Importance of budget to young people

Name

Date

Introduction

Statistics indicate that very many young adults across the United States have huge credit card debts. This is problem is brought about by their inability to spend their money appropriately. They end spending more than they earn. This is caused by their lack of proper financial budget, which will enable them to efficiently budget for their money. In some cases, they fail to strictly follow their budgets, ending up getting into huge debts. They are then left with a notion of getting out of debts, something which they could have easily avoided if they had a good financial plan. In order to avoid these problems, parents should teach their kids how to manage their finances at an early age hence parents should ensure that their kids have a financial plan, which they must adhere to (Jimenez & World Bank, 2006).

Body

There are a lot of reasons why young people should be required to have budgets. One of the reasons is that the budget enables the young people to know how to handle their finances in their future lives. If they are able to effectively budget for the little money they have in their early age, then will also be able to handle huge amount of money they get in future. For example, in their future lives they will effectively plan for their money. This will enable them avoid getting into debts. Despite their little amount they might earn in the future, they will effectively plan for that money. This will enable them to meet all their expenses, at the same time be in a position to save some money. Learning how to handle their finances early in life will enable them to be very effective managers of their finances when they grow up (Great Britain, 2005).

The other reason why parents should encourage their kids to develop a financial plan is that it enables them not to rely a lot on their parents for financial assistance. This is because they are able to plan for the little money they are given very well. In case the money is not enough, they can devise a way of getting some money. By using this money effectively, they are able to buy some items for themselves rather than relying entirely on their parents for everything. They are also keen on the items they purchase as they have to ensure that they are within their budget. The budget therefore enables the young people to be satisfied with the little money they have.

However, there are some people who oppose the idea of giving financial knowledge to young people. They argue that the knowledge might lead them to theft or criminal activities if they ascertain that the money given to them does not meet their expenditure. Through budgeting, they will be able to know the amount of money that they require to meet what they want to buy. This might make them look for the extra money, which might them to stealing. As a result of this, kids should not be given any financial management knowledge (Great Britain, 2005).

Conclusion

Despite some opposition to this idea, exposing kids to financial management knowledge is of great importance not only to the kid but the whole society. For example, the kid might be employed in an organization where he or she is required to handle financial resources. The knowledge gained at early age will be very effective to this person, which will greatly benefit the society (Jimenez & World Bank, 2006).

References

Great Britain. (2005). *Budget 2005: Investing for our future : fairness and opportunity for Britain's hard-working families : economic and fiscal strategy report and financial statement and budget report : March 2005*. London: Stationery Office.

Jimenez, E., & World Bank. (2006). *Development and the next generation*. Washington, DC: World Bank.