

# Building Financial Literacy

## Teaching Teens with AD/HD to Invest

By Karen Sampson, MA

**MONEY. WEALTH.** Most teenagers understand the concept of the first word but not the second. Through birthday gifts, babysitting and part-time jobs, teenagers have access to money and the freedom of their own purchasing power. Learning to save money and build wealth—skills that many adults find difficult—can be baffling to young people, especially those coping with the effects of attention-deficit/hyperactivity disorder in their lives.

**O**ne CHADD mother is taking a unique approach to helping her daughter understand the power of money and gain the skills necessary to build wealth during her lifetime. Kiya Perrin Jackson of Maryland has taken the initiative with a course on financial literacy for her teenage daughter, Mika Perrin, 15, who was diagnosed with AD/HD during elementary school.

“I’m trying to teach her the importance of learning financial independence,” Jackson said. “We discuss money a lot. How we earn and manage money and how important it is to live within your means. I want her to really understand the importance of it. I want her to understand that some things are in the budget and some things have to wait.”

“Young individuals don’t have very much experience with money,” said Michael Romaniuk, PhD, an expert in assisting people with AD/HD sort through their difficulties with money management. He has led an AD/HD support group in Ohio

for ten years and has seen many young adults stumble when it comes to money issues. “Young adults [with AD/HD] are probably a much more vulnerable population in terms of impulsive spending and poor money management. The impulsiveness and immaturity really lend themselves to financial difficulties.”

### Designing a financial course

Jackson started homeschooling her daughter last fall. This is Mika’s sophomore year of high school, and Jackson realized the importance of preparing her daughter for financial independence following graduation. When designing a course on financial literacy, Jackson chose to focus on investing and business management as tools to help Mika learn money-management concepts. As textbooks,\* mother and daughter are using *Rich Dad Poor Dad for Teens: The Secrets About Money—That You Don’t Learn in School!* by Robert T. Kiyosaki and Sharon L. Lechter (Little, Brown Young Reader) and *The Motley Fool Investment Guide for Teens: 8 Steps to Having More Money Than Your Parents Ever Dreamed Of* by David Gardner, Tom Gardner and Selena Maranjian (Fireside). Many other

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\*The appearance of certain books in this article does not imply endorsement by CHADD.

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books on the subject are available in libraries and bookstores.

Jackson designed the course to include sections on creating a business plan and business management, as well as on investing to create wealth. Jackson said the course and books are helping her daughter learn what it is like to invest and delay the instant gratification of spending for the sake of spending.

“Mika is a typical teenager about money,” Jackson said. “I think she now has more of an appreciation for building wealth and preparing for the future.”

Romaniuk said he also assigns “homework” to his clients, some of it similar to the coursework Jackson provides to Mika. “What we’re really talking about is helping them to understand their attention deficits and how that’s related to money management,” he said. “Second, it’s helping them to identify specific things they can do to be a better money manager.”

Jackson started by having Mika track all of her purchases and see where her money is actually going—the so-called “latte effect,” when small daily purchases really add up if a person isn’t paying attention. It had a positive effect on Mika’s money management skills, according to Jackson. “I think she sometimes stops and thinks about what she’s doing now,” Jackson said.

Having a young person with AD/HD track spending habits is a good starting point, according to Romaniuk. “What I do is to help them with the pressures we have in our society, our materialistic

society, to buy things,” he said, adding people dealing AD/HD often react from a “see it—want it” point instead of prior planning. He added the constant bombardment of advertising in our society often makes it difficult for someone with AD/HD to save money and plan spending. “The other thing is to teach the concept, which is very difficult in our day and time, of delayed gratification. We have to have everything right now. I try to teach my clients patience, that you can delay things. To run their ideas past someone else in order to make good decisions in their purchases. Especially with young adults, to talk with someone who has more experience in purchase decision-making. Anything you can do to delay and give yourself more time to think about it, the better,” he said.

### **Learning to invest**

Once Mika became aware of her spending, Jackson assigned her to research publicly traded companies and gave her \$250 to start her portfolio. Jackson also matches the money Mika earns through her allowance, which she can then use to continue investing.

“She had to create a list of ten companies, research them online, and figure out which ones she wanted to invest in,” Jackson said. “These are long-term investments. It’s not about being rich to me; it’s about building and securing wealth.”

Mika’s assignments include tracking her investments, deciding where to continue to invest, and learning to hang on for the long term



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rather than jumping from stock to stock as the market occasionally dips. Jackson said she is proud of her daughter's progress.

For some people with AD/HD, Romaniuk said, starting to invest is further down the road. Learning to save money, as Mika continues to do, is extremely important and difficult.

Most of Romaniuk's clients "don't have extra money, so we're not concerned about investing because there is no money," he said. "In regard to investing, it's about future planning and saving. What I find is a lot of individuals with AD/HD live in the moment. I bring to their awareness the importance of setting aside money for savings, for future needs."

Romaniuk pointed out that people with AD/HD respond

to something concrete before them—the great dress or new plasma television. Saving money is much harder because it's more abstract. "Really, savings is about putting aside money for something that is not concrete," he said. "That sense of being proactive is typically not as powerful a behavior. They're more likely to make decisions concerning whatever is in front of them in reactive mode. We don't see a lot of advertisements for savings."

Those affected by AD/HD seek and react to greater stimulation, Romaniuk said. Spending often provides that "buzz"—and saving does not. "I think one of the key things [with AD/HD] is the individual's need for more stimulation than the average person, and they are more vulnerable to things they find stimulating," he said. "With spending they are accessing stimulation. Saving is not seductive. It's not stimulating." Learning to save can be done, he said, assisted by options such as direct deposit into an account that cannot be easily accessed, that can make saving money easier and automatic.

Jackson knows that Mika, like any person, will have setbacks along her financial way. She hopes the course and the practice in saving and investing will benefit Mika throughout her life.

"Hopefully, she won't make those financial mistakes," Jackson said, "and if she does, she'll know how to fix them." 