

**E**xactly where do our children learn how to spend money? Most elementary and middle schools don't teach kids how to be responsible with their money. There might be a section on how to balance a checkbook in math class, but in most cases that's all. There simply isn't a place for money management in the curriculum.

If schools don't teach financial skills, then the entire burden must fall on the parents, right? The sad truth is that the burden does fall upon the parents, but many don't recognize this or else just don't know what to do, so their authority is taken over by advertising agencies, who jump at the chance to give kids their own ideas on how to spend money.

Television commercials urge children to do the same thing that they urge adults to do – spend money. However, when you're watching TV with your spouse and you see a commercial for a new BMW, you don't point to the TV set and say "I want that!" Well, you might, but the point is that you have a better understanding of how money works and you know that simply telling someone what you want isn't enough to make it appear in front of you.

Children, young children especially, find this idea more difficult to grasp. Money is an abstract concept to most young children, and the advertising agencies know this. Children don't know that their parents are not an unending supply of money; why should they? Most every time your child wants something, if they get it, it's paid for by you. Every time you take your child to the grocery store, she sees you pay for the bill with money from your wallet. When the cashier gives you change, your kid sees that people just give you money, even when your buying something!

It's completely rational for young kids to fail to understand that money has actual value. It's up to you to show them what money is actually worth, and what people do to obtain it. You go to work everyday and complete an assigned set of tasks for your employer to pay you each week. The best way for your kids to understand this is to put them in your position. Design a set of weekly chores for you kids to complete before they can be rewarded with an allowance.

Now this doesn't mean you have to put your children to work exactly like you boss does to you. You don't need to play quality control with your kids. Take into account their ages and abilities when you inspect a completed task. For instance, if your 7-year-old's chore is to make the beds, don't let him get away with balling up all of the covers and just throwing them in the middle of the bed. At the same time, don't use a ruler to check that all of the folds are even.

Bear in mind that the weekly chores shouldn't be things that are expected of every kid in the first place. A child shouldn't get paid money for cleaning her bedroom, for example. This sends the message that money is earned by just doing the normal tasks required in life. You don't get paid to keep your house neat, do you?

The important thing here is making your child understand that completing a series of tasks will lead to a goal, in this case, payment. It's more important that you let your kids accomplish the somewhat difficult task (no matter what your age) of getting into a new routine. For the first week or two, praise your child for just adequately completing the job on time. This is progress in itself. After that you can worry about the quality of her work. There's a good chance it will get better with practice anyways.

An allowance not only teaches children how the money-earning process works, it also makes them feel like a functioning part of the family. Thirdly, once the kids have their allowance money, they can begin to learn money managing techniques on their own. Be patient with this. Also, being too intrusive in your child's money decisions takes away the feeling that he earned the money: that it is his.

When your child inevitably runs out of money before her next payday, be firm – especially if it's the first week of the allowance plan. If you give in and give them more money after they have spent their allowance, this completely undoes everything that the concept of an allowance just began to create.

This says to your kid that they will get paid for doing their chores, but why do that when you're just going to give them money anytime they need it? If their next payday is only a few days away, you might consider giving them an advance on their allowance. If you do this, make sure you write out an I.O.U. to give to them in lieu of their allowance next week.

Probably the worst thing to do would be to scold your child for spending all of their money, only to pull out the wallet or purse to give them money anyways. This gives your child two bad misconceptions about money: (1) it's shameful to be in need of money and (2) you're always going to give them money anyways, regardless of any chastising you might hand out along with it. Kids will put up with a few minutes of disapproval for a cash handout. Wouldn't you?

If the kids aren't taking their chore duties as seriously as they should, don't threaten to reduce or eliminate their allowance if the chores are not done. This gives the message that they can essentially pay you to not have to do their chores. Remember, an allowance not only teaches kids how to be responsible with their money, but how to be responsible with completing tasks.

If your kids genuinely hate the chores, try to mix it up a little bit by adding something they might enjoy doing (but is still work, not play). Try to work in a few chores that allow your child to use her creative side. Helping to prepare a meal, decorating the house for a holiday or party or helping a parent build or fix something might be a nice diversion from day-to-day errands.

If there is more than one child in the family, divvy up the tasks as much as you can and design a rotating schedule so they don't get bored by doing the same things every week. At least a few of the jobs your kids are to do should be fun and even a little challenging.

This will give them more incentive to get them done and it will keep them from learning that all work is dull and menial.

Should kids be rewarded for academic accomplishments? Of course: just not always with money. There is no worse plan than the one that involves a set amount of money for a specific grade (\$5 for an 'A,' \$3 for a 'B'). When you tell your children ahead of time that a certain grade will net them a certain cash prize, you are essentially bribing your children to do well in school. All this does is make a game show out of your child's scholastic achievements. There is a much more valuable reward you can present to your children when they do well in school: your approval, your pride. Believe it or not, every kid highly values the approval of his parents, even though it may not seem that way all the time.

If you have more than one child, the grade-bribing system is less desirable, almost dangerous. If Sister easily gets an 'A' in language every term while Brother has to work twice as hard just to get a 'C,' doling out monetary rewards is just asking for trouble.

Think about it: they have already seen their current abilities assigned a value, a grade. Sister is two notches better than her brother. The last thing he needs is a clear-cut demonstration of how his sister is more valuable to his parents than he is, especially if he is actually working hard on his studies.

Academic accomplishments should be expected of your kids by default. You need to convince your kids that the skills and knowledge they learn in school is valuable by itself, worth much more than anything they can buy for five or 10 dollars. If money is their only incentive to do well in school, kids won't value their education and their grades will drop anyways.

When you've decided what your child is going to need to do to receive his allowance, you going to have to how much he's going to receive. To do this you need to figure out what you want to teach your kids about money with their allowance, and exactly what their allowance is going to mean to them.

Is it just extra money for them to throw around? Do you plan to use their allowance to teach them about saving, or even charity? What necessary expenses are going to come out of their allowance, lunch money, clothes?

Besides working out the expenses that are to be covered, also take in to consideration the obvious questions like the child's age and the amount of money other kids his age are getting, with respect to how much your family can afford.

If you make the allowance big enough to promote a savings plan, you should take an active interest in urging your kid to open an account. Maybe a loose grip on the reins is a better way to approach this. If you force your child to put money away in a savings account, to her, it's just going to seem as if that part of the allowance was never hers to begin with.

Try to get kids excited about saving by showing them your bank documents and tell them that they can open an account in their own name. They will get excited about doing things that a grown-up would do. If you can convince them to open an account (and it is best if they make the decision), don't envision a grand savings plan for your 7-year-old to begin putting money away for graduate school. Your child will be more apt to save in the future if she sees that saving money leads to an achievement of some type.

For example, if your kid gets \$5 a week, and he wants to buy something for \$20, show him how putting all of the money away will get him what he wants in four weeks, putting half his allowance will get him the item in eight weeks, and so on. The important thing is that a goal is reached; the child learns that putting money into a savings plan isn't just like throwing it into a pit. Maybe their next purchase can be something of greater value, both to them and you.

With any luck, after the four or six or eight weeks of saving, the child will have second thoughts about buying the \$20 item – it just won't seem as valuable anymore to him. This is a sign that your kid is beginning to learn the value of a dollar.

If you've decided to include your child's school lunch budget in her allowance, you have to set a few ground rules for yourself before saying to your child, "Alright, here's 15 dollars for the week, but you have to use this for your lunch money, too." There are several problems that almost seem too obvious here.

Although it would be great to see your child start saving money, no parent wants to see their child skipping lunch to save up his money. And what if the opposite happens? That is, you give your son ten or fifteen dollars at the beginning of the week, for both his allowance and lunch money. Wednesday rolls around, and guess what? "Mom, Dad, I'm out of money."

Now you're kind of stuck. Do you give him enough money to eat for the rest of the week, or do you tell him, "Too bad, if you were more careful with your spending, maybe this wouldn't have happened."

Maybe somewhere in between is the best answer. First of all, before you allocate a part of your child's allowance to his lunch money, you should make your rules concerning lunch money clear. If it is going to be your policy to not give any additional money out during the week, say so. Although there's no guarantee that this will prevent poor money management on the part of your children, at least they will understand what your position is.

And in reality, there's no reason for your kids to starve during the day at school if they have run out of money. Teach them how to economize. Show them how to pack a lunch (don't do it for them).

Another time in which you can teach your kids the value of a dollar is when buying clothes. You don't have to make your kids spend their allowance on their clothing, but

you can give them a seasonal allowance for them to buy their own clothes. For example, every time a new shopping season starts (back-to-school, summer clothes, etc.), give your kids the money that you were going to spend on their clothes anyways and let them buy their own clothing.

Depending on their age, a certain amount of supervision will be necessary, but the fact that they will be making their own purchase decisions will help them learn money managing skills. Tell them that this is all the money they are going to have to spend on clothes for the next few months. Tell your child she doesn't need to spend the entire amount in one shopping trip. She can save some in case she sees a skirt or a pair of jeans she wants down the line. Or better yet, she can put the unspent money into her savings account.

Not only will kids enjoy having the responsibility of choosing what to spend their money on, this will be yet another lesson in the value of a dollar. Maybe the \$120 shoes won't be quite as appealing when they realize that they consume half of their clothing budget.

### **Fighting the effects of consumerism**

Consumerism is a very popular religion in the United States. Children and adults alike are constantly confronted with messages to buy and spend. The adult demographic is targeted by car companies, credit cards companies and manufacturers of luxury items, all of which send the same message: you don't have nearly as much stuff as you should have.

Advertisers are constantly trying to "upsale" the public, that is, telling them they need things they cannot afford. Luxury cars are advertised during football and other sporting events even though demographic studies tell us that the vast majority of the fans watching the football or basketball game are nowhere near being able to afford that car. But the ads dangle their products in front of them anyways.

The advertising agencies are no more scrupulous when it comes to children.

*Kidscreen*, a magazine that focuses on advertising and children, reports: "Agencies are cautiously eyeing the zero-to-three [year-old] demographic, a group that poses tremendous challenges and opportunities because research has indicated that children are capable of understanding brands at very young ages."

The advertisers are ready to tell your children how to spend money. Children are bombarded with advertisements specifically designed to catch their attention during their favorite TV shows. If you, the parent, don't explain to your children how money works and how to save and spend wisely, you may pay for it on a shopping trip in the near future in the form of some type of tantrum.

The first step you may want to take is limiting the amount of television your children watch or encourage your child to take an interest in other activities. If this proves more difficult than it sounds, just focus on distracting the kids from commercials. Turn the

volume down during commercials and talk to your kids about something else. If you think they're old enough to understand, watch the commercials with your children and talk with them about the ads. Ask your kids what they think about the ads themselves, what they're trying to accomplish.

Still, let your children have a say when you are shopping for them. Giving them some control over which clothes or school supplies to buy will make them feel that their opinion matters. You don't need to give them free rein over everything, just set ground rules in advance and give them a few choices. Making choices will make your kids feel important.

When you go shopping, always use a list. When your kids want something that you can't buy at the moment, explain to them that they can't have it because it's not on the list. Help your kids start a master list of the things they want. When they want something in the store, tell them that they can't have it now, but they can put it on the list. Just the fact that it's on the list will calm them down a bit.

Of course, making a master list doesn't help if the kids see no hope of getting anything on the list. Use the master list for birthdays and holidays. If there's no birthday around the corner and Christmas is a long way off, tell your kids that they have to do what Mommy and Daddy do when they want things: work for them.

Set up an allowance system for them. Give them weekly or daily chores to do and reward them with a set amount of money. Sit down with your kids and draw up a savings plan for something they want. When they save enough money, congratulate them. But before they blow all of their money on the toy or video game they want, remind them how hard they worked for that money and ask if this is really what they want to do with it. Suggest that they put a little bit in a piggy bank or a savings account.

A savings account of their own is the ideal way to let your children feel as if the money really belongs to them. Most kids will be delighted when they see their name on a bank statement or transaction register. It will make them feel grown-up, responsible.

It's a good idea to make sure that your children understand why the family can afford only so much. Be honest with your children. If your kid wants a new top-of-the-line baseball glove that you can't afford, explain to him how many hours of work you need to put in just to afford the glove.

Counter the popular argument of "But Chris has this one. His parents bought it for him," with logic. If you know that Chris' family makes more money than you do, tell your son that. Maybe Chris is an only child and your son has both a brother and a sister. If there's a legitimate reason that you can't afford the glove, then there's a reasonable explanation that you owe to your kid.

## **Earning money on their own**

The time will eventually come when your children want to earn money without (too much of) your help. There's something about that first dollar one earns that's not given to them by a parent or relative. It makes the kid feel independent, like he's mature enough to make a little extra money on his own. For some reason, this money seems even more valuable to them, too.

A good way to prepare your kid for work outside the home is to explain what you do for a living. Of course your child knows enough about your job to tell people what you do, like "my dad's a firefighter" or "my mom's a nurse." But for parent who works in an office, or any number of other business occupations, it may be difficult for the kid to see exactly what it is that their parents do.

Explain to your child what it is you do if your job deals with ideas that most kids will find abstract, like brokering or investing. You may want to keep the explanation of your job simple, especially when talking to a younger child. Getting into all of the complicated aspects of your job might turn your kid off from asking questions in the future. Just give a simple, patient explanation and encourage kids to ask questions by saying something like, "Is there anything else you would like to know about what I do?"

Making sure your children understand what you do and why you get paid for it is a good launching point for getting them interested in finding work on their own. If your child is in her early teen years, they're may be a limited number of opportunities for them in the job market, as most businesses don't hire teens under 16. But this doesn't mean you're going to have to give your kids an allowance until they're halfway through high school.

If a friend or relative has a business of their own, like a shop or a restaurant, that would be perfect for a young teen. Businesses like this would most likely pay by paycheck, giving your kid an opportunity to learn firsthand just how much a dollar is worth after the government takes its share.

But chances are that kids under 16 are going to have to find a job in the neighborhood, such as cutting grass or babysitting. Before deciding what kind of job he should look for, you and your child need to figure out several things. For one, how much time he can invest in the job? Does he have after school activities he is committed to? Is he doing well enough academically to take more time away from his studies?

Another thing to take into account are your kid's abilities and interests. Not every first job is going to be interesting to a kid, in fact most won't be. But if your child has a knack for fixing things, be sure to mention it when your neighbor complains about something broken around his home. If a friend talks about how their child is having trouble in a certain subject that you know your kid excels in, suggest that their kid be tutored by yours.

Which leads to another good point: let people around your community know that your kid is looking for work.

Your kid needs to do this, too. If she plans on doing yard work, make sure she lets everyone in the neighborhood see her working in your yard. The seasons dictate what kind of work is out there. In the spring and summer, grass needs to be cut. In the fall, kids can rake leaves. In the winter they can shovel walks and driveways.

Take an active interest in your child's job when he finds one. Ask how his "day at work" went. If children are frustrated about a new job, you as the parent should always let them express their frustrations about work. Don't you like it when people ask you about your day?

Plus, this gives you a chance to assess if their complaints are valid. Everyone complains about work, but sometimes kids have a legitimate grievance. If your kid says she's not getting paid enough for her work, maybe the customer is really trying to rip her off, it's not impossible. If she complains that the work is too hard, it just might be. Listen to your children and have them explain as much as they can about the job.

Many times, it will be a case of them just getting used to the habit of working for pay. There's nothing abnormal about this. Only a very lucky few of us find that going to work is our favorite thing to do. So let your kids vent. Better yet, share some stories from your own job with your kids. They'll appreciate the fact that you take their complaints as seriously you do your own.

If your kid is having a legitimate problem with his employer, try to let them handle it on her own. The more she can take care of without the help of an adult, the more responsible and confident he will become. Of course, if there is ever a serious problem, you may have to step in. Pay attention to your child's work and ask them about it, and you will be able to decide if something is serious enough to require your attention.

Maybe most importantly, though, is not to let your child become consumed in her work. She still needs time to be a kid. This also sends the wrong message, that work is everything in life. Even for an adult supporting a family, work is a huge part of life, but certainly not all of it. Make sure you teach your kid how to balance work and fun and he will grow to learn that having a job is an important, large part of life, but that without it there would be no such thing as vacations.