

# **Teaching Children the Value of Money**

By Anita Stokes

Are you sick of hearing your children say “Mum, can I have some money for this?” and “Dad can I have that?” Read on to find out how you can **educate** your children and set up a system that enables you to ask, “I don’t know, can *you* afford it?”

## **Children Making Choices**

Presenting your children with a pocket money system will allow your child to be in control to make choices, learn about saving and even make a few minor mistakes along the way.

In today’s society everywhere you look there are signs enticing you to ‘buy now – pay later’. Credit card debt is at an all time high and many of our young people will start their working lives with huge student debts. Also 90% of all divorces are traceable to money issues.

## **Deciding on the System**

The way you delegate pocket money will differ from family to family depending on your values. You will need to decide not only how MUCH pocket money to give, but also whether it will be attached to certain chores around the house or just given each week with no strings attached. Personally I like the idea of having pocket money completely separate from what I consider jobs that are attached to being part of a family (making their bed etc).

I DO however like the idea of having ‘extras’ available to them, like a monetary attachment to things such as cleaning the car, raking leaves etc. This is similar to the real working world whereby staff are rewarded for doing ‘overtime’. If they choose not to, that is their choice. If your children start moaning about how long it is taking to save for something you can always point to the ‘extras’ list.

## **Settling the Guidelines**

When you have come to a decision about how much pocket money to give, and what are the rules surrounding it, the next decision to make is whether you will insist that your child separates their money or not. Some people insist that a certain amount is banked while the rest can be spent at their leisure, or split into three – one for charity, one for saving and one for spending. As children get older some parents even introduce a family tax system, whereby their teenagers must contribute a certain percentage towards the running of the family home and outings.

### **The Adventure Begins**

Once your children have received their pocket money they will then be able to start making choices about what they will spend it on. If a child blows it in one day, so be it. If they want to save up and buy a larger item you can help them by using a goal chart and working out how many weeks it will take to buy it. If they purchase something that breaks within a week, your child will learn that perhaps it wasn't such a good purchase after all. Now your child is in control when s/he asks if they can afford something. Better still, if they CAN'T afford an item, the next question you can prod them to think about is "HOW can I afford it?"

### **Mistakes are Important for Learning**

Give your children from around the age of five the opportunity to handle their own money. Once it is given to them, and you have worked out what percentage is theirs to spend how they like, let THEM make their own choices. (Just imagine how you would feel if you were given your pay cheque and then told what to do with it!). Let your child make decisions, learn the discipline (and joy) of saving up for something. Allow your child to practice making little mistakes with a little money in the hope that someday they won't make big mistakes with a lot of money. Giving your child the opportunity to learn to make choices (good and bad) through regular pocket money could be the most important investment you can make in their life.

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