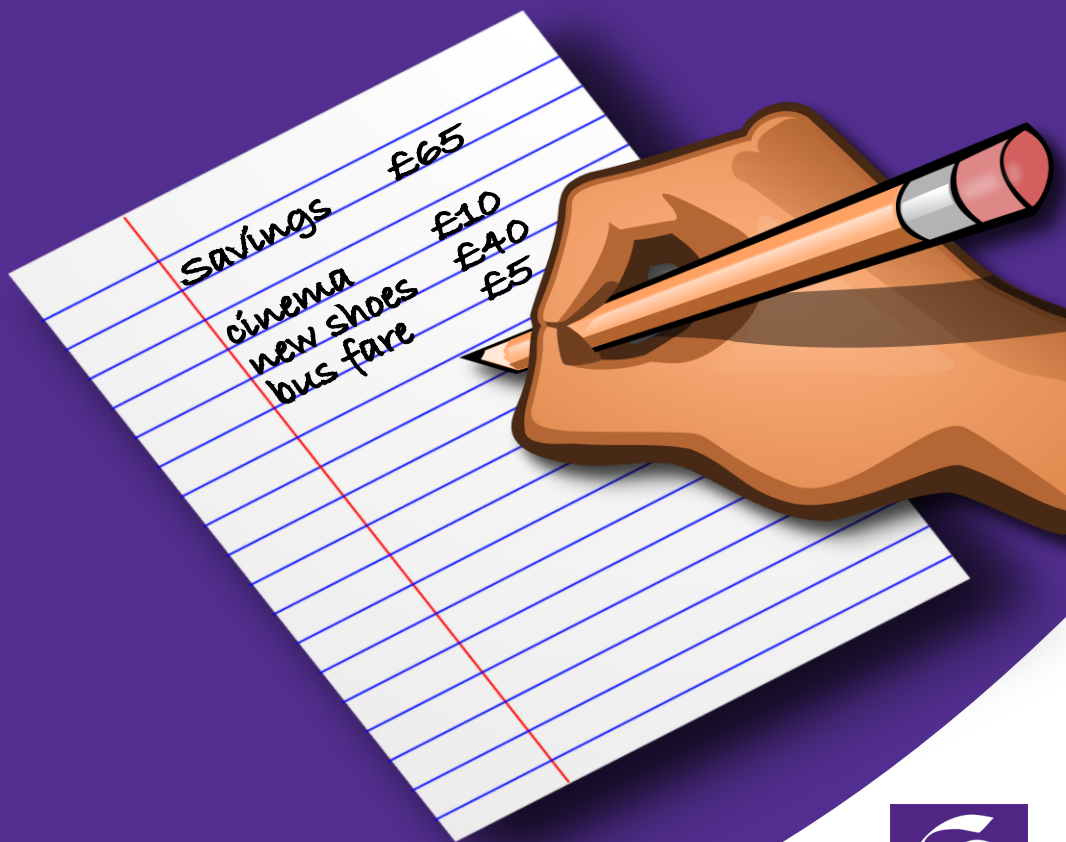


The Consumer Council's Money Tips for Parents



A parents' guide to teaching children
and young people about money.

Talk to your children about money

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

Sometimes young people do not realise how much money it takes to run a household. They can struggle with bills when they move away from home to go to college or to 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.

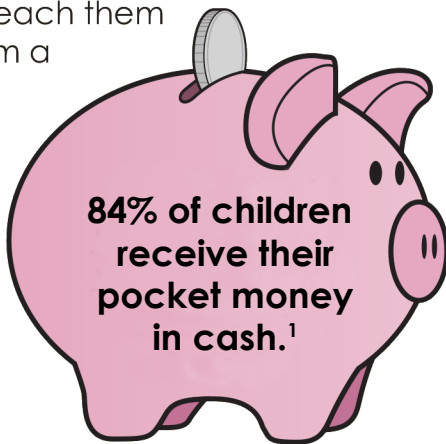
Help young children learn about money

- 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** (Young People - Know Your Rights section).



¹ Halifax Pocket Money Survey, December 2018

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 younger children. For older children who use banks cards for payments, there are budgeting and money-tracking apps available for download.

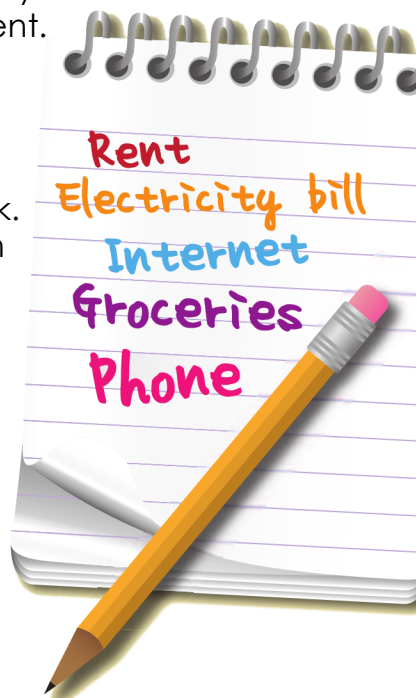
Item	Weekly Income (£)	Weekly Spending (£)	Saving (£)
Pocket money	6	-	-
Sweets and treats	-	1	-
Online game credit	-	3	-
Saving for new game	-	-	2
Total	6	4	2

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	-		-
Entertainment	-		-
Food/snacks	-		-
Transport	-		-
Online purchase	-		-
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, both to be more environmentally friendly and to save money.
- Show children utility bills so they can understand that the more energy you use, the more it will cost. Make it a project to see how much money can be saved through being more energy-efficient.
- If the family has to cut back on spending, you could involve older children. Try keeping all of your receipts in an envelope for a week. Sit down with them and help them to add the receipts together to track the family's spending.
- 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 9025 1600 or visit **www.consumercouncil.org.uk** (Personal finances and budgeting - Budgeting section).



Explain that money doesn't grow on trees

- Explain to your children that you can only spend the money that you have and that, if you have to borrow money, it has to be paid back.
- If you pay for goods with your debit card or make a cash withdrawal from a bank machine, explain to your children that this money comes out of your bank account and that you have to budget for this.
- If you use a credit card, explain to your children that this is a way of borrowing money and that you will have to pay this back.



² Santander research 2018 (conducted by Opinium)

Help your children with money decisions

- Consider opening 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.
- It is more important than ever for parents to help children build up their financial skills and confidence. Young adults are now having to make major decisions about money matters like student loans, overdrafts, and credit cards.
- Despite this pressure on young people, Money and Pensions Service research suggests that 18 - 24 year olds have the lowest financial capability, lowest financial confidence, and the lowest financial resilience of all age groups.
- This can put young people at risk of making poor financial decisions which may lead to unmanageable debts and, in some cases, borrowing from high-cost lenders or, worse still, illegal lenders.



³ Money and Pensions Service, 2019

Useful links and further resources

www.fincap.org.uk/en/articles/parents

Useful information to help parents and families to manage money.

www.moneyadviceservice.org.uk

Advice on how to talk about money with children and young people
(Family & Care - Talking to your children about money section).

www.studentfinance.org.uk

Information about student finance available in Northern Ireland.

www.moneysavingexpert.com/family/teen-cash-class

Practical teenage survival guide to living in a consumer world.

www.young-enterprise.org.uk

Resources designed to support young people to acquire
money skills.

www.consumerCouncil.org.uk

Provides financial help resources in the personal finances and
budgeting section.

www.stoploansharksni.org.uk

Provides guidance and links to helpful resources
for those who find themselves with
problem debt.



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