



Kids, cash and cards

There's more than one way to skin a cat. The same applies to teaching children about money.

Some people, indeed, say they learnt their best financial lessons from watching their parents do it all wrong!

This article, then, is not going to tell you what you should do, but rather to pass on ideas that have worked well for others. Choose and modify the suggestions that make sense for you.

Pocket money

Experts suggest you start giving pocket money when your child can start to appreciate the value of money, perhaps when he or she starts school.

Give it weekly, on the same day each week, so the child can count on receiving it.

How much? That depends largely on what the money is expected to cover.

Discuss with your child what he or she is going to spend the money on, and what seems a reasonable weekly amount for each type of expenditure. If the child makes a list of items, this can also help him or her to budget.

Include some "other" spending, to give the child some discretion. And don't expect the child to pay any school-related expenses. You want to be sure those bills are paid, so you should pay them yourself!

Children's needs and wants will change over time. Negotiate increases with them at the start of each year – which helps them learn negotiation skills.

Also include adequate money for regular savings. More on that in a minute.

Should a child be expected to do tasks for their pocket money?

Some experts say "No". A child should get pocket money simply because they are a member of the family. Pocket money, they say, is a learning tool, not a privilege.

That's not to say children shouldn't be expected to contribute to the running of the household. But they should probably do those chores as part of

the family "team", not because they will get paid for them.

It's a question of what principles and values you want to communicate.

Working for extra money

Over and above regular chores, if your child wants to do extra paid tasks to boost their income, that's fine.

Try to treat the child a bit like a valued employee. And don't forget the importance of positive feedback – even if the job isn't done to your usual standards!

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BE FAIR

Children care greatly about being treated equally.

Try to make sure each child gets the same pocket money, clothes allowance and so on at the same age.

What about inflation? In these times of low inflation, you may not think it's worth the bother of giving your second child more than your first child at the same age, because two years have passed.

In any case, it's quite possible that prices haven't actually gone up on the products they buy.

But if there's a ten-year gap, to be fair you should give the second child about 20% more than the first.

As a rough rule of thumb, allow 2% per year.