

## Introduction

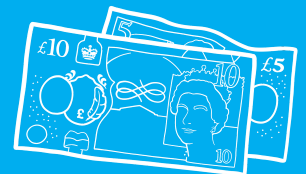
According to the Young Person's Money Index an alarming 81% of young people felt anxious about money in 2022, an increase of 14% from the previous year. Undoubtedly, the cost-of-living crisis has caused many of us to be increasingly concerned about household finances. Furthermore, 68% of young people attributed their financial understanding and knowledge to their parents.

Research confirms the cyclical link between money and mental health in adults. Almost half of adults in problem debt, also have a mental health problem, whilst over half state their mental health suffered due to their financial situation. It is therefore important to support a young person's financial education as well as their mental health resilience to enable and empower them to get through life's challenges.

It might be easy to assume that young people's financial anxieties have less significance or impact than an adults, but it is important to acknowledge that persistent stress and anxiety about money could overwhelm them and increase the likelihood of developing mental health issues, such as depression or an anxiety disorder.

### Financial anxiety is a much broader issue for young people and can encompass other aspects, such as:

- Worries about household stability and security,
- Personal confidence and knowledge about money,
- Impact on self-esteem, identity, values and beliefs,
- Feelings of shame and embarrassment leading to isolation,
- Judgement and social position amongst peers,
- Vulnerability from lending to borrowing and scams,
- Feelings of guilt and shame that they are the cause of financial burdens,
- Influence from social media encouraging comparisons and materialism,
- Anxieties about their own financial independence and future employability.



**This guide covers some of the ways you can support a young person who is worried about money matters.**

**The approach you take, strategies and tools will very much depend on their age, comprehension and receptiveness.**



# Listen and talk about money



**Make time:** for an open conversation about their anxieties and listen carefully to their concerns before offering solutions.

**Top 5 worries:** Ask them to think of their top 5 money worries and explore the root cause. After you have listened, explain options, correct misunderstandings or offer different perspectives and solutions.

**No silly or difficult questions:** A young person may feel too embarrassed to talk about money concerns because they consider yours more important or they could worry about asking a silly question. It is important to let them know that there is no silly question. Be prepared - as they may ask a difficult question that could cause discomfort. Give a simple and honest reply.

**Stay positive and share good news:** Finances can be unpredictable. It is important to help a young person understand that finances can change for the better. If times are tough financially reassure them that this might not be long-term. Both planned and unexpected changes may arise that have a positive impact such as receiving a bonus, being promoted, receiving a rebate etc. Share good news with them to offset their concerns.

**Financial role model:** Young people's relationship and habits with money will be informed by those around them. So, whether they witness family disputes over money, miserly or extravagant spending or financial rewards – all of this will shape their lifelong relationship and behaviour with money. You can cause confusion and mixed messages if there is a discrepancy between what you say and how you behave. Be mindful of what they may overhear.

**Mistakes happen:** We all make monetary mistakes, whether we overspend leaving us short of money, lose our cash or credit card or lend or borrow from someone. It is crucial for young people to understand mistakes help us learn. Ensuring you are approachable will help them open up to you about a mistake. Praise them for sharing and hold back from making punitive or derisory comments. Be constructive and supportive as they navigate the lessons and consequences learned.

**Consider their perspective:** A young person's financial anxieties can come from things they have witnessed or overheard at home, school etc. It is important to not only see their perspective but also give them perspective. For example:

- **Demanding letters, debts or bills:** these may undermine their sense of security and they may fear repercussions and jump to worst-case scenario. Explain the supportive mechanisms in place to assist repayments, so they can see there are preventative options.
- **Family tensions:** they may mistakenly believe that an overheard argument was about money. When tension subsides, explain the context of the argument, anything said in haste or anything that might have been misunderstood to alleviate any fears.
- **Lifestyle changes:** they may notice financial changes in the household such as cancelled subscriptions, reduced spending on brand items or nonessentials etc. and without explanation it could cause concern. Provide the reasons for the decision and give them realistic hope for better times.
- **Bullied or embarrassed by peers:** money can be a source of bullying whether they have too much or too little. It is important to check in with them about their relationships with peers. Affirm there are other values, outside of financial, such as being creative etc.

# Financial education top tips



Financial education will equip a young person with the knowledge and essential skills to sustain them throughout their lives. Developing a healthy relationship with money from a young age won't prevent financial difficulties, but will enable them to face financial adversity and insecurity with coping strategies as well as resilience. Undoubtedly, this will also have a positive impact on their mental wellbeing.



Below are some top tips on how to develop young people's financial education.

**Needs vs wants:** ask them to write down everything they would like to spend their pocket money on. Then ask them to circle only those items that are needed and explore their reasoning. Visually they will be able to see what they want rather than need most items.

**Pitfalls and dangers:** without causing concern it is important for them to know there are financial threats and dangers. Teach them how best to avoid or deal with potential difficulties, in the hopes to prevent or protect them in future. Such as scams, borrowing or lending money, gambling, stealing etc.

**50,30,20 rule:** encourage responsible money management by introducing a rule to shape their priorities. Get them to divide their pocket money: 50% on needs, 30% on wants and 20% on savings.

**Waiting game:** if they want an item, encourage them to wait for a period of time. This will help them identify the difference between needs and wants but also to understand how other influential factors determine desires and decisions such as mood, peer pressure, social media etc. Ask them from 1 to 10 how much they desire the item, check in every few weeks/months to see if the score has changed and also to ascertain if not having the item has been detrimental.



**Open their own account:** there are various options where they can have their own bank account, savings account, prepayment card etc, allowing them to manage their own money. This helps them to develop responsible money management and accountability from an early age. You can encourage them to check their balance and monitor their outgoings to help develop healthy habits.



**Free and fun:** spend a day at the weekend doing activities that are free, whether that is going to a museum, walking in the park etc. Inspire their creativity and encourage them to realise that fun doesn't have to come with a price tag.

**Money idol:** Is there someone they look up to in terms of financial achievements? Explore how they think that person has accomplished what they have, what was their motivation. This will help them understand the long-term commitment and skills needed to develop financial literacy.

**Rainy day fund:** encourage saving money 'just in case' they may need something. This will help them see the unpredictability of finances as well as the virtues of saving.



**Budget Plan:** introduce a simple budget plan of the household's income and expenditure to illustrate the importance of financial planning. Depending on their age you could draw a map of money coming in and going out for a child, whereas with a teenager you could share with them the budget for an event like Christmas or a birthday party, then together manage the spending, researching costs, exploring options and making choices.

**Traffic light goals:** ask them what their 5 money goals might be and set these against traffic lights in order to achieve them.

RED: What might they need to stop doing,  
AMBER: What do they need to start doing,  
GREEN: What do they need to continue.

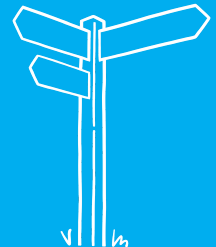
This will help them to see; what they can control, where they might need support and what they are currently great at.

**In this together:** they may want to help find a solution to the financial difficulties the household is facing. Get them involved by coming up with ways to save money, such as turning off the lights when leaving a room, or they could collect vouchers or stamps for discounted goods. This will help them develop coping strategies, empower them to take control, instil trust and responsibility.

**Help is out there:** they won't necessarily know about the support available to people facing financial difficulty, such as a personal loan, welfare benefit, mortgage payment holiday, government or work schemes. Providing basic insight will reassure them that support is out there and other options are available.



## Useful resources: Financial support



### Parents and Carers

#### Mental Health & Money Advice

Practical online guidance, support and toolkits to help people understand, manage and improve their money and mental health. Support available for friends, families, carers and professionals.

**Website:** [www.mentalhealthandmoneyadvice.org](http://www.mentalhealthandmoneyadvice.org)

#### Money Helper

Offer support and guidance from three government-backed providers: Money Advice Service, The Pensions Advisory Service and Pension Wise.

**Website:** [www.moneyhelper.org.uk](http://www.moneyhelper.org.uk)

### Young people

#### Childline

Childline is a national charity supporting anyone under 19 in the UK with any issue they're going through. Childline is free, confidential and available any time, day or night.

**Phone:** 0800 1111

**Website:** [www.childline.org.uk](http://www.childline.org.uk)

#### The Mix

UK-based charity providing free, confidential support for young people under 25. Free and confidential support online and over the phone.

**Phone:** 0808 808 4994

**Website:** [www.themix.org.uk](http://www.themix.org.uk)



## Parents, carers and young people

#### YoungMinds

Mental health charity for children, young people and their parents, making sure all young people can get the mental health support they need. Provides young people with tools to look after their mental health, whilst empowering adults to be the best support they can be.

**Parents' helpline:** 0808 802 5544 (Monday - Friday, 9:30am - 4:00pm)

**Young people's textline:** text SHOUT to 85258 (24/7)

**Website:** [www.youngminds.org.uk](http://www.youngminds.org.uk)