

Pocket money

Parent easy guide 09



Whether to give pocket money, and at what age, and how much to give are issues that often concern parents. There are many ways to handle this. To a large extent it depends on family values, practices and finances. There are some general points that you may like to consider in making your decisions.

*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 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. They learn 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. Even a very small amount can give a child the feeling of some independence.
- > In some families children are given what they ask for and do not get pocket money. 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. 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. Some parents give pocket money and ask the child to bank some regularly.

Should pocket money be earned?

- > Many parents believe that a certain amount of pocket money 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 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 could save this pocket money and wait until they have enough. They could also do extra jobs to earn some money and buy it sooner.

How much pocket money?

How much pocket money to give 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 similar 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 have different amounts of money, and they will spend it differently. They can also learn that there will always be other people who have more money or more 'things' than them and 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 gets usually increases as the child gets older and takes more responsibility.



What should pocket money cover?

This will depend on what you work out with your child. In the primary school years you may decide it could cover some saving, some for school lunches and some for your child to decide what he wants to use it for. You might 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 his sense of responsibility or independence.

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 broken something it may be important for him to help pay for it by giving 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 to practice managing money while they still have your guidance. Depending on your teenager's maturity you might decide to give her a spending allowance to cover her entertainment and travel costs, and perhaps to buy her clothes. If she makes a poor decision it is a very good way for her to learn. The first time she makes choices that see her run out of money you may come to an agreement to help. Let her know that in the future she must take the consequences.

Avoid always lending money and having your child owe money that may never be paid. This can reduce the opportunity for them to learn to manage their money. Debts can also cause resentments and conflicts. It might be easier to say 'No' in the first place.

Older teenagers often have opportunities to earn 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 expect some money 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 over their money in order to learn valuable money skills.

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.

Contacts

Parent Helpline: Tel 1300 364 100
24 hours a day, 7 days a week for advice on child health and parenting

Child and Family Health Centres: Tel 1300 733 606
9am - 4:30pm, Monday to Friday to make an appointment at your local Centre

Websites

www.parenting.sa.gov.au
For other Parent Easy Guides including Being a mum, Being a dad

www.cyh.com
For parenting and child health information

For more information

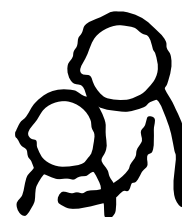
Parent Helpline 1300 364 100

**Parenting SA
Children, Youth and Women's Health Service
Telephone (08) 8303 1660
Internet: www.parenting.sa.gov.au**

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