We teach teenagers a lot more about sexuality than we do about money. This can confuse them about what they should be learning. Give this article to a teenager and encourage him or her to start a Roth IRA.

For a $4,300 gift spread out over the next seven years plus a little work on the teenager's part, you can fund a teenage child or grandchild's million-dollar retirement. Here's how it's done.

Teenagers can contribute to a Roth IRA to the extent they have earned income. Getting earned income does require some work on their part. They need to keep track of everything they earn. The work has to be real, and the income needs to be reported on their tax form. Many young people long to do real work. Our children began doing paid work at age 14.

Earning money is hard work. But it teaches vocational skills that many college graduates still have not learned. Working teaches adolescents to speak standard English clearly so they can be understood. They learn to communicate with adults in a respectful way. They find out how to plan ahead so they arrive at their job on time and prepared to work. On time means five minutes early, not thirty seconds late. They discover how to take self-improvement and learning skills seriously, improving their self-esteem in the process. And finally, they learn to follow both the letter and the spirit of instructions.

The skills and life lessons that teens gain in early work situations can create just as much if not more satisfaction and self-confidence than doing well in school. And the experience will inspire them to put more effort into their education and perhaps value it more too.

But having finally earned some of their own money, few teenagers want to contribute it all toward their retirement, which to them may seem like an unreal event in the distant future. That's where a parent or grandparent can supply the right incentives. As a powerful motivator, you can offer to fund their IRA with an amount equal to whatever they earn. For example if they earn $615 during the summer, you will give them an additional $615 to fund their Roth IRA. They will work hard to fund their IRA and still have money to spend. It will be well worth the joint family effort.

Contributing $615 each year for seven years and earning 11% will translate to investments worth a million dollars at the end of 56 years. If the process begins at age 14, the value of the Roth IRA will reach a million dollars at age 70.

Starting early makes a huge difference. At the end of the first seven years of saving and investing $615 a year with an 11% rate of return, the portfolio should be earning and reinvesting over $615 per year without any additional contributions. Funding a Roth IRA for 7 years and then stopping actually results in more money than waiting 7 years and then funding it with the same annual amount for the rest of your life. The difference gets more pronounced the longer you delay. Thus contributing $615 between ages 14 and 20 and then stopping is more profitable than starting at age 40 and contributing the maximum $5,000 a year until age 70.

Teenagers are not restricted to $615. The limit for 2012 Roth contributions is $5,000. You must decide how much incentive you can afford to help raise a financially savvy child. Sometimes all the private education and tutoring doesn't do as much good as practical work experience at helping motivate and empower young people to take charge of their own destiny.

Earning $615 only requires working for 82 hours at the $7.50 minimum wage. There are about 360 working hours during the two-month summer vacation. At $14 an hour all summer, an industrious teen might earn more than the $5,000 maximum Roth contribution. So be sure to determine ahead of time how much you are willing to match before offering the incentive of doubling their pay if they contribute to a Roth.

Offering to match their funding with a gift is generous and provides a great incentive for them to plan and save for their future. But families with less income can mentor their children through the process without matching their contribution. A financial planner can help set up the accounts, manage the investments and explain the principles of the plan.

Contributions to a Roth account are made after paying tax. If your taxable income is less than $8,700, you owe no tax. Therefore your teenager can put money into a Roth account without paying tax on it. All the appreciation is tax free. And withdrawals in retirement, even withdrawals from a million-dollar portfolio, are also tax free.

Contributing to a Roth account while you are young and your income tax rate is minimal is tax-planning genius. This is a rare opportunity to not pay tax on money and put it where it will never be taxed again. Later in life it will be more difficult to contribute to a Roth account as your marginal tax rate rises. Receiving tax-free growth for life is an added perk of funding your Roth account while you are younger.

Much of what is true for a teenager is true for adults as well. Unless you are at the peak of your income-earning potential, funding a Roth might still be brilliant. And leaving a Roth IRA to the next generation is estate-planning genius because it leaves the next generation a tax-free income for life.

Children need practical experience working, earning, saving and investing. Give them all four, and help them fund their retirement in the process. It may just spark the entrepreneurial spirit in the next generation. Can you afford not to?

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