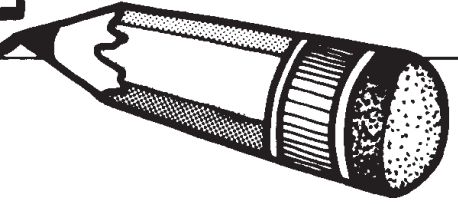


Parenting Pipeline



A newsletter for parents of sixth-grade children
from the North Dakota State University Extension Service



Preteens and Money

Children today are increasingly being targeted by business and industry as consumers — and for good reason. U.S. children age 4 to 12 spend \$24 billion of their own money a year. Kids save an average of 15 percent of their income, about half of that going into savings accounts. Where does this money come from? About seven in 10 children in their age group get an allowance, accounting for almost half (45 percent) of their income. Other sources include working around the house (about 20 percent), from their parents as gifts (15 percent), work they do outside the home (10 percent), and as gifts from relatives or friends (10 percent).

The increasing amount of income from household chores is a barometer of change in family relationships. Recession-scared, dual-income parents look to children to help share responsibility for household work.

Here's how preteens spend their money:

- \$7.7 billion on candy, soft drinks, frozen desserts, fruit and other snacks such as chips and popcorn
- \$6.4 billion on toys, games and crafts
- \$3.5 billion on clothing
- \$1.9 billion on movies, spectator sports and live entertainment
- \$1.3 billion on video arcade games
- \$2.3 billion on other expenditures such as stereos and telephones, fragrances and cosmetics, cassettes and compact discs.

Preteens also influence their parents' spending to the tune of \$188 billion a year on everything from canned pasta to bicycles to athletic shoes.

Allowances

An allowance is one way to help your preteen gain experience in handling money. Making decisions about how money should be spent is a step toward becoming more independent. Some parents may think they cannot afford to provide an allowance, but one way to set an appropriate amount is to keep a record of the money given to the child each week for lunches, other school expenses and entertainment. This amount can then be given as the allowance. Discuss this weekly with your child and make adjustments as needed.

While it's not considered a good idea to pay for all household chores, parents may want to pay for "extra" jobs such as washing the car, weeding the garden or washing windows. In the case of hiring these jobs done, the parent can help preteens establish good work standards and work habits (such as arriving on time and cleaning up afterward).

Preteens will make mistakes in their spending, but adults can help them learn from these mistakes. A product which didn't perform as expected can be a learning experience. First, adults can help preteens prevent (or at least minimize) future disappointments by comparison shopping, doing some "product research," reading ads, comparing prices and asking questions. Second, adults can help preteens exercise their consumer rights in the case of a faulty product by arranging to talk to the store manager where the item was purchased or by helping them write a letter to the manufacturer.

As adults help preteens learn about money, they should:

- guide and advise rather than direct and dictate.
- encourage rather than criticize or rebuke.
- allow them to learn from mistakes as well as successes.
- show how to make spending plans and keep account of how money is spent.
- be consistent but flexible.
- be objective about the purpose of money — not using it for rewards or punishment.
- communicate with family members to help the family work toward short- and long-range financial goals.
- include all family members in decision making and family money management activities.

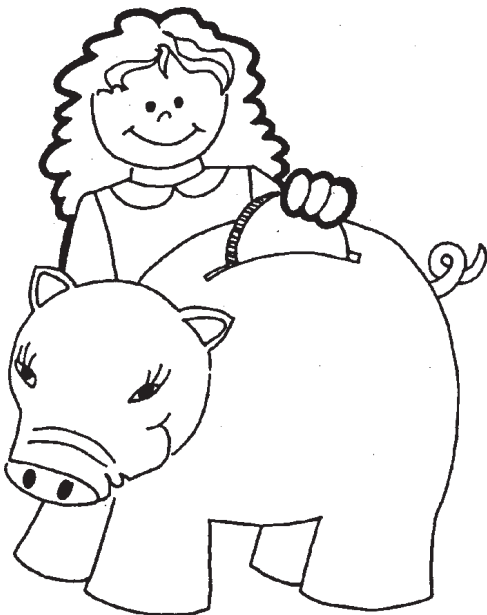
Parents may not feel comfortable teaching preteens to manage money because they feel they're not good managers themselves. But it is not necessary to be an expert to provide appropriate experiences for children.



As with many things children learn, some of the most powerful teaching about money will come from the parents' own example. If money is a touchy subject, if parents always argue about money decisions, children will certainly pick this up.

If parents frequently speak longingly of someone else's house or car or that big TV at the store, children will learn that material things are the most important goals to hope for. If parents practice living on credit, children will assume this is the way money should be handled.

Mature financial habits are basic to harmonious family functioning. Teaching your child about money through experiences with managing money and your own good example of money management will give excellent preparation for his or her own successful life.



This newsletter is published for North Dakota families with sixth-graders by the NDSU Extension Service and distributed through your county extension office. See your extension agent for more parenting information and other home economics programs.