

The Consumer Council's Money Tips for Parents



The Consumer Council



A parents' guide to teach children
and young people about money

Talk to your children about money

Parents play an important part in preparing their children for the future.

Sometimes children do not realise how much money it takes to run a household. They can struggle with bills when they move away from home to college or set up their own home.

Here are some tips from the Consumer Council that will help you to introduce your children to money, budgeting and saving.

Help young children learn about money

- Supervise younger children when they first learn to count money and go shopping. Help them practise counting and sorting coins by colour, size and value.
- As children grow up, help them to understand the importance of managing money. Explain that we sometimes have to make choices that might include waiting until we can afford to buy something.



Think about pocket money and part-time work

- Giving your children pocket money is a good way to teach them about spending, budgeting and saving. Experts say the best way to teach them how to budget is to give them a fixed amount of money on a regular basis.
- If you give your children pocket money, make sure they understand what their pocket money is expected to cover. As children get older, pocket money can increase or become an allowance to cover bigger purchases like clothes.
- Extra pocket money can be earned by doing household chores. This is a useful way to start learning that people work to earn money.
- Discuss and agree a budget with your children that will include income, spending and savings. For example, if an agreed amount for a mobile phone credit is expected to last for a week or a month, get them to stick to this and adjust their budget if it is not enough.
- Discuss the advantages and disadvantages of part-time work with older children. Make sure you check the law relating to their age and the number of hours they can work. Contact the Children's Law Centre on 028 9024 5704 or visit **www.childrenslawcentre.org** for more information.



¹ Halifax Pocket Money Survey, December 2009

Teach your children about spending and budgeting

Get your children into the habit of planning and keeping to a simple budget. Use the budgeting and savings chart below to help them. You can amend it to suit younger or older children.

Here is an example of a simple first budget.

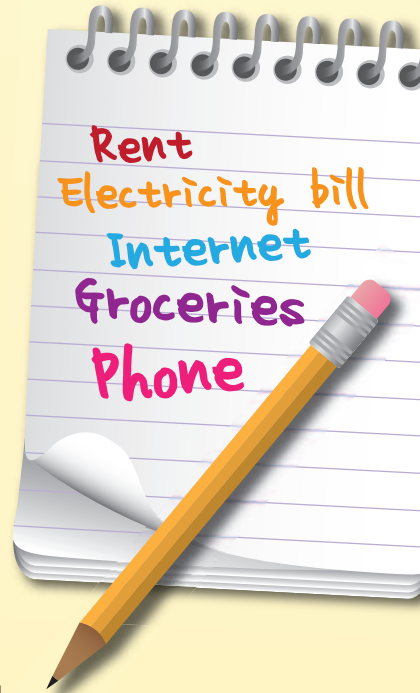
Item	Weekly Income (£)	Weekly Spending (£)	Saving (£)
Pocket Money	6	-	-
Sweets and treats	-	1	-
Cinema	-	3	-
Saving for game/toy	-	-	2
Total	6	4	2

As they grow up and have more money, they can add new items to the budget. An example of this could be:

Item	Weekly Income (£)	Weekly Spending (£)	Saving (£)
Pocket money		-	-
Saturday job		-	-
Sweets and treats	-		-
Mobile phone	-		-
Cinema	-		-
Food/snacks	-		-
Transport	-		-
Magazine	-		-
Saving for clothes	-	-	
Saving	-	-	
Total			

Explain the cost of running a household budget to children

- Help older children to understand the cost of running a household budget. For example, ask them to help with grocery shopping. Get them to compare products to see which ones offer the best value.
- Help your children understand why they need to turn off lights, TVs and computers when they are not in use to save money.
- If the family has to cut back on spending, you could involve older children. Try keeping all your receipts in an envelope for a week. Sit down with them and help them to add the receipts together to track the family spending.
- Lead by example. Make sure you send the right signals. Do you pay your bills on time? Do you sometimes buy things that you can't afford? The things you do may influence your children more than the things you say.
- If your older children are at college or starting a new job, give them a copy of the Consumer Council's Home Budget Planner to help them. Contact the Consumer Council on 028 9067 2488 or visit **www.consumercouncil.org.uk**. You also can download translated versions in Lithuanian, Slovakian, Polish and Portuguese.



Explain that money doesn't grow on trees

- Teach your children that you can only spend what you earn. If you use a cash machine, tell young children that cash machines don't give out "magic money" - it is money that you've earned.
- If you pay for goods or get cash-back using a debit card, explain to your children how it saves you from carrying cash around. Also say that the money comes out of your bank account and you have to budget for this.
- If you use a credit card, explain to them that it is a way of borrowing money and that you have to pay this back.



Help your children with money decisions

- Open a savings account in a bank, building society, post office or credit union for your children so that they can watch their savings grow. Beginning the regular savings habit early is key to savings success.
- If your children get pocket money, money for their birthday or at Christmas, encourage them to save up for something special, rather than just spending it all at once. This will help to give them a goal and motivate them to save their money.
- A Child Trust Fund (CTF) is a savings and investment account for every child born on or after 1 September 2002, started off with money from the government. Parents, family and friends can contribute up to £1,200 a year to the account, with no tax to pay on any income or gains in the account. The account belongs to the child and can't be touched until they turn 18. Visit www.childtrustfund.gov.uk for more information.
- Young adults are being asked to make decisions about money matters like student loans, overdrafts, store cards, credit and debit cards. The Financial Services Authority has useful information on its website to help you and your children learn more about money. Visit www.moneymadeclear.fsa.gov.uk for more information.



³ PFEF, January 2007

Useful Websites

www.consumercouncil.org.uk/education/financial-capability

Get links to games, and tips for children, parents and teachers.

www.moneymadeclear.fsa.gov.uk

Online advice and leaflets that give facts about financial products and services without any jargon.

www.whataboutmoney.info

Set up by the Financial Services Authority to teach 16-24 year olds about money.

www.fsa.gov.uk/financial_capability

Parent's Guide to Money - a free resource for new parents.

www.mymoneyonline.org

Money guides for parents produced by the Personal Finance Education Group.

www.bbc.co.uk/raw/money/family/

Family budgeting using videos and quizzes.

www.nusonline.co.uk

Comprehensive advice from the National Union of Students.

www.parentsadvicecentre.org

Information on the service for parents and young people which offers support, guidance and counselling.



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