

Children and Money¹

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Teaching children the value of money is a leading concern among parents. Money conflicts between parents and teenage children have become a prominent feature of family living.

The question that both parents and adolescents often ask is how much allowance the youngster should get. However, the real problem is how to teach a child the value of money in a society using high pressure selling techniques aimed at all ages – adults, adolescents and children.

The pressures of advertising on young people are of serious concern to parents. Youngsters are subjected to many pressures by disc jockeys, record companies, the soft drink industry, toy manufacturers and even illegal drug dealers.

Family agencies and church organizations have also been concerned about these spending pressures and they have come to recognize the need to teach children values and money management. Successfully teaching children the value of money can be done if all the available tools and knowledge are used rather than relying on just one.

The educational process needs to be started at home well before a child reaches school age, and definitely before the teen years. One of the most useful methods is to have the child join in the family's budget discussions when they are old enough to understand. When they know what the family's expenses and income are, they begin to understand the need to make choices and to cooperate in holding down family expenses. These discussions also can be used to help children learn how to give and share, as well as receive.

The Meaning of Money

Money is many things to a child. To a very young child it is a shiny copper penny, a silver dime, or the jingle these coins make in his or her pocket or hand. Then the child learns that coins can be used to get candy or toys. Before long he or she notices that you use coins plus some "green stuff" to buy food and clothing and many other things. A child may begin to think that if you have enough money you can get anything you want.

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To the older child, money is what he or she gets for supplying their services to Mrs. Cunningham or Mr. Wilson down the street. By mowing lawns, raking leaves, or babysitting, the young person receives money in exchange for his or her time and effort. The money can be used to buy something the child wants, to save for something, or to use for sharing with others.

Like most parents, you probably want your child to learn how to use money wisely. Children need to develop a good attitude toward money and its uses, and to learn to make choices when spending money or using other resources. You probably want your children to enjoy spending their money for things they want or need, but you also may want them to save for the future. You might want your child to be generous, but not extravagant, in sharing with family, friends and those less fortunate.

Learning about the proper use of money and other resources begins at home for a child. Parents still do more than anyone else to mold the attitudes of their children. Of course you won't be the only one teaching your child about money. The child will be influenced by friends, teachers, television programs and advertisements and the pressures of society as a whole. Create the opportunity to teach your child about spending, especially in the early years.

Varied Family Backgrounds

With the fluctuating economic and social backgrounds of today's families, it is no wonder that many children are confused about money and the things it can buy. The major part of a family's income still goes to purchase family needs. You as a parent have a big responsibility in helping your children develop desirable attitudes toward money and other resources.

Remember, there are many more things to buy and many more choices to be made in today's market than when you were a child. The ever-

increasing number of items to buy makes it essential that you teach your children how to choose what to buy, how to buy it and the best time to buy.

You have had years of practice in spending money. If you have practiced sound decision-making, have been able to live within your family's income, have had mostly good experiences and are reasonably happy, then you are probably making wise use of your money. Pass this "know-how" on to your children.

When to Teach Your Child About Money

As soon as your youngster can understand the transaction involved in buying a lollipop, the child is ready for an explanation about money. Whatever the age, you can help your child by giving advice, both direct and indirect, and by setting an example. You can let your child observe money being used, and you can let him and her use money. Provide a child with opportunities to start using money at an early age. Give children small amounts so that their mistakes will not be too costly.

Regardless of the training you give or the plan you follow, you will find that no two children use their money in exactly the same ways. The chief purpose is to teach your child about money management – how to handle money wisely weighing values to make appropriate decisions that provide maximum satisfaction for the money spent. These decisions will be as different as the unique personalities involved.

Stretching the Family's Income

Your child soon discovers that the family receives money by exchanging the time and work talents of one or both parents for it, and that the family then exchanges the money for certain goods and services. Children should learn early

in life that there is only a certain amount of money available, and that most of this has to be used for satisfying basic needs, such as food, clothing, housing and transportation. It is a good idea to explain to children that these purchases come first, and that much of the family income is spent on items that will benefit the entire family.

Show your child some of the ways you can save money by making or repairing something yourself. A child also should understand that things will last longer if he or she takes good care of them, such as a favorite toy. Explain that when you wash your car, grow vegetables in your garden, mow your lawn and do other jobs for the family, you are saving money that can be used in other ways. Make your child aware of ways to maximize the use of resources, such as helping with household tasks, or taking care of toys, clothing, and other things around the house.

Where Money Comes From

A child's money can come from a number of sources. The child's earliest experiences with money probably involved small amounts of change you gave them when you thought they should have some for one purpose or another, or when they asked for some. This way of getting money is usually called a *dole*, or a handout.

If you continue to dole out money to your child, he or she will receive only limited experience. He or she will go through the motions of spending money, but will not be making decisions about how and for what the money is spent. You are really making the decision for your child when you give him or her money for a certain item.

The dole system does not prepare your child for managing money as an adult. However, other sources of money such as allowances, earnings from you or from outsiders, or gifts can provide your child with valuable experience in learning how to use money with your guidance.

Your Child's Allowance

The best way for your child to learn to manage money is with a set allowance that he or she must live within. Even a small amount gives a child a sense of responsibility. Start the allowance early at age six or seven, or as soon as the child begins to read or take an intelligent interest in money. Keep the allowance small at first, since this is a time for learning. But from the beginning, give the child an allowance at regular intervals, possibly once or twice a week. Be certain the child understands the amount, what expenses it is to cover and how often money will be given. The amount of the allowance will depend on family income, expenses it will cover, and the period of time it is to cover.

Your child is receiving enough allowance, whatever his or her age, if the amount covers actual needs, and then provides some for the child to satisfy small personal desires, or to share with the family and friends, and to have some for future satisfactions.

Probably the most effective way to determine the amount of an allowance is to work out with your child how much he or she actually needs for school or other expenses, and how much the child can spend as he or she chooses. For example, a recent poll of 2,505 teens indicates that girls' allowances are higher than the allowances of boys. In the age group 13 to 15, boys reported receiving an average of \$13.50 per week, while girls reported receiving \$14.50 per week. Teens between the ages of 16 and 19 indicate that girls received \$26.85 per week and boys received \$25.90. Church contributions and other gifts also need to be provided, depending on how the family handles these expenditures.

As a teen gets older, the allowance can be increased to cover more of the expenses. The teen also needs to be allowed some leeway for errors in judgment. Be firm in saying "no" if the teen asks for more money between "pay" periods.

When the teen receives a fixed amount of money at intervals, he or she will gradually learn how to manage the money. Do not use the allowance as a reward or punishment system, so the teen will not come to think of money as a weapon.

Perhaps the best way to teach a teen how to manage money is be a competent money manager yourself. Parents who never keep a budget or a spending plan, who habitually buy on credit and who shop carelessly in general will tend to influence children into following a similar unstable pattern of spending to see instant gratification.

You can teach your child about quality and value of goods by taking him or her shopping with you and showing the child how to select values in food, clothing and other items. It also gives a time for you to show your youngster how you keep a record of your spending, and how he or she can keep expense records in a notebook. One mother even has her children help her with the job of mailing the checks to pay bills each month so that they know where the money goes and how to use a checkbook.

Allowance versus Earning

Should your child be required to earn the allowance by doing certain jobs around the house or farm? NO. Keep these things separate. The child has some right to part of the family income just because of family membership. It is better to give the child some of this in the form of an allowance. On the other hand, the child has a responsibility to share in routine household tasks, and should not expect money as a reward. Helping around the house, children should learn, is part of belonging to a family.

You can help children earn a little extra money at home. If you have special jobs around the house or farm, or in your family business that you would employ someone else to do, hire your child for the job. Keep the relationship business-

like and pay the child a fair wage for performing the service.

Often the money children earn gives them a greater sense of freedom and recognition than money that is given to them. Earning money is good as long as the work is not too strenuous and there is still time for the child to study, play and take part in family activities, family chores and school life.

Using Gift Money

On birthdays and holidays, a child often receives money as gifts from relatives and family friends. The child needs to understand, however, that he or she should not count on gift money or expect it. You do not want your child to feel that his or her grandmother, or anyone else, is obligated to give regularly.

Remember that the gift money belongs to the child. You should not decide how the child will use it, even for such worthy purposes as a college education account or some expensive dental work, unless it was given specifically for that purpose.

On the other hand, do not let your child think of gift money as a windfall to waste. Instead, consult with the child about what to do with the money. You can help if you understand the child's feelings about the gift, and if you know what his or her current needs and wants are.

Teaching Your Child to Save

Make it a point to discuss saving with your child. However, do not expect him or her to appreciate the value of saving for a vague or distant goal. Children can understand saving for something near and definite, such as a new car or television set, but saving for family security may be meaningless to your child.

Remember that your example either encourages or discourages your children to save. If you regard saving as something you will do later, your child will regard it with an equal lack of interest. Find the middle road in saving.

Encourage Your Child to Share

With your help, children can learn not only to share, but also to enjoy sharing with the family,

friends and even with people they do not know. Within the family, children can buy treats, contribute to family projects and buy gifts for birthdays and special occasions. Taking friends to the movies, paying for their share of soft drinks and candy, and buying gifts for birthday parties will help your child to become a more social person. Church and school also provide a child with opportunities to share with others outside of their own family and friends.