

Money and Our Children

Shopping Lists

Family

Toys

Pocket Money

your
guide

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Money Advice & Budgeting Service

Money and Our Children

In recent times, money has become a regular topic of conversation in homes across the country. Whether it's the cost of petrol or paying bills, most of us talk about money every day.

Unfortunately, money can be a source of stress and strain on the adults of the home, which can often lead to frayed tempers. So is it better to hide this from our children? Or should we tell them when there are money problems in the home?

These are questions most families will need to consider at some point.

As with many things, how your family approaches this will be in keeping with the way your family lives, and your style of parenting. But it's worth considering some of the following points, and then deciding which approach best suits you and your family.

Small worries for big people, big worries for small people

At different ages, children will wrestle with different fears and many of these might go unnoticed by us as parents. Whatever you decide to share with your children, make sure it is not causing them to worry.

For example, if children overhear comments we make about the cost of living, they may become anxious. But if you have greater worries about lack of money (if you're struggling to make ends meet and concerned about keeping the roof over your head) these very big worries for you will be enormous for your child. And they will certainly not be able to handle them. So what can they cope with?

Our instinct as parents is to protect. We try to protect our children from the nastier things in life but we also try to help them to learn to stand on their own two feet. And as parents, we tend to take a measured and stepped approach to this. As our children grow, we teach them new skills, we give them more knowledge, we encourage them to take on more responsibility.

We move on, little by little. If we're doing it well, we're flexible - assessing what our own individual child can handle and cope with as they grow.

There is a balance for each of us to strike between sharing our worries with our children – even if we don't mean to – and keeping them totally ignorant of money and the role it plays in our lives. Yet all children need to learn some important lessons about money.

It doesn't grow on trees

There is no place where you go to 'get more money'. It comes from somewhere – from work, from welfare, etc. Does your child know where the money comes from in your home?

It is limited

That machine in the wall does not churn out endless amounts of cash. Your child will not need to know how much money comes into your home, but they should know that there is a limited amount of it – and when it's gone, it's gone.

We make choices about what we do with our money

As with all choices, these choices have consequences. For a family, we each decide what we pay first. Our priorities will usually be food for our family, rent or mortgage, heat and light in our home. After that, our individual family circumstances will dictate the order of our other spending. For example, if we have debts to repay, car tax and insurance, school costs, health insurance and so on. Deciding the priority is a valuable skill for our children to learn.

Saving money is a smart thing to do

From little acorns grow mighty oaks. Regardless of how little or how much it might be, making a conscious decision to save is important. Saving is a hugely important habit to teach your child.

There is a difference between value and price

The best things in life are free. We need to remember the best times we share with our children – if you think for a moment about the best memories you have so far, what were you doing? Were you spending €20 in a local toy shop because it was raining? Did you go to an indoor play centre and drink coffee while they played?

Or are the best memories of things that cost no money? Is it when you cuddle up and read a story together? Is it when you go to the playground and play on the see-saw? Is it when you spend an evening making popcorn and playing snap?

We teach our children our values – think about the ones you want to teach to your children.

Families share

In our families, we help each other along – sometimes we take turns, sometimes we have to wait. Buying a new coat for one child will not necessarily mean a new coat – or some other consolation prize – for the others.

Anticipation is half the fun

Do you remember as a child wishing for something – a dolls house, action man with the moving eyes, a chopper bike with fancy strings on the handle-bars? The world is a different place from when we were children. Our children have far more, and generally don't have to wait. But helping our children to learn to wait is critical – to plan, to save, to decide and then to enjoy.

As adults, we know we can't have everything. As much as we want the new car now, we know it will have to wait. You learned this as a child, when you waited for that chopper. Our children also need to learn how to wait.

Having money and being successful are not the same things

Children, like everyone else, need to learn to value each other and us as parents, for who we are and not what we have.

So how are we supposed to teach them all of these things?

First you will need to decide if these are things you want your children to learn – maybe these are not in keeping with the values in your family. As a parent, that is your choice.

Family matters

MABS produces a 'Helping Hand at Home Planner'. This calendar helps a family to plan its weekly and monthly expenditure by identifying which bills need to be paid when, and using stickers to place these bills on the right dates on the calendar.

Doing this exercise with your children will show them the number of things you need to pay for each week. They



will probably be shocked when they see how many things you do pay.

This exercise is not about the amounts of money; it's about the fact that money must be paid out. And that's all they need to know.

So when they want something in a particular week, ask them to look at the calendar and let you know how you're fixed that week. Is it a good week or not?

Keeping the bills down

If your child is old enough and you believe mature enough, show them an electricity bill. Explain that the amount owed is a total of all the units used, so the more you use, the more you have to pay. Show them your electricity meter and watch the numbers move – that is your family consuming electricity and running up a bill.

Write your shopping list

Write a shopping list and let them see you shop only from that list, so that you buy only what you decided you'd need before you left home, and nothing more. As a rule, shopping without children is easier, particularly if they tend to add things to the trolley. If your children are with you, give them a job – one can collect things from the lower shelves, one from the higher. Make them tell you the cost of the things they put in the trolley – that way they will become aware of price and value. If you spot a special offer, involve them in deciding if it is a good offer or not. When you're paying, let them see how you handle the transaction. For example, do you use vouchers, do you collect club points and so on.



What I need versus what I want

If you have more than one child, you're unlikely to buy clothes for all of them at the same time. Explain why, so they understand there's a limited amount of money. You can explain that one child's need is greater than another's and the one who has to wait will have their new item next time. It's good for our children to learn to shop according to need rather than want.

Trips to the toy shop

Try to get your children used to the idea that toy shop outings are special occasions, like birthdays and Christmas. Browsing is no harm – we may not always need to buy!

Internet clubs

The internet is full of clubs that cost hefty annual subscriptions and of course, all our children simply must be members, as everyone in their class is a member! Explain to your child that a subscription isn't always necessary – they can generally play most of the games without joining. You could also consider negotiating. If they play regularly without being a member for three months, you can talk again.

Pocket money

Depending on your own situation, you will have a particular approach to your children's pocket money. Some families give no pocket money, either because it just isn't there to give or because you prefer to give to your child as it's needed.

Generally, allowing a child to have some control over an amount of money (it doesn't have to be a lot!) will give them the chance to learn about managing that money. They learn to decide how much to spend, how much to save and so on. These skills are critical because your child will eventually need to manage their own limited income - and learning with small amounts is the best way to start.

You may want to consider putting some rules on pocket money. For example, that your child can only spend half of it and must save the rest; or that they aren't allowed to buy sweets with it. If your child is in a school with a canteen, instead of giving them money each day for the canteen, think about working out with them how much they would need over the week.

Give them a budget and let them decide when and how they will spend it – whether they buy a dinner with it or a hot chocolate and a muffin. This will help them to learn that when they have spent it, it is gone. Even with younger children, helping them to understand the basic principles of having limited money is a valuable skill.

If your child wants to buy something in the toy shop, let them save their pocket money for it. Let them work out how many weeks they will need to wait. They can look at the item as much as they want, and will have a great sense of pride when they hand over their own money to pay for the item they want.

Controlling money is a skill we all need. We need to know when and how much money is coming in and, just as importantly, when it goes out. And even young children can learn this.

Pocket money tracker

Our Pocket Money Tracker is a simple way to help children to manage their money. You can copy this basic document and personalise it with your child's name, then print off a couple and join them together. Explain to your child that they should record on this each time they get pocket money from you. They should also record when and how they spend it. That way they will always know where the money is, and will soon learn to predict when they might reach a particular savings goal.

For older children and teenagers, the pennywise spending diary (available on www.mabs.ie) is a valuable exercise in managing money, although the Pocket Money tracker is still a great habit to keep.

You will also need to think about any link between pocket money and helping out at home. Again, you will decide how to approach this based on how your own family likes to do things.

In some families, the belief is that everyone in the family pulls their weight. Everyone helps out and shares the work, and there's no payment for this – you do it because you're part of the family. In other families, pocket money is earned by doing chores. This certainly establishes a link between work and earning, but can remove the idea of helping at home without being paid for it. Again, your family will know what is right for you.

Pocket Money Tracker

This is your Pocket Money Tracker. Whenever you get pocket money, or you get money as a gift, write it under the 'In' column. Remember to write in the date and where it came from!

Whenever you spend money, write the amount spent in the 'Out' column. Again, don't forget to write the date and where the money went. Each time you enter a new record, you will need to work out the balance by adding or taking away – the last figure in the balance column is always the amount you have left.

Think about what your pocket money is for – have a chat with your Mam or Dad and work out what you will spend it for – remember you don't need to spend it all, or even any of it – see how much you can save – you will be surprised how quickly it all adds up!

Money Tracker is on the back

Adult Children

Explain to adult children the costs involved in running a household and consider asking them for a contribution if they are earning their own income. After all, our aim is to help them become responsible adults who can survive and thrive once they are on their own.

A drop in income

When a family experiences a drop in income – as so many have – parents sometimes find having to make adjustments that affect their children the most difficult part to deal with.

The choices can be difficult for everyone. In MABS, our advice is always the same: draw up a budget and identify priorities. Those priorities will always be housing, food, utilities and necessary spending for children.

If there are cutbacks to be made, try to make them gently but firmly. While your child doesn't need to know every detail, you should not be afraid to let them know that times have changed and circumstances are different.

In tackling the issue of money with your family, you achieve two things. First, you share the load, you don't carry the full burden alone, you don't become the nag, shouting about leaving on lights.

Second, you help your children to grow, you show them how to manage, you teach them how to make good choices, and in doing so you prepare them for adulthood. You're doing what every parent wants to do – teaching your kids to live well.

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