

# Money 101: A Guide for Teens & Young Adults



**Money touches everything — your weekend plans, your future goals, even your stress level.** But most people never get a simple, straightforward explanation of how it all works. You don't need to be a finance expert to feel confident with money; you just need the basics presented in a way that makes sense. This guide will help give you those essentials — how to earn it, save it, grow it, and use it wisely — while setting you on a path that supports the opportunities you'll want later, when it really matters. Think of it as your starter kit for financial confidence and long-term success.

## Earning Money: Your First Step Toward Independence

### Ways to Earn

Students today have more options than ever.

A few categories:

- **Traditional jobs:** retail, restaurants, childcare, lifeguarding, tutoring
- **Modern/online work:** helping small businesses with social media, selling a product or service, participating in research studies or focus groups

### Before You Say “Yes” to a Job

A quick gut check:

- Are you old enough for the role in your state?
- Does the job seem legitimate and safe?
- Do you understand the schedule, expectations, and pay?
- Can you realistically balance it with school and life?

# Understanding Your Paycheck: Where Your Money Actually Goes

As soon as you start earning money, the next step is understanding what actually shows up in your bank account and why.

PAY STUB		Employee
Company Name   Pay Period: Mar 1-15		Jordan Smith
<b>Gross Pay</b>		<b>\$720.00</b>
What you earned before deductions (\$18.00/hr × 40 hrs)		
<b>Federal Tax</b>		- \$57.60
Required federal withholding		
<b>State Tax</b>		- \$21.60
Varies by state		
<b>FICA</b>		- \$55.08
Social Security + Medicare		
<b>Health Insurance</b>		<i>Varies</i>
May apply depending on employer & hours worked	<b>OPTIONAL</b>	
<b>Take-Home Pay</b>		<b>\$585.72</b>
What lands in your account		
<b>YTD Gross: \$3,600.00</b>		<b>YTD Take-Home: \$2,928.60</b>

## Key Terms

- **Gross pay:** what you earned before any deductions
- **Take home pay:** what actually lands in your account
- **Pay period:** the dates you're being paid for
- **Year to date (YTD):** how much you've earned so far this year

Understanding what goes in and out of your paycheck can help you avoid surprises and plan better.

## Common Deductions

- **Federal and state taxes:** required contributions based on your income
- **FICA:** your share of Social Security and Medicare
- **Benefits:** things like health insurance, retirement contributions, or transportation programs

**A paycheck is more than a number — it's a snapshot of how your earnings are calculated.**

# Inflation: Why Prices Change Over Time

Once you know how your paycheck works, it's helpful to understand the forces that affect what your money can buy over time. Inflation simply means that the cost of things tends to rise.

## What to Know

- When prices rise faster than your income, your money doesn't stretch as far.
- Some inflation is expected; rapid inflation can strain your spending.

## How to Adapt

- Track your spending so you notice changes (apps like YNAB (You Need A Budget) can help).
- Compare prices and look for deals.
- Adjust your budget when costs shift.



### Inflation

When prices rise faster than your income, your money doesn't stretch as far.

Track Spending

Adjust budget

Compare prices

# Mobile Payments: How Money Moves Today

As prices shift and spending habits change, the way we move money has changed too — especially with the rise of mobile payment apps.

## How They Work

- Connect a bank account or card
- Choose who you're paying
- Enter the amount and send

## Benefits

- Fast and convenient
- No need for cash
- Easy to track who paid for what

## Smart Habits

- Only send money to people you know
- Use privacy settings
- Double check the name before you hit "send"



### Mobile Payments

Fast, convenient, and easy to track — but always double-check before you send.

Venmo

Cash App

Apple Cash

# Saving: Building Your Safety Net and Your Future

With money moving faster than ever, building a habit of saving becomes even more important for your future stability.

## How to Start

- Set a goal so you know what you're working toward.
- Begin small; consistency matters more than size.
- Automate savings if you can.
- Keep savings separate from spending money.

Saving isn't about restriction — it's about giving future you options.

## Emergency Funds

Life happens. A small cushion helps you handle surprises without stress.

- 3-6 months of living expenses is a good starting point, you can adjust as needed.
- Keep it somewhere safe and easy to access.
- High-yield savings accounts may provide higher interest than a typical checking or savings account. Put your money to work (safely).

# Budgeting Basics: A Simple Way to Stay in Control

Saving gets easier when you have a clear plan for where your money goes, which is where budgeting comes in.

## Six Steps

1. **Find your "why"** (what you're saving for)
2. **Know your income** (including variable income)
3. **List your expenses** (be honest and include everything)
4. **Prioritize:**
  - Current You (needs + wants)
  - Future You (savings)
  - Possible You (unexpected costs)
5. **Stick with it:** review monthly and adjust
6. **Consider using a budgeting app to help** (YNAB, Monarch Money)

## The 30-Second Spending Plan



### If Positive

Great! Move some of what's left into savings before you spend it.

### If Negative

Time to adjust. Look at wants vs. needs and find where to trim.

### Emergency Fund Goal

3-6 months of living expenses, keep it separate and easy to access.

# Investing: Growing Money for the Long Term

Once you've built a basic money plan, you can start thinking about how to grow your money over the long term through investing.

## What Investing Is

Putting money into things like stocks, bonds, or funds with the goal of long-term growth.

## Investing vs. Trading

- **Investing:** slow, steady, long term
- **Trading:** fast, frequent, higher stress

## Volatility

Prices move up and down. That's normal. Long-term investors ride it out.

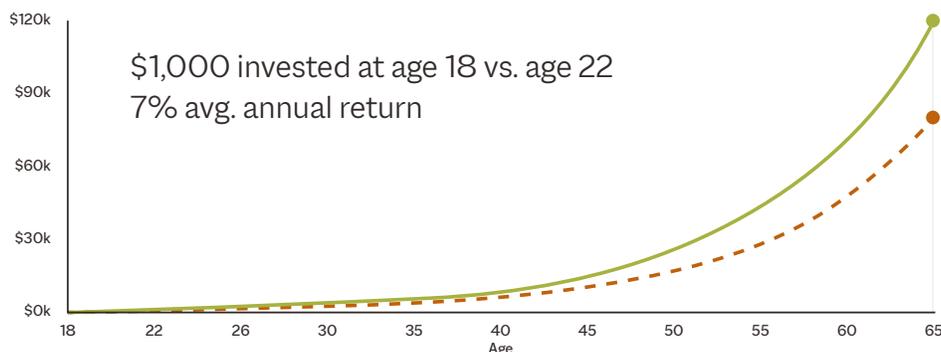
## Risk Tolerance

Your comfort with ups and downs depends on your age, goals, and personality.

## The Power of Compounding

Your money earns money, and then those earnings earn money. Starting early makes a huge difference.

Investing is about helping your money grow over years — not days.



### Age 65

Started at 18: \$120,000

Started at 22: \$80,670

## Stocks:

Ownership in a company

A stock is a small piece of ownership in a company. When you buy a stock, you become a shareholder, which means you benefit if the company grows and its value increases. Stocks can rise and fall in price, so they come with higher risk but also higher potential reward.

## Bonds:

Loan to government or company

A bond is basically a loan you give to a company or government. They promise to pay you back later, with interest. Bonds are generally steadier and less risky than stocks, but they usually grow more slowly.

## Mutual funds:

Managed collection of investments

A mutual fund is a collection of many investments — like stocks, bonds, or both — bundled together and managed by professionals. When you buy into a mutual fund, you're buying a small piece of the whole collection. It's an easy way to diversify without picking individual investments yourself.

## ETFs:

Flexible traded basket

An ETF is also a basket of investments, similar to a mutual fund, but it trades on the stock market like a single stock. ETFs often have lower costs and are easy to buy and sell throughout the day, making them beginner friendly and flexible.

## How to Start

1. Set a goal
2. Know your risk tolerance
3. Start small
4. Stay consistent

# Credit Basics

As you begin building financial independence, understanding credit becomes another key piece of your long-term financial foundation.

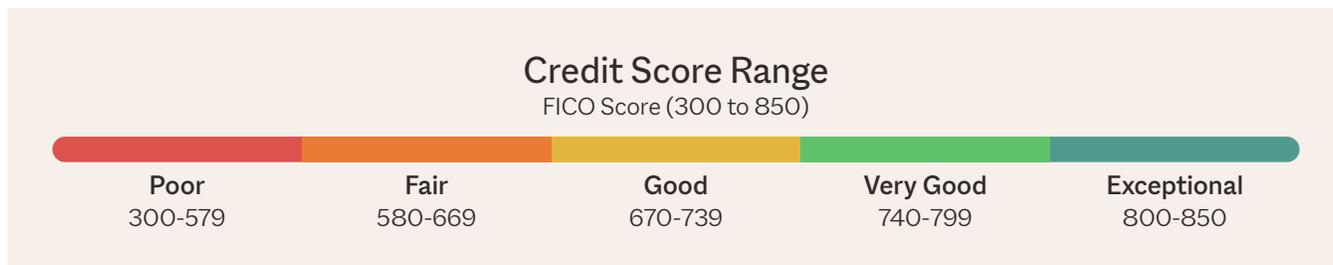
## What Credit Is

Credit is your ability to borrow money and pay it back over time. When you use credit — through a card, a loan, or even being an authorized user — you're building a record of how reliably you manage borrowed money. That record becomes your credit history.

## Why Credit Matters

Even early in life, credit shows up in more places than you might expect. A strong credit history can help you:

- Rent an apartment
- Qualify for a car loan
- Get better interest rates
- Set up a phone plan or utilities
- Avoid extra deposits or fees



## How to Build Credit Safely

You don't need to carry debt to build credit. You just need consistent, responsible habits.

Beginner friendly ways to start:

- Use a secured or student credit card with a low limit.
- Become an authorized user on a parent or guardian's card.
- Pay every bill on time, even small ones.
- Keep balances low, ideally under 30% of your limit.
- Pay your full balance each month to avoid interest.

These small actions add up to a strong credit foundation.

## Avoid Common Credit Pitfalls

A few simple rules protect you from long-term headaches:

- Don't spend more than you can pay off.
- Don't open too many accounts at once.
- Watch out for high interest debt.
- Turn on autopay to avoid late fees.
- Check your statements so you know what's happening.

Good credit is built on steady, predictable behavior, not big moves. Use a small amount of credit, pay it off in full, and repeat. Over time, those positive habits create the kind of credit history that opens doors later, when it really matters.

# Remember

You don't have to master everything at once — just keep taking small, steady steps. Every good habit you build now strengthens your future, and you're already moving in the right direction. Stay focused, ask questions, keep practicing, and trust that you're building something solid. **You've got this!**

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