

The Start of My Teenage Sister's Financial Journey

by Annie Margarita Yang

My sister, Jenny, is currently 14 years old. She's just started high school this year and my parents have put me in charge of teaching her self-discipline when it comes to handling her money.

Back when Jenny was in middle school, she received a weekly \$20 allowance for occasionally washing the dishes. This sounds like a lot of money for a kid, but the condition was that she had to pay for her own cell phone bill. She would spend all of her money before half the week was over and then ask my mom for more money. Every month, Jenny didn't have enough money to pay the cell phone bill and had to plead to my parents to pay for it, promising she would pay next month. It never happened.

This became a constant cycle. My mom and I found it annoying how she was spending so recklessly and always had to ask for more money. There was one time, my Jenny and her friend went out to eat at a restaurant in Little Italy in Manhattan. My sister wanted to be liked so she ended up treating her friend to food, but had \$0 left to pay for tip and she hurried out the door because she didn't want the waitress to chase her. This was an embarrassing experience. This is what happens when you don't budget your money well.

Then something changed. This past summer, Jenny went to New Zealand to visit family and my relatives gave her a total of \$2,000 cash in gift money. When she came back, I was going to tell her to take that money and go open up a savings account at the bank. Well, instead she did something else. She gave all the money to my parents and said "I feel bad for taking this money because I didn't work for it, so I don't want it."

I was disappointed because she won't start off with a high amount in her savings account. I was also shocked - I didn't expect her to do that! But most of all, in general, I'm proud of Jenny. She's maturing and developing a work ethic that will take her far in life.

So after hearing from her that she wanted to work to earn her money, I decided to come up with a new allowance system that would allow her to make money based on results.

My parents and I came up with a new chore list with different amounts of money rewarded for every chore completed. On Saturday evening, she gets paid a total allowance based on how much work she completed. No work, no money.

This is the system:

Jenny will get a base allowance of \$10, regardless of whether she does any chores for the week.

- \$2 for washing the laundry once a week
- \$3 for folding the laundry once a week
- \$3 for sweeping and mopping the floor once a week
- \$1 for each day she washes the dishes, so it's a maximum of \$7
- \$3 for sitting and eating at the dinner table, talking to mom and dad the majority of the week

So now, she has the opportunity to earn a total of \$28, but that's only if she chooses to do everything that's listed. We just completed week #1 after creating this system and she earned \$22. She lost a potential \$6 because she missed washing dishes for some days and didn't sweep and mop the floor.

Now the next step is for me to teach her how to budget her money, so that she could afford everything she needs to pay for. My parents are no longer paying for her cell phone bill, clothes, public transportation, gifts for friends, and restaurant food.

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