



888.320.9993

www.CompassPlanning.com

May 29, 2012 | Vol. 12, #5

Welcome! It's almost the end of the school year. Your teens will be off for the summer. With the stress of school gone, you can take time to focus their education on managing and saving money. You're the best person to help them mature into fiscally responsible adults.

Read on for some tips to help your teens stay *On Course* for a bright financial future!

-Jennifer Lane, CFP

## Money & Your Teens

**Before you know it, your teens will be out the door and away from your day-to-day guidance. It's never too early -- or too late -- to share your wisdom about how to manage money, save and invest, and build a solid credit rating.**

### Communicating with Your Teen

- Set up a regular time to discuss money with your teen. Be sure you can stick to it -- don't make them so often you're skipping them.
- Be consistent. Kids will be kids, and if you give a little bit on something, expect them to try for more.
- Use yourself as an example. If you've made mistakes, be frank about them. If you've had success, show them how it's helped their lives as well.
- If you're planning on completing the FAFSA next January, sit down with your teen and use the [FinAid.org](http://FinAid.org) website to calculate your expected family contribution. Talk with your teen so he or she understands what college is going to cost.

### Building Credit & Budgeting

- As soon as you're comfortable with it, give them a debit card so they can learn how to use it while still at home.
- A service like [BillMyParents.com](http://BillMyParents.com) is the next step. By giving your child a secured credit card, you have control while they learn to use credit responsibly.
- When they're proven they're ready for a credit card, check out [Credit.com](http://Credit.com) or [CreditCardChaser.com](http://CreditCardChaser.com) for student cards that allow you to set spending limits and alert you if spending is outside the limit.
- Rather than dole out money for individual purchases, let them budget against the yearly total for entertainment, food, or clothing so they can learn to allocate spending over a period of time. This [website](#) from Junior Achievement has great tools your teen can use.

Finally, check out the book, *The First National Bank of Dad*, subtitled "A Foolproof Method for Teaching Your Kids the Value of Money," for one financial writer's roadmap.

## Q&A

**Q:** My twins are going to be seniors in the fall. They have done a good job managing their allowances. What's the best way to get them started in investing?  
- Dudley from Hingham

**A:** Great job! You can begin by opening an UGMA/UTMA (Uniform Gift/Transfer to

### In This Issue

[Money & Your Teen](#)

[Question & Answer](#)

[What's New](#)

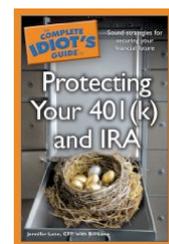
[Monthly Tip](#)



Jennifer's Hint

If you need to withdraw IRA funds to pay for higher education expenses, you won't owe the 10 percent withdrawal penalty. This option is not available on 401(k) withdrawals. You can take the money if your employer allows hardship withdrawals, but you'll owe a 10 percent penalty in addition to paying income tax on the amount you draw out.

### Get more tips in Jennifer's book



(click for link)

### Helpful Websites

[BillMyParents.com](http://BillMyParents.com)

[Credit.com](http://Credit.com)

[CreditCardChaser.com](http://CreditCardChaser.com)

[FinAid.com](http://FinAid.com)

[Junior Achievement](http://JuniorAchievement.com)

[JumpStart.com](http://JumpStart.com)

Minors Act) account in their names at a brokerage, mutual fund, or bank. If they are working, then they can open Roth IRAs. Check with your local bank for Roth IRA if they don't meet your brokerage firms' age requirement. And, here's a fun idea: match their contributions so they can see faster growth as an incentive.



## What's New

- A *Boston Globe* article, "Aging Parents Add to Retirement Planning Challenge," includes ideas and recommendations from Jennifer. Click [here](#) to read the article.
- Also in the *Globe* -- Jennifer discusses the recent Facebook IPO. Click [here](#) to see the video.
- Jennifer is riding in the August Pan-Mass Challenge. 100 percent of every rider-raised dollar goes to the Dana-Farber Cancer Institute. Her rider profile page is here <http://www.pmc.org/profile/JL0348> if you would like to donate.
- Jennifer's Compass. Interested in learning about credit scores? Check out Jennifer's [blog](#) for her NECN segment on the topic.
- We now have a Facebook page. Visit [www.facebook.com/AskJennifer](http://www.facebook.com/AskJennifer) and like us!
- Jennifer appears on NECN every other Monday morning at 9:30 am in addition to her Tuesday 6:30 pm appearance.

Compass Planning Associates helps families, individuals, and small-business clients achieve financial security, knowledge, and control over their money. Our **fee-only, client-centered approach** provides education and guidance for achieving financial goals and dreams.

*All contents of this newsletter Copyright 2012 Compass Planning*

