

## Teens and the Credit Card Jungle

I got a surprise in the mailbox the other day, something I didn't expect to see quite yet.

Actually, I'm stretching the truth a bit; my 17-year-old daughter Lindsay got something I wasn't quite ready for—her first credit card offer.

It was from 1<sup>st</sup> Financial Bank.

Now keep in mind that my daughter is a senior in high school and does not have a job. But the offer is pretty enticing: No application fee, no annual fee, and no interest charges on purchases up to \$250. And to their credit, the sales letter emphasizes responsible spending. They even place an additional insert in the package that talks to parents about their program.

Still, it gave me this sick feeling in my stomach. Why are they targeting my child?

The answer is quite simple: because they can.

Bankrate.com says that "Credit card companies, which keep a hawk's eye on demographics, are swooping down on young consumers. Initiating the quest for kids under age 18 is [Capital One](#), one of the nation's leading issuers."

Apparently Capital One offers high school juniors and seniors a credit card with a 19.8% interest rate. But here's the kicker: Parents are required to co-sign for the card and are legally responsible for the bill.

Ouch.

Which leads me to this question.... If you give a teen a credit card with free will to use it as he wishes, will he be responsible enough to spend it wisely? Can you place that piece of plastic into your child's hand and not give it another thought?

I didn't think so.

Take any teen into a music store or video game store and watch how excited she gets as she walks down the aisles of merchandise. Just visualize it. (You get the picture, right?) Add a piece of plastic to the mix—with credit lines up to \$1000—and most teens will not resist the urge to buy what they want when they want it.

At least, that's what the numbers tell us.

According to Teen Research Unlimited, 11% of our population is between the ages of 12 and 18. That's 31.3 million children living in a culture that promotes using other people's money (OPM) to make purchases.

You know the drill. Spend now. Pay later...if you can.

From the time our children can understand the commercials on television, they're programmed to buy, buy, buy. And kids are big spenders in our economy. Teens and tweens spent about \$195 billion of their own money in 2006. If the trend keeps continuing like it has been, you can expect to see that number rise each year.

But there's always a dark side to spending. And issuing credit cards to kids who have no understanding of how credit works—or how it can devastate your future if abused—sets them up for big problems down the road.

According to DaveRamsey.com, "Over 80% of graduating college seniors have [credit card debt](#) before they even have a job! "

Did you know that one in five bankruptcies are filed by young adults? That means that many of our college graduates are beginning their adult lives drowning in debt. Some have become so depressed that they've even committed suicide.

So when you get right down to it, that little piece of plastic packs quite a punch in the gut when placed into the hands of irresponsible spenders.

Knowing these facts and knowing how I've abused credit cards in the past brought out the lioness in me, so I just had to warn my daughter about the dangers of the credit card jungle.

When my daughter got home from her friends' house Saturday, I talked to her about the credit offer. Then it happened. Before I knew it, my motherly instinct went into overdrive. I talked about responsible spending. I talked about how you can get yourself in trouble with credit cards. I talked about late fees. I talked about over-the-limit charges. I talked and talked and talked.

She just listened.

When I finally stopped talking, she matter-of-factly said, "Mom, I never planned to get a credit card."

Wow. I underestimated her.

If I had skipped the talking and asked her a simple question, I would have discovered something I should have known all along....

She deserves more credit than I realized.