NATIONAL ASSOCIATION OF REALTORS®

CONSUMER GUIDE: TALK TO YOUR TEENS ABOUT MONEY AND HOMEOWNERSHIP

Though they may roll their eyes, tell your teens to stop doomscrolling and "vibe check" their attitudes about money. The sooner they start making smart money decisions, the better their chances of one day saving up to buy their own home. According to a 2022 joint survey of 1,000 teenagers (ages 13-17) by Fannie Mae and Junior Achievement, 88% of teens expressed interest in owning a home someday. The following topics are a great place to start.

Credit history and credit scores
Companies use information on a credit report to calculate a score between 300 to 850 to determine if you are a safe risk to lend money, such as for a mortgage, in the future. Even without a full-time job, teens need to rack up those "W's" with their credit history, which leads to a higher score. Add your teens to your credit card to start building their credit early. Open a checking or savings account to gain experience managing their money. Teach them the difference between debit and credit cards.

Budgeting and saving money
Even with small amounts of money from allowances, payment for household chores or part-time jobs, teens can finesse a budget and save for short-term and long-term needs. Introduce them to the 50% spend/30% save/20% donate rule and discuss the difference between their wants and their needs. Most people learn their money habits from their parents, so model these positive attitudes about spending and saving for the future for your teens.

Types of debt and interest rates
Teach your teens that when they take out a loan or a use credit card, they are borrowing money from a company that charges them interest as they pay it back. The higher the interest rate, the more coin they have to fork up to pay off the debt. Different types of debt include credit card balances, car loans, mortgages and student loans. All debt robs you of keeping your full income and building future wealth but lower-cost debt, like a mortgage, may lead to housing wealth over years of payments and is generally preferable to higher-cost credit card debt. To give your kids a head start into homeownership, discuss all the different options for paying for higher education to keep student loans to a minimum, including scholarships, grants, work-study and choosing an in-state versus an out-of-state college.

Renting vs. owning a home
Help your teens understand the "lit" and the "mid" of renting an apartment versus owning a home. (That's "good" and "bad" for the older crowd.) In addition to paying the mortgage, owners pay for property taxes, homeowners' insurance and all repairs. But they also reap the benefits of long-term appreciation on the property and building generational wealth.

Saving for a down payment of a future home
According to the National Association of REALTORS® 2025 Profile of Home Buyers and Sellers, 11% of all buyers cited saving for a down payment as the most difficult step in the homebuying process. The median down payment for first-time buyers is 10%. So if a house costs $200,000, a 10% down payment would require $20,000 in savings, a concrete goal for teens to work toward. But, of course, owning a home requires a lot more spending than just the down payment, so help your teens understand the true costs of homeownership. Talk about ways to build your future home fund, like automatically putting away part of each paycheck or moving birthday money into savings instead of letting it disappear into your Venmo balance.

Decoding the financial meta with your teens helps build their financial literacy from an early age. It also helps them practice making smart money decisions so that they'll have nothing but game in achieving their dreams of future homeownership.

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