



Show Me the Money

Kids, Money & Allowance

January 10, 2012

Milton Ave School



Goal: Happy & Healthy





GGC Financial Ventures

- Financial Coach for Kids & Teens

- Personal mission:

- Help as many kids and teens as possible to grow up to be financially healthy adults!



Allowance Program

- Best and simplest tool for teaching great money habits
 - ALLOWANCE
- *5 Steps to a Successful Allowance Program*
 - Companion e-Workbook



5 Steps to a Successful Allowance Program

1. Family Money Values
2. Financial Personality
3. Pay Day: Allowance
4. Money Skills to Master by Age
5. Your Game Plan



Family Money Values

- What are Your Family Money Values?
 - On Earning?
 - On Spending?
 - On Investing?
 - On Saving?
 - On Giving?
- Each family member will have differing values
 - Compare your results before sharing with your children
- Your Goal:
 - You want to incorporate YOUR family values into teaching your children about money



Financial Personality

- Is your child a “Saver” or a “Spender?”
- Take Financial Personality Quiz
- You may need to tailor your allowance program to fit each child’s “financial personality”



Money Skills to Master

- How to Spend (wisely)
 - How to Save (short term goals)
 - How to Invest (long term goals)
 - How to use Credit (carefully)
 - How to Share (give back to society)
-
- Use everyday events to discuss money
 - Discussion level for appropriate age



Age Appropriate Concepts

- Ages 2 to 4 – Toddler Play Money
- Ages 5 to 7 – Making Choices
- Ages 8 to 10 – Strengthen Foundation
- Ages 11 to 13 – Peer Pressure & Planning
- Ages 14 to 18 – Ready for the Adult World



Pay Day: Allowance

- ✓ Why?
- ✓ Who?
- ✓ What?
- ✓ When?
- ✓ How much?
- ✓ Link to Chores?



Pay Day: Allowance

- Why: prepare your child for having an adult income and set them on the path to financial well-being
- Who: children starting at about age 5
- When: weekly for younger, biweekly for teenagers
- What: pay in cash (small bills & coin)



How Much

- Age formula: \$ per each year of their age
- Determine how much money you already give them to spend
- Make a list of what they are expected to pay for with their allowance (spending, saving & sharing should all be accounted for)



Allowance for Chores?

- Family Responsibilities
 - Decide which responsibilities are required as a member of the family.
 - If responsibility is not fulfilled, what is penalty?
- Chores for Allowance
 - If a child doesn't need their allowance that week is it acceptable not to do the chores?
 - Do you want your child to ask you "How much?" every time you ask them to do something around the house?
- Compromise
 - Pay for "extra" jobs around the house.

Allowances teach money management
Chores teach family responsibility



Set the Rules: Spend, Save, Share

- Suggest 70/20/10
 - 70% spending on immediate needs
 - 20% set aside for purchase of big-ticket items or long-term goals
 - 10% for sharing
- Set up 3 containers & use small bills
- Let child set written goals (with your guidance)
 - Big ticket items
 - Long Term goals
 - Charitable organizations



Recap: Dos & Don'ts

- Do
 - Give Allowance!
 - Let child set goals
 - Let child make spending mistakes
 - Talk about money
 - Start small and increase as needed
- Don't
 - Give or take away allowance as reward or behavior incentive
 - Restrict spending or set too-far distant savings goals



Your Game Plan

- Talk about your Family Money Values
- Consider Financial Personality
- Decide on how much
- Set the rules: Save/Spend/Share
- Show them by doing & talk about money
- Be consistent but don't be afraid to adjust



Conclusion

- Information overload!!!
- Make it easy – not complicated – keep it fun
- Use what works for you and your family
- Keep your goal in sight – Happy & Healthy:

Allowance is a tool for your children to learn good money habits for life



Questions?

- Financial Coach for Kids & Teens
 - My blog: www.financialcoachkids.blogspot.com
- Companion e-Workbook
 - “Show Me the Money! 5 Steps to a Successful Allowance Program”
 - Use Discount Code:
Milton

