

Kids and Money at Holiday Time

Do you give your kids an allowance or pocket money? Do you give them holiday shopping money? Should you? Should it be dependent on completing chores? What should the child pay for with the allowance? There are as many answers to those questions as there are parents and children, but there are also some areas of agreement among those folks who specialize in kids and money.

As you prepare your child for holiday spending it might serve their best interest to discuss money and the wise use of this scarce resource. My Dad use to say "money doesn't grow on trees." He taught me from an early age the importance of earning income and even more importantly to spend wisely. Dad would say "you can't work all day and make money, then go out in the evening and spend everything you made that day." Today's youth are seeing the ease of plastic money and how easy it is to just "charge it."

Another thing I want kids to know is Best Money Practices. I want kids to know early in their lives the value of work and payment for that work. I want kids to know it is important to have responsibility for a job around the home or in the community. I want them to learn early it is important to show up for work, be dependable, and to complete that job on time and do their very best at any job they are given.

Experts agree that kids should receive allowances, and the allowance should start at an early age. Obviously the amount of the allowance and the items it is expected to cover will increase with the child's age and ability to handle money. Allowances are an excellent way to begin teaching money management skills, but that only works if the allowance is given regularly-weekly, biweekly, whatever the family decides and the expectations are clearly understood by all. Consequences for not handling the allowance appropriately should be logical--- extra money from parents should not be forthcoming unless earned.

That may sound simple, but it requires discussion and teaching before a child can really be expected to understand the concepts of an allowance, and how to properly manage it. For instance, what do you expect you're 13 year old to purchase from his or her allowance: A movie each week; Music CD; Clothes; School lunches; Snacks or hair cuts, what holiday presents?

If so, then the allowance must be adequate enough to cover these expenses. On the other hand if you are going to pay for holiday presents they are giving, then you should determine before hand what amount to be deducted from the allowance.

Throughout the year if you are going to provide for the clothing needs, then you don't need to calculate that into the allowance, but you need to be prepared for lots of "I needs".

Some amount for regular savings should also be built into the allowance as well as encouraging them to save part of holiday cash gifts they may receive. It is never too early for children to learn to save!

Which leads us to another big question about allowances: should they be dependent upon doing chores, or freely given? Again, there are varying opinions, but many experts believe that regular chores and regular allowances should be separate transactions within the family economy. Experts advise children should have a certain amount of the "family money" just as they have certain expected family tasks. These are independent of each other.

I agree and I don't believe that any of us would enjoy a family economy or dynamic where every time someone did something they expected payment. Everyone in the family should have certain tasks that they are expected to do to keep the family running smoothly. From time to time, children should be asked to do extra tasks that may or may not be financially rewarded.

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