

Teach Financial Responsibility Early

by David L. Smoot, Ph.D.

Parents often ask me about appropriate ways to structure chores and allowance for children of different ages. In some cases, the children have no set responsibilities at home. These same children may "nickel-and-dime" their parents to death by asking for treats, clothing, or toys each time they join their parent on an errand. In such a case, the child is not given appropriate responsibilities or an opportunity to learn to budget money and become a wise consumer. None of us knows for sure what our children will be when they grow up – except that they will all be consumers. Therefore, let us take steps during childhood to help them learn to be **responsible** consumers.

There are many variations on the basic plan for allowance and chores, or freedoms and responsibilities as I refer to them, but I will lay out the general principles I discuss with parents.

Responsibilities. First, I believe that children should be given defined responsibilities just because they are members of the family. When viewed as "responsibilities" rather than "chores," I believe that children do not expect to be paid or otherwise rewarded for fulfilling their duties. On the other hand, rewards and payments have a way of undermining the intrinsic satisfaction – the pride of a job well done – one can gain from finishing a task. Meeting their personal responsibilities is a big contribution to the family and should be praised and respected as such. Appropriate responsibilities will vary depending on the age of the child.

Age Range	Responsibilities
Toddler	<ul style="list-style-type: none">- Put away toys- Put clothes in a hamper
Ages 5-8	<ul style="list-style-type: none">- Set the table- Put away art supplies- Clear dirty dishes- Put away clean clothing- Pick up their rooms
Ages 9-13	<ul style="list-style-type: none">- Wash dishes- Clean bathrooms- Take out trash- Sweep or dust- Mow lawns
Teen	<ul style="list-style-type: none">- Wash cars- Prepare meals- Shop for groceries

You can ask for input from your child when deciding what responsibilities they will have, as it is not necessary for a child to do something he or she despises if he or she will agree to another job. Such a discussion will show your child that you value how they can contribute to the family and that you are not out to make their lives miserable.

Allowance. I believe that children ages six and older should be given an allowance, with no strings attached, merely as a privilege for being a member of the family. That means that parents will not pay 55% of the allowance when 55% of the duties are completed (don't you have enough to keep up with already?).

In the beginning, I recommend that parents pay the child one dollar for every year of age per month. Thus, a 6-year-old would get \$6 per month or \$1.50 per week. As the child grows and their independence increases, it may be appropriate to adjust the formula to \$2 per age in years per month. If the child then complains that the allowance does not stretch as far as he or she would like, you may also provide opportunities for your child to earn money by doing extra household jobs. Scooping up doggie droppings in the back yard, cleaning the garage, or scrubbing grout may be above and beyond the call of duty as a basic responsibility, but perfectly reasonable as a job for which you are willing to pay a wage.

Budgeting. Some parents break the child's allowance into portions: one-third for savings, one-third for charity, one-third for spending, for example. These parents often assert that their child would spend all of his money right away if they did not force him to save. This is fine, but I lean toward a "purer" approach of letting natural consequences teach lessons about budgeting.

I recommend that the child be required to use his money for all discretionary expenses. Now when you go out on an errand and Jeremy says, "Cool, there's a new Turbo Rocket Spaceman! Can I get it?" you can calmly reply, "Sure, did you bring your money with you?" If he admits that he spent it all by Tuesday, you can just nod and commiserate that you hate it too when your money goes too quickly.

You can help your child think about how he wants to spend or save his money in order to help him understand how to weigh financial choices. But in the end, by giving your child the freedom to make choices, even when the choices are poor or short-sighted, I believe you can help him learn to make decisions responsibly in the long run.

Loans. I advise parents not to give loans or advances. Children will learn about credit and collateral later. Sure, you can let them use your money at the store and pay you back when you get home. Kids are not as likely to carry billfolds or pocketbooks as adults are after all. On some occasions, you may be willing to negotiate a deal with your child to go half on a big purchase. Naturally, you would only enter into an agreement when the purchase item is something you are comfortable with your child having. If it's not, you can always, "Sorry, I really wouldn't approve of you having a TV in your room."

Freedom. These lessons of responsibility and money management help prepare your child for successful independence when they are older. This system shrinks down to child-size the financial responsibilities adults have of budgeting and trying to earn more than we spend. This approach allows you another way to mirror real-life responsibility in your parenting.

If you are skeptical about how well you can expect your child to fulfill his basic responsibilities if you can't use the denial of his allowance as leverage, consider this: If he decides not to pick up his dirty clothes, no problem! Just do it yourself and give him a bill for your time. If the bill goes unpaid, you can always hold onto a prized toy as collateral. I believe that along with freedom goes responsibility; likewise, a lack of responsibility will lead to a loss of freedom. Hopefully, this is a lesson that your child will learn quickly!