EPISODE 1712

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FT: This episode is brought to us by Chase Bank. Welcome back to So Money, everybody. I'm Farnoosh Torabi. Our kids and money week continues. On Monday, we sat down with Renée Campbell, Head of Youth and Family Banking for Chase Bank, to talk about habit-forming lessons for kids starting as young as 6 years old. And then continuing through the elementary school years.

Now, today, we're graduating to the next level. Discussing ways to teach tween, teens, and college students about the basics of money and even some complex things about money. What are the most important lessons to grasp when you're in high school or a freshman in college? How do we teach these lessons now that kids don't really want to talk to us as much as when they were little? Our guest is Peter Bergman, Executive Director, Head of Starter Segment Banking for Chase Consumer and Community Bank. Peter, it's great to have you.

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PB: Thanks. Thank you so much for having me.

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FT: Moving up in the year is we started Monday talking about young kids. I have a seven and 10-year-old. And ways that we can instill some good money habits with the elementary school students. And now we're growing up and we're talking about tween, teens, even college students. We have a lot of people in the audience with kids that are headed off to college. We're excited to have you here. Tell us a little bit about this age group. Now it's a big age group. We're talking like 11, 12, all the way up to the teen years.

There was a study last year that found that a majority of teens are interested in learning about money, managing money. But only about a third feel ready to do this. We know this is an essential life skill. How can we start to introduce this or play on the existing teachings that parents have been doing as they were younger? What's important at this stage?

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PB: In addition to teens and tweens being interested in this topic, the vast majority of parents want to instill values of financial literacy and good money habits in their kids and want help. They want kind of resources and guidance. And so, this is one way to have the conversation. It'll take it from here.

I see, as children age, there's kind of three dimensions that evolve. First, they gain more financial responsibility and just responsibility in general as they age. Whether they're moving from kind of doing chores to getting their first job and having the account of their own. Second, there's a generational shift, right? And so, money and our lives have moved increasingly more digitally. That's moved away friction from spending. And it's also made money like less tangible. We don't carry bills and coins as much as we did. And when you're younger and your teens, that kind of tangibility is important. We'll kind of talk through what to do in order to break that barrier.

And the last thing that's super important is as our lives move more digitally, it's important to be kind of aware and thoughtful about protecting ourselves in terms of our identity and being thoughtful in protecting our families from kind of fraud and scams as well. And so, that's another dimension that increases as kids age.

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FT: Yeah. You touched on a bunch of things there. I want to double-click on these as we talk. But you talked about earning. Now they're at the age where they can move on and maybe create income outside of the house. Whereas maybe they were just maybe earning chore allowance, which is where we're at right now.

But you also talk about – one thing I didn't think about was the fraud piece. So important. We talk about literacy see as we're trying to create literate kids to become adults. We're talking about like what does it mean to be literate on the internet. What does it mean to be literate in your financial life? But the fraud piece, unfortunately, you can't ignore it. And it's becoming more and more. And I think younger kids, or I should say teens, the earlier they get aware of this, probably the better. Because they probably are targeted to some extent more than other demographics. I don't know. But would think that if I'm a fraudster, I'd want to go after like the vulnerable and the people who are using – that are banking for the first time. Maybe the sort of low-hanging fruit. I don't know.

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PB: Yeah. No. We do see a large amount of fraud in vulnerable populations. That is elder, as well as younger and teens that may not have their guard up as much and know. And so, it's important as parents and schools and just adults to kind of raise awareness that if something's kind of too good to be true, or if something just doesn't seem right, or just to kind of second guess yourself before you make a payment to someone that you don't know, sometimes it's just asking someone else to take another look at it. Those like little micro habits can really help save you.

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FT: Yeah.

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PB: And also, to know that if something happens. That you made a mistake. We all make mistakes. It's important not to try to hide it. It's important to kind of raise your hand. Make sure that you're uh seeking out help to kind of work through it. That's really important is not to hide it. And instilling that in your children is critical.

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FT: Yeah. You reminded me of a scene. We were in the store with my kids and they were using their debit cards for the first time at the self-checkout. And my son who 10 was warning his sister who's seven, "Don't let anyone see you type in your pin."

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PB: Yeah. Yeah.

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FT: And they each have their pins on a piece of paper in their wallets, which probably isn't the safest thing. But for now, just until we remember them by heart. But, yeah. You're right. I mean that was like probably a teachable moment. Good to be protective of your PIN.

You brought up spending as well. And I want to – let's start there. Because I think now with the autonomy that comes with growing up, and you're out, and you're socializing, you're going out with your friends, you want for things that you didn't necessarily want when you a kid because you didn't know any better. And now the things are expensive. Whether that's like Taylor Swift tickets, or school trips, summer camps, clothing, brand labels. If you've been at the mall lately, you know the lines at Sephora. I don't even have to tell you. What is going on? That's a whole other episode.

As kids become more independent and influenced by their friends and the media, they don't just want little $5 toys. They want cars. They want brand-name items. They want concert tickets. What's your advice for parents on that front? Whether that's boundaries or systems they can implement, so that the kids learn to implement some reason and some budgeting as they're thinking about all the things that they want?

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PB: Yeah. It's a great question. And I, like you – I have an 8-year-old daughter and then a 5-year-old son. I'm not quite there with my own family. But something that's really important is having discussions with your family about your values and how you as a family choose to spend your money. What you're savings for as a family? And kind of democratize those conversations so that they feel part of it particularly as they grow and age and they may have a bit more of a say and a part of that dialogue.

And for your young younger siblings, they'll kind of start to learn that vocabulary and that mindset for your family. That's really something that you can teach younger and as they grow uh to kind of set their mindset for how they manage their finances. And then as they get older, it's important to – as parents, to ask the questions on the flip. Ask them what's important to them. Ask what they're looking to see for. Ask them to reflect on how they've spent the money that they've earned. What they're saving up their money for. Just like verbalizing their intention can have a dramatic effect on the choices, and the decisions, and the behaviors that they make. And so, really, my encouragement is just to make it a kind of family dialogue and one where it's a discussion and not a parent kind of telling their kids what to do.

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FT: Yeah. I like that. I like the idea of kind of bringing them into the family's values. It reminds me of a story, a friend of mine who does have teenagers was saying where her daughter wanted to go to a concert. The tickets were expensive. But one of their family values is experiences. They value experiences. They invest in experiences. But it wasn't just like, "Okay. We like experiences. Here's all the money for the concert tickets."

There was a plan. They found ways to cut casts. They may have converted points into – there's still another layer to this, which I think kids don't know about. They don't know that maybe you can like find a coupon or find an alternative way to spend or save. They think the price is the price. And maybe they feel like it's a dead end. But maybe it's just, "Okay. This is hurdle number one we need to get over it and get creative." I think, parents, this is where we can really show them – open up their world.

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PB: Yeah. I think that's a great example and one where I'd encourage parents to ask questions and to kind of show those different tricks and just talk through scenarios. Asking questions around, "Oh, how much do that cost? I might save a ticket." "Oh, is that the all-in cost? Well, no. We got to get there in terms of transportation. We might buy food. We might buy some merchandise." "Okay. How much is going to cost really in aggregate?" What are the different options? How might you pay for it? How might we earn some money?

I also love, particularly as kids get older, them to put some of their own skin in the game. We may not necessarily feel like we can ask them to pay for their whole concert ticket or say. But maybe if they want to buy a t-shirt, they're going to buy it themselves. Or they want to buy some food. Or pay for half of the ticket or whatever it is.

And to your point, Farnoosh, them being part of that journey and part of that planning process, particularly if you can connect it to their earning, then it'll motivate them to do that work and just gets into this really healthy financial habit of having intention with your money and kind of building your money engine towards things that you want. Your aspirations.

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FT: Right. All the extras. All the extras. Let's take a quick ad break. And when we come back, we're going to talk about how close do you bring your kids into your financial reality? Your spending? Your expenses?

First, here's an ad on behalf of our sponsor. Learning how to manage money for the first time can be overwhelming. But it's an essential life skill for kids to grasp. Chase offers tools to make managing money easier while helping parents and kids create healthy financial habits. Chase First Banking is available for kids ages 6 to 17 and equips them with their own debit card. The account is owned by parents who oversee spending, set limits, track purchases, and receive alerts.

Chase High School checking is for students ages 13 to 17. And it's co-owned by parents for oversight and monitoring with no monthly service fee. Chase College Checking is for students age 177 to 24 and allows them to manage their money independently with no monthly service fee up to their graduation date. Accounts can be controlled through the Chase mobile app allowing users to track expenses, budget, and adjust their spending all in one place.

Chase helps make banking easy and secure so families can master money basics. For more information about Chase's student resources, visit chase.com/somoney. JP Morgan Chase Bank, NA Member FDIC.

when your colleague, Renée, was on the show Monday, we were talking about the younger set. And she gave a story of when she was younger, which I thought was really powerful. This image of her getting access to her mother's checkbook to her mother wanted her to balance the checkbook.

And that is something that I actually hear repeated now. And experts tell me about how to sort of raise money savvy kids, especially the teens. Getting them close to the money, the family money. It may not work for every family. But I think there's some value in that. What do you think? And how can parents like create an experience out of this that they feel like you don't want to overshare sometimes?

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PB: Yeah. Yeah.

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FT: But I guess it all depends on your kid, too. If your kid's mature enough.

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PB: Yeah. I think your spot on there. First, managing and balancing a checkbook is a little bit of something –

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FT: Maybe that's not exactly what the exercise is in 2024. But maybe it's like here's our spreadsheet of last month's expenses. That you can get that from your bank.

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PB: That's exactly right. The first part I think is helping to introduce having their own account, their own kind of responsibility of that debit card, of a balance, of a savings goal, etc, as they're younger. As they age and perhaps get their own first job, then that's a key milestone of being able to talk about, "Okay, what are you going to do with that money that comes in? How much is going to go for savings? How much are you going to kind of set aside for your spending?"

The budget is a little tricky with tween and teens. Because on the one hand, there are opportunities for the right children, the right families to start kind of introducing aspects of the family budget with them. And you can also think about kind of micro budget. The most important piece is being able to set a budget and stick to it. And being able to kind of reflect on how you did.

It might be I know some parents set a budget for lunch over the course of a week or a month and give that to the child and see how they do. And they have to kind of plan it out. It might be in online beaming. Setting a budget of intention of how much they want to spend their own money on that. And tracking if they actually do that and being able to kind of reflect with parents.

I think as they get older, then being able to expose them to aspects of the family finances. It might start with just a grocery store trend. Okay, we're going to spend $60, $100. Whatever the number is. Let's think through what do we really need. And how do we spend against that? And what actually shows up when you reach the counter? It's a starting point.

But as they age, exposing them to the full family kind of finances of how much does it cost to maintain our house. Getting into things like insurance, streaming services, groceries, etc. As well as if you separated from the family and go to – maybe it's cousins or a neighbor. Someone that is going to college or recently graduated that's responsible about their finances and asking them to kind of show your child how do they approach budgeting. What does their budget look like? So they can kind of see ahead another step on what it looks like later on. That might be a little bit more tangible, especially for high schoolers as they're about to go to college.

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FT: Yeah. I really like that. And I've heard this from parents. And maybe this is in my future. But when the kids do get older to sort of identify, "Okay, here are the four to six categories of spending," that, as a parent, I'm always making. Whether that's like your food, your clothing, your supplies, makeup, whatever, gas. We want you to take ownership of these categories.

Now whether that's they go out and they earn to make that money to spend to then budget around these of six categories. Or we just give them. Here's whatever. A few hundred a month. But you are responsible for all these things. And then it's like, "Well, how do I track it?" Maybe we start with a spreadsheet. But then maybe it's using their bank's app and a combination of that. I think that can be a really great building block.

And I think part of what's important too is to let your kid fail. This is one thing that I didn't get into on Monday's episode that I really wanted to. But we have the opportunity now as we're talking about giving the reins over to your kids. There has to be an expectation and an appreciation for the failures, the missteps.

But with these systems, it's like almost like they're failing safely. There's not really much at stake. They're still going to have a bed to sleep in and food on the table. It's just that when they are short one month because they overspend on clothes and now they can't put gas in their car. Well, guess what? You need to get a ride. Because you have six days left to the end of the month. I think that's really – I almost look forward to those. Because those are the core memories that makes for a good financially astute person.

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PB: You're certainly on to something. And I have a stat from a recent Fed Reserve survey of Gen-Z that 39% are very stressed about making the wrong choices with their money. And so, one of the key things we can do as parents and as a society is help introduce them to those responsibilities, and opportunities, and financial literacy earlier. And presenting a safe space for them to make mistakes, as you said, and fail and kind of learn from it.

I think when you make mistakes, it's really about how you react. And if you're doing that kind of alone and you feel ashamed from it, it could start to build the wrong kind of mindset around money. But if you're in a nurturing environment and you kind of learn from it and don't let it happen again, you can do that earlier on, it sets you on the right trajectory in terms of your mindset. Certainly, delivering kind of increasing responsibility to your kids around finances is a key tactic to that.

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FT: You brought up the concept of skin in the game. And it reminded me of sometimes how parents want their teenagers to have skin in the game when it comes to college tuition.

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PB: Yeah.

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FT: And I think this whole cost of college conversation is important for the whole family to be having. Sometimes it's just the parents or whoever is paying for it, they're conversing. But the kids are kind of like, "Well, we know it's a lot. But mom and dad or mom and mom or everyone's – somehow it's getting taken care of." And I think that's a missed opportunity. What do you think? How can parents include their children in the college planning financials?

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PB: Yeah. They should include them in many scenarios in really all the aspects of planning for what's next. Cost in the finances is obviously one very large and important aspect of it. But I also want to make sure that families are discussing what are they looking for out of – whether it's a college experience or wherever they're heading after high school. And whether it's a four-year degree, or a technical school, or a community college, or going straight into the workforce. Talking through kind of, again, values of the family and values of the individual and what they envision for themselves. And whether that's as far as creating a little bit of a early life plan.

Maybe on one set, I know a number of colleges are getting involved in starting to think about kind of life plan for their students whether when they are a student or after they've graduated. But just having that kind of intention of what you're looking to get out of it is important as a family and having that dialogue. And then once when you're going to benefit from it, also talking about, "Okay, how much it costs?" And part of it is, obviously, a financial cost a lot.

Another part of it is time. That's a large amount of time that you're devoting. And I think the more that teenagers are involved in that process, the more they'll appreciate that the investment that they're making, their families are making, and hopefully the more they'll be serious about how they spend their time and the benefits that they get from it. But certainly, to your point, understanding the costs and the tradeoffs of their different options is important. And how that impacts their family and others. It's not just themselves. It makes money a little bit more tangible as part of that conversation.

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FT: Oh, my gosh. The sooner parents can have these conversations with their high schoolers, the better. Speaking from personal experience, I didn't really understand any of this going into college. And my guidance counselors and teachers in high school said you don't have to worry about the financials. Why? Because there's this thing called student loans. Okay.

Then I go back to my parents and they're like, "Where are you applying?" And I just would write – I ran off all these expensive school names and they said, "Do you have a backup? Because you're not taking out student loans. We're not taking out debt. We have to cash flow this."

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PB: Yeah.

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FT: That limited me. But had I known – I went to Penn State. And I got a little bit of a scholarship. And that's how we made it work. And it all worked out. But part of me in that moment was so sad, and hurt, and jaded. And I just thought, "Oh, if I had just known that I would have like started looking for scholarships, I would have done more research, I would have maybe gotten a little bit more creative." I feel like I was like left out of a really important conversation that my parents should have had with me much sooner in the process.

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PB: Yeah. Yeah. Great point to really get ahead of it. The last thing you want is to –

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FT: Manage expectations.

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PB: Yeah. Manage expectations. Not be surprised later on.

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FT: Yeah. Like, "Okay, that's fine. If that's our family rule, okay. Maybe I'll start exploring things differently." I had a lot of jobs in high school and college. And I think that was a precursor to my own ambition and success. And I have to think that there's a correlation. I think there have been studies that find that teenagers that have jobs often grow up to have a lot more financial. At least just more care for your finances. More sort of like an awareness of money.

And I do think though, these days, it's harder than even for me to sort of balance the academics with the earning piece and the jobs. What's your advice for families around this? Because we don't want to neglect your academics just to get a paycheck at work. But also, there's so much value, real-world experience in working and being accountable at a job.

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PB: It's all about finding the right balance. And it may evolve as the kid ages and has different priorities at different points in time. But finding opportunities for them to start earning some money earlier on. Whether that starts with a lemonade stand, or teaching a local kid some sports, or babysitting, etc. And then moving on to perhaps a side gig, or a part-time job, or some other means of earning income. There's lots of different solopreneur ways of doing that and great stories these days is important. You don't just build up the money that you have. You also build a number of skills sets along the way with that responsibility.

For me – and I always love to connect passion and skills with how you're looking to earn. For me growing up, that was tennis. I got a job at my local town and then a tennis club at the town. I was teaching little kids how to play and sharing my passion there at the club. I was sweeping courts and washing towels and worked my way up. And as soon as I could get certified as a tennis pro at 18, I got that. And so, I could start charging more money for teaching someone. And it taught me real-life skills, like communicating and selling myself, and talking to parents, talking to kids, and coaching. And now I'm a coach for my kids' soccer and softball teams.

I bring back some of those fond memories of working with little kids. Those life skills are so important and the earlier you can kind of introduce that. And then it opens up these conversations with parents like I mentioned before of, "Okay, now you're earning money. Okay, what are you doing with it?" All right. Let's make sure you have an account at that point in time. Perhaps, for a teenager or a tween, it's one that's co-owned with the parent so the parent kind of monitor and coach. And you can have discussions around how you're spending and using your finances.

And as the child ages and moves into college, they may want to have their own account. Many of them actually like to maintain their parents on the account. Because they like having their parents being able to have an eye and monitor or being able to send them over some money when they're getting low. And some want to kind of want their parent off. And that's fine. That's like an individual kind a conversation.

But many also, when they're off in college, are thinking about how do they earn some more money to pay for doing the stuff that they want to. Because once you're in college, if you have student loans, etc, you still need some extra money to pay for things on top that social life.

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FT: I will just tell families that when I visit colleges and I talk to students about money, these are their questions. Mo maybe we can all get ahead of it before they get to college. Or when you're in conversation with your college student on the phone asking them about the game or the class, ask them about their – here's are the money questions. One, do you know what your student loan payments are going to be when you graduate? So many young kids don't know this. They are terrified of their debt when they graduate. But they don't know enough to actually create a plan around that.

Going to your bursar's office, your student loan aid office, your financial aid office. Just looking at your statement. Going online. These are accessible data points. But young adults don't know where to get this information. These are the questions that come up when I go on campus. They don't know how to budget. I want to move to a big city and I want to live independently. I have no idea how that's going to cost. Well, you could actually estimate this. You go online. You see average rent. You see what the average salary is going to be when you graduate. You can do the computations. There's calculators online.

I think so much of it is like this anxiety around money. But it's partly because they don't have the education. They need the variables. They need to plug in the variables so they can feel a little bit more equipped and confident to actually do what they want to do. And the other big area of question mark is credit. Do I open up a credit card? Do I not?

I know parents often come to me as early as like they have a high schooler, "How do I help my kid establish good credit?" My advice there is if you do have yourself good credit as a parent and you have a credit card that you could add your 16-year-old as an authorized user on. And have a conversation around what this means. They get their own credit card. But it's attached to you, the parents' account. You can create limits with this card as far as what it can be used for. While you pay off your bill every month, you and your child are building good credit. It's like an early way to get your kid building that good credit, which can come in handy even in college if they're applying for their own apartment. Right after college, of course. If they're getting a car or applying apartment. Even getting a job. Having good credit, a good healthy credit record is important.

And this is not the stuff that sometimes kids even know. They don't know what they don't know. As parents, I think it's important for us to sort of address this. I remember my dad growing up, he had – I don't know what do you call it. Almost like an album of credit cards. As an immigrant, this was a rite of passage, to get credit in America. Where in Iran, there was no such thing as really a credit system. But in America, you have your green card and then you get to become a citizen. And now you get credit cards. He kept them as sort of just like these like, "Look at me. I'm truly American."

And I would look at them like, "What are these things?" They're just all these different credit cards. Looking back, these were important moments. This is like when my credit education started. And he would tell me. And I probably wouldn't remember at the time. But eventually, it all builds. It's never too early, I guess, is all I'm trying to say. And kids don't know what they don't know. As parents, it's our job to sort of give them a heads up for things to look out for.

What are some other tools that you like, Peter, in this category of teens and money? As you said, the financial world is so digital. It's almost entirely digital that it's hard to really grasp sometimes these concepts and to really feel what it means to budget and not have money.

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PB: Yeah. In the world of digital, what I'd recommend is humans. And so, we have this amazing underutilized resource of people who work in bank branches across the country called bankers. And Chase has 5,000 branches across the country. And in prior eras, you go to a bank branch and deposit a check or take out cash. Now we have ATMs. Or even, now we send money via Zelle. Another means peer-to-peer.

And so, these humans that work in bank branches are super knowledgeable, and thoughtful, and approachable, and can be partners, and advisors, and money coaches. And on a daily basis, they're speaking to parents just like us and just like your viewers, and their children, their twins, their teens about money. And they speak both with the parent and with the children. The children that are younger love it because they get a lollipop when they go there.

But teens and twins feel empowered when they have the opportunities to visit and have a real adult ask them some questions. Often, what are you saving for? Or how do you think about spending on your debit card? What's something you're proud of that you've bought? What's a lesson you've learned? Parents can kind of leverage bankers as just another resource to get advice um.

And they can also have conversations with them around credit, too, and learn some of the basics versus going online for everything and talking about when do I use a debit card versus credit? Sometimes we actually learn a bunch when we talk to other folks about it that we didn't realize already.

The one other resource that Chase and a number of other institutions have, we have a role called Community Managers. But there are a number of financial professionals kind of across the United States that host seminars. We go to schools, whether it be high schools or colleges, to teach financial literacy. Because it's so important. And in many states, it's not in the curriculum or might be partially in the curriculum. And just because it isn't in the curriculum doesn't mean that it's not being addressed. A number of teachers try to integrate it within their curriculum.

I'm super proud because I helped design and launch the curriculum for our community managers. And just last year, they delivered it to over 130,000 students across the United States. And it's talking about things like budgeting. The importance of credit and what the aspects of credit are. How to use your finances responsibly? What are your money values? Some of the conversations we talked about today. And so, having that conversation along with your peers with someone to guide is just another great resource and step that our schools can have and our communities can have to start building better money mindsets and having these conversations together.

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FT: All great reminders. Those are great resources. I know. And underutilized in some ways. I mean, you said 130,000 students. But there are millions and millions more, right? The work is only beginning. And everyone listening, you can go to chase.com/somoney for even more resources where you and parents, students can learn about budgeting, saving, building your credit, protecting your money, which I know. Thank you for bringing that up. Just the whole protecting your identity, your financial identity is so important. That literacy is that – we forget about that piece a lot when we talk about financial literacy. But it's so paramount now.

Peter, thank you. Peter Bergman, Executive Director. Head of Starter Segment Banking Chase Consumer and Community Bank. We appreciate you and all your work. Thanks for making this a great week on So Money.

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PB: Thanks so much, Farnoosh.

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FT: Thanks again to Peter Bergman from Chase for joining us. Go to chase.com/somoney for more resources. And be sure to come back here on Friday for Ask Farnoosh. We'll be dedicating the entire episode to answering your questions about kids and money. Until then, I hope your day is so money.

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