



When, whether, how and what to give for pocket money is an issue that often concerns parents.

There is not just one way to handle this.

To a large extent it depends on family values, family practices and family finances, but there are some general points that you might like to consider in making your decision.

*This PEG uses 'he' and 'she' in turn.
Change to suit your child's sex.*

Whether to give pocket money

- The main reason for giving pocket money is to help children learn to manage money while they are still young and you can still guide them.
- Pocket money can help children feel that they are important members of the family because they are given part of the family's spending money.
- It helps children to make choices and to see that sometimes people have to wait and save up to get what they really want.
- It can be a problem if there is not much money to spare in the family, but even a very small amount can give a child the feeling of some independence.
- In some families children are just given what they ask for and pocket money is not considered. If this works well for your family there is no need to give pocket money. However some parents feel their children haven't really learnt about money and how to manage it with this method.
- The age at which you start giving pocket money depends on your child and you. However check what their friends' parents are doing so they don't feel too different.
- Some parents put part of children's pocket money in a bank account for them. Check that the bank does not charge any fees on this amount if you do this. Some parents give pocket money and ask the child to bank a portion regularly.

Should pocket money be earned?

- Many parents believe that if they decide to give pocket money, a certain basic amount should be given to the child just because he is a member of the family and not as payment for jobs.

- At the same time, children are expected to do some chores as part of their contribution to the family.

These two things are both important but are separate parts of belonging to the family.

- You may decide to give a certain basic amount of pocket money and let your child earn a little more for some special chores, such as washing the car. If there is something they really want to buy, they can either save this pocket money and wait until they have enough, or do extra jobs to earn some money and buy it sooner.

How much pocket money?

There is no special formula and how much will depend on a number of things.

- What you can afford.
- What the pocket money is expected to cover.
- The 'going rate' among other families in similar circumstances to yours. If your child has a lot less than the going rate she may feel hard done by and be tempted to steal. If she has a lot more it can cause resentment and jealousy amongst her friends. However at some stage, children need to learn that all families are different in how much money they have and how they decide it will be spent. They can also learn that there will always be other people who have more money or more 'things' than them and many others who have less. It helps children to hear from parents that lots of money does not always mean lots of happiness.
- The amount of pocket money a child receives usually increases as the child gets older and takes more personal responsibility.

What should pocket money cover?

This will depend on what you work out with your child. In the primary school years you might decide, for example, that it should cover some saving, some for school lunches and some for your child to decide just what he wants to use it for. You might then have to be careful not to criticise his choices if you are not happy with them. Giving pocket money and then telling your child exactly what he must use it for does not develop a sense of responsibility or independence in him.

Some parents might decide that if their child is doing well with saving for something special, that they will help them. For example they might put in a certain amount for every \$5 their child saves. This can encourage a child to save.

Pocket money and punishment

Stopping pocket money often seems an easy answer if your child has done something wrong. Sometimes this is okay. For example, if he has carelessly broken something it may be important for him to help pay for the replacement by contributing part of his pocket money each week if this seems fair.

However taking away all of your child's pocket money, especially over a period of time, can cause a lot of resentment towards you and difficulty with friends. Sometimes children in this situation steal from their parents or friends because of this resentment.

Pocket money and teenagers

Teenagers are moving towards independence and it will help them if they have some practice in managing money while they still have your guidance. Depending on your teenager's maturity you might decide to give him a spending allowance to cover his entertainment costs and perhaps to buy his clothes. If he makes a poor decision about something it is a very good way for him to learn for when he comes to spending his own money. It may be that the first time he is in a difficult situation, and runs out of money that you come to an agreement about helping him out. Let him know that after that he must take the consequences.

Avoid always lending money and have your child owing money that may never be paid. Debts cause resentments and it might be easier to say "No" in the first place. Judge this from knowing your own child.

Older teenagers often have opportunities to earn some pocket money from part time work outside the home. How they use this money varies from family to family. In some families there may be a need for teenagers to contribute something towards the family or their own expenses. When young people begin to work full time many families would expect a contribution towards board.

While you may want to say that the family money is not to be spent on certain things, eg cigarettes, teenagers need to have some control of their money in order to learn to manage it.

Reminders

- **Pocket money can be a valuable way of teaching your child responsibility.**
- **Get an idea about the 'going rate' from friends' parents and work out whether this would work in your family.**
- **Make sure that you are consistent and reliable about 'pay days'.**
- **Work out with your child what the pocket money will cover. Include an amount for him to do whatever he chooses.**
- **Allow your child to make some mistakes.**
- **Encourage your child to save part of his pocket money each week.**
- **Give approval or maybe a bonus for successful managing.**

Want more information?

Parenting SA – www.parenting.sa.gov.au

(parenting and child health information) - www.cyh.com

Written in Partnership

Parenting SA
Centre for Parenting

Produced by

Parenting SA - telephone (08) 8303 1660
© Copyright
Revised 0606

Parent Helpline
1300 364 100



Government of South Australia

Children, Youth and Women's
Health Service