THE #FKLM FAMILY BLUEPRINT

First Money Skills for Young Adults

Educational & Scholarship Pathways · Transition-Age Youth

Bank accounts, pay stubs, and the three numbers a young adult should know each month.

A free guide from My Fairy GodParents — for youth impacted by parental incarceration, justice-impacted youth, and the caregivers and families who support them.
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Print, write on it, and share it with the people helping your family.

First Money Skills for Young Adults

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THE DIFFERENCE THIS MAKES

Money skills are assumed rather than taught. A young adult is expected to arrive at eighteen knowing how to pick an account, avoid fees, read a pay stub, build credit, and recognize a predatory product — none of which is obvious and much of which is designed to be confusing.

Young people without family financial cushion pay the highest price for not knowing. A single overdraft cascade, one payday loan, or one cosigned phone contract can take a year to recover from, and the industries built around that outcome market specifically to people with no other options.

This lesson covers the small number of decisions that matter most in the first years of earning: where to keep money, how to avoid fees, what credit actually is, what to refuse, and how to build a cushion on an income that feels too small for one.

WHERE TO KEEP MONEY

Open an account at a credit union or a bank with no monthly maintenance fee and no minimum balance. Credit unions are member-owned and frequently have the friendliest terms for young members and small balances.

Set up direct deposit as soon as a job starts. It is faster, safer, and removes check-cashing fees, which quietly consume a meaningful share of a small paycheck over a year.

Turn off overdraft coverage on the debit card. With it off, a card is declined; with it on, a $4 purchase can trigger a $35 fee, and several in one day can cascade into a balance a young worker cannot climb out of.

Open a second savings account at the same institution and give it a name. Money in a labeled account is meaningfully harder to spend than the same money sitting in checking.

READING A PAYCHECK AND HANDLING TAXES

Read the first pay stub carefully: gross pay, taxes withheld, any other deductions, and net pay. A worker who never reads a stub will not notice unpaid hours, a wrong rate, or a deduction that should not be there.

Hours and rate errors are common and are usually fixed quickly when raised politely and promptly. Keep your own record of hours worked for the first few months.

Most young workers should file a tax return even at low income, because withholding often means a refund is owed to them. Free filing options exist for lower incomes, and free in-person tax help sites operate seasonally in many communities.

Never pay a large fee for a fast refund product. The refund arrives on its own within weeks; those products routinely cost a significant slice of it.

+ CREDIT, PLAINLY

Credit is a record of whether you pay what you owe on time. It determines apartment applications, car loans, insurance rates in some states, and sometimes employment screening. Building it early is one of the highest-return moves available.

The safest way to start: one credit card with no annual fee, or a secured card where you place a deposit. Use it for one small recurring expense and pay the full balance every month automatically. Carrying a balance does not build credit faster; it just costs interest.

Two behaviors do most of the work: pay every bill on time, and keep balances low relative to the limit. Missed payments do the most damage and take the longest to fade.

Check your credit report annually at the official free source and dispute anything wrong. Young adults from disrupted households are disproportionately affected by accounts opened in their name by a relative — finding that early matters, and it can be disputed.

+ WHAT TO REFUSE, AND HOW TO BUILD A CUSHION

Refuse payday and title loans. The effective annual rates are extraordinary, and the structure is designed so a short-term shortfall becomes a long-term obligation. If cash is short, call the biller and ask for a payment plan first — most will grant one, and it costs nothing to ask.

Be careful with rent-to-own furniture and electronics, buy-now-pay-later stacking across multiple purchases, and any offer that requires paying money to receive money. Do not cosign for anyone, including family, unless you can afford to pay the whole debt yourself.

Build the cushion in the smallest unit that is real. Automatically moving $10 a week into the named savings account produces over $500 in a year, and a $500 cushion is the difference between a flat tire and a lost job.

Use a simple three-bucket split of each paycheck: fixed costs, spending, savings. The exact percentages matter far less than having the split happen automatically on payday rather than being decided at the end of the month.

+ THE $9 MISTAKE THAT COST $105

A nineteen-year-old had overdraft coverage on and $6 in checking on a Thursday. He bought a $9 sandwich, a $4 drink, and a $12 phone accessory before his deposit landed on Friday. Three transactions, three $35 fees: $105 in overdraft charges on $25 of purchases.

It took him five weeks to recover, during which he cashed a check at a storefront for a fee because his account was negative — another $12 gone.

He fixed it with two phone calls. He turned off overdraft coverage, so future transactions would simply decline, and he moved to a credit union with no monthly fee and set up direct deposit. Then he set an automatic $10 weekly transfer into a savings account he named 'Do Not Touch.' Fourteen months later that account had enough in it to cover a car repair that would previously have cost him his job.

+ WORDS YOU CAN USE

Opening an account

Ask these four questions before signing up anywhere.

“I'd like to open a checking and savings account. Four questions: Is there a monthly maintenance fee or a minimum balance? Can I turn overdraft coverage off entirely? Are there fees for using ATMs, and which ones are free? And do you offer a secured credit card for building credit?”

Asking an employer about a paycheck problem

Raise it in the first pay period, politely.

“Hi — I had a question about my pay stub for the period ending [date]. I have [N] hours in my records and the stub shows [N]. Could you take a look and let me know if I'm reading it wrong? Also, could you confirm my hourly rate on file?”

Asking a biller for a payment plan

Do this instead of taking a payday loan.

“I'm not going to be able to pay the full amount by the due date, but I want to pay it. Can you set up a payment plan, move my due date closer to my payday, or tell me the minimum I can pay now to keep the account in good standing? I'd rather work it out with you than let it go past due.”

Saying no to cosigning

Practice this once so it's available when needed.

“I care about you and I'm not able to cosign. If your name is on it and something goes wrong, mine is on it too, and I can't take that risk right now. I'll help however else I can.”

+ YOUR MONEY SETUP

- [ ] Open a no-fee checking and savings account, ideally at a credit union.
- [ ] Turn overdraft coverage off.
- [ ] Set up direct deposit.
- [ ] Name your savings account and automate a small weekly transfer.
- [ ] Read every pay stub for the first three months and keep your own hours record.
- [ ] File your taxes; use free filing or a free tax-help site.
- [ ] Start one no-annual-fee or secured card; pay it in full automatically.
- [ ] Check your credit report once a year and dispute errors.
- [ ] Refuse payday and title loans; call the biller for a plan instead.
- [ ] Do not cosign for anyone unless you could pay the whole debt.

+ REFLECT AND WRITE

What fees am I paying right now that I could eliminate this month?

What is the smallest automatic transfer I would genuinely not miss?

What financial offer have I been considering that I should turn down?

+ YOUR NEXT STEP

> Write down this month's three numbers on one page.

+ WHERE THIS COMES FROM

Written by My Fairy GodParents — reviewed August 2026.

Official reference: USA.gov — Help With Bills — linked for the official rules and forms, which MFGP does not set.

https://www.usa.gov/help-with-bills

This is general information and practice guidance — not legal advice, mental-health treatment, or a statement of any court, agency, or facility's rules. Policies differ by state, county, facility, school, and program, so always confirm details with the office involved.

For decisions with legal, medical, financial, or clinical consequences, work with a licensed professional or the organizations listed with each resource.

You do not have to do this alone.

More free guides, scripts, and checklists:
myfairygodparents.org/resources/family-blueprint