Money Skills Lab

A FREE GUIDE FOR PARENTS

5 Money Skills Every Teen Should Know

Before they head into the real world — explained in plain language.

By Shariq Daudi, MBA, CFA · Money Skills Lab, Oakville

Schools teach calculus, but almost never how money actually works — how to budget, save, or avoid a financial trap. Yet these are the skills your teen will use every week for the rest of their life. Here are five of the most important, with a simple way to practise each at home. Master these, and your teen is already ahead of most adults.

1 Every dollar is a choice

The foundation of all money sense is understanding **needs vs. wants** — and that spending on one thing means *not* spending on something else (economists call it "opportunity cost"). Teens who can pause and ask "is this a need or a want, and what am I giving up?" make better decisions automatically.

> **Try at home:** the 24-hour rule — before buying any "want," wait a day. Half the time the urge fades, and the money stays.

2 Pay yourself first

Most people save whatever is left at the end of the month — which is usually nothing. The habit that builds wealth is the reverse: **set aside a slice of any money the moment it arrives**, before spending the rest. Even 10–20% of an allowance or a first paycheque, saved automatically, is the single biggest predictor of who ends up financially secure.

> **Try at home:** when your teen gets money, have them move a fixed share into savings first — before anything else.

3 Compound interest is a teen's superpower

Money that earns returns, reinvested over time, snowballs — and the earlier you start, the more dramatic it gets. A teen has one thing no adult can buy back: **time**. Saving even $20 a week from the teens, invested and left to grow, can become tens of thousands of dollars by adulthood — mostly from growth, not from what was put in.

> **Try at home:** search "compound interest calculator," enter $20/week over 30 years — the number

surprises everyone.

4 Understand credit before you use it

Credit is a tool: helpful when it builds your future, harmful when it just pays for today. Teens should learn the difference between **good debt and bad debt**, that a credit card only costs you nothing if you **pay it off in full every month**, and that a **credit score** (in Canada, 300–900) quietly follows you into every loan, car, and apartment.

> **Try at home:** the "would I buy this with cash?" test — if the answer's no, it doesn't belong on a card.

5 If it sounds too good to be true, it is

Teens are prime targets for online money scams — "guaranteed returns," crypto "double your money" giveaways, get-rich-quick schemes. The most protective lesson you can give them: **real investing is slow and boring; scams promise fast, guaranteed, secret riches.** Teach them to pause, never share passwords or keys, and bring anything suspicious to a trusted adult.

> **Try at home:** agree on a rule — any "amazing money opportunity" gets talked through with you first, no judgment.

CFA

About the author: Shariq Daudi is a CFA charterholder with an MBA in finance and 27 years of experience, including as a company CFO. He founded Money Skills Lab to teach young people the money skills school leaves out — with the depth of a professional and the clarity a teenager needs.

Want your teen to master these — and more?

Money Skills Lab is a 10-week program for grades 6–12 that takes teens from their first budget to building a real, diversified mock portfolio — with a take-home guide every week, taught by a CFA charterholder and former CFO. Small cohorts in Oakville.

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