MONEY TALK FOR PARENTS

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This circular was prepared by Jeanne L. Hafstrom, Associate Professor of Family and Consumer Economics, Marilyn M. Dun-sing, Professor of Family and Consumption Economics, and Sheila Fitzgerald Krein, formerly Lecturer in Family Economics Extension. This publication replaces circular 1043.

Urbana, Illinois

Issued in furtherance of Cooperative Extension Work, Acts of May 8 and June 30, 1914, in cooperation with the U.S. Department of Agriculture. WILLIAM R. OSCHWALD, Director, Cooperative Extension Service, University of Illinois at Urbana-Champaign.

The Illinois Cooperative Extension Service provides equal opportunities in programs and employment.
Money is many things to children. To very young children, money is simply a shiny copper penny, or a silver dime, or the jingle these coins make in their pocket or hand. Then they learn that coins are more than shiny and jingly — they can be used to buy candy and toys. Before long they notice that you use coins plus some "green stuff" to buy food and clothing and many other things. They may begin to think that if you have enough money you can get about anything you want.

To older children, money is what they get for working for Mrs. Cunningham, or Mr. Webster, or Mrs. Black. They mow lawns, shovel walks, or babysit, and in exchange for their time and effort they receive money. This is money they can use to buy something they want, money they can save, or money they can use for sharing with others.

Like most parents, you probably want your children to learn how to manage money wisely and to have a good attitude toward money and its uses. You probably want your children to enjoy spending their money, but you also may want them to think of the future and save. You may like them to be generous but not extravagant in sharing with their family, friends, and those less fortunate.

Learning about the proper use of money begins at home. Within limits, parents still do more than anyone else to mold the attitudes of their children.

Of course you’ll not be the only one teaching your children about money. They will be influenced by their friends, by your friends, by their teachers, by television programs and advertisements, and by the attitudes of society as a whole. But we believe you have the best opportunity to teach them in the early years.
CHILDREN NEED HELP

Guiding Your Children

The different backgrounds of today’s adults tend to influence their spending and saving habits. Children thus may see adults using and spending money quite differently. As a result, they may become confused about money and its uses. Be aware of the background of different generations of adults, especially your own, so you can explain to your children why there are so many views about money.

One group of adults, for example, grew up in the Great Depression of the ’30s. Because money was very limited then, family income was spent to meet the needs of the entire family, mostly for food, housing, and some clothing.

Another group of adults grew up during World War II, when money was much more plentiful, but when there were few consumer goods to purchase since factories were producing war materials. Much “forced” saving took place during this period, followed by spending for many consumer goods as they became available in the late ’40s and the ’50s.

Another group of adults grew up in the ’50s and ’60s, a time of relative affluence, as technology made it possible to produce appliances, equipment, and recreational items undreamed of by older generations. Some of these adults, who first began working in the late ’60s and early ’70s, reacted to political unrest in the world and emphasized less materialism.

Regardless of the generation, the major part of family income has always gone to meet family needs. However, with family income considerably higher today than it was even a generation ago, many parents can spend more for their own wants and also give their children more money. This means that you as a parent have a bigger responsibility than your parents did to help your children develop desirable attitudes toward money and other resources. Your job is complicated even more by the pressures from advertising and your children’s peers.

Modern banking and business practices can also complicate your job. For example, you may be like many people who don’t use cash very often. You usually write checks or use credit cards. As a result, your children may be very confused about money. They may feel that checks and credit cards are a never-ending supply of money. Also, the greater availability and use of credit may tempt you and your children to buy things that others are buying.

And don’t forget, there are many more things to buy and many
more choices to be made in the market today than when you were a child, or even a few years ago. The ever-expanding number of things to buy makes it more necessary than ever for you, the parent, to help your children learn how to choose what to buy, how to buy it, and when is the best time to buy.

You've had years of practice in spending money. If it’s been a good experience, if you’ve practiced good choice-making, and if you’ve been able to live within your family’s income and are reasonably happy, then you’re probably making wise use of money as a means to an end. Pass this “know-how” on to your children.

**Setting an Example**

Although historical forces or peer pressures may help form a person’s view of money and its uses, parents still play a major role in determining how a child will manage money as an adult. In one of our research projects, we found that the practices parents followed with their children on allowances, payment for household jobs, financial plans for education, and financial decision-making were similar to those that their own parents had followed with them. Clearly, to change any cycle of undesirable practices, parents must consider their own attitudes and what practices they want to follow with their children.

To teach your children the proper use of money, you need to set a good example. Your actions and attitudes should reinforce your teaching. One complaint often made by young people is that their parents and other adults tell them how they should do things, but then the adults don’t follow their own advice.

We also know that there are many things we can have without spending money, but we may have failed to communicate this awareness to our children. We emphasize our possessions — a new car or boat, a bigger house, more and better appliances, and the list goes on. Perhaps without realizing it we have given them the wrong impression by thoughtlessly using such phrases as “money talks” and “the almighty dollar.”

We may have assumed that the quality and quantity of our purchases are determined entirely by the amount of money we have, when in fact they are partly determined by our management ability. Perhaps we have been overly concerned about our social position, believing that it depends solely upon our income.

Keeping in mind the positive side — what we can do with our money rather than what we can’t do — will help keep our own attitudes pointed in the right direction. Try to keep in mind that
money is one means— but only one—you can use to get what you want out of life. Then you will be able to communicate this point of view to your children.

You reinforce your teaching when you meet your children's needs for approval and love. Just as emotionally deprived adults sometimes spend money as a substitute for affection, so do children. Insecurity and anxiety may lead children to overvalue possessions, especially money. They may even turn to stealing.

**TEACHING CHILDREN ABOUT MONEY**

Children are not born with "money sense." Young children learn by example and experience. Parents are in the best position to give children experiences with money, to provide them with opportunities to see money used, and to show them how other resources can be "spent."

**Let Them Use Money**

It's a good idea to give children the opportunity to start using money at an early age. They can be given small amounts so their mistakes will not be too costly. The idea that money can be exchanged for other things develops gradually. Children usually progress from seeing coins as things of value in themselves to using money as a means to an end.

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 way. Your chief purpose in teaching money management to your children is to help them handle it wisely, get maximum satisfaction from its use, and weigh values so that they can make intelligent choices. These choices will be as different as the unique personalities involved.

It's a good idea to look at the different needs of each of your children and how well each can handle money. Strive to be fair and consistent. Try to avoid comparing your children with one another and with other children. Children, even at the same age, differ in maturity, temperament, attitudes, interest, and learning ability.

Parents should expect mistakes when children are learning to handle money. Try to avoid harsh criticism and be patient. Your children are learning. Encourage them to figure out what went
wrong, helping them when necessary, so that they may avoid mistakes in the future.

**Let Them See Money Used**

Your children will learn about how money is used by the way you use money. They will watch you purchase groceries, clothes, and gifts, pay for auto repairs, utilities, and haircuts, make contributions to a church or charity, and save for a large purchase or a rainy day.

Provide your children with opportunities to see money being used in different ways. Discuss with them how you make choices in using money. Let them see how you compare products and services before you spend your money. Children are very observant. You will be their role model.

**Show Them Other Resources**

Children soon discover that the family gets 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. They also 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 such things as food, housing, clothing, taxes, and insurance. It's a good idea to explain to children that these expenses come first and that much of the family income is spent for items that benefit the entire family.

Explain that your family is really getting more out of its income when you do some things yourselves and when you take good care of things to make them last longer. Let your children know that when you wash your car, make your own clothes, grow vegetables in your garden, mow your lawn, and do other jobs for and with your family, you are saving money that can be used in other ways. Doing some of these things for the family becomes somewhat routine to most adults, so we forget to let children know why we do them. Try to create an awareness in your children of one of the basic facts about effective use of resources — that when they help with household tasks and when they take care of their toys, clothing, and other things around the house, they are helping the family to save money for other uses.

**WHERE THE MONEY COMES FROM**

Children obtain their money from a number of sources. Probably their earliest experience with money is with sums given to them from time to time when their parents thought they should have
them for one purpose or another, or when they asked for them. This way of getting money is usually called a dole, or we might call it a handout.

If you dole out money to your children, they will receive only a limited experience. They will go through the motions of spending money, but they will not be making the decisions as to how and for what the money will be spent. You are really making these decisions when you give them the money. The dole system might lower your children's self-esteem, especially if their friends are receiving an allowance.

The dole system doesn't prepare a child to manage money as an adult. In fact, it fosters dependence on the parents. A child may become afraid of doing anything that would displease his or her parents for fear that the money would stop. A child may even decide there are easier ways to get money other than always asking for it. Stealing could become a problem.

**Allowances**

The best way for children to learn how to manage money is by having an allowance and living within it. With an allowance they can learn to identify their needs and wants, to plan expenses, and to set aside money to use for another day.

Maybe you feel you can't afford an allowance for your children. If so, keep a record of what you give them during the week for school expenses, minor clothing needs, and entertainment. Then give them this amount in the form of an allowance and let them know in general what it is to cover. However, let them have the experience of making choices and accepting the responsibility for their decisions.

Setting up a budget for their allowance encourages children to think about their spending. Children have fixed expenses (lunches, club dues) and flexible expenses (movies, toys). By setting up a budget and keeping track of expenses, children learn how money can go further with planned spending. You may want your children to fill out a spending plan like the one on the next page.

**When to start.** Allowances can be started as soon as a child understands that money is used to buy things. A small allowance may begin as early as four or five, especially if there are older children in the family. Most children, however, don't understand the meaning of money and are not ready for an allowance until they are six to eight. At these ages, children can handle small
## My Spending Plan

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<th>Second week</th>
<th>Third week</th>
<th>Fourth week</th>
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<td>Transportation</td>
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<td>Club dues</td>
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<td>Contributions</td>
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### Amount I must save:

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<td>Books and magazines</td>
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<td>Gifts</td>
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<td>Grooming aids</td>
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<td>Clothing</td>
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<td>Sports activities</td>
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### Totals: ```
allowances to cover their needs plus some for personal use, saving, and sharing.

**Size.** One way to decide on the amount of an allowance is to have family members discuss their individual needs and the basic needs of the family — for example, rent, utilities, insurance, and food. Children will learn that money for all the family’s needs is limited.

The size of the allowance depends not only on the income and expenses of the family but also on the age of each child, the amount of responsibility he or she is able to accept, and what the allowance is to cover. Is it to cover necessities like school lunches, hair cuts, and clothes? Or is it to cover only “extra” spending on candy, toys, and entertainment? Your children are getting enough of an allowance, whatever their age, if the amount meets each child’s actual needs and gives him or her a little to satisfy personal desires, a little to share with the family and others, and something to save for future satisfaction.

It is important to be realistic about the prices of items the allowance is to cover. Also, some children have more needs than others, and some have more opportunities to spend than others. Evaluate the size of the allowance periodically.

**Payment.** From the beginning, give your children their allowance at regular intervals, once or twice a week for young children, weekly for preteens, and maybe every other week for teenagers. Be certain each child understands how much he or she is to receive, what it is to cover, and how often he or she will receive it.

Try to be firm in saying no if your children ask for more money between pay periods. When children receive a fixed amount of money at regular intervals, they’ll gradually learn how to manage their money.

**Don’t withhold allowances.** There should be no strings attached to your children’s allowance. And whatever happens, don’t use it as a spur or club. Using the allowance to pay your children for routine work around the house or using it as a reward or punishment not only can ruin their outlook about money for the rest of their lives, but also can keep them from learning about family responsibilities. Your children may come to think of money as powerful ammunition that adults use at their convenience. For example, when a child sees one parent say that the other cannot have something unless he or she does something that parent wants — or if a parent does this with a child — it leaves the wrong impression. One reason that couples sometimes have financial difficulties is that one or the
other tries to control family income and use it as a club over the other spouse to get his or her own way.

When you stop a child’s allowance as a disciplinary measure or increase it as a reward, you are losing sight of your real purpose — to teach him or her to use money and to gain experience in economic choice-making.

**Should allowances be earned?** Should your children be required to earn their allowances by doing certain jobs around the house or farm? It is best to keep these things separate. Children have some right to part of the family income just because they’re members of the family. It’s better to give them some of this in the form of an allowance. On the other hand, children have a responsibility to share in routine household tasks, and they shouldn’t expect money as a reward. Helping around the house, they should learn, is part of belonging to a family.

**Earnings**

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

Children gain valuable experiences when they earn money. They have the opportunity of learning the value of money in terms of time and effort. If your children successfully meet the job requirements of an employer, particularly of somebody other than yourself, they also develop a valuable trait to take into adult life.

Paying your children for working at home is one way you can help them supplement their allowance and teach them that eventually they will need to work if they want money. If you feel you shouldn’t pay your children for any work around the house, you may be depriving your children of valuable experience that can be gained from earning money. If you think you should pay your children for all their work around the house, you may be depriving them of valuable experience that can be gained from sharing work responsibilities around the home.

Some position in between is the best one to take. Pay only for special jobs that you would otherwise hire done, such as washing windows or clipping the hedge. Decide with each child which jobs are his or her responsibility to do without payment and which ones can be used to earn income. Keep the relationship businesslike, and pay your children a fair wage. Discuss the amount of pay and
the way you want the job done before you hire your child. When you have high standards of performance, commensurate with capabilities, you are helping to prepare your children for work outside the home.

**Gifts**

On birthdays and at Christmas, from visiting relatives and family friends, your children may often receive money as gifts. They need to understand, however, that they should not count on gift money or expect it. You don't want your children to feel that their grandparents or anyone else is obligated to give regularly to them.

**WHAT CHILDREN SHOULD LEARN**

There are many opportunities to give children experiences in using money. You may let your children buy a few items at the grocery store, pay the paper boy, pay for the gas for the car, or take care of many other small bills. Your children need additional types of experiences, however, if they are to develop their own philosophy and pattern of spending.

**How the Family Uses Its Money**

Parents can help their children develop good attitudes toward money and can give them indirect experiences in money matters by letting them take part in discussions about using the family income. For example, if you explain to your children that a new battery for the family car costs as much as a new bicycle, they will have some understanding of what the family income will buy. Otherwise it may seem like an inexhaustible sum to them.

When you first begin to involve your children in family financial discussions, let them know if they are to listen only, if they can join in the discussion, or if they can take active part in decisions.

**How to Spend Their Money**

**Allowances.** Don’t be surprised if your children sometimes disagree with you as to how their allowances are to be spent. You may believe in buying a really good blouse, but your daughter may prefer one of less quality so that she can afford a scarf to go with it. She may be right, but if she is wrong, let her find out for herself. Choice-making is not learned in one effort, and of course no two
people ever have the same money needs or values. Set some limits on what each child has to spend at first so that a mistake in judgment will not involve enough money to cause unhappy consequences.

Avoid emphasizing mistakes or you will discourage your children from making decisions. One boy, for example, was so severely criticized about his financial mistakes that he told his parents he would rather not have an allowance. If parents handle a child’s mistakes properly, however, they can become learning situations for the child.

**Gift money.** Remember that gift money belongs to your child. You should not arbitrarily dispose of it for him or her, even for such worthy purposes as a college education account or some expensive dental work, unless it was given for that purpose. One young woman, remembering her childhood, said regretfully, “Mother and Dad always banked my gift money. At times I needed clothes very badly, and a coat or a dress would have meant so much more than a growing savings account.”

On the other hand, don’t let your children think of gift money as a windfall to waste. Instead, consult with your children about what to do with gift money. You can help each child if you understand how he or she feels about the gift and if you know what his or her present needs and wants are. Perhaps your son or daughter will want to save part of the gift money and use part for clothing, books, or hobby equipment. Or he or she may find the greatest satisfaction in using the whole sum for a trip to the state fair, to the home of a favorite relative, or to 4-H camp. If your child isn’t satisfied with how his or her gift money is used, the gift itself will lose its meaning.

**How to Save**

Make it a point to discuss saving with your children. Younger children may be able to understand saving for something like a school outing in two weeks, and older children can understand saving for a television or a car. However, they are unlikely to appreciate the value of saving for some vague or far-distant goal, like saving for family security.

Don’t emphasize saving to the point that your children save when they might better spend. Let them know that there are expenditures they should make and that they have obligations to themselves and others. You do not want your children to be like the girl who always forgot her purse when the family went to the
fair or the boy who drank water unless his friend paid for soft drinks.

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

**How to Share**

If your children are to grow into generous, considerate, and confident adults, they need to know that money can provide satisfactions beyond those of earning, spending, and saving. With your help they can learn not only to share but also to enjoy sharing with their family, with their friends, and even with people they do not know.

How can your children share their money? Within the family they can buy treats, contribute to family projects, and buy gifts for birthdays and special occasions. Paying for their share of soft drinks and candy and buying gifts for birthday parties help your children to become more social. Your church and school provide opportunities for your children to share with others besides their own family.

In sharing as in spending, your children will need to make choices. They will have to decide when to share their money and how much to share. You can help by letting them see how you share your money. Let them also see how you share your time, energy, and skills so they will realize that while sharing money is often the easiest way to help somebody else, it may not be the best or the only way. When your son shovels snow for elderly Mr. Smith, for example, he is sharing his time and energy, which may be more valuable to Mr. Smith than money.

**PRESCHOOL YEARS**

Even before they receive an allowance, your children can have varied experiences with money. They'll enjoy picking out the coins from your purse and putting them into the parking meter. They'll feel important going to the door with change for the paper boy. And carrying a few pennies to jingle in their pocket will give them a grown-up feeling before they are actually interested in buying anything.
Allowances and Earnings

A three- or four-year-old child usually won’t be very interested in an allowance unless an older brother or sister is receiving one. If this is the case, you can work out a system of small payments. Otherwise, an allowance can be something for your preschool children to anticipate. One child may be quite ready to manage an allowance when he or she starts to school, while another may not be ready until a year or two later and will need more of your guidance.

The small girl who helped her mother with the dishes and then asked for a nickel may have been a psychologist or businesswoman in the making. At least she gave her mother a starting point for giving her money of her own. When this sort of thing happens, you can avoid establishing the pattern of paying for work at home. You can tell your child that an allowance will start when he or she is old enough. You can develop the idea that having money is part of growing up and that helping with the daily chores is another part of growing up.

Spending

As young children spend small sums, they gradually learn the value of a nickel or dime in relation to other money. A child may start by deciding whether to buy an ice cream cone or a box of animal crackers for his or her two quarters, then gradually progress to the more difficult choice of whether to make several purchases with a dollar or to spend it all for one item. A child needs to have freedom of choice.

When one of your children has decided on a purchase, let him or her make it. Whether your child is satisfied or not with the choice, it will be a valuable learning experience.

Saving

Children can start saving at an early age. When your child doesn’t have 50 cents to buy an ice cream cone, teach him or her how 5 dimes or 10 nickels can be saved to get the 50 cents. Don’t urge young children to save large amounts for some purchase in the distant future. If the time between wanting and getting is too long, they will lose interest in the item, and the lesson in saving for something may be lost. Time means very little to children. Next week may seem like a year away to a young child.
Sharing
When your preschool children have money to use as they wish, occasionally suggest the possibility of spending it for something that can be shared with all or some of the family or the youngster next door. Accept with pleasure the things your children want to share with you.

The youngest of several children may especially need a little help to keep from feeling that he or she is too young to share. Also, an only child may be too eager to spend and too afraid to share. Children need many experiences with money before they can work out a good balance of spending, sharing, and saving.

ELEMENTARY SCHOOL YEARS

Allowances
If you give your children allowances when they begin school, leave the way open for adjustment. Keep in mind that your children’s financial problems are just as real to them as yours are to you. If your children are always in need of money, either their allowance isn’t big enough or they are not spending according to plan. Checking where the money is going may help uncover the difficulty. You may wish to have your children keep a day-by-day record of spending if they are having problems.

On special occasions, a school entertainment for instance, you can supplement your children’s allowance. If there is any fixed need, such as buying lunch at school, you will have to allow more. As each child grows older, you may want to increase his or her share of the family money. The amount of the allowance should be based on the things it is to cover and on the youngster’s ability to manage money.

Parents should keep in mind that inflation affects children too. It is likely that your children’s allowances will increase each year, in part if prices increase, but also because the allowance is expected to cover more expenses. Your second child may need a larger allowance at age 10 than the first one received at that age. This should be discussed with all your children so they will understand the fairness in the amounts of each allowance.

Is It Wise to Pay for Good Grades?
When your children are ready for school, you may feel that you can now give them an opportunity to earn — you can pay them
for making good grades. This is a mistake, however, since one of a child's responsibilities is to do as well in school as he or she can without expecting a monetary reward. Moreover, when there are other children in the family and all are not equally capable, paying for grades may create a problem in family relationships as well as in emotional adjustment for the children.

Paying for good grades makes them an end in themselves. Parents usually want well-rounded children who have broad interests and not just impressive report cards. When children are paid for bringing home good grades, they frequently resort to bartering and in some cases to unfair means of getting their rewards. Parents should offer encouragement, interest, and praise, not money, for good grades.

**Earning**

What are a grade-school youngster's opportunities for earning? They will differ with the family situation, the child's age, health, and abilities, and the community.

If you live on a farm, your children have a unique opportunity— they can share in the farm enterprise. They may progress from the simplest of jobs to a junior partnership in the business. Such a progression has the advantage of demanding increasing responsibility and providing increasing returns. If your children are part of the farm business, they will learn something of the problems that arise when economic conditions change.

In town your children may earn their money from a paper route, from doing errands, and from other after-school jobs. Some enterprising children earn money by walking dogs, pulling weeds, and washing cars for neighbors.

**Spending**

By the time your children are of elementary school age, they should be accustomed to making choices as they spend. Now they may need your help in working out a system for dividing their money according to their needs. One mother and father and their nine-year-old son planned the following weekly schedule: $5.00 for school lunches; $1.50 for school supplies, personal needs, and treating his friends; 50 cents for religious and other charitable contributions; and 75 cents for saving. This youngster is well aware of his financial situation and can carefully weigh his expenditures.

As your children get older, their allowances should be increased to cover more purchases so they will have more experiences in
choice-making. True, you can buy a blouse for your daughter in half the time it takes when you go with her and let her make the selection. But look ahead. Your daughter will have her own paycheck someday. She will be likely to spend it more wisely if she has had practice in making choices.

Your children will soon discover there are other ways of buying than with cash. Even if yours is a pay-as-you-go family, your children may want to explore the world of credit. If one of your children asks you to approve a credit plan for buying a new bike to use on a paper route, or a calf for a 4-H project, your responsibility is to keep the plan reasonable and practical. Be sure your child understands just how and when the money must be returned and some of the sacrifices he or she will have to make.

**Saving**

Your first opportunity to teach your child about saving may come when he or she wants some toy like all the other children have. When your child expresses an interest in a toy, help your child plan how much to save each week and how long he or she will need to save to buy the toy. If you are willing to help pay for it, tell your child so at the beginning rather than coming to the rescue at the last moment.

There will be times when your child’s allowance is all spent and an attractive invitation to go camping or to attend a school event may make your grade-school youngster wish for a contingency fund. This would be a good time to suggest that he or she start a savings account from next week’s allowance. Go with your child to the bank or savings and loan association to learn more about this account and other opportunities for saving. You will find the personnel at these institutions interested in your child and willing to help him or her learn good banking practices.

**Sharing**

Remember your children’s birthdays and encourage them to remember those of their family and friends. Let them buy gifts for special occasions and friends’ birthdays. Sometimes your children may pick out presents that cost more money than they have. When this happens, point out to them that a present doesn’t have to cost a lot to be appreciated and that presents don’t always have to be bought with money. Discuss how they can share their time and talents by making gifts or by doing special things for other people. Teach them that parents may really appreciate a week’s worth of
special chores more than a bottle of perfume or a box of candy. Contributions to religious organizations, 4-H and Scout projects, and Care packages take them beyond the circle of those they know into a broader concern for the welfare of others.

TEENAGE YEARS

In 1980, there were over 29 million teenagers in this country. They spent just over $30 billion dollars that year, representing an awesome amount of purchasing power. They are important customers for a wide variety of products from cosmetics to cars.

The amount of money individual teenagers have to spend varies, of course, with age, sex, family affluence, and earnings. For example, older teenagers usually have more money than younger ones; both allowances and earnings increase with age. A Rand Youth Poll in 1980 indicated that teenage girls tend to receive slightly higher allowances than teenage boys. However, boys tend to have more income from earnings than girls.

Your Teenager and the Group

At no other age is the compulsion to conform to the group as great as during the teens; and no other group seems to have defined so well its identity, customs, preferences, and behavior patterns. In addition, the teenager is exposed to outside pressure to conform. Much of this outside pressure comes from advertisers, who consider the teenage group an important "target." This is a time when advertisers try to develop brand loyalty for their products.

Individuals vary in their reaction to group pressure, but all are affected by it. Perhaps one of our biggest responsibilities is to encourage teenagers to develop their own pattern of money management based upon good judgment. Then they will not be so readily influenced by the group. You should encourage your teenage children to evaluate the group needs for similar clothes, cars, and entertainment and to resist them occasionally. This is part of the growing up they must do. Remember that the teens are years of great change. They are years that will see a child turned into a young adult attending college, holding a job, or possibly getting married.

How can parents counteract group influences that they feel are bad? One of the most effective ways is to have set a good example all along by taking the family's needs, wants, and income into
consideration when making decisions about money, and by allowing your children to participate in this planning. Family experiences in money management will provide a frame of reference when your teenagers face decisions on spending their own money.

**Allowances**

Teenagers should have an allowance, but no more than the family can afford. An allowance gives a teenager the continuing experience of using money and living within his or her income. If your children have not previously had this experience, they should get it as a teenager.

During the teen years in particular, the dole system is not recommended. Young people who prefer the dole because they “get more that way” will not feel the need to plan or to set any limits on their spending and, what is more serious, they will get no real experience in planning and choice-making. A teenager who has experience managing money may be less likely to use emotional pleas and outbursts to get what he or she wants.

If your children have been receiving allowances while in grade school, it is recommended that the amount be increased during high school and that it cover an increasing number of personal needs. Some parents, for example, give their high school youngsters the responsibility of buying more of their own clothes than formerly, paying their car insurance, maintaining a savings account, and taking care of their medical and dental expenses. At some time during the high school period, the allowance should be enough to cover all your teenagers’ expenses or should supplement their earnings if your financial situation permits. This practice enables your children to gradually assume increasing responsibility in spending money for their personal needs.

**Looking to the Future**

Since teenagers will soon be on their own, they need to learn something about the cost of maintaining a home and family. The best way to do this is through practical experience in family money management. For example, if you have a food budget, your teenage children can do some of the meal planning and weekly food buying — at first with your help and supervision, and later on their own. Or, if they are constantly using the family car, they could assume the responsibility for servicing it, paying insurance and other bills for it, and keeping an accurate record of all car expenses.

Your teenagers also can help pay the bills by writing out checks
and addressing envelopes. Reconciling the bank statement can give a picture of both monthly and seasonal expenditures. If you keep family account records, let your teenagers write down the expenditures so they will see firsthand where family money goes. These records will give your son or daughter who is thinking about marriage, college, or a job some facts about how much it costs to live.

**Earning**

Young people are under so much pressure to spend that most of them are eager to earn. Certainly teenagers should have an opportunity to learn from a working experience. They should arrive at adulthood with an appreciation for work and with the experience of meeting work situations responsibly.

Yet some limits must be set on the amount of work a teenager can do if he or she is to make the most of the other learning opportunities available. The high school student who works long hours to support a car may have little time or energy left for study, school activities, or other social experiences. Encourage your children to set limits on the hours they work and to talk over problems with you.

Working for an employer outside the family gives a young person confidence in dealing with other people and some knowledge of what is expected on both sides of the employer-employee situation. If your children are working with you in the farm enterprise, you can still be businesslike. Don’t impose on them, and don’t let them shirk their tasks. Decide ahead what each child’s share will be after the corn or cattle have been sold.

If your family includes some teenagers earning outside the home and others contributing to the work within the home, you will have to work out a system with them that is fair and agreeable to all. Your children are more likely to assume their share of responsibility when they understand the family’s financial situation.

Some families are in a unique situation since their teenagers’ earnings have to be used to help meet family obligations. If this is the case in your family, your children should be consulted and their feelings and interests considered. The decisions made should be agreeable both to them and to you.

If one or more of your children work away from home during the summer, you might suggest that they try various jobs. Through vacation work your son or daughter may find the career that appeals
to him or her. Hospitals, playgrounds, resorts, and factories offer summer opportunities.

Some teenagers have developed successful businesses from their hobbies; others are cashing in on skills and abilities. Don't take their ideas lightly. If your daughter thinks that her ability to wrap gift packages beautifully can be turned into a source of income, encourage her to be businesslike in studying her market, setting her prices, and advertising her services. Be her consultant in considering the advantages and disadvantages of her venture. If she needs capital, advance money to her strictly on business terms or help her get a loan from the bank.

**Spending**

Teenagers should decide how their money is to be spent. Although parents may offer advice, teenagers should control their own purse strings and should accept responsibility for their choices.

According to studies of American teenagers, expenditures in the early teens tend to be for frequently purchased, relatively inexpensive personal articles. In the late teens, purchases include major items. It is well known too that teenagers concentrate their spending on certain products. Their purchases of such diverse things as ice cream, soft drinks, cosmetics, grooming aids, and records and tapes account for a considerable part of the total sales of these items. Practice in shopping helps teenagers develop their shopping skills. They should become familiar with comparison shopping, unit pricing, and sources of shopping information, such as consumer product testing organizations.

Teenagers often use credit as well as cash for their purchases. Some stores even have special credit plans for this age group. It is therefore important that teenagers understand the cost of credit and know how to use it wisely. With your counsel and through experience, your teenagers can learn when it is best to delay buying until they have the money and when it is wise to buy on a credit plan.

Rather than use credit, your children may ask you for loans. It is recommended that you set up regular amounts and times for repayments. You might want to charge some interest. Even a small amount will show a teenager the costs of using future income and the value of planning and saving.

**Saving**

Planning for future purchases is important for all teenagers. It is particularly important for those who, for example, are paid on
commissions, who get their incomes from a farm or other business, or who do seasonal work.

For successful saving, teenagers need a purpose, a plan, and resources. Reasons for saving are not hard to find. Most high school students look forward to vacation trips, owning a car, or going to college. They like clothes, and many have hobbies for which they need equipment. It’s up to you to help your teenage children decide what they want to save for and how to accomplish their goals. By encouraging your children to choose definite goals, you’ll be discouraging wasteful spending and lack of planning.

Since saving is most effective if done systematically, talk over plans with your children. Help them decide whether they should save by the week or by the month. Also, help them decide where they can best keep their money — in government bonds, in the savings and loan association, or in the bank.

Sharing

After children enter high school, their sharing starts to become more complex and more like that of an adult. They still have the responsibility for individual sharing, such as giving to the church, but they may also have to take on such tasks as managing the funds for a youth center or for school extracurricular activities.

Sometimes a high school group may spontaneously embark on a special program of sharing. One senior class, for example, decided to give the funds for their class trip to their adviser when her home burned. The important idea in such sharing is that it be done within the budget of the student. Often the whole family can take part in sharing, but for the senior class mentioned above, the project would have lost its point if the parents had been solicited to help out.

PROBLEMS CHILDREN HAVE

Losing Money

Children, like adults, occasionally lose or misplace money, just as they lose sweaters, gloves, and other things. If the lost money was intended for lunch or some other essential, you may have to replace it or have your child take a lunch from home. But if the money was intended for personal spending, the child should wait until more is accumulated, just as you would have to wait if you had lost yours.
Even though it is hard to turn down the pleas of an unhappy child, standing firm and not reimbursing your child will help him or her learn that the money is gone and there won’t be any more until “payday.” You can sympathize with your child, but explain that if you lost your money, the family would have to do without many things.

If your child loses money often, it indicates a carelessness that you will need to help correct. You can encourage your child to carry only as much as he or she is going to use. Together you can find a regular place to keep the money and a better way to carry it.

**Hoard**

Often young children will hoard money because they see the coins and paper themselves as having value. Once children understand that money is a tool, this hoarding is likely to stop. Older children may hoard money simply because they have nothing to spend it on. If children do hoard, be sure they have opportunities for spending. Be available to assist them in pointing out alternatives and help them in the choice-making process.

**Not Spending Money As Agreed**

Parents may expect their children to pay for school lunches out of allowances, only to find they have been spending the money on candy and toys instead. Parents need to make sure each child knows what the money is for and that the amount is adequate. Sometimes parents need to reduce the choices for a child until he or she becomes better able to make appropriate decisions. For example, a child who spends lunch money on something else could be made to give up some play or television time to prepare a sack lunch to take from home.

**Breakage**

When something has been broken, parents need first to assess the situation — was it an accident or was it carelessness? If the broken item is outside the family, for example, a neighbor’s window, give your child support, but also give him or her some of the responsibility for making restitution. If the child is old enough, let the child have the experience of making arrangements for the repairs. The child should pay part of the damage, depending on the size of his or her allowance or earnings. If the family pays part, have
the child realize that the family will have to give up something to pay for the breakage.

**Stealing**

Stealing money often is associated with a phase through which children go. If the child is less than six, he or she may not even realize that the money isn’t his or hers. If the child has an allowance, parents should make sure it is enough to cover the child’s needs. Parents also need to provide the child with interesting activities, so that stealing doesn’t seem like an exciting alternative. Finally, stealing may be used to gain attention. Parents need to give acceptance, affection, and understanding to their children as positive reinforcement for desirable behavior.

Don’t let stealing continue. Have children return stolen items. Many teens have no qualms about shoplifting from a store, even though they would never steal from a neighbor.

**A FINAL WORD**

The experiences of children in getting and using money will depend largely on the financial situation of their parents. This circular has suggested ways in which all children may be provided with favorable opportunities for using money. It is the prevailing opinion that children should receive allowances that are adjusted through the years to cover an increasing number of personal needs. As a child grows, he or she should supplement his or her allowance with earnings from appropriate types of work.