



Children and Money

Have you even noticed among your children, that financial values are as varied as the personalities themselves; that a kid “A” can barely get twenty four to forty eight hours from allowance time before he’s broke, while kid “B” manages to get all the way to the next allowance day and still have a few “sheckles”. Interesting, isn’t it? It’s all about money values and the developing personalities of the little people in our lives.

Those of us in the business of helping families with their finances, ourselves have a variety of beliefs and values that go along with the whole concept of children and money. Some of us don’t support the concept of an allowance at all. In other words “if you don’t work for it you don’t get it”. Others are abhorred at the concept of expecting the recipient child to work at all; they believe that the weekly allowance is an outward confirmation for our children, a time for them to see for themselves the value we place on them as members of our family. We want them to be able to make choices and to pick the goods and services which are important to them.

Still others, and I fit this category, believe in a parent/child financial relationship which is reflective of both the preceding value systems. We think our kids should perform some type of task in order to “qualify” for an allowance. However it should be minor and reflect their age and skill set while at the same time simply give them some cash because we want to. While I believe in a little work for the allowance, I do not subscribe to the notion that an allowance should be used as punishment or as a punitive measure; “if you don’t eat your carrots, you’ll loose your allowance”. When was the last time your employer penalized you for poor nutritional habits? The tasks our children are expected to complete should be something simple, like, taking there own dishes to the sink after a meal, sorting her or his laundry into piles, or picking up toys. It should be measurable, so you as the parent can see evidence of completion.

Before money became so virtual, its use was also an ideal teachable moment in the are of math skills. I remember talking to our now 22 year-old when she was 6 or so, about how if a dime was made up of 10 pennies or two nickels; how many pennies it took made up a dollar, or if you already have 10 nickels, how many pennies are necessary to get you to 75 cents. These were wonderful opportunities.

We financial counselling types believe the ideal starting point for an allowance is at the start of Kindergarten. We all recognize that others with greater expertise in matters relative to the growth and development of children may have other views; just the same this particular view is ours. The appropriate starting “level” is felt to be \$2.00 per week.

It’s important that allowance day be the same day of the week. So set one and keep it there. While you may prefer so pay every two weeks, recognize that this little mind will need to evolve into a money manager and so keeping matters simple is an urgent requirement. As well, give your little one an allowance made up of a variety of “change”, particularly when they are just starting out in Kindergarten. Encourage them to decide and plan, cajole and direct them into 3 areas, even for their modest \$2.00 per week; how much will they spend; save; and give. Be cooperative and heap on the praise even if in the “give” category, only several pennies will go to charity.

Find a piggy bank which can be opened, or some other type of vessel or container, something as simple as a yogurt container will work equally well. This is for savings. Once each month, or less frequently if your personal schedule is tight, take her or him and the container to the bank of your choosing to make a deposit. Don't be embarrassed if the total is only a buck or two, it won't bother the bank. They are looking for success like your son or daughter is demonstrating and the money they'll make in the mortgage they advance to them in 25 or so years will more than make up for the inconvenience of a monthly deposit of \$2.50 right now. Ask someone at the bank to show your child the inside of the safe. They'll be happy to comply and the little one will be amazed.

Increase allowance amounts on birthdays by \$1.00 per week to age 10, \$1.50 per week to age 14 and \$2.00 per week to age whatever. Your 9 year old should receive \$6.00 per week while your 16 year old gets \$17.00. You'll also need to monitor lifestyles. If your 15 year old is getting into trouble and the allowance is adding to the problem, then clearly a long hard look is in order. You may find it beneficial to seek other professional help to deal with these kinds of problems; they're not financial in nature. Whatever the case, don't wait; your kids grow up only once.

Reading to your children is another ideal way to instill financial values. The children's section of your local library or bookstore will usually have something appropriate and which can result in a discussion between you and your child. One of my favourite books from this vein was "Ginger and Pickles" by none other than Beatrix Potter. We read this one many times in our house. There are dozens of financial concepts and money information tucked inside this otherwise piece of very intriguing and classic children's literature.

In two weeks it's Financial Relationships – outside your family

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