

7 things experts wish they knew in high school

BY KIMBERLY PALMER

NERDWALLET

During a recent career day at my daughter's high school, I spoke to upperclassmen about budgeting, the dangers of credit card debt and how to navigate economic uncertainty.

The conversation got me thinking: What do financial experts wish they knew about money as teenagers? I asked a handful of financial experts for their take. Here's what they told me:

1. Take a deep dive into your cash flow

The process of understanding your income and expenses — or your basic cash flow — is key to figuring out targets for how much you should be spending and saving, says Megan Kopka, a certified financial planner and former math teacher in Wilmington, N.C.

"Try to visualize and understand what you have," she says.

That process helps prevent you from spending mindlessly, especially with your first credit card.

High school, Kopka says, is a good time to start building money habits that can serve you into adulthood.

2. Start saving as soon as possible

Get serious about saving and choose a specific goal, suggests Rahkim Sabree, a financial therapist and accredited financial counselor based in the Hartford, Conn., area.

"Once we realize how expensive life is, we wish we started saving sooner," he says.

Deciding what you are saving for — whether it's a vacation, a gaming system or new sneakers — is critical to finding motivation at a young age, he adds.

3. Look into investing early

In high school, Kopka let most of her earnings from her job at a bakery sit in a savings account. She now wishes she had opened up an investment account.

Her money could have grown over the last 30-plus years.

"If I had put away just \$25 a month, I would have been so ahead of the game," she says.

Her primary lesson for high schoolers today is to open up an investment account as soon as possible. For example, a high schooler could invest in a Roth IRA, which lets you contribute after-tax money for retirement.

4. Acknowledge money differences

Some high schoolers grow up in households that distrust banks. Others earn income to contribute to critical household expenses. These different types of experiences can impact feelings toward saving, spending and earning money, Sabree says.

Acknowledging those differences and resisting feeling a sense of shame or desire to "keep up with the Joneses" can be a helpful practice for young people to develop, he says.

Since what's best for one person could differ from what's best for their classmate, get comfortable with focusing on yourself instead of comparisons to others, Sabree says.

5. Think twice before taking on debt

When Sabree was in high school, he remembers being encouraged to take out student loan debt without concern for the consequences.

Looking back, he wishes someone had explained the strain that student loan debt can place on a young person and walked him through alternatives.

"Let's talk about the burden of debt," he says, instead of minimizing its impact.

Similarly, Kopka wants young people to understand how much credit card interest you're paying if you don't pay off the full balance each month.

6. It's never too late to get started

"People will only learn when they are ready," says Spenser Liszt, a CFP and founder of Dallas-based Motif Planning.

In other words, it's OK to forgive yourself for not embracing the concepts of retirement savings, life insurance or tax deductions as a teenager.

In fact, Liszt didn't open up a Roth IRA for himself until he was in his thirties, and he doesn't regret that choice. He chose to spend his money in other ways that helped his music career, including professional-grade instruments, music school tuition and private lessons.

Now, his firm works primarily with music industry professionals across the country.

"Looking too far into the future is a recipe for anxiety," he cautions.

So as much as you might wish your younger self had understood the importance of saving and investing, it's OK if you waited to get started, too.

"It's never too late to build a stronger financial future," Liszt says.

7. Embrace your journey, including the mistakes

As for me, someone who writes about money for a living, I wish I knew that it was OK to take risks and make mistakes, even if that meant watching my retirement savings dip during downturns.

I still struggle with my natural impulse to be overly conservative, even with long-term investments.

Part of growing up is learning your own money personality and how to adjust it to make better choices.