Are teens breaking the bank?

Today’s teenagers are breaking the bank. Just three items, designer athletic shoes at $160, a concert ticket at $45, and the latest computer game at $325 will set you back $530 in a heartbeat.

Exactly when did spending $160 on a pair of tennis shoes begin to seem normal?

A. Give them another view.
Parents need to help kids take a long look at making money “work” in ways other than purchasing. Instead of spending $500 on passing fancies – shoes that will wear out in a matter of months, a night’s entertainment, or a video game that will be overshadowed by the next hot game – take the opportunity to teach your kids the Rule of 72.

What’s so cool about the Rule? It shows your kids how they can turn $500 into $1,000. The Rule calculates the length of time needed to double your money. You simply divide your rate of return into 72. For example, if you’re earning 5% interest, divide 72 by 5. The answer tells you that your money would double in 14.4 years. At an 8% rate of return, $500 would become $1,000 in roughly 9 years. That’s the power of compounding.*

B. Be a financial guide.
Ask your kids what they could possibly “do without” to fund a savings plan or a bigger, more important purchase in the future. It’s a concept you will have to promote. Kids are assaulted regularly by advertisers, and the pressure to have what everybody else has can be intense. Because your message is a more difficult one, it must be repeated regularly. (Along with the idea that sometimes you have to delay your gratification and save up for purchases.)

C. Make saving fun.
Learn about finances together. You’ll be spending quality time with your kids and teaching them a lesson needed for the rest of their lives. In today’s climate, it’s a lesson they probably won’t learn without you.

Want dozens of casual and fun ways for the family to talk about kids and money? Go to www.themint.org.

Smart shoppers save while they spend

Advertisers work hard to make their products way-cool, ultra-glamorous, and super-exciting.

Many young consumers find themselves falling under the spell of the glitzy images, spending more money than they should.

Not only do kids live and breathe the advertisers’ message, they must wrestle with their need to have it now. Basically impulsive by nature, kids find thinking through purchases difficult. Parents need to help. What’s the message? You have only a limited amount of money. Learn ways to stretch it. (See box on back.) Help your kids do that.

Talk about spending.
Have regular talks about wanting vs. needing and how much is enough.

Limit spending.
If your son wants to blow $120 of his $250 back-to-school budget on designer pants, he may have to forego a few shirts, a pair of shoes, or a jacket. Parents who cave-in, filling wardrobe gaps created by the expensive pants, teach the wrong lesson.

Teach purchasing wisdom.
Kids have to understand that items are not always as great as ads make them seem. Talk to your kids about “advertising as a business.” Armed with the right info, they might occasionally resist paying more for a shoddy piece of logo wear.

(Continued on back)
Money mystery

For family discussion

Consumer experts tell us that many store brands are nearly identical to their brand name rivals – and almost always cost less. Why don’t more cost-conscious consumers ignore brand-name hype and save money by buying the store brand?*

Clues. Some will help you solve the mystery. Others won’t. All are good points for kitchen table discussions.

1. Brand name items often cost more because manufacturers spend so much on advertising, not necessarily on quality.
2. Experimenting with store brands can sometimes be disappointing if the quality isn’t there.
3. Lowering import taxes has increased the number of no-name products entering the US.

4. Store brands are displayed just as prominently as name brands.
5. Some producers of brand-name products consistently deliver quality.
6. Clever advertising can often attract first-time buyers.
7. Sometimes brand names fail. Remember the new Coke?
8. Name-brand products are often endorsed by celebrities and athletes.

41 3 9
36 715

11. Before you buy an item, look it over carefully. You want to make sure the quality is there so that you get what you __ __ __ __ __.

Smart enough to crack the code?

Play the Perfectcents Search! You’re searching for solutions to 11 clues. Each solution has the same number of letters as the blanks. You’ll find the solution to each clue is a word or idea in this newsletter. If a clue stumps you, scan the issue and hunt down the solution. After you’ve figured out what each clue means, crack the code by putting numbered letters in their proper boxes.

1. The goal of advertisers is to make people __ __ __ __ T their products.
2. To reduce the price of an item. __ __ __ C __ __ __ __
3. What you want to do with your dollars. (A characteristic of latex and spandex.) __ __ __ __ __ __ __ __ __ __
4. An exciting and persuasive description used to sell products. __ __ __ __ D
5. A word or symbol found on a product that some consumers believe enhances the product’s value and gives the wearer/owner prestige. A clever way that manufacturers get consumers to pay to advertise a brand name. __ __ __ __ __ __ __ __ __ __ O
6. Another word for “necessity” – something you cannot live without. __ __ __ __ __ __ __ __ __ __ __ __ __ __ __ __ E __ __ __ __
7. Shopping events that can save you money. __ __ __ __ __ __ __ __ __ __ __ __ __ __ __ __ __ __ __ __ __ __ __ __ __ __ __ __ __ __ __ __ __ __ __ __ __ __ __ __ __ __ __ __ __ __ __ __ __ __ __ __ __ __ __ __ __ __ __ __ __ __ __ __ __ __ __ __ __ __ __ __ __ __ __ __ __ __ __ __ __ __ __ __ __ __ __ __ __ __ __ __ __ __ __ __ __ __ __ __ __ __ __ __ __ __ __ __ __ __ __ __ __ __ __ __ __ __ __ __ __ __ __ __ __ __ __ __ __ __ __ __ __ __ __ __ __ __ __ __ __ __ __ __ __ __ __ __ __ __ __ __ __ __ __ __ __ __ __ __ __ __ __ __ __ __ __ __ __ __ __ __ __ __ __ __ __ __ __ __ __ __ __ __ __ __ __ __ __ __ __ __ __ __ __ __ __ __ __ __ __ __ __ __ __ __ __ __ __ __ __ __ __ __ __ __ __ __ __ __ __ __ __ __ __ __ __ __ __ __ __ __ __ __ __ __ __ __ __ __ __ __ __ __ __ __ __ __ __ __ __ __ __ __ __ __ __ __ __ __ __ __ __ __ __ __ __ __ __ __ __ __ __ __ __ __ __ __ __ __ __ __ __ __ __ __ __ __ __ __ __ __ __ __ __ __ __ __ __ __ __ __ __ __ __ __ __ __ __ __ __ __ __ __ __ __ __ __ __ __ __ __ __ __ __ __ __ __ __ __ __ __ __ __ __ __ __ __ __ __ __ __ __ __ __ __ __ __ __ __ __ __ __ __ __ __ __ __ __ __ __ __ __ __ __ __ __ __ __ __ __ __ __ __ __ __ __ __ __ __ __ __ __ __ __ __ __ __ __ __ __ __ __ __ __ __ __ __ __ __ __ __ __ __ __ __ __ __ __ __ __ __ __ __ __ __ __ __ __ __ __ __ __ __ __ __ __ __ __ __ __ __ __ __ __ __ __ __ __ __ __ __ __ __ __ __ __ __ __ __ __ __ __ __ __ __ __ __ __ __ __ __ __ __ __ __ __ __ __ __ __ __ __ __ __ __ __ __ __ __ __ __ __ __ __ __ __ __ __ __ __ __ __ __ __ __ __ __ __ __ __ __ __ __ __ __ __ __ __ __ __ __ __ __ __ __ __ __ __ __ __ __ __ __ __ __ __ __ __ __ __ __ __ __ __ __ __ __ __ __ __ __ __ __ __ __ __ __ __ __ __ __ __ __ __ __ __ __ __ __ __ __ __ __ __ __ __ __ __ __ __ __ __ __ __ __ __ __ __ __ __ __ __ __ __ __ __ __ __ __ __ __ __ __ __ __ __ __ __ __ __ __ __ __ __ __ __ __ __ __ __ __ __ __ __ __ __ __ __ __ __ __ !
8. Money that is not spent is money that is __ __ __ __ __ __ __ __ __ __ __ __ __ __ __ __ __ __ __ __ __ __ __ __ __ __ __ __ __ __ __ __ __ __ __ __ __ __ __ __ __ __ __ __ __ __ __ __ __ __ __ __ __ __ __ __ __ __ __ __ __ __ __ __ __ __ __ __ __ __ __ __ __ __ __ __ __ __ __ __ __ __ __ __ __ __ __ __ __ __ __ __ __ __ __ __ __ __ __ __ __ __ __ __ __ __ __ __ __ __ __ __ __ __ __ __ __ __ __ __ __ __ __ __ __ __ __ __ __ __ __ __ __ __ __ __ __ __ __ __ __ __ __ __ __ __ __ __ __ __ __ __ __ __ __ __ __ __ __ __ __ __ __ __ __ __ __ __ __ __ __ __ __ __ __ __ __ __ __ __ __ __ __ __ __ __ __ __ __ __ __ __ __ __ __ __ __ __ __ __ __ __ __ __ __ __ __ __ __ __ __ __ __ __ __ __ __ __ __ __ __ __ __ __ __ __ __ __ __ __ __ __ __ __ __ __ __ __ __ __ __ __ __ __ __ __ __ __ __ __ __ __ __ __ __ __ __ __ __ __ __ __ __ __ __ __ __ __ __ __ __ __ __ __ __ __ __ __ __ __ __ __ __ __ __ __ __ __ __ __ __ __ __ __ __ __ __ __ __ __ __ __ __ __ __ __ __ __ __ __ __ __ __ __ __ __ __ __ __ __ 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