



Building a Healthy, Wealthy Future: *How Much Do I Really Cost?*

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*Good habits formed at youth
make all the difference.*

– Aristotle, Greek philosopher

Helping adolescents understand the relationship between personal behavior and financial success can provide a strong foundation for the future. To be a successful money manager, young people need to learn more than to “just save.” Although saving is an important habit to help adolescents work toward a wealthy future, it is important to help your adolescent become aware of his/her current financial behavior, because many of the habits developed now will carry into later life.

All of us, including our children, need to know where to start when it comes to improving our financial situation. The first step is for your adolescent to determine what he/she already does in terms of “wealth.” Communicating with your adolescent about household expenses and budgeting can help him/her begin to develop an understanding of how much it actually costs to live and to maintain a household.

How Much Do I Really Cost?

1. Ask your adolescent to provide an *overall estimate* of how much money he/she thinks you spend on him/her per month.

_____ **Total Overall Estimate of Expenses per Month**

Now, talk with your adolescent about what type of expenses he/she included when forming his/her estimate. You may need to provide a little help. Examples of expenses are included in the worksheet below. Your list does not have to be exhaustive, just enough to give your adolescent a good idea of your household’s financial obligations.

Both you and your adolescent might be surprised at how long the list can be. Obviously, many expenses, such as rent or bills, are spread across all members of your household, but it is important for your adolescent to understand that a portion of the expenses goes to



his/her support. (For the purposes of this exercise, a simple way to figure your adolescent's "portion" is to divide the total expense by the number of people in your household. For example, if your rent or monthly mortgage is \$1,000 and your household has four members, each person's "portion" is \$250/month).

2. Using the *How Much Do I Really Cost? Expense Worksheet*, ask your adolescent if he/she would like to rethink his/her original monthly estimate by completing the *Estimated Cost* column. Then, have him/her tally the expenses and write the revised total below.

----- **Total Revised Estimated Expenses per Month
Using Worksheet**

3. Finally, to help your adolescent develop a realistic estimate of his/her monthly cost of living, guide him/her through the *How Much Do I Really Cost? Expense Worksheet*. Together, complete the *Actual Cost* column for each expense category. Remember that since some expenses, such as water and electricity, will be for your entire household, only a portion of these expenses go to support your adolescent. This activity is also a good opportunity for you as the parent to review your household expenses and budget.

----- **Total Actual Expenses per Month**

Openly communicating with your adolescent about household expenses not only gives your son or daughter perspective about how much money it actually costs to support him/her, it may also help him/her to understand why sometimes you cannot afford to fund specific wants or requests. *Note:* This activity is intended to be an exercise in budgeting. It is not intended to be a "bill" for your child, but rather a way for him/her to realize that it costs money to maintain a household. Use this activity as an opportunity to discuss income versus expenses and budgeting and to reinforce the idea that families cannot spend more money than they make.

How Much Do I Really Cost? Expense Worksheet

Expense Category	Estimated Cost (\$)	Actual Cost (\$)
Housing		
Electricity		
Water		
Gas		
Cable television		
Cell phone		
Internet		
Transportation		
Health insurance		
Medical/dental payments		
School fees		
School supplies		
Entertainment		
Food		
Personal care items		
Clothing		
Field trips		
Sports/music lessons		
Savings		
Other (specify by category)		
Total		