



Children's Pocket Money

Pocket money provides children with opportunities to understand what money is about and that there is a value and worth to money. Learning to handle money and spending within a budget develops the skills of independence, good judgment and responsible habits. Parents have an important part to play in how their children learn and make sense of money. It is essential to discuss financial issues including saving and budgeting.

If you choose to provide pocket money the allowance will depend on circumstances, child's age, and possibly how much their friends are getting. The Halifax pocket money survey of 2009, states that the average weekly amount for 8 to 11 year olds is £4.80 and for 12 to 15 year olds the amount is £7.44 per week.

What do children need to learn to get the most from their pocket money?

Spending

Teaching children good budgeting habits can start from as early as pre-school age, really from when a child is becoming aware that money equals purchasing power. The first stage is to be able to count coins and notes and to gain an understanding purpose of money. Children need to reflect on the difference between what they 'need' rather than 'want' in order to spend wisely. Explain to older children how advertisements try to influence what we want and buy. Taking into account their age, level of development and understanding.

Saving

As children grow, help them to understand the importance of managing money. Being able to keep track of money and to learn to save can make it achievable to afford what you want. This is a good habit to foster, which could lead to financial stability as an adult. Explain that we sometimes have to make choices that might include waiting until we can afford to buy something. To help them save, you could try drawing out a chart showing how long it will take to purchase a desired item and the progress they are making. Young people benefit from learning how to budget and having an understanding of what credit is and how to manage it prior to living away from home/starting university education.

Sharing

Although not a necessity the ability to give to others e.g. purchasing a gift for a family member, making a donation to a chosen charity is a positive attribute to acquire. This is a way to bring your own family values into financial education.

What are the benefits of pocket money?

When younger children receive pocket money they have opportunities to gain an understanding of how to spend and manage money. Traditionally younger children spend their money on sweets, drinks and magazines. Older children like money for clothes, going out and make up etc.

It is important to note that pocket money works best for children if it is paid regularly and on time. A fixed amount each week is reasonable, with an increase in money as your child gets older or their needs change.

You may choose to arrange top-ups to pocket money in exchange for jobs around the house.

Why should young people be provided with a regular allowance?

Giving a regular allowance is a way to help them to learn to make choices and provides opportunities for the young person to take responsibility for their own personal needs.

Discuss with your child what the allowance is meant to cover, for example is it going to cover daily expenditure or will you provide this? How much of the allowance will cover buying clothes, shoes etc?. Will you buy the larger more expensive items or will your child need to save for these? When the allowance is not being managed well listening to your child and airing your views followed by an agreed solution will be required. This may be avoided by starting the allowance on a trial period only.

When children spend their own money, a budget plan (see example below) may help them to identify how much money is being spent.

Item	Weekly Income £	Weekly Spending £	Saving £
Pocket money	20		
Food and snacks		4	
Magazine		3	
Saving for C.D.			3
Going out		5	
Saving for clothes			5
Saving			5
Mobile phone		5	
Transport		5	
Saturday job	15		
Total	35	22	13

Older children could be provided with a monthly direct debit into their own bank account. Young people may choose to earn extra money with part time work this will require discussion and negotiation particularly during exam periods. Children must be at least 13 years of age to work. During school days and Sunday they can work for a maximum of 2 hours per day. The Children's Law Centre can provide further information visit www.childrenslawcentre.org Young people can contact them on freephone 0800 808 5678

If you would like help with any family issue,
 Please ring Parents Advice Centre for guidance and support on
 Freephone 0808 8010 722 or email info@parentshelpline.org.uk