootstrapping their business, since only a tiny fraction will get access to venture capital funding and suddenly it's unmistakably clear how important this skill is.

Also, more so than past generations, teens today are exposed to myriad earning and investing opportunities. Few are legitimate and most are highly dubious. From multi-level marketing schemes and stock and forex trading platforms to highly sophisticated investment instruments and financial scams, navigating young adulthood without being ensnared requires a keen sense of financial awareness.

Yet as we know, this isn't something teens instinctively know, and they aren't taught this in the current education system either.

Most parents are also quick to support part-time job opportunities for teens, thinking that this will teach them the value of money and getting them to make smarter money decisions. We should realise that earning more money without being financially educated just means spending more money in the same ways they're used to. Societies everywhere are teeming with examples of grown-ups doing this. Why should we think it will be any different with the teens?

Aside from the above however, there are 3 distinct reasons we should teach teens about money:

### 1. It moulds their mindset for financial success

This is probably the most momentous change that happens. That's why it's so important to focus on the psychological aspect first. We have to work on getting their mindset right to remove limiting beliefs and negative associations towards money. It's often surprising how prevalent this is in teenagers.

This mindset is also extremely beneficial in other ways because it makes them become more aware of unhelpful media influences and begins to push back against common stereotypes.

### 2. It gives them a head start in building and growing their wealth

Once teens learn the basics of smart money management, they can then be introduced to the 'pièce de résistance' of financial education – investing! Learning about and then implementing these lessons will give them a massive advantage over everyone else, who typically won't learn how to invest intelligently until much later, if at all, thus losing out on the scarcest resource of all – time.

Getting teens to understand and act on this is invaluable. Instilling these habits early on through solid financial education gives them a head start in their wealth-building activity.

### 3. It elevates their understanding of life

Before teens gain this important knowledge, they tend to view life through the myopic lens of grades and college acceptance. They blindly follow the herd in well-worn academic and career paths, not stopping to question whether there are other more interesting but less commonly opted for alternatives. Alternatives that could be better suited to their unique talents and interests. They also tend to take parental financial support for granted and are dependent on it for longer.

Once teens learn and understand how money works, how to use it wisely and how they can get their money to work for them, they begin to see and make sense of other aspects of their lives using this new useful lens. They realise

what it means and more importantly what it takes to be independent and self-reliant.

A lot of teens want to be entrepreneurs, and having a good financial education gives them a deeper insight into what makes a successful one. Being financially educated helps them to evaluate different academic and career options based on their life goals and vision. It enables them to have a broader, more holistic view, while understanding what it takes to achieve that.

These three remarkable effects of financial education on teenagers are testament to the value of this critical knowledge. Each one on its own is powerful enough, but together they act synergistically to boost the impact manifold.

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