



Discussion guide for parents and carers

Dealing with debt and bad decisions

This guide is for parents and carers who want to talk to teens about getting into and out of debt and avoiding money mistakes. It gives you advice and practical tips for making conversations about money more meaningful and more fun.

The switched-on consumer

In the age of smart phones, online shopping, easy credit and buy now pay later services, spending decisions are easier to make and more instant than ever. Teens need to understand the risks and potential pitfalls of financial decisions and the importance of telling an adult if they get into financial trouble.

By having open conversations about ways to become a smart consumer you can encourage teens to think more critically about how and what they spend their money on, and to consciously decide if and when they want to take on debt. By sharing some of your own early mistakes managing money, you can also take away some of the embarrassment around asking for help so that your teen is more likely to confide in you.

Family activities

Do an audit in your home of all the content subscriptions for music, movies, games and publications. How much does it cost per month/year? Are there ways of saving money or getting better value from the budget you have for content subscriptions?

Review your phone contracts – are there times when you might be asked to pay more than your monthly subscription amount? Discuss other options, such as pay as you go, pre-pay and value bundles.

Review a parent or carer's credit card statement. Use this as an opportunity to check that details are correct and what to do if you spot a fraudulent or mistaken transaction. Show them how long it will take to pay off the credit card debt if you only paid the minimum balance.

Do you have a paid membership or subscription that you, or someone in the family, is not using? Work with your teen to cancel it and ask them to take note of all the ways the service tries to encourage you to maintain your subscription (such as incentives) or discourage you from cancelling (such as language and tone to make you feel guilty for cancelling or asking you to speak to someone rather than cancel online).



Parents and carers – a child's first financial advisor

Managing money is an essential life skill that helps set young people up for a successful future. Like many life skills, parents and carers often have the biggest influence on young people's understanding of, and attitudes towards, money.

Most parents and carers want to pass on hard-earned knowledge and lessons learned about money over the years. But because money can often be a taboo or emotional topic, conversations about it are frequently overlooked or put off.

You don't need to be an expert. Even if you feel like you're not the best role model when it comes to money, talking about money early and often with teens is the best way to go. Showing your teens simple examples of how you manage money – whether it be planning, saving or making spending decisions – will:

- **build your confidence** as a teacher and theirs as a learner
- **encourage them** to ask questions about other money topics
- **develop their understanding** of how informed financial decisions can help them achieve their goals in life as they become interested in different things.

Conversation tips about working and getting paid

Have a 'scam watch' discussion at the dinner table. Share scam emails you may have received or other scams you may have seen online or heard about. Trade suggestions for staying safe online – such as never giving out payment details over email or text message and looking for the 's' at the end of 'https' on shopping websites.

If you have previously been scammed, tell your teen about it. What happened and how did you deal with it?

Discuss different ways of paying for things and their advantages and disadvantages. For example, if you pay for something on credit, you're often charged interest and/or fees. If you don't pay it back on time, the thing you bought can end up costing you a lot more.

Discuss the difference between 'good' and 'bad' debt. Give some examples of debts you decided to take on and why. Share a time when you forgot to make a payment or only paid the minimum amount and how much extra that cost you.

More information

For more information about this and other money management topics visit financialcapability.gov.au/teens

Discover all of the discussion guides for parents and carers:

- **Bank accounts and debit cards**
- **Saving and spending money**
- **Working and getting paid**
- **Dealing with debt and bad decisions**

Visit financialcapability.gov.au/teens and search 'discussion guides'.

