

LEARNING MADE EASY



Personal Finance For Teens

for
dummies[®]
A Wiley Brand



Choose and open your
first bank account

Understand your paycheck
and use credit responsibly

Save for a car or
plan for college

Athena Valentine Lent
Money Smart Latina

Mykail James, MBA
The Boujie Budgeter

Personal Finance For Teens

**for
dummies®**
A Wiley Brand



Personal Finance For Teens

**by Athena Valentine Lent
(Money Smart Latina) and
Mykail James (MBA,
The Boujie Budgeter)**

**for
dummies®**
A Wiley Brand

Personal Finance For Teens For Dummies®

Published by: **John Wiley & Sons, Inc.**, 111 River Street, Hoboken, NJ 07030-5774,
www.wiley.com

Copyright © 2025 by John Wiley & Sons, Inc. All rights reserved, including rights for text and data mining and training of artificial technologies or similar technologies.

Media and software compilation copyright © 2025 by John Wiley & Sons, Inc. All rights reserved, including rights for text and data mining and training of artificial technologies or similar technologies.

Published simultaneously in Canada

No part of this publication may be reproduced, stored in a retrieval system or transmitted in any form or by any means, electronic, mechanical, photocopying, recording, scanning or otherwise, except as permitted under Sections 107 or 108 of the 1976 United States Copyright Act, without the prior written permission of the Publisher. Requests to the Publisher for permission should be addressed to the Permissions Department, John Wiley & Sons, Inc., 111 River Street, Hoboken, NJ 07030, (201) 748-6011, fax (201) 748-6008, or online at <http://www.wiley.com/go/permissions>.

Trademarks: Wiley, For Dummies, the Dummies Man logo, Dummies.com, Making Everything Easier, and related trade dress are trademarks or registered trademarks of John Wiley & Sons, Inc. and may not be used without written permission. All other trademarks are the property of their respective owners. John Wiley & Sons, Inc. is not associated with any product or vendor mentioned in this book.

LIMIT OF LIABILITY/DISCLAIMER OF WARRANTY: THE PUBLISHER AND THE AUTHOR MAKE NO REPRESENTATIONS OR WARRANTIES WITH RESPECT TO THE ACCURACY OR COMPLETENESS OF THE CONTENTS OF THIS WORK AND SPECIFICALLY DISCLAIM ALL WARRANTIES, INCLUDING WITHOUT LIMITATION WARRANTIES OF FITNESS FOR A PARTICULAR PURPOSE. NO WARRANTY MAY BE CREATED OR EXTENDED BY SALES OR PROMOTIONAL MATERIALS. THE ADVICE AND STRATEGIES CONTAINED HEREIN MAY NOT BE SUITABLE FOR EVERY SITUATION. THIS WORK IS SOLD WITH THE UNDERSTANDING THAT THE PUBLISHER IS NOT ENGAGED IN RENDERING LEGAL, ACCOUNTING, OR OTHER PROFESSIONAL SERVICES. IF PROFESSIONAL ASSISTANCE IS REQUIRED, THE SERVICES OF A COMPETENT PROFESSIONAL PERSON SHOULD BE SOUGHT. NEITHER THE PUBLISHER NOR THE AUTHOR SHALL BE LIABLE FOR DAMAGES ARISING HEREFROM. THE FACT THAT AN ORGANIZATION OR WEBSITE IS REFERRED TO IN THIS WORK AS A CITATION AND/OR A POTENTIAL SOURCE OF FURTHER INFORMATION DOES NOT MEAN THAT THE AUTHOR OR THE PUBLISHER ENDORSES THE INFORMATION THE ORGANIZATION OR WEBSITE MAY PROVIDE OR RECOMMENDATIONS IT MAY MAKE. FURTHER, READERS SHOULD BE AWARE THAT INTERNET WEBSITES LISTED IN THIS WORK MAY HAVE CHANGED OR DISAPPEARED BETWEEN WHEN THIS WORK WAS WRITTEN AND WHEN IT IS READ.

For general information on our other products and services, please contact our Customer Care Department within the U.S. at 877-762-2974, outside the U.S. at 317-572-3993, or fax 317-572-4002. For technical support, please visit <https://hub.wiley.com/community/support/dummies>.

Wiley publishes in a variety of print and electronic formats and by print-on-demand. Some material included with standard print versions of this book may not be included in e-books or in print-on-demand. If this book refers to media such as a CD or DVD that is not included in the version you purchased, you may download this material at <http://booksupport.wiley.com>. For more information about Wiley products, visit www.wiley.com.

Library of Congress Control Number: 2025933269

ISBN: 978-1-394-31573-4 (pbk); 978-1-394-31574-1 (epub); 978-1-394-31575-8 (ebk)

Contents at a Glance

Introduction	1
Part 1: Discover How to Build Your Financial Muscles	5
CHAPTER 1: Starting Your Financial Journey	7
CHAPTER 2: Creating Your Financial Workout Plan	13
CHAPTER 3: The Money Warm-up	31
CHAPTER 4: Budgeting Basics	43
CHAPTER 5: Everybody Needs a Little Credit	57
CHAPTER 6: Breaking Down Debt	77
Part 2: Money Matters for Middle Schoolers	95
CHAPTER 7: My Money and Me	97
CHAPTER 8: Money for the Future	105
CHAPTER 9: Managing Money in Middle School	117
Part 3: Money Matters for High Schoolers	127
CHAPTER 10: Work Hard, Study Hard	129
CHAPTER 11: Getting Ready for Life After High School	145
CHAPTER 12: Getting Into Your Dream College	163
CHAPTER 13: Securing the Bag (for College, That Is)	181
Part 4: Making Money Like an Adult	199
CHAPTER 14: Earning Money at Work	201
CHAPTER 15: Reading Your Paycheck	223
CHAPTER 16: The Real Cost of Work	235
CHAPTER 17: Protecting Your Money Online	247
CHAPTER 18: Bills, Bills, Bills	261
Part 5: Preparing for the Big Things	275
CHAPTER 19: Buying Your Dream Car and Other Big Purchases	277
CHAPTER 20: Investing for the Future	295
CHAPTER 21: Protecting Yourself with Insurance	315

Part 6: The Part of Tens327

CHAPTER 22: The Ten-Part Teen Tax Toolbox. 329

CHAPTER 23: Creating a Win File: Your Ten-Part Personal Highlight Reel 333

Index.....339

Table of Contents

INTRODUCTION	1
About This Book	1
Foolish Assumptions	2
Icons Used in This Book	3
Beyond the Book	3
Where to Go from Here	3
 PART 1: DISCOVER HOW TO BUILD YOUR FINANCIAL MUSCLES	 5
CHAPTER 1: Starting Your Financial Journey	7
Mastering Your Personal Finances	8
Discovering why financial literacy matters for teens	8
Exploring the basics of budgeting, saving, and spending	8
Unlocking the Benefits of Good Financial Habits	9
Lowering financial stress through smart planning	9
Improving your life with thoughtful money choices	9
Handling taxes and what they mean for you	10
Saving for short- and long-term goals	10
Claiming your financial independence	10
Confronting the Challenges of Managing Money	10
Deciding your financial path	11
Aiming for financial freedom	11
Launching your first budget or savings plan	11
Mapping Out the Journey (aka This Book's Roadmap)	11
 CHAPTER 2: Creating Your Financial Workout Plan	 13
Starting with Your Money Goals	14
Establishing SMART goals	14
Figuring out your reason why	18
Knowing You Don't Need It, You Want It	18
Reviewing your priorities	19
Understanding your current habits	20
Seeing the opportunity costs	22
Building habits for success	22
Deciding to Spend, Save, or Invest	23
Spending your money	24
Saving your money	26
Investing your money	28

CHAPTER 3:	The Money Warm-up	31
	Finding a Trusted Adult	32
	Thinking about money attitudes	32
	Understanding bank requirements	34
	Knowing a trusted adult is available when you need them	35
	Opening Your First Checking Account	35
	Exploring the differences between checking and savings accounts	36
	Unlocking the features of a checking account	37
	Savings account features	38
	Knowing Your Options at Financial Institutions	39
	Storing your money in a bank the traditional way	39
	Staying local with a credit union	40
	Looking at other banking alternatives	41
CHAPTER 4:	Budgeting Basics	43
	Budgeting: The Money Comes in, Then the Money Goes out	44
	Defining income	44
	Determining expenses	45
	Spending categories	48
	Budgeting Styles	50
	Budgeting the zero-based way	50
	Budgeting the 50/30/20 way	51
	Using cash envelopes (cash stuffing)	52
	Paying yourself first	53
	Budgeting in Action	54
	Budgeting Apps	55
CHAPTER 5:	Everybody Needs a Little Credit	57
	Mastering Personal Credit 101	57
	Exploring where you can use credit	58
	Finding out who is checking your credit report	59
	Understanding the benefits of good credit	61
	Avoiding the penalties of bad credit	61
	Keeping Score: Your Credit Profile	63
	Decoding the credit score	63
	Looking at the big three credit bureaus	66
	Beyond the basics: other credit scores explained	67
	Digging Into Your Credit Report	68
	Obtaining your credit report	68
	Making your credit report make sense	70
	Reporting incorrect information	71

Building Your Credit to 800+	73
Increasing your credit-worthiness.	73
Monitoring your credit	75
Keeping your credit score strong	76
CHAPTER 6: Breaking Down Debt	77
Looking at Different Types of Debt.	78
Borrowing Basics: Secured and Unsecured Debt Explained.	79
Revolving and fixed lines of credit	80
Understanding your interest rate	81
Applying for Specific Loans	83
Auto Loans	83
Student Loans	84
Mortgage.	85
Revolving debt	86
Credit cards	86
Buy Now, Pay Later	87
Paying Down Your Debt.	88
Snowball method.	89
Avalanche method.	90
Fireball method	91
Debt pay-off tips	92
PART 2: MONEY MATTERS FOR MIDDLE SCHOOLERS.	95
CHAPTER 7: My Money and Me	97
Understanding Money Basics as a Middle Schooler	97
Incoming money	98
Outgoing money	99
Discovering Where Your Money Goes	100
Spending your hard-earned money	100
Saving money for the future	102
Using the power of compound interest	102
CHAPTER 8: Money for the Future	105
Imagining Your Future Self	106
Getting started creating your plan	107
Setting financial goals for the future you.	108
Financial Goals As a Middle Schooler.	109
Future Financial Goals As an Adult.	110
Earning Money in the Future.	111

Active income	111
Passive income	112
Considering Your Future Career Options	113
Developing crucial skills	113
Planning your educational path	114
Taking your values into account	115
Pondering your interests	115
Considering your salary	116
CHAPTER 9: Managing Money in Middle School	117
Visiting the Bank	118
Using banks and credit unions	118
Checking accounts and debit cards	119
Savings accounts	119
Understanding Credit in Middle School	120
Understanding Debt in Middle School	121
Budgeting in Middle School	122
Income	122
Expenses	123
Money left over	123
Discovering Different Ways to Budget	124
Zero-based	125
50-30-20	125
Cash envelope	125
Pay yourself first	126
PART 3: MONEY MATTERS FOR HIGH SCHOOLERS	127
CHAPTER 10: Work Hard, Study Hard	129
Making the Most of Student Discounts	130
Finding Work-Study Programs in College	131
FAFSA: Signing up for work-study jobs	131
Balancing your workload with your study schedule	133
Working Non-Campus Jobs While Studying	134
Finding flexible jobs in school	134
Creating your own income	135
Becoming the Intern	138
Applying for internships	138
Internship alternatives	140
Paid versus non-paid internships	142
Making your mark at your internship	142

CHAPTER 11:	Getting Ready for Life After High School	145
	Weighing Your Options After High School	146
	Taking personality quizzes	146
	Researching job requirements	147
	Considering a Gap Year	148
	Taking a gap year — benefits	148
	Taking a gap year — downsides	149
	Attending Community College	150
	Looking at community college — the benefits	151
	Looking at community college — the downsides	151
	Attending a Four-Year College	152
	Examining private versus public colleges	152
	Looking at traditional colleges — the benefits	153
	Looking at traditional colleges — the downsides	153
	Attending a Trade School	154
	Researching different trades	154
	Filling out trade school applications	154
	Looking at trade school — the benefits	155
	Looking at trade school — the downsides	155
	Choosing to Join the Military	156
	Taking the ASVAB	157
	Researching the military's different branches	158
	Preparing for boot camp	158
	Joining military life — the benefits	159
	Joining military life — the downsides	159
	Going to AmeriCorps VISTA	160
	Getting started with AmeriCorps VISTA	160
	Joining AmeriCorps — the benefits	161
	Joining AmeriCorps — the downsides	162
CHAPTER 12:	Getting Into Your Dream College	163
	Deciding If College Might Be Right for You	164
	Ticking Off the College Requirement Checklist	165
	Taking the required courses	165
	Getting good grades	166
	Participating in extracurricular activities	167
	Engaging in community service	168
	Getting stellar recommendations	168
	Working with your guidance counselor	170
	College-Readiness Programs	172
	Finding free programs	172
	Paying for programs	173
	Following different paths to success	174

Taking Your Standardized Tests	174
Preparing for your tests	175
Affording the test fees	176
Filling Out Your College Applications	176
Using the Common App	177
Applying to specific schools	177
Preparing for college interviews	178
Writing a good college essay	178
Paying for application fees	179
CHAPTER 13: Securing the Bag (for College, That Is)	181
Different Types of Financial Aid	182
Scholarships	182
Student loans	183
Grants	185
Government programs	186
Work-study	187
Internships	187
Looking into the FAFSA	189
Info needed to apply	190
For applicants in foster care or experiencing homelessness	192
Determining your FAFSA award	193
Following up with your school	193
Discovering Ways to Cut Education Costs	194
Finding out about CLEP and AP	194
Considering community colleges	195
Looking at state schools	196
Looking into employer-paid tuition programs	197
PART 4: MAKING MONEY LIKE AN ADULT	199
CHAPTER 14: Earning Money at Work	201
Creating the Resume of a Rockstar	202
Landing your first part-time job with your resume	202
Landing an internship with a college resume	203
Landing your first full-time job with a college graduate resume	205
Networking	206
Networking across: Peer connections	207
Learning from experience: Mentor connections	208
Opening doors: Sponsor connections	208

Landing Your First Interview	209
Discovering two types of interviews	209
Preparing for your interview	212
Reading Your Job Offer	212
Understanding compensation pay	213
Looking at paid time off	215
Uncovering benefits	216
Negotiating Your Offer: How to Ask for More	217
Clearing up negotiation myths	218
Negotiating all the perks	219
Preparing for negotiating	219
Handling negotiation outcomes	222
CHAPTER 15: Reading Your Paycheck	223
Understanding Your Gross Pay versus Net Pay	223
Finding out your base salary	224
Understanding pre-tax benefits	224
Understanding post-tax benefits	225
Discovering your total compensation	225
Making Mandatory Paycheck Deductions	225
Paying Social Security and FICA	226
Paying taxes	227
Paying union dues	228
Making Optional Paycheck Deductions	229
Paying for health insurance	229
Employer retirement benefits	231
Other company benefits you can pay for	233
CHAPTER 16: The Real Cost of Work	235
Looking at What Taxes Cover	236
Discovering types of deducted taxes	236
Filing your taxes	237
Understanding Job-Related Expenses	237
Uniforms	238
Supplies and equipment	239
Transportation	239
Food	240
Certifications and further training	241
Costs of being self-employed	244

CHAPTER 17: Protecting Your Money Online	247
Taking Your Personal Finance Cybersecurity Seriously	248
Concealing your email address	248
Creating strong passwords	249
Getting cybersecurity tools you need	250
Avoiding Online Scams	252
Dodging online phishing	252
Evading sale of nonexistent goods or services scams	253
Detecting debt collection scams	254
Not falling for romance scams	254
Bypassing government scams	255
Looking out for employment scams	256
Taking Steps After You've Been Scammed	257
Contacting the authorities	258
Recovering lost funds	258
Changing your information	260
CHAPTER 18: Bills, Bills, Bills	261
Becoming More Independent	262
Choosing to Live with Roommates or Alone	263
Renting with roommates	263
Living on your own	265
Choosing a Location	266
Paying Utility Bills	267
Looking at fixed versus variable bills	268
Negotiating bills	268
Securing Resources	269
Cleaning supplies	269
Household items	270
Furniture	271
Protecting Yourself	272
Getting renter's insurance	272
Accessing local resources for help	272
PART 5: PREPARING FOR THE BIG THINGS	275
CHAPTER 19: Buying Your Dream Car and Other Big Purchases	277
Buying Your First Car	278
Financing	278
Purchasing with cash	280
Locating where to buy a vehicle	281
Considering associated costs	282

Taking a Dream Vacation	283
Opening a separate savings account	284
Traveling off season	284
Using discount websites	286
Getting a Jump Start on a Home	287
Having a savings plan	287
Researching home-buying assistance programs	287
Getting clear on what house you want	288
Examining the condition of a home	290
Discovering additional expenses	291
Being open-minded	293
CHAPTER 20: Investing for the Future	295
Getting money to start investing	296
Asking trusted adults to get involved	296
Using the money you earn from work to invest	298
Starting small, thinking big	298
Choosing a Brokerage That Fits	299
Using a self-directed brokerage for investing	300
Using a robo-advisor for investing	301
Researching the best brokerage	302
Opening your first brokerage account	306
Unlocking the Investment Strategy of Winners	307
Finding an investment professional	307
Practicing your skills with an investing simulator	309
Creating a winning portfolio	310
Growing Money for Your 60s	313
Investing in employer-sponsored plans	314
Exploring Individual Retirement Accounts	314
CHAPTER 21: Protecting Yourself with Insurance	315
Understanding Health Insurance	316
Comparing premiums and deductibles	316
Choosing between HMOs and PPOs	317
Finding vision insurance	318
Using dental insurance	319
Getting Life Insurance	320
Choosing term life	321
Choosing whole life	321
Looking at Disability Insurance	322
Going with short-term disability	322
Looking at long-term disability	323

Using Other Types of Insurance	323
Shopping for auto insurance	324
Buying pet insurance	324
Purchasing homeowner's or renter's insurance	325
Getting travel insurance	326
PART 6: THE PART OF TENS	327
CHAPTER 22: The Ten-Part Teen Tax Toolbox	329
Common Tax Forms You'll Need	329
Taxable versus Non-Taxable Income	330
You May Need to File Even If You're a Teen	330
Free Filing Tools Are Perfect for Beginners	330
Your Trusted Adult May Need to Help You File	331
Refunds Are Real Money	331
State Taxes Vary by Location	331
Keeping a Tax Folder	331
Understanding Tax Brackets	332
Adjusted Gross Income Matters	332
CHAPTER 23: Creating a Win File: Your Ten-Part Personal Highlight Reel	333
Discovering What Goes in a Win File	334
Going Digital for Easy Access	334
Finding Out How to Log Your Wins	335
Don't Forget Personal Wins	335
Looking at Long-Term Benefits	336
Starting Small, Staying Consistent	336
Collaborating with Mentors and Advisors	336
Adding Multimedia Highlights	336
Keeping It Professional	337
Preparing for the Future	337
INDEX	339

Introduction

Hey there! You've just picked up a book that could change your life in ways you never imagined. Whether it's saving for your first car, planning an epic post-graduation trip, or simply being tired of not knowing where all your money goes, we're here to help you figure it all out. Managing money might seem like something only adults need to worry about, but trust us, there's no such thing as being too young to start caring about your financial future.

We're Athena and Mykail, your co-pilots on this financial journey. Athena knows what it's like to overcome major challenges, like being homeless in high school. Now she's a financial columnist making her voice heard. Mykail, also known as The Boujie Budgeter, turned her passion for teaching young professionals into a mission to make complex money topics simple and approachable. Together, we're on a mission to empower the next generation — yes, that's you — to take control of your finances and build a future you're proud of.

Here's the good news: You don't need to be a math genius or have a ton of money to start learning about personal finance. Whether you have \$5 from your allowance or you're earning your first paycheck from a summer job, you can start building healthy money habits today. Grab a notebook, set some goals, and let's start building your financial future!

About This Book

Managing money doesn't have to be scary, boring, or overwhelming. *Personal Finance for Teens For Dummies* is your go-to guide for everything you need to know about money, written in

a way that's easy to understand and (dare we say it) even fun. Inside, you'll find chapters that cover budgeting, saving, investing, earning, and much more. We'll also walk you through setting goals and making smart financial decisions that align with your dreams.

Let's say you've been saving up for a new gaming console. You've got the cash but wonder, "Should I spend it all at once? When can I start investing? Am I making the best choice for my money?" Or maybe you're thinking about how to earn enough for your senior trip. We will answer those questions and more.

This book is packed with practical tools like downloadable resources, engaging videos, and clear charts to help you every step of the way. We've also included real-life stories (both our own and from people we've worked with) to show you how these tips work in real life. Whether you're building your first budget or discovering how to invest, you'll find examples and encouragement to help you take action.

Foolish Assumptions

While writing this book, we imagined you might be:

- » A teenager ready to explore financial independence for the first time.
- » Curious about how to make, save, and grow your money.
- » Looking for straightforward advice, with no boring lectures attached.
- » Hoping to achieve big dreams, whether that's going to college, starting a business, or traveling the world.
- » Someone who loves a good hack, shortcut, or actionable tip to make learning easier.

Sound like you? Then this book was made for you!

Icons Used in This Book

You don't have to read this book cover to cover (though you totally can). Think of it as your financial toolkit. You can jump straight to the chapter that answers your most pressing questions — like how to save for college or what credit cards are all about — or read it in order, to build your knowledge step by step.

We've also included special icons to help you navigate the book.

- » **Tip:** Look for these whenever you want quick, actionable advice you can use right away.
- » **Remember:** These highlight important things you shouldn't forget as you manage your money.
- » **Technical Stuff:** Indicates information that goes into a little more detail.
- » **Warning:** Watch out for common pitfalls or risks so you can steer clear of money mistakes.

Beyond the Book

In addition to the pages you're reading right now, this book comes with a free, access-anywhere online Cheat Sheet that summarizes some of our key advice at a glance. To access this Cheat Sheet, go to www.dummies.com/ and type **Personal Finance for Teens Cheat Sheet** in the search box. For more helpful tips on investing as a teen, you can find videos on topics related to the book at www.dummies.com/go/personalfinanceforteensfd.

Where to Go from Here

No matter where you are in your financial journey, this book is here to guide you. Maybe you're just starting to earn money and want to know how to save it. Maybe you're eyeing your dream college and wondering how to afford it. Or maybe you're already

thinking about investing (yes, that's something teens can do!). Wherever you start, we promise to make it easy, encouraging, and even fun.

The best part? Every good habit you build today will pay off tomorrow . . . and for the rest of your life. So let's dive in, set some goals, and make the future version of you really, really proud.

1

**Discover How
to Build Your
Financial
Muscles**

IN THIS PART . . .

Understand financial planning basics.

Create a financial plan to build long-term wealth and stability.

Understand the importance of managing your money with a strategic mindset.

Find out the essentials of budgeting and setting financial goals.

Discover how credit works and why it's important for your financial health.

Explore ways to manage and reduce debt effectively.

IN THIS CHAPTER

- » Seeing why money matters
- » Creating good money habits
- » Deciding how to plan for the future
- » Looking at an overview of this book

Chapter 1

Starting Your Financial Journey

We get it — money, that is. More importantly, we (Athena and Mykail) get how confusing and overwhelming finding out about money can be. With that in mind, we plan to give you all the tools you need to get your money started off right! Because no matter how confusing money may seem, there is always a way to figure it out.

Personal finances are so much more than spending money on all the fun and cool things that you like. Money is the resource that you can use to completely change your life. Luckily, you have not one but *two* money friends here giving you all the details on all things money.

Personal finance is a bit like mastering a complicated board game. The rules can be confusing at first, but once you get the hang of them, winning (aka reaching your goals) becomes a lot easier. Think of this chapter as your sneak peek at the game board: We'll touch on everything from budgeting to taxes, but we won't dive into the nitty-gritty just yet. By the end, you'll know exactly where to turn in this book for detailed guidance on each topic.

In this book, you'll explore why money matters at every stage of your life, especially from middle school to adulthood. But before you jump in, let's take a quick tour of what you can expect.

Mastering Your Personal Finances

Money might seem scary at first (numbers, bank accounts, taxes, oh my!), but getting a handle on your personal finances is a powerful way to take control of your life. This section explains why financial literacy matters, then guides you through the essentials of budgeting, saving, and spending.

Discovering why financial literacy matters for teens

They say, “money makes the world go 'round,” and while that might be a slight exaggeration, having a solid handle on your finances definitely keeps your world from spinning out of control. When you start building healthy money habits now,

- » **You stress less:** Knowing where your cash is going (and why) can save you from late-night panic over bills.
- » **You dream bigger:** Want to save for a first car or an epic post-grad adventure? Budgeting early on makes that possible.
- » **You stay flexible:** Life changes, like going to college or starting a side hustle, feel more doable when you have a financial foundation.



REMEMBER

You don't have to master every topic right away; that's what this book is for. Take it one chapter at a time, and celebrate each win.

Exploring the basics of budgeting, saving, and spending

Think of budgeting as a roadmap for where your money goes. To build a budget, you must do the following:

1. **Track your income** from allowances, jobs, or side gigs.
2. **Plan your expenses** for essentials like food and optional fun stuff like movies.
3. **Set aside savings** for future goals or emergencies.

Saving means paying yourself first. Even setting aside a few dollars each time you earn money can grow your savings over time. Spending wisely means balancing what you want now with what your future self will need. It is crucial to practice good money habits *today* to create a foundation for lifelong financial wins.

Unlocking the Benefits of Good Financial Habits

Building strong money skills early unlocks a future filled with possibilities. Here's how good financial habits can make your life easier and more fulfilling.

Lowering financial stress through smart planning

Having a plan for your money turns chaos into clarity. By setting up a simple budget (Chapter 4 digs deeper), you know exactly where your cash is going, leaving less room for anxiety. Plus, planning helps you avoid last-minute scrambles, like struggling to pay for surprise expenses.

Improving your life with thoughtful money choices

When you make intentional spending decisions, it's easier to afford the things that truly matter, like a hobby, a trip, or an emergency fund for peace of mind. Good financial habits encourage you to say "yes" to meaningful opportunities instead of being tied down by unnecessary debt or spending. Chapters 2, 3, and 4 focus on building those good habits early.

Handling taxes and what they mean for you

Even if you're a teen, taxes can affect your paycheck or side-hustle earnings. Taxes might seem boring, but they're unavoidable, so knowing the basics helps you keep more of the money you earn (turn to Chapter 22 for more tax tips). Don't be nervous about taxes; as working citizens, we have to pay them, too, and we also explain why they are required.

Saving for short- and long-term goals

Saving short-term can mean setting aside cash for things like a concert ticket or new sneakers. Long-term goals might include paying for college, starting a business, or even investing for retirement (yes, that's something teens can do!). Good habits now set you on a smooth path for later. We chat more about money for future you in Chapters 8 and 20.

Claiming your financial independence

Imagine being able to make life choices (like studying abroad or moving out) without money worries holding you back. Solid financial habits build a safety net, giving you the freedom to explore, take calculated risks, and follow your dreams. Chapters 11 and 19 focus on helping you decide what your financial independence will look like.

Confronting the Challenges of Managing Money

Nothing will come easy to anybody who is learning about money. There are so many mindset shifts and new terms you will discover to better manage your personal finances. Even with all this information, you can still make money mistakes. This is totally normal and 100 percent okay. Even as adults, we still make

money mistakes. Your journey won't be perfect, and that doesn't make you a bad person.

Deciding your financial path

Financial literacy is for everyone because everyone needs to understand money. However, we all have different financial paths and goals. Your financial path is specifically for you. We all find out about and see money differently; finding what works best for you is half the battle. Throughout this book we encourage you with our advice and give you different options to tackle problems you may face.

Aiming for financial freedom

Ask yourself: Do I want to rely on others forever, or would I prefer making my own decisions with my own funds? If you're aiming for independence, a solid financial plan is your ticket to freedom. Financial freedom looks like have great credit (Chapter 5), building a solid budget (Chapter 4), destroying debt and bad habits (Chapter 6), making money (Chapters 14 and 15), paying bills (Chapter 18), and spending your money things that make you happy.

Launching your first budget or savings plan

Still on the fence? Starting small helps you see quick wins. Even a mini-budget, such as saving \$5 a week, can be a game-changer. Turn to Chapter 3 to dip your toes in the water of money management or Chapter 4 for a full budget breakdown.

Mapping Out the Journey (aka This Book's Roadmap)

Here's a taste of what you'll find in each part of the book.

Part 1: Learning How to Build Your Financial Muscles. We start with the basics, like creating a financial workout plan and

discovering the building blocks of budgeting. These chapters show you the value of flexing your money muscles early.

Parts 2 and 3: Money Matters for Middle Schoolers and Money Matters for High Schoolers. Whether you're just discovering how to manage lunch money or planning to find a part-time job, we've got you covered. These sections guide you through the financial challenges (and opportunities) you'll face before graduation day.

Part 4: Making Money Like an Adult. Ready to step into the working world? We'll show you how to read your paycheck, what to watch for in a job offer, and how to handle the real costs of working (such as transportation or uniforms).

Parts 5 and 6: Being an Adult the Dummies Way and Preparing for the Big Things. Now it's time to protect your money and handle those bigger life expenses, from paying monthly bills to buying your dream car. We'll also help you set long-term goals like investing and getting insurance.

Part 7: The Part of Tens. Looking for a quick reference or top tips on taxes, creating a win file (a brag-worthy record of your achievements), or other key concepts? This section's got you covered.

It might sound like a lot, but fear not! We'll tackle each subject in a fun, accessible way, giving you the confidence to take charge of your finances regardless of your age.

With a sense of what's coming, it's time to roll up your sleeves and dig into the details. Flip ahead to the chapters that pique your interest the most, or read each part in order for a complete guide to becoming a personal finance pro. Keep in mind, your money journey is yours to shape, and every bit of knowledge you pick up along the way will help you write your own success story.

Are you ready to claim your financial freedom? Let's do this!