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## Preparing Your Teen for Their First Job



School will soon be out for the summer and many teens will be starting their first job. However, even if it's not their first job, this article has a lot of great reminders to review with your teen. Dori Zinn has laid out how you can help teach them to be responsible with their earnings.

### **Prep Your Teen for the Costs That Come with a Job**

Amid the excitement of getting a new job, your teenager may forget that there are costs that come with having a job.

## **Transportation Costs**

If your child isn't working from home, they'll need to get to and from their new job. Ask them things like:

- Is the job close enough for you to walk?
- Are you planning on getting a car to take you if you can't walk?
- If you don't have enough money for a car just yet, can you arrange transportation, whether it's through a Lyft, public transportation, a friend, or a parent?
- Will you cover the cost of gas if you have to ask others for a ride?

If your child is working from home, what tools do they need to do their job? For instance, do they need a computer, reliable internet, and a dedicated workspace?

## **Necessary Supplies**

Whenever you work for a company that has a dress code, there's a chance you'll need to pay for a uniform. That includes:

- Clothing
- Appropriate shoes
- Accessories (like a vest or name tag) And anything else the company deems necessary.

If your child doesn't have any money yet, ask them how they'll pay for these upfront costs. If a parent is paying for it, do they have a plan in place to pay them back?

## **Paying for Meals**

If your teen is working an eight-hour weekend shift, they may get a couple of breaks, including one for lunch. How are they going to pay for meals and snacks? Are they going to pack something to eat during breaks or are they going to buy something? Preparing them now can save them from making impulsive—and expensive— purchases later.

## **Tax Implications**

Age doesn't matter when it comes to taxes—only income. If your teen completed a W-4 with their employer, they'll send a W-2 at the beginning of the year for your teen to file taxes. The income to meet the standard deduction threshold in 2022 was \$12,950.

If your teen worked for themselves—babysitting or web designing, for example—they're considered self-employed. If they earned at least \$400 last year, they'll need to file taxes.

How much money your teen takes home varies by how much they earn and their W-4 withholdings (if they have a W-2 job).

## **Your Teen Has a Job and a Paycheck, Now What?**

Once your teen gets a job and starts earning money, it's a good idea to show them how to manage it well.

## Create a Budget

Since you've already shown them your household budget, help them create a budget of their own. They might start paying for things like:

- Clothes
- School supplies
- Phone bill
- Car payment and insurance
- Entertainment (music subscriptions, streaming services)
- Dining out

Every budget is different based on the person's income, expenses, and needs. But doing this now can help them when they go to college and beyond.

## Save It

In your teen's budget, you should have a line item for savings. Even if it's small, like \$20 a month, they should try to stash away a little bit whenever they can. You can show your teen different ways to save, like with a high-yield savings account or custodial certificate of deposit (CD).


## Invest It

While investing might not seem like something a teen needs to worry about, it's never too early to introduce it. Your teen might want to use some of their extra cash to invest for short- and long-term goals, like paying for college, buying a home, or even saving for retirement. Teach your teen about the stock market and responsible investing as a way to make their money work for them. By explaining risk and the different types of investments opportunities (stocks, ETFs, mutual funds, bonds, etc.), you can help them see that having money gives them a chance to make that money work for them.

## The Bottom Line

Your teen might tell you they're ready to earn some cash, but it's up to you to help them navigate the world of labor. Show them how to find a job that's best for them and create a budget to manage their money. Talk to them about what they can expect to earn in their position and how it's okay to ask for raises. Navigate every aspect of job-hunting and being a responsible employee. The more you show them, the more likely they are to become a successful employee.

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