

MAKING ALLOWANCES

'Money doesn't grow on trees' is no longer adequate financial advice to give the kids. Susanna Stuart says we need to show them exactly how bank balances grow

Can you believe it? It's almost 10 years since the Spice Girls sang, "Yo! I'll tell you what I want, what I really, really want..." and infectiously gave voice to a new style of young person.

Incredibly independent, fashion conscious and socially precocious, today's young people always appear to be busy texting their friends and planning the next party. But, financially, are they so savvy? The other day, an acquaintance of mine was lamenting that her children are constantly after money and never satisfied with their allowance. Her kids, she told me, have unlimited wants.

Which makes them like most adults. The difference is that adults have years of financial experience and, hopefully, have put this to good use. Kids, on the other hand, are starting from a financial blank slate. They are also facing more marketing pressure than previous generations and are often living in households where money is used as a substitute for time.

Although I've seen conflicting figures about whether parents are spending more or less time with their children compared to 20 years ago, most parents still feel there are never enough hours in the day. The pressure is still on both parents to hold down careers and work long hours. Add to this shopping and commuting time, plus all the other running around. In this context, are we handing out money to shut kids up? Are we buying entertainment like DVDs



Children have always been subject to peer pressure but these days this is increasingly expressed in terms of possessions. In the '60s a lucky kid might have owned a transistor radio. Today the mobile phone, iPod, Playstation and computer are treated like standard issue. Any parent of teenagers knows the pressure kids feel to wear the right brands. The way young people express themselves is intrinsically tied to purchases – the conspicuous consumption that was once the domain of well-to-do adults.

The third lesson society is teaching our children is: buy it – buy it now! Thanks to marketing (through television, radio, catalogues and peers) children are highly aware of brands and sales. With all these pressures, parents can help by providing guidance. A lot of our effort goes into taking kids to sports, we lose sleep over their schooling or school camp – we need to put more attention toward their money skills. □

Start Talking Cents – teach your children and teens to manage money, by Susanna Stuart (Random House, \$???)

and video games because we don't have sufficient time to spend with them?

These actions may be short-term fixes, but they are teaching children a money strategy that is more about instant gratification than long-term values.

Another lesson they learn is money buys acceptance.



Pocket money strategies

- * Define what the allowance will cover. Some parents pay for basic clothing, but kids must pay for big-branded items.
- * Assign jobs so kids learn money isn't 'free'.
- * Be firm and consistent. Pay allowances regularly as agreed.
- * Encourage the savings habit by rewarding children with an incentive or bonus if they manage to save a portion of their allowance and reach an agreed target.