

Managing Money

Roads to Success is a new program designed to help middle and high school students prepare for their futures. This newsletter will keep you posted on what we're doing in school, and how families can follow through at home.

For more about Roads to Success, visit www.roadstosuccess.org.

Did you know?

Almost 16 million families had at least one child over 18 living at home in 2003, up 7% from 1995 and 14% from 1985.

Experts say the rising costs of education and housing contribute to this trend.

Source: USA Today

Beginning salaries sound huge to young people who've never been responsible for paying the bills. Teens may expect fabulous apartments, sporty cars, and lots of luxuries as the logical result of hard work. Real life can be a real shock.

How can parents help prepare kids for life on their own? Things to discuss with your high school student:

Know what income to expect. Students may have unrealistic expectations about how they'll support themselves. Websites like www.bls.gov/k12/ give estimated salaries for many careers.

But salaries are only part of the story. Teens may be surprised at the size of their paychecks once taxes and other deductions have been taken out. The next step is

comparing income to expenses.



Know what things cost. Looking at cost of renting an apartment, owning a car, and buying groceries is a good reality check.

Students can expect to pay about a third of their income on housing. (In many places, rent is so expensive they'll need a roommate to split the bills.) Transportation (car payment, insurance, and gas), utilities, food, clothing, and entertainment also need to be considered. See www.consumerjungle.com for tips for sharing this information with your teen.

Anticipate monthly payments for student loans. Student loans are a pretty good deal for students who want to attend college. But monthly payments take a big bite out of take-home pay for young people who are just starting out, and it's good to know what to expect.

Stay out of credit card debt. 2/3 of people with credit cards don't pay them off every month. Interest on the unpaid balance and late fees can really add up! The Consumer Jungle website explains it this way: Suppose you are a 22-year-old with \$5,000 in credit card debt at 18% interest. If you pay only the minimum payment each month, you'll be 50 by the time it's paid off. Don't use a credit card for things you don't really need. Don't use a credit card unless you can pay it off each month.

Grade by Grade: Money in the Classroom

9th-grade Roads to Success students participate in two real-life lessons in budgeting. In the first, they pick a monthly salary based on a job they could get with a high school degree. In the second, they can choose a career from one of three groups: degree

from a community college or tech school, 4-year college, or college plus more education (like medical school or law school).

There are two important lessons here. One is that education after high school provides more

career options, often with better salaries. The second is that few recent graduates have jobs that allow them to buy everything they want. Saving, planning, and self-restraint are keys to a bright financial future.