

## How to Arrange Pocket Money for Children?



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Today, let's talk about how to manage children's pocket money and help them establish the right financial values. When parents start giving pocket money, they should also teach children how to save, spend wisely, and exercise control over their finances. As children grow older, parents can also guide them on how to grow their wealth.

### When to start giving pocket money to children?

Parents can start giving pocket money to children when they enter the first grade of primary school. Unlike kindergarten, primary school students begin to grow and become more independent, develop a sense of numbers, and gradually understand the purpose of money. Giving pocket money at this time can cultivate their correct attitude towards financial management.

### Classification based on children's age:

#### 1. Grades one to three of primary school:

Parents should mainly teach children how to use and save their pocket money, encouraging them to save more. To guide children in using their pocket money wisely, parents can set a proportion for allocation, for example, 70% for spending and 30% for saving. However, parents should approach this with encouragement, as enforcing it might lead to a loss of interest in saving. Additionally, parents can encourage

children to keep a financial diary, recording income and all expenses daily. At the end of each month, parents can review and summarize the diary with their children, helping them understand their spending patterns for improvement.



## **2. Grades four to six of primary school:**

During this stage, you can begin to introduce elements of rewards to cultivate the concept of "rewards for achievements." For example, good performances (such as scoring 100 on a test) could earn additional rewards. However, parents should be cautious not to overly emphasize rewards to prevent the development of materialistic traits. Children should understand their basic responsibilities and not view everything as a transaction. Additionally, you can encourage saving by introducing "interest." This could involve setting up a bank account or using some savings tools to give them a preliminary understanding of wealth growth.

### **How much is a reasonable amount for pocket money?**

Parents can decide the amount of pocket money based on their children's actual needs, self-management abilities, and their own financial circumstances. The amount can also increase as the children grow older.

During primary school, meals and transportation are usually arranged by parents. Parents can explain to their children that if they want to buy additional things they like, such as toys, stationery, or extracurricular books, they must use their pocket money, fostering their financial management skills. For children in grades one to three, parents can provide pocket money on a daily or weekly basis, suggesting 5 to 10 yuan per day. For children in grades four to six, who have developed some money allocation

skills, parents can start providing monthly pocket money, recommending an amount of approximately 400 to 600 yuan. When children enter secondary school, where they may handle their meals and transportation, the pocket money should be adjusted accordingly.



Finally, I want to emphasize that financial ethics are more important than any financial skills. Parents can instill appropriate concepts and values in their children through daily life, such as reading stories of successful individuals' financial journeys. This helps establish the correct attitude towards wealth, enhance a sense of responsibility and self-control, and learn to cherish and plan for the future diligently to achieve financial goals.