Catch Them Young And Watch Them Grow, Financially

Viral Bhatt

Financial checklists are like a to-do list — missing anything from it can render the whole job troublesome. A checklist helps create an extra space in our mind to keep something helpful and follow it. This checklist in future can help us become more responsible and more diligent in planning. And what better than starting the same from an early age. We always come across the phrase "start early". However the person saying it has more often than not missed it. Most of the time parents do not talk about money or personal finance with their children, thereby exposing them to problems of dealing with money later. Teenage is a good time to start teaching them the importance of money and building their confidence in monetary matters. Between 13 and 20 years, most teenagers have their finances taken care of by their parents. Therefore, guiding them during this phase is much easier.

Here's a checklist for teenagers:

1. Importance of savings – It is very important to speak about the importance of savings at the young age, when every want of teenagers are catered without much thinking. Teenagers must be taught the importance of saving, by limiting their pocket money, so that at the end of every month, they will understand their budget and spend accordingly. This habit can be very helpful when they grow-up and curb unnecessary expenditure.

2. Priorities – Priorities help them understand what is important and what is not. Making them understand how to prioritise and at the same time balancing their sentiments is necessary.

3. Saving while shopping – This is an important tool to make teenagers understand the value of money. Guiding the teenagers in the use of coupons or best cheap alternatives to any product or bulk buying and saving, can be very helpful.

4. Setting-up goals – Teenagers are often exposed to impulsive buying. To avoid this, you can teach them to save first and buy later. This can reduce impulsive buying.

5. High saving equals to low or no debt – Borrowing money from friends for unnecessary things can lead to cash crunch and frustration. Making teenagers understand the importance of allocation of funds is very important to ensure they do not catch a huge debt.

In case of grown-ups the checklist gets matured with more income and expenditure.

The author is head of Money Mantra, a Mumbai-based financial advisory firm

Challenges For Grown-Ups

Viral Bhatt

Responsibilities rise with age and the financial checklist of a grown-up is therefore much different from that of a teenager. Here grown-ups are those between 20 and 30 years of age, moving through college and post graduation into the working phase.

Following is a checklist for the youth:

1. Plan a budget - Being a grown-up can include costs like canteen expenditure, rents or student loan EMI. These expenditures are fixed expenses, which one cannot escape. Thus having a budget and sticking to the same is very important. Weekend gateways or girlfriend dates can be adjusted by doing some part-time jobs.

2. Lower your debt - Credit card loan or loan from friends is of a general trend among grown-ups. This can be cash draining if not controlled soon enough, because to cater to them along with fixed expenses can be difficult. Therefore, clearing these debts should be the first priority. Moreover, if the debts are cleared, it paves way for some extra cash too.

3. Emergency fund - This is a must requirement and is the most ignored option among the youth. Sudden fund requirement such as medical expenses or expenditure for college practical's are unavoidable. These expenses can disrupt all your financial planning and may force you to enter into unwanted debts. Therefore, it is essential to plan and create an emergency fund and make sure the same remain untouched.

4. Have a financial goal - It can be anything like buying a bike or a gift to dad or for studies abroad. Mostly people in the age group of 20-30 are impulsive buyers, and do not plan when they have to buy anything. This results into either liquidation of emergency fund or higher interest payment. Thus if we can plan these purchases or have a financial goal, we can achieve them in a more financially sound way. In addition to that the financial goal also acts as a catalyst to savings.

5. Curbing unnecessary expenditures - Skipping weekend cinemas and opting for matinee shows instead can be good for starters. Savings those extra bucks once, might not get you a car, but a habit of it certainly can. There are many ways where smart thinking can help you save a minimum of 2 grands each month, which is good option when the income sources are minimal.