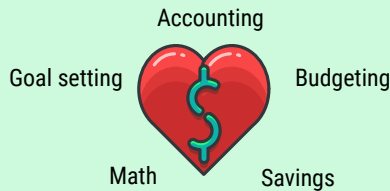




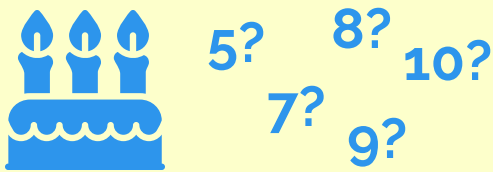
# Paying Your Child an Allowance

## What are the Benefits?



An allowance can be a good way for your child to learn about money. There are at least 5 money management skills you can teach with an allowance: 1) **setting goals**, 2) doing basic **math** to count money, 3) **saving** for a future purchase, 4) **accounting** (keeping track of spending), and 5) **budgeting** (deciding how much to spend, how much to save and how much to give to others). Here are some things to consider in setting an allowance:

## When is my child ready?



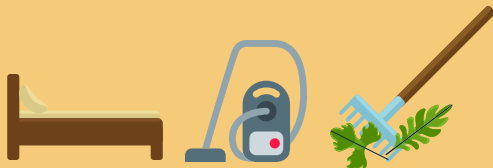
Although many parents begin paying allowances when their child is in 1st or 2nd grade, there's actually no perfect age to start. See if your child is open to learning about or handling money. If you start an allowance that is tied to chores or grades, but your child is unmotivated by the money, you may want to wait until he or she is older.

## How much allowance should I give?



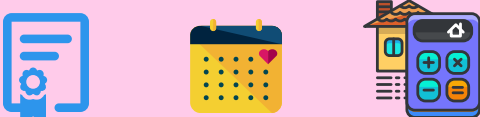
Some experts suggest that you should match your child's age with dollars--for instance, \$8 weekly for an 8-year old, \$10 for a 10-year old. Of course, the amount will depend on your overall family budget. If you want your child to learn to save some of their allowance and also give some to charitable causes, then you may need to provide enough money to make those options possible.

## Should I have my child earn the money?



Here the experts are split. Some say having chores helps kids learn the connection between money and work. Consider tying the allowance to extra tasks--above normal family expectations of helping with dinner, making beds, etc. Others say the real purpose of the allowance is to provide the opportunity for money management lessons, **not** to withhold money when kids don't finish all their chores.

## What are some other important things to consider?



- ✓ Be clear about the terms of the allowance.
- ✓ Help your child create a personal budget.
- ✓ Pay the allowance consistently and on time.
- ✓ Set a good example with your own money management.