

The  
MONEY  
WORLD

of Your Young Student

For Parents



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University of Missouri  
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MONEY  
WORLD

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## Your Young Student

This publication (one of a series) is intended to help you as a parent to understand the place of money in your child's life. Since each family is different, you will have to adapt the information to fit your own situation and your financial circumstances.

Your child will be better equipped to solve many of the complex problems of his adult life if you have provided training in establishing sound financial habits.

Can you recall your first day as school? Did money plan any part in it? No doubt you went shopping a few days before this memorable event. Did you buy a tablet, a pencil, some crayons, and perhaps a lunch basket? This may be the same routine for your own first grader. Your ambitions for him are likely the same your parents had for you—you want him to develop mentally, emotionally, and physically to the fullest of his potential. He will be exposed to many learning experiences in the next few years. Training in *money matters* is but one part of his total education—but a vital one.

Classes in money management are not taught in elementary school—at least not directly. Therefore the opportunity and responsibility of providing training in this important area rests largely with you. Perhaps we can say it's an opportunity to "continue the training", because you probably have provided some for your child as early as the pre-school years. (Note: Review Circular 815, "The Money World of your Pre-Schooler.")

Now is a good time to take stock and plan for the year ahead. Now is the time to ask yourself, "What am I teaching my child about money? Am I making a sincere effort to lessen his concern with

money and to heighten his appreciation of ideas and accomplishments?"

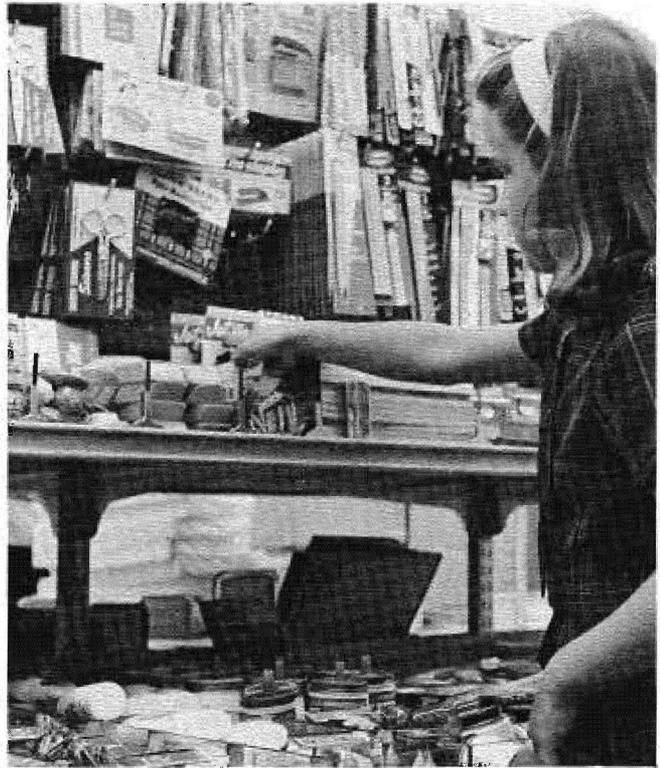
An accepted viewpoint toward money hits a happy medium—with an individual neither over-valuing nor under-valuing it; being neither too conscious of money nor too lax with it. Is this your viewpoint?

Regardless of your answer to this question, it probably reflects your parents' influence upon you in your childhood. Most adults hold attitudes about money similar to those their parents had. Of course, some adults have rebelled and developed attitudes directly opposite to those of their parents. But whether you are like or unlike your parents with respect to money matters, their influence probably has been greater than you imagine.

You will have a similar effect upon your child. Even if you never say a word about the subject, your child will observe how you handle money. He will sense your attitude and likely imitate you in many ways. He will be developing his own attitudes, which he may retain all his life.

Your example does more, too, than influence the way your child will handle his money. It can furnish the very ideals he will live by: the belief

by  
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*On the cover big sister Claire introduces David to the wonders of their school. Here she helps him shop for traditional school supplies.*

that material wealth is not his most important goal; that the way he spends his money may even affect the economics of the country, to the extent that his own chosen profession or job may be affected. He may not be able to understand complicated terms we use in economics—but he can master the simple principles of “wants” in relation to “available resources”.

In addition to influencing your child’s attitude, your job is to provide continued training in the techniques of handling money. Each child must be considered as an individual, so it may be necessary to alter some of the suggestions given in this publication. You may not agree with these suggestions; but they can provide a starting point. Discuss some of these things with other parents and get their ideas. Then form your own.

To give your child the guidance and practice he needs to stand on his own feet financially when he becomes an adult, consider some major principles and practices.

### **Give Your Child An Allowance**

Money is a tool to help a child learn just as a book helps him to learn. An *allowance* is a stated

amount of money given at a definite time. Be sure both parties—you and the child—understand the terms of the allowance. At first, since he is learning, you will make the allowance small; but from the very beginning, give it regularly, once or twice a week. Be sure he understands what it is to cover—but after that—give it “with no strings attached.” This puts the planning and choice-making up to him.

He will make mistakes—but that is part of learning. He may spend his entire weekly allowance for candy within minutes after he gets it. Perhaps he has mismanaged, and with a child’s ingenuity he begins to try to avoid the consequence of his extravagance. He asks for more money—he begs—he nags. But stay with your agreement.

Give him a little time and an allowance and you may be pleasantly surprised how much he has learned.

### **Benefits You Can Expect**

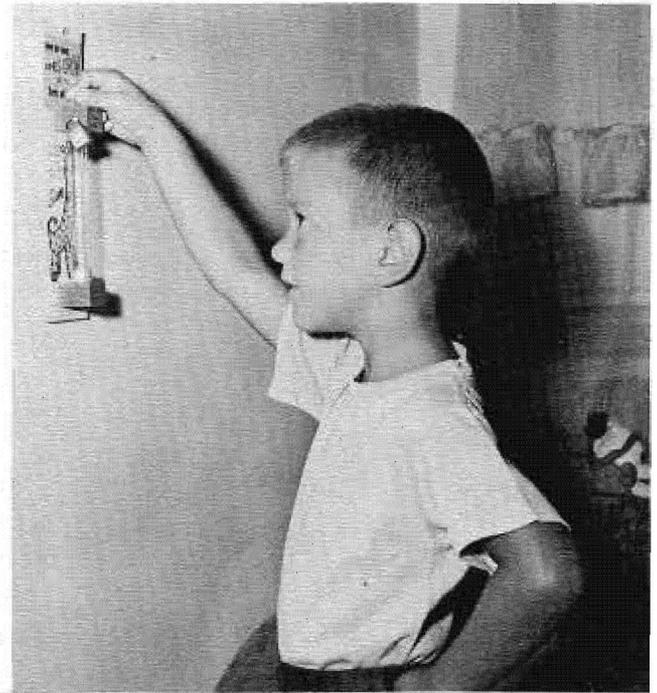
1. He will experience the pleasure of buying little things he wants.
2. Soon he will encounter the healthy disappointment of finding he can’t always afford the bigger

things, maybe the toy airplane he wants. Perhaps he will figure out for himself that he can save a little each week until he has enough to buy it. But very likely, at his age, he will need your help. Suggest that he set aside five cents each week. Give him a small box to put his nickels in—a box he can open and shut rather than a closed coin bank, so he can have the fun and practice of counting up his savings. Paste a picture of an airplane on the box to add interest. If he reaches his goal, let him know that you are proud of him and share his excitement in finally getting the thing he wanted. This will spur him on to plan for the next goal.

3. Another thing that even a young child can learn from an allowance is something about comparative values. If he spends all of his allowance on ice cream and candy, he will find his pleasure is short-lived. If he buys a balloon, he can enjoy it for some time before it breaks or it floats away. If he buys a box of crayons and cares for them properly, he can have fun with them for a long time.
4. He should also learn about quality. Probably every child with an allowance buys a few cheap toys that break easily until he learns better. You may need to point this out to him or help him see it for himself. Many of the new educational toys are designed as basic sets where additional purchases can be planned for completion or replacement.

### **How Much Should the Allowance Be?**

Planning an allowance involves a cooperative look at your child's financial needs and experiences, by you and the child. The amount of the allowance, what it will cover, and how often it will be given will vary with the age and capabilities of your child. It should meet his actual needs and give him a little to use as he chooses—to satisfy personal desires, share with family or friends, or have for future satisfactions. As a child's skill in handling money increases, the amount, the time span between allowances, and the range of things the allowance is to cover can increase. A child who requires bus fare and lunch money will naturally need a larger sum than one who walks to school and returns home for lunch. These changes do not necessarily coincide with birthdays, but should be made as the child



*David can see dimes pile up in tube beside giraffe's neck and feels they are safe because he has the key to the lock.*

grows in his ability to handle greater financial responsibilities.

Check the "going rate" for allowances in the community but do not be overly influenced by this. Your child's maturity in handling his finances, and the resources available in the family, should be guiding consideration in determining the size of his allowance. It might be well for parents in your area to discuss the matter of what constitutes a reasonable allowance for youngsters of various ages. Teamwork among adults can be as important as teamwork between parent and child.

### **Additional Guide Posts for Handling an Allowance**

Let your child consider his allowance his share of what the family has to spend. To withhold an allowance as punishment or increase it as reward is missing the real purpose of teaching him to use money and to make decisions. When children are paid for good grades, they frequently resort to bartering and in some cases employ unfair means of getting their rewards.

The whole learning process may break down unless you stick to the agreement you made with your child when you set up his allowance. He must



*Opportunities for earning are not many at this age but deserve encouragement.*



*Taking "good care" of the toys is a form of saving. Claire enjoys caring for her doll family as part of the game.*

be able to count on getting his allowance at regular intervals, and he must not be able to tease you into giving him extras when he has managed badly.

And, it is believed that a child whose parents stick to an agreement, even if painful at times, is happier than a child who doesn't know what to expect because his parents are always changing their minds.

Remember that your child's financial problems are just as real to him as yours are to you. With this understanding you are equipped to help him make wiset choices in using his money.

### **Let Him Earn Money of His Own**

What are your child's opportunities for earning? Very few, probably, but since this is an important part of money management, you must help devise opportunities. These will differ with the family situation, your community, and with the child's age, health, and abilities.

Money which your child earns often gives him a greater sense of freedom and recognition than that which is given to him. Do you remember some of the things you did for pay? These may not apply to present-day activities, but share them with your child.

Earning money is good as long as the work is not too strenuous and there is still time for your child to study, to play, and to take part in family activities, family tasks, and school life.

Are you about to ask the question, "Should my child be paid for work at home?" It is generally agreed that a child is expected to do regular household chores without financial payment as his contribution to the family's welfare. However, there may be tasks which you ordinarily pay others to do, which he might take over. If this is your practice, decide with your child which tasks are his responsibility and which he can consider a source of income.

Money-making schemes flourish and die—a lemonade stand, shoveling snow, walking a dog—all of these and more come into the picture, but seldom last more than a day. This is understandable since a child's interest span is very short. Try to be patient!

### **Teach Your Child To Save**

Your child's first interest in saving may come when he wants a pair of boots like the other fellows are wearing. You can help him by showing him how much he must save from his allowance and how long he will need to save. If you are will-



*David has discovered early in life that "empty pockets" can be serious business.*

ing to contribute, tell him so at the outset rather than come to his rescue at the last moment.

Don't emphasize saving to the point that your child saves when he might better spend. Some children soon learn they can "work others" into paying for them.

On the other hand, remember that your example either encourages or discourages your child's idea of saving. If you regard saving as something you'll do some day, but not now, your child will likely imitate you.

Explain to the child that savings may be made in ways other than putting money in the bank. When he takes care of his possessions so that they last longer, he is saving money for other uses. Make a game of listing things you can do as a family to conserve your financial resources. Let him help or observe you as you repair an extension cord. Check a catalogue to see what this saved you--check also what an electrician might have charged.

### **Encourage Your Child To Share**

In sharing as in spending, your child will need to make choices. Help him to decide when to share



*Sharing a birthday cake with family and friends is fun and habit forming.*

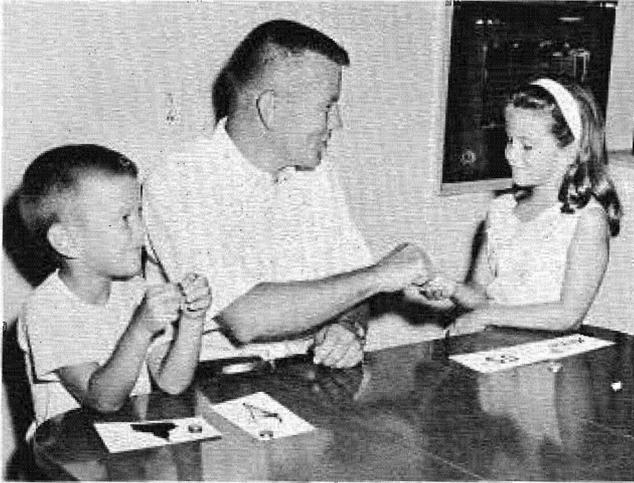
his money and how much to share. Remember he is an imitator, so let him see how you share your money. Let him see you share your time, energy, and skills so he will appreciate the fact that while sharing money is often the easiest solution, it may not be the best or only one. Call attention to those who share their talents and time, the scout leader, the coach of his ball team, members of the church choir.

Remember your child's birthday and encourage him to remember those of his family and friends. Let him buy gifts for special occasions but suggest he keep the amounts small--in line with his allowance. When it's his turn, let him treat the gang.

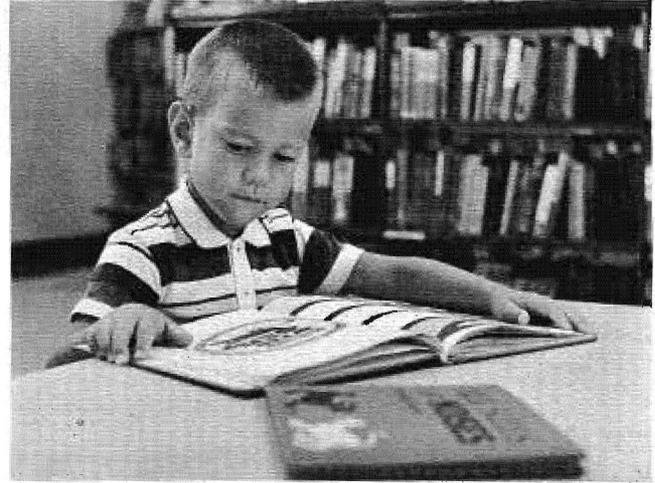
Contributions for Sunday School, church, and worthwhile projects will cause him to have a greater concern for the welfare of others. Praise him when he does something generous. This will encourage him.

### **Treat Your Child As An Individual**

Allow your child to participate in your discussions of family financial matters as much as possible. This may help to clear up such questions as why



*It's allowance day, a very happy educational occasion!*



*David is learning to use the library, one of the public services that can save him money.*

his allowance is not as big as his little friend's.

He need not know the details of your everyday financial dealings, in the first place he wouldn't understand them and secondly, he might not have the discretion to keep from repeating intimate details to neighbors.

### **If Your Child Loses Money**

Children, like adults, occasionally lose or misplace money just as they do other possessions. If the money was for lunches or some other essential, you will no doubt replace it. But, if the money was for personal spending, your child should wait until more is accumulated, just as you would have to wait if you lost yours.

It may be difficult to turn down the pleas of an unhappy child, but standing firm and not giving him more money should help him to learn that his money is gone and there won't be any more until allowance day. You can sympathize with him, but still stay with your agreement.

If he continually loses money, look into the reason. Perhaps he needs a better way to carry his

money—a zipper on his pocket might help. Suggest that he carry only a part of his money, just the amount he is to use for a specific purpose. Encourage him to give it to the proper person as soon as possible. Make him aware that there are those who may take his money, given the opportunity.

### **Assist Your Child in Spending Money**

You may be thinking he needs no help in this, but he does. It is true that spending is the easiest thing to do with money—but spending wisely is another thing.

A good time to introduce budgets is when you first give your child the responsibility for some regular expenses—when together you work out his allowance plan. At first, budgeting may involve only a very simple thing like putting aside the amount he will need for the Sunday School collection.

When his responsibilities get a little broader, help him map out a weekly plan at the time he gets his money. Suggest he put some money away where he won't be tempted to spend it until it is needed.

Give your child his allowance in small coins. Use the first few times you hand over his allowance



*Claire knows the meaning of "borrowing" books. She returns them promptly.*

as a demonstration period. Sit down with him and spread the coins out between you. Talk about the regular expenses he has assumed. What is the amount for his club dues? Put that coin aside—it is spoken for. Have some envelopes labeled with pictures or large print for the regular expenses. Let him put the coin in the proper envelope. Continue questions and deposits. There should be a few coins left on the table since an allowance should meet his actual needs and give him a little to use as he chooses. You can advise on how he spends this, but remember—there are no strings attached to this amount. This is his chance to practice some choice-making.

Aside from using his allowance, there are other valuable spending experiences you can give your young student. Let him handle some small amounts of household money to give him the feel of being a part of the family financial picture. Take him with you to the bank and to pay some bills. He will get a glimpse of how big this money world really is.

Better watch your own spending habits. Children are keen observers and it is almost impossible to reach them to spend wisely if they see you buying things you really can't afford.

There is still another angle you may need to consider. Your little first-grader may not want to spend his allowance. He may simply keep his money—hoard it, in fact. This may be due to the conversations he overhears regarding the lack of money; or, he may hoard it just for the sake of seeing the money pile up. Either instance requires action on your part. Help him to know that the real function of money is to spend or to save for a specific purpose. There are many things you can do to overcome the habit of accumulating money unwisely. For instance, when you find something your young

hoarder really wants, don't give it to him as a present but persuade him to buy it.

The place of "lending and borrowing" in the money plan will vary with individuals. Since these factors do play an important part in our economic life, try to develop in your child an understanding of the rules as soon as possible. You may start with "things" rather than money. Insist on prompt repayments and a courteous attitude.

### **You Are On Your Own**

As you pursue your line of action, re-examine your purpose for teaching your child money management. Is it to guide him in handling money wisely by weighing values so he can make intelligent choices? Remember these choices will be as different as the number of personalities involved.

Your child needs your assistance. Are you prepared to give it?

### **THE MONEY WORLD SERIES**

The Money World of Your Pre-Schooler  
(3 to 5 years)

The Money World of Your Young Student  
(6 to 9 years)

The Money World of Your Pre-Teen  
(10 to 12 years)

The Money World of Your Teen-Ager  
(Jr. High School)

The Money World of Your Young Modern  
(Sr. High School)

The Money World as Seen by a Pre-Teen

The Money World as Seen by a Teen-Ager

The Money World as Seen by a Young Modern



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