



Tips On How To Get Your Child Started On An Allowance!

Have you been thinking about starting an allowance with your child? One of the many ways that you can help your child become financially literate is by starting a well thought out allowance plan. You don't want to just throw some random cash their way for feeding the dog and doing the dishes. Rather you are agreeing on a specific allotment based on your child's needs, backing up the cash with some important ground rules that will help teach them about the impact of money on our lives.



Here are The 5 W's of a Modern Allowance that can help you get your child off to a great financial start:

Who will help your kids learn about money and financial responsibility, if not you? Some schools do focus on financial literacy but they don't cover everything! These important financial skills must be taught at home from a young age. Be a proactive parent and start the allowance discussion with your kids. Make it a fun, exciting experience and make your child feel special by explaining that earning an allowance is a big step in life, and that they have shown enough maturity to take this step. With your guidance and support, instituting an allowance will be a positive learning experience for everyone.

What should an allowance consist of and what are the ground rules? In order to determine how much allowance to give your child, start by taking a look at what you can afford based on your financial situation and then at your child's age. You can always give "raises" for good behavior, accomplishments, and birthdays. When it comes to chores, it may be a good idea to keep them separate from the weekly or monthly allowance. Rather than being viewed by kids as a task deserving of payment, chores should be seen as a way to help and contribute to their family.

Where will your kids save their money? Once they begin to earn an allowance and understand the difference between saving and spending, they should have a safe place (other than their piggy bank) to save money. A Youth Account at your credit union is a great option - not only will their money be secure but they can begin reaping the benefits of saving at and belonging to a CU. As a parent, you can get involved and make your child's credit union experience fun and interesting - together visit your CU's youth section of their website for games and info, and take weekly or monthly trips to the branch to deposit your little ones' savings. They will have fun while learning and watching their savings grow!

When is the right time to start giving an allowance? When your child starts to understand that money can be exchanged for the stuff they want is probably a good time to think about it. This usually happens at around age 5 although it could be before or after - obviously every child is different.

Why is having an allowance as a child a good idea? Children who develop sound saving skills early-on are more apt to grow into financially responsible adults. That being said, saving takes practice and what better way to practice than with real money in a low-risk environment under the supervision of your loving and protective parents? With encouragement and guidance your child will learn saving skills as well as develop an understanding of and respect for earning money.

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