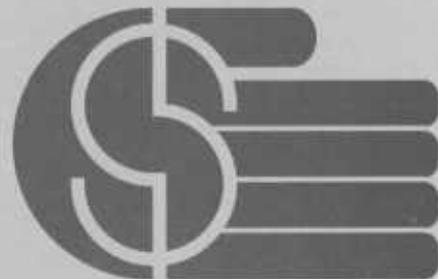


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MONEY SENSE

FOR YOUR CHILDREN

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OREGON STATE UNIVERSITY EXTENSION SERVICE

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- Lesson 1. Money Mangement
 - Lesson 2. Where Money Comes From
 - Lesson 3. Saving and Sharing
 - Lesson 4. The Spending Plan
 - Lesson 5. The Pressures of Advertising
 - Lesson 6. Questions and Answers



MONEY SENSE FOR YOUR CHILDREN

Lesson 1

MONEY MANAGEMENT

Main ideas

Money management is a skill that is learned.

Parents play an important role in teaching children how to manage money.

Children begin learning how to manage money at an early age.

All family members ought to be involved in family money management.

Key words

Money management—Knowing how much money you have and planning how to use it to reach your goals.

Goal—This is your objective—what you want or need. It is the thing you are working for. For example, a new car, a new bicycle, going to college, taking dancing lessons, having money for emergencies.

Values—These are your feelings of what is important to you. They are what you use as standards for making judgments and choosing your goals. Values are what you believe is right and good—for example, honesty, trustworthiness.

Comparison shopping—A way to find the best buy. Check out the item you want to buy in different stores. Compare different brands and different styles and sizes. Wait until the item you want is on sale.

Family council—A time for all family members to talk about matters that affect them. It is a good time for parents to share with their children and teach them skills needed for a happy, successful life.

Money management sense—Children, from the time they are babies, learn from what they see and hear. They get their ideas about money from their parents. So it is logical that home is the best place for teaching children about money.

Young children can't understand everything about family finances, but they can understand some. A good way to help them "grow into" good money management skills and values is to include them in family discussions.

Every family is different. You have to decide for yourself whether to tell your children exactly how much money you make. But if children know how the family stands financially, they can do a better job of handling their own money. The more they understand about family income, expenses, and goals, the more willing they may be to cooperate with the family spending plan.

If family spending must be cut back because of unemployment, major illness, or divorce, children will be affected. Include them in discussions about the changes that affect them.

Teaching children the value of money without emphasizing it too much is your challenge. Answer the questions on the next page to find out how well you are teaching your children to manage money.

What parents need to know

Children are not born with "money sense." They learn from what they see, hear, and experience. They learn from mistakes as well as successes. As a parent, you are teaching your children every day, not just by what you say, but by what you do. The way children learn depends partly on their age. Children mature at different rates. Don't expect these age descriptions to fit your children exactly.

Preschoolers

Preschoolers learn from doing. Words, actions, facial expressions, and tone of voice tell preschoolers how you feel - about money as well as other things. Four- or 5-year-olds are ready for simple money experiences.

6- to 12-year-olds

Six- to 8-year-olds are usually eager to learn but restless. Sometimes it's hard for them to make up their minds. They need to be encouraged to make decisions on their own. By age 8 they may understand the idea of saving money but they may still have unrealistic ideas about what they can buy with



How are you doing? Rate yourself

- ◇ Does each of my children have some money to manage without my interfering?
- ◇ Have I helped each of my children set up a spending plan?
- ◇ Have I explained why and how people save money for future goals?
- ◇ Do I avoid using money as a reward or punishment?
- ◇ Does each of my children do some regular household chores?
- ◇ Do I help my children find ways to earn extra money, suitable to their age and ability?
- ◇ Do I set a good example by being truthful about money matters?
- ◇ Do I give my children more financial responsibilities as they get older and gain experience in handling money?
- ◇ Do my children participate in family financial planning?
- ◇ Am I a good money manager, giving my children a good example to follow?

“Yes” answers show that you are probably helping your children gain money management skills. “No” answers suggest that you may need to help them more. Either way, this series will offer ideas for new ways to make both you and your children better money managers.

it. By age 9, children can often make decisions and plans for carrying them out. During the ages of 9 to 12, children are likely to become conformist and follow the crowd. Often they are afraid of looking “different.” Children at this age need a chance to let off steam, to express themselves, to talk, and to show their independence. They also need understanding and guidance from their parents.

Teenagers

By the time youngsters reach high school, they often feel they can take care of themselves and make their own decisions. This is an age where young people benefit from having been taught money management from an early age. Such training gives the teenager the skills and confidence needed to solve money problems.

Things to do

Family

HAVE regular family council meetings—maybe once a week, every two weeks, or once a month. All family members get together and talk about their needs and wants and what they can afford to do as individuals and as a family. This way, children can see themselves as “partners” in family money

management. A regular family council helps children understand that family spending depends on your own family’s income, obligations, and values, not on what friends or neighbors spend.

TALK about family goals at your first family council meeting. Make a list of your goals, estimated costs, dates you hope to achieve them, and what each family member will do to help reach the goal.

PLAY a “value voting” game. Read these situations aloud at a family council meeting and let everyone vote. Then let them explain why they voted the way they did. Make up your own situations to vote on.

1. If I had an extra \$15.00 today, I would:
 - a. Buy a book.
 - b. Buy clothes.
 - c. Save it.
 - d. Other _____
2. If Mom and Dad had \$2,000 extra, they should:
 - a. Save or invest it.
 - b. Buy a VCR.
 - c. Give it to charity.
 - d. Other _____

USE family council meetings for comparison shopping. Family members can bring catalogs, newspaper ads, and coupons to compare. You

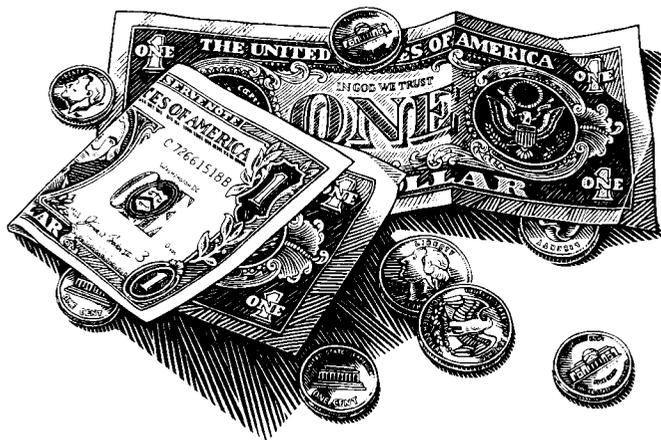
may want to choose one family member to look for brand-comparison articles in consumer magazines (usually available at your local library).

Preschoolers

PLAY store with your child or several children in the neighborhood. Let the children buy and sell toys, food, or “pretend” items. (An empty box can be anything from cereal to a TV set.) You can use play money from games or make your own.

TAKE your children on a shopping trip. Give them a small amount of money to spend. Let them decide what to buy and then pay the cashier. Small children may make decisions slowly, so do this on a day when you aren't in a hurry. Later talk about the purchase. Were the children pleased, unhappy, satisfied?

HELP children understand that family members work to pay for family needs—housing, food, clothes, etc. Talk about who works in the family and what they do. A visit to the workplace helps children know what you do and why you have to be away from home. Be sure to check with your boss before your child visits you at work. If you are a homemaker, you



work at home. Avoid telling children you don't work. Share with them what you do and how it contributes to the family.

LET your children cut out pictures from magazines to show what the family buys. Help them make a poster and hang it in their room.

EXPLAIN why they can't buy everything. Talk about the difference between what people want and what they need. Let children pick out needs and wants from pictures on their posters.

ENCOURAGE children to buy some things to share with others—food, games, puzzles, balls, crayons, and so on.

INTRODUCE children to coins when they are old enough to count to 10.

Explain that 5 pennies are the same as 1 nickel, 2 nickels or 10 pennies are the same as 1 dime, and so on. Talk about what different coins can buy.

DON'T hand out money every time children ask for it or see things they want. If you hand out money this way, children will get the idea that all you need to do when you want money is to ask for it.

6- to 12-year-olds

GIVE children a chance to make shopping decisions. Show them how to comparison shop. In the grocery store, point out unit prices, store brands, and generic items.

GET the children involved with family money management—making out monthly checks, addressing envelopes,

mailing packages, helping with shopping, gathering information before a major family purchase.

PROVIDE opportunities for children to earn money. Keep earnings separate from allowance (more about this in Lesson 2.)

Teenagers

LET teenagers manage their own money. Have them be responsible for paying most of their personal expenses out of their allowances and earnings.

GIVE teens more responsibility in family money management.

ENCOURAGE teenagers to earn money. But remember that 14–20 hours per week are enough to work. Longer work hours cut into the study time that this age group needs.

HELP teenagers understand when to use cash and when to use credit.

ENCOURAGE long-range planning—education, job, and future.

Coming Up

The next lesson discusses where children get money and using allowances to teach good money sense

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Lesson 2

WHERE MONEY COMES FROM

Main ideas

Allowances, gifts, handouts, and earnings are the sources of money for most children.

A small regular allowance will teach a child more than unpredictable handouts.

Giving children money whenever they need it or ask for it, instead of on a regular schedule, makes it hard for them to plan ahead.

When children receive money as a gift, unless it is a really large sum, they should be able to decide how to use it. Encourage them to save part of any large money gift.

Earning money helps children become financially independent and helps them learn to make economic choices.

Earning money teaches children that money comes from time, skills, and effort.

Key words

Allowance—a specific sum of money given to a child on a regular basis to cover certain personal expenses.

Earnings—money received for jobs besides a child's regular chores, either at home or away from home. It is the child's "paycheck."

Chores—work done at home on a regular basis as part of the responsibility of being a family member.

Gift—a present, usually for a special occasion like a birthday or graduation.

Handout—money you give your child to cover an immediate expense, whether it is bubble gum or gas money.

Where do your children get their money? Most children get money from allowances, hand-outs, cash gifts, and/or earnings. Earning money is a valuable experience that should be encouraged as long as it does not take too much of a child's time. But children can't earn enough to support themselves, and their earnings are often irregular. An allowance gives youngsters a chance to manage money and practice living within a regular income. This experience will prepare them for the adult world they will move into all too quickly.

Some parents feel that they really can't afford an allowance for their children. It sounds like one more expense added to the budget. But it doesn't have to be an extra expense—in fact, it may save you money. A good way to start is to keep a record of how much money you give your child in a typical week and what it goes for: school supplies, lunches, movies, ball games, concerts, toys, sports equipment, books, magazines, comics, clothing, health and beauty supplies, snacks, and so on. You're already spending this money

on your child. Try giving this same amount as an allowance, instead of in unpredictable handouts. It's not extra money going out of the family budget—it would have been spent anyway. But now the children will be learning how to manage money. With a regular income, instead of unpredictable handouts, they can learn to plan ahead for spending and saving.

The allowance

For an allowance to work, parents and children must know the expenses it is supposed to cover. You may want to make a list of these expenses. Talk about how to handle overspending and other problems that may arise.

Some parents think of an allowance as a sort of wage for the chores that children do around the house or yard. But if children are paid for every bit of work they do, they don't learn much about the responsibility of being a family member. By giving them regular chores to do without payment, you teach them to accept their responsibilities and give them the good feeling of being a productive part of the family.



Guidelines for an allowance

- ◆ Be consistent. Set a day to give the allowance and the amount. Agree upon the limits for spending.
- ◆ Don't use the allowance as a lever to discipline. Withholding or reducing a child's allowance for bad behavior and increasing it for good behavior defeats the purpose of an allowance, which is to teach the basics of money handling.
- ◆ Don't link household chores with the allowance. It is reasonable to expect a child, as a member of the family, to carry out tasks around the house consistent with the age of the child. Household jobs can be made fun. Sometimes a weekly, rotating schedule will avoid nagging or the need for constant reminding.
- ◆ Children can spend some money however they wish. Children need practice making their own decisions—and they also need fun and “goodies” of their own choosing.
- ◆ Don't come to the rescue every time your youngster runs out of money. If children are ever going to learn how to manage money, they must face the consequences of their own spending mistakes.

In the same way, children have a right to some share of the family income just by being members of the family. You give them part of that share by paying for their basic food, clothing, and housing, and maybe other things like piano lessons or college tuition. If you give them another part of their share in the form of an allowance—an allowance that they don't have to “earn” by their chores—you can be teaching them good money sense at the same time.

By keeping chores and allowance separate, you teach them that people have responsibilities to fulfill without expecting to be paid, and that helping around the house is part of belonging to a family.

An allowance usually includes money for certain items and money children are free to spend as they please. The money for the agreed-upon items teaches the costs of necessary purchases, while the money a child decides how to spend teaches decision making. You may say, “I don't want my child spending money on candy and gum” or “I don't want my child spending money on certain movies.” If there are restrictions on what your children can purchase, discuss them ahead of time. Perhaps you let them buy some candy and gum but limit it to a certain amount. Perhaps you reserve the right to say no to certain

movies. Be sure you permit children to make some choices because decision making is important.

Don't stop your child's allowance as a disciplinary measure or increase it as a reward. Instead, use allowances to let your children know they are valued members of the family and at the same time teach them how to handle money and make decisions.

Earnings

Earning money—either at home or at an outside job—lets children add to their allowances and at the same time develop good attitudes toward work.

For extra money, offer children the chance to do extra work around the house (besides their regular chores). Think of jobs that you might hire outside help for—such as weeding the garden, cleaning the basement, cleaning leaves from the roof, mowing the lawn, babysitting, etc.—and hire your children instead.

The job should be something the child can really do. Don't give children jobs that are too hard for them. Agree on the amount of payment before the work begins. If your child is capable of doing the job and wants to do it, pay what you would for outside help—provided that the work gets done reasonably well.

Overpayment only gives the child a false idea of what it takes to earn money.

As children get older, they may want to look for work outside the home. Before children accept a job, be sure they understand the responsibility it carries. Be sure they have enough time for fun, sleep, study, school activities, and family responsibilities. Youngsters' school work may suffer if they work too many hours. Fourteen to 20 hours per week of outside work is the maximum that most youngsters can handle.

Earnings mean taxes. Teenagers with outside jobs need to understand income taxes—why taxes are assessed, what they are used for, what withholding means, and so on.

A job can help your child understand money in terms of time, skill, and effort. Perhaps your child never thought about the relationship of a hamburger to an hour's worth of babysitting or grass cutting.

Things to do

Parents

KEEP a record of "handouts" for a week or so for each child.

EVALUATE where the money is going. Talk with each child separately and at a family council meeting.

My Allowance

The amount: \$ _____

The day it will be paid _____

The expenses it will cover _____

The amount to use as I choose \$ _____

The date to review how I've used my allowance _____

Consider using the allowance approach.

DISCUSS the allowance with your child before beginning it. It might be helpful to write this up in the form of a contract and have both parent and child sign it.

THINK about whether your child's allowance needs any adjustments. What expenses does it cover? Does the child have a little left over for "just for fun" spending? Is the child old enough to be given more responsibility?

OFFER your children opportunities to earn money at home or away from home.

MAKE a list of possible jobs, at home and away from home, and talk about advantages and disadvantages of each.

CHOOSE an "at home" job and sign a contract with the child.

I will _____
 (job)

for _____
 (dollar amount)

on _____
 (day)

 child's name

Preschoolers

LET the child pay for small items in the store when you shop, to get an idea of how much money it takes to buy different kinds of things.

GIVE a 3- or 4-year-old a small amount of money regularly, if older children in the family get an allowance.

MAKE sure even toddlers have regular chores, such as putting toys away.

LET preschoolers help with chores they are too young to do on their own—this is how they learn.

6- to 12-year-olds

PROVIDE an allowance based on the child's expenses and ability to handle money. Younger children may need to receive their allowance two or three times a week; an older child could manage a weekly allowance.



HELP the child plan how to use the money. (Lesson 4 will explain in detail how to make a spending plan.)

ASSIGN regular chores to each child. Make sure children know how to do each job and praise them for doing good work.

GIVE children chances to earn money, at home or outside the home. Be sure your child understands any costs of working away from home, such as bus fare or lunches. Help the child make a list of expenses and decide together if the job is worthwhile or not.

Teenagers

GIVE teenagers a monthly allowance. Encourage them to plan their spending and keep records of what they spend. (Detailed instructions for spending plans will be given in Lesson 4.) Talk about the plans at family council meetings or one-on-one and help them decide on any changes needed.

ENCOURAGE savings (more about this in Lesson 3) and long-range planning.

HELP teenagers with outside jobs understand how to include taxes in their planning. Go through federal income tax forms with them.

Coming Up

The next lesson explores the concepts of saving and sharing money



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Lesson 3

SAVING AND SHARING

Main ideas

Children use their money for spending, sharing, and saving.

To get the most from their money, children need a spending plan.

Saving means the most when it is done to reach a goal.

Sharing money can help children learn to share in other ways.

Key words

Goal—This is your objective; what you need or want. It is what you are working for.

Need—Something necessary for life—basic food, clothes, shelter, medical care.

Want—Something you believe or think will make your life happier or easier, even though you can live without it.



Like adults, children use money in three main ways. They spend it, share it, or save it. This lesson will explore saving and sharing; the next lesson will highlight spending and making a spending plan.

Piggy banks can introduce small children to the idea of saving money. There's nothing wrong with forming the habit of dropping pennies into the bank, without thinking about what they will be used for. But saving takes on a whole new importance when you have a goal in mind. Saving for a goal can inspire children (and adults) to take control of their spending habits and to plan for future needs and wants.

Any kind of planning means thinking ahead—having an idea of the future and the passage of time. This is something that children are not born with; they learn it very slowly. Five- and 6-year-olds may use words like "month" and "year," but they can't really imagine what it means to live through those time periods. As their own memories get longer, it gets easier for them to think ahead and to understand time. But

until they are 12 or even 15 years old, they may not understand time in the same way as grown-ups do.

Elementary school children have a hard time understanding saving for college or future security. But the 9-year-old who wants a baseball bat begins to understand the importance of putting aside money each week to have enough for a purchase later on. Older boys and girls learn to save for clothing, vacations, stereos, and college.

When your children have gained some experience in handling money, it is probably time for them to open a savings account. Choosing a bank or other savings institution can teach them a lot about the world of money. The idea of interest—making your money "grow"—is an important one. Help your children comparison shop for a good interest rate.

Most financial institutions welcome younger customers, since they will be the customers of the future. These organizations may have special leaflets and other information for youngsters or first-time savers.



Tips for parents

- ◆ Your example is the best teacher for your children.
- ◆ “Saving for a rainy day” doesn’t mean much to a child. It’s much easier to save for a definite goal.
- ◆ Goals need to be realistic—consider the child’s age and maturity.
- ◆ Money will add up faster if a child learns to save regularly, no matter how small the sum may be.
- ◆ Remember that the piggy bank is for the child. If you borrow money out of your child’s bank, be sure to repay promptly.
- ◆ Because so much of the world is new to children, and because it’s hard for them to imagine the future, children are great “impulse buyers.” They often run into things that they want very much. Then they may spend money that they were saving for a different goal. If this is a problem for your children, encourage them to make one of their goals a “cushion”—a sum of money not earmarked for any other goal, so they can use it for whatever comes up.
- ◆ Children usually learn better from praise and encouragement than from criticism and scolding. Pick out what they are doing right and try to build on it, instead of just looking for what they did wrong.

Helping children learn to save for specific things can be a valuable experience. They will learn that if they don’t fritter away their money on many small purchases, they can afford more expensive things later. When children begin setting goals, guide them, but don’t set goals for them.

Sharing

Training a child to give and share has a value beyond the world of money. Sharing develops thoughtfulness. Preschoolers learn their first lessons in sharing as they exchange or share toys and personal possessions with family members and friends.

Remember that children learn by example. When children see parents and older brothers and sisters sharing their resources, it becomes a natural thing for them. Encourage children to share—not just money and material things, but their time, skills, and ideas.

Encourage children to give to community charity projects or other worthwhile endeavors. This helps develop a concern for the welfare of others by going beyond the familiar circle of family and friends.

Things to do

Family

PLAN a family outing or vacation. Figure out how much it will cost and plan how to save the money. Let all family members work together to reach the goal.

VISIT different savings institutions—banks, credit unions, and savings and loans. Bring back information on different kinds of savings accounts and compare them at a family council meeting.

Preschoolers

Make a bank. Talk about why you put up the following instructions for a “Whale Bank Wash®,” or Fantastik® 32-oz. refill container using different boxes, cans, or other containers.

How to make a whale bank

- 1 On curved side of container, cut a 1-inch wide strip of paper.
- 2 Make a base using seven ice cream sticks. Glue sticks to container. Then glue a stick flat on top of stick on base. (This will keep the bank from rolling.)
- 3 Draw eyes on paper; color, cut out, and glue to container. Whale’s mouth can be drawn on a 1-inch strip of tape and tape on.
- 4 Fold felt or paper in half and cut out tail shape. Glue tail onto neck of bottle.

6- to 12-year-olds

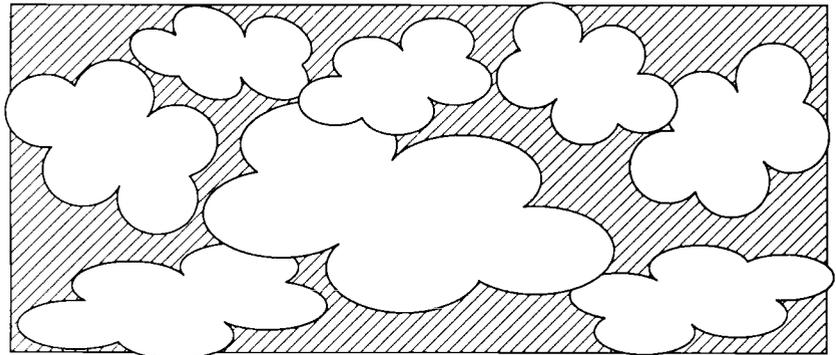
LET each child open a savings account. Be sure the children understand that they are not losing their money when they give it to the bank or other savings institution. Explain that the money is going to grow and that they'll have more when it's taken out. Some children fear they are giving away their money when it's put in a savings account.

MAKE plans for gifts for birthday, Christmas, or other occasions. Help children understand that sharing can be one of the goals of saving.

HELP children understand that they have other resources besides money, including their time, skills, ideas, and effort. Show them how they can use these resources to reach goals. For example, they might use their time and skills to make gifts—such as a bank for a younger brother or sister.

HAVE a "Making My Dreams Come True" session at a family council meeting. Ask the children to list their wants, starting with what they want the most. Have them estimate the cost of each one and plan how much money per week to save for it.

USE a cloud picture like the one above for each child. Write the most desired item on the biggest cloud, with the date the child believes the dream can come true. Write in other wants on other clouds. At later family council meetings, you can talk about



how well the plans worked and what, if anything, went wrong.

Teenagers

HELP teenagers find information about savings and investments beyond the savings account.

ENCOURAGE long-range planning. You could use the "Making My Dreams Come True" activity with teenagers too.

HELP teens broaden their ideas of sharing—for example, by volunteering their time and effort for community projects.

ASSIST teenagers in learning to evaluate their own actions—mistakes and failures as well as successes. Encourage them to ask themselves questions like "What did I do? What were the results? What could I have done differently? What would probably have happened then? What choices do I have now? What may the results be?"

Coming Up

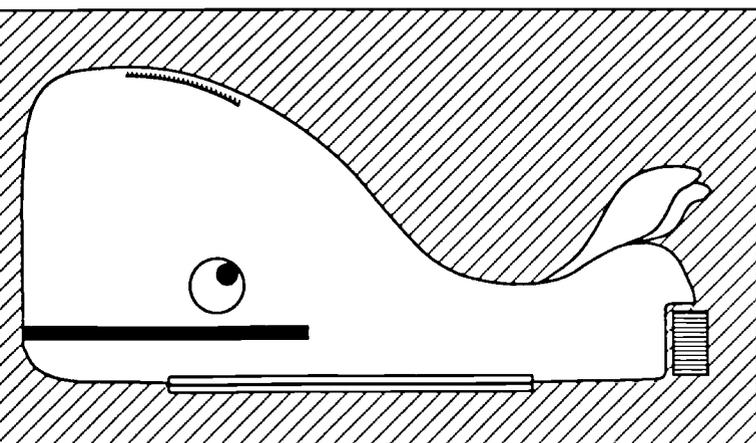
The next lesson explores the "hows and whys" of a spending plan

... in a bank. (You might use the ... from a GlassPlus®, Spray 'n ... her, or make up your own design ... ners.)

... by 1/8 inch slit for coins.

... ks: glue five sticks edge to edge; ... and another on top of stick five. ... ver.) Glue flat side of container to

... glue them onto sides of the con- ... with black pen, or cut an 11 x 1/8



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- EC 1267, *Financial Planning/Family Goals*
- EC 1270, *Your Saving/Spending Plan*
If you've never prepared a plan, here are simple directions.
- EM 8351, *Food for Tots*
A set of four letters for parents, focusing on development of preschool children's food habits.



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Lesson 4

THE SPENDING PLAN

Main ideas

Writing down your income and expenses provides a guide for planning your spending.

A spending plan is a guide for achieving goals.

A spending plan needs to be simple and suited to your needs.

Key words

Spending plan—A simple guide to show where money comes from, where it's going, and how to use it to meet needs and wants. It's a budget.

Income—The money you receive. For children, the usual sources of income are allowances, gifts, handouts, and earnings.

Expenses—The money you spend to buy the things you need and want.

Money management—Money management is simply knowing how much money you have and then planning how to use it. A good method of managing money is a written spending plan. Children may have no idea how much money is being spent on them or how much they are spending until they see it written down.

A spending plan can help children of almost any age think about their ideas and goals. The plan is a tool to guide them in making decisions and choices. When you make a spending plan, remember the difference between needs and wants. A need is something necessary for life, such as basic clothing, food, and housing. A want is something you believe will make life happier or easier, but it is not necessary for life. In other words, you could live without it.

Don't wait until children are old enough to earn money before you start talking about spending plans. As soon as children are old enough for allowances, introduce them to the idea of a spending plan. A plan can be for a week at a time, a month, or a whole year, depending on a child's age and maturity, and on the amount and frequency of allowance or other income. The plan for a 5-year-old would be very different from a 15-year-old's.

How to make a spending plan

A spending plan is a simple guide to show where money comes from, where it's going, and how to use it to reach

goals. Making a spending plan with your child can help you decide how much allowance each child needs.

To make a spending plan, your child needs to answer three questions: How much money do I have for spending? What are my goals? How much will these goals cost?

Where do you start?

You can begin by keeping a spending record for each child for a few weeks. Make sure that you or the child writes down all the money spent and what it was spent for.

After 3 or 4 weeks of keeping a record, you are ready to make a spending plan. By this time, your child will know where the money is being spent and will have a better idea of what expenses to plan for.

Steps to making a spending plan:

1. Write down expected income for the coming week and total. (Examples: allowance, earning, gifts)
2. Write down the expenses you are planning on during the week. Include the amounts to be saved and shared. Add them all together. How does this compare with income? If



planned expenses exceed expected income, decide which expenses to cut back on or how to increase income.

3. During the week, keep track of expenses. At the end of the week, add them up.
4. Now compare your planned expenses and your actual expenses.
5. Make necessary changes in your spending plan for next week. If expenses are out of line with income, you will have to make changes

in one or both. Are there items of spending, saving, or sharing that should be cut out or reduced? Should the allowance be larger? What about earning more money?

The success of the plan depends on frequent checking on where money is going.

Things to do Parents

You may want to work on a spending plan for the whole

family, either alone or in a family council meeting with your children.

Preschoolers, 6- to 12-year-olds, and teenagers

USE the following charts to help each of your children make a personal spending plan. For a preschooler, the plan will be very short and simple. You may want to make up your own forms. The important thing is to have a written outline of income and expenses (including sharing and saving) to use as a guide.

A spending plan answers the question "Can I afford this?" which children as well as adults have to face many times a week.

HELP your children learn more about their needs and wants. Use the chart, "Personal Expenses of Children," in this lesson to help you. Filling out the chart will help both you and your children better understand your money needs.

Planning for the future

Needs and wants

List your needs and wants for the next _____ (week, 6 months, year, etc.)

| Activity | Date Needed | Cost | Amount to Save Weekly | No. of Weeks Needed to Save |
|----------|-------------|--------|-----------------------|-----------------------------|
| concert | June 30 | \$5.00 | \$1.00 | 5 |
| | | | | |
| | | | | |
| | | | | |
| | | | | |

| Where I Get Money | How Much Money I Get | | |
|-------------------|----------------------|---------|--------|
| | Weekly | Monthly | Yearly |
| Allowance | \$3.00 | | |
| | | | |
| | | | |
| Totals | | | |

Personal expenses of children

Possible needs or wants

Under Age 6

Small toys and playthings
Books and records
Ice cream or snacks
Crayons and paints
Gifts for others
Church

Ages 6 to 9

Games and toys
Books and magazines
Snack
Hobbies
Sports equipment
School lunches
School activities
Gifts for others
Church and contributions
Club dues and expenses
Field trips

Ages 9 to 12

Snacks
School lunches
School expenses and activities
Hobbies and special projects
Books and magazines
Records and tapes
Sports equipment
Bicycle
Games to play at home
Club dues and expenses
Trips and special events
Gifts for others
Church and contributions
Some clothing items
Some health and beauty supplies
Savings for specific purposes

Ages 13 to 15

All or most of items in age group 9 to 12 and:
Health and beauty supplies
Cosmetics
Clothing and jewelry
Movies and concerts
Camera and supplies
Bus fare or other transportation
Money for dates

Ages 16 to 18

All or most of items in age groups 9 to 12 and 13 to 15, and possibly:
Clothing or uniform for a job
Gasoline (family or own)
Own vehicle
Vehicle license and insurance
Own telephone
Savings for education or travel



Needs and wants of your children

Under Age 6

Ages 6 to 9

Ages 9 to 12

Ages 13 to 15

Ages 16 to 18



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Lesson 5

THE PRESSURES OF ADVERTISING

Main ideas

TV and radio advertising constantly urges children to buy, buy, buy.

Products are designed especially to attract children to purchase them.

The advertising industry sees young people as an excellent market.

Instead of being victims of advertising pressure, children can learn to use advertising as a source of useful information.

Key words

Advertising—A way manufacturers call consumers' attention to their products. Advertising is designed to make products seem necessary or desirable.

Commercial—An advertising message on television or radio.

Consumers—The people who buy and use products.

Many of the things that children ask for are things they want because of high pressure advertising on TV, radio, and in newspapers, movies, and brochures. Even children who haven't learned to read can recite TV commercials.

Exposed to highly developed sales techniques in most TV and radio commercials, our children are constantly pressured to buy. Persuasive entertainers encourage them to identify happiness with possessions and urge the purchase of new gadgets, breakfast cereals, or expensive toys.

Children in elementary school and high school are deluged with advertising. The "youth market" is a big one, and advertisers have sizable budgets to reach this group. That makes it important for children to learn healthy attitudes towards money at a very early age.

Teenagers today are "big" consumers. In this country they spend over \$65 billion a year. With that economic power, little wonder they are subject to many pressures from disc jockeys, record companies, cosmetic manu-

facturers, beer and cigarette industries, and others.

The commercialism of the "youth culture" is extended to the 9- to 13-year-olds, who are also a target of fashion, record, cosmetic manufacturers, and concert promoters.

Teenage credit cards are promoted by stores as a sign of adulthood.

As parents you can help your children understand the role of advertising in our marketplace.

But first, this important message. . .

Are those words familiar? They should be, since in one day the average American sees or hears 76 advertising messages. That's one advertisement every 13 minutes.

What is advertising?

An advertisement is a message that tries to sell a product or service. Advertising has two functions, to inform and to persuade. By being alert to these two functions, we can use advertisements to our advantage. The factual content of an ad can often help us make sound purchasing decisions.



Advertising has many good effects. It provides jobs for thousands of people, pays for commercial TV and radio, often gives information to use in comparison shopping, and introduces new products. But an advertisement is always trying to sell something. An ad may give you information, but only the information that the advertiser thinks will persuade you to buy.

You can teach your children to use advertisements, not let advertisers use them. Explain to them that they don't have to believe everything an ad seems to say.

Federal law forbids advertisers to make false statements. In other words, they are not allowed to tell lies. But an advertisement may combine true statements with scenes and images so that it implies something that may not be true at all.

For example, a cigarette ad might show a high-powered speedboat on a beautiful lake. This has nothing to do with cigarettes, and nothing at all is stated—nobody has told a lie. But the implication is that this brand of cigarettes is smoked by people who like and can afford expensive boats and exciting vacations—and if you want to be like them, you should smoke that brand.

Things to do

Family

Talk about ads that family members have seen or heard. How much did the ads really tell you about the products? How much was "window dressing" that could just as well have been used for other products? What emotions did the ads try to make you feel? Here are some things to look for in an ad.

ANALYZE an ad. What is printed, shown on TV, or heard on the radio?

What does the ad really tell you?

What do the advertisers want you to think?

What do you think?

How can the ad help you?

MAKE up a new product as a family. Let all family members old enough make up

ads for the product. Show and talk about the ads at a family council meeting. How did each ad try to "sell" the product?

FIND newspaper and magazine ads that appeal to emotions. Make a collage using the ads. Discuss the ads.

Preschoolers

WATCH TV together and sometimes talk about the commercials. Explain the difference between ads and programs. Help your child understand that commercials are partly "make-believe."

INTRODUCE your preschooler to children's programs on public TV channels, where there are no commercials. If you have cable television, there are also ad-free children's programs on some cable systems.

GIVE children other things to do besides watching TV—playing with friends or family members, helping around the home, "reading" picture books and magazines, drawing or coloring, learning to play a simple musical instrument, making up stories, planting a garden, swimming or other sports.

6- to 12-year-olds

TALK about ads they see and hear. Children of this age are old enough to understand how advertising works. Explain



What to look for in an ad

Information

Style
Color
Size
Weight
Shape
Quantity
Where
Features
Who makes it
What is it for
Regular price
Former price
Current price

Persuasion

Impressive illustration
Vague claim of economy
Indefinite statement of quality
Play on hopes—health, glamour, a "new you," romance, enjoyment
Play on fears—pain, social failure, accident, bad breath
Price: "\$30, worth \$40"
"Selling elsewhere for"
"Should sell for"
"Certified value"
"Made to sell for"
"Savings up to"
"Now only"
"Below cost"
"Your last chance"



that advertisers are not allowed to tell lies, but they can imply things that are not true.

DISCUSS how TV and radio commercials affect your family and its choices.

STUDY newspaper or magazine ads, paying special attention to frequently used “selling” words and claims that could or could not be proved.

TALK about how ads are made to appeal to different markets— young children, teens, senior citizens, etc.

LET children write and record, draw, or act out ads they create.

ENCOURAGE children to make a poster of different ads and tell other family members about the ads they cut out. Highlight the various emotions the ads are using to sell products.

Teenagers

CONTINUE with activities from other age groups, but expand.

HELP teenagers understand the positive aspects of advertising.

EXPLORE career opportunities in advertising with teenagers.

Remember, we need advertising, but we don’t have to let it control us. We use advertising to help us get the best buys for our money.

How does advertising work?

Advertising’s main aim is to get you to buy. One very effective way is to appeal to your emotions. Let’s look at a few examples:

The desire to be like others

For example, an ad may imply that all teens wear a certain type jeans, and if you don’t, you aren’t very important.

Fear

Such ads imply that if you don’t use a certain product you will lose your sweetheart, or smell bad, or look ugly.

Snob appeal

These ads imply that buying a certain item makes you a leader or a success.

Comfort and enjoyment

Such ads suggest physical pleasure, such as good flavor, soft texture, health, or freedom from pain.

Sex appeal

These ads want you to think a product will make you popular with the opposite sex.

Desire for a bargain

Prices and free gifts are stressed.

Instant happiness

These ads imply that you will be assured of happiness as soon as you buy and use the product.

If you know what an advertisement is trying to do, it’s easier to decide whether you really want to buy the product.

Coming Up

The next and last lesson in this series looks at questions about money and your child

Other Extension publications that may interest you

To order a publication listed below, include the publication's title and series number. You may order up to six *no-charge* publications without shipping and handling fees. If you request seven or more *no-charge* publications, include 10 cents for each publication beyond six, plus shipping and handling fees as follows:

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— EC 1295, *Helping Children Grow: Managing Children's TV Habits*



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Lesson 6

QUESTIONS AND ANSWERS

Main ideas

When families work together, they can better solve their problems.

Children learn through family discussions.

Children learn by doing. There's no better way to teach money management than by letting children manage their own money.

Children need help and guidance to get them started out in the right direction.

The best teacher is a parent who sets a good example.

Key words

Family council—A time for all family members to get together to talk about matters that affect them. It is a good time for parents to share with their children and teach them skills needed for a happy, successful life.

Goal—An objective; a need or want that you can work for.

Spending plan—A simple guide to show where money comes from, where it's going, and how to use it to reach goals.

Why are we repeating these three key words again? Because they sum up the most important tools you can use to teach your children good money sense. You'll probably find that they do much more.

A family council can help parents and children understand each other better. It can help children share actively in family values. It can make them feel like "partners" in the business of managing the family income – and as partners they are more likely to be willing and eager to help.

Setting realistic goals and working toward them with a spending plan can develop responsibility far beyond money matters. Children learn skills and attitudes that can help them manage their time, plan careers, share their resources, and make sound choices in many aspects of life.

Lessons 1 through 5 reviewed how children learn good money sense by watching what you do, listening to what you tell them, and practicing handling their own money. We stressed how useful an allowance can be for helping children learn, and the special value of an allowance used neither for punishment nor reward. We showed how to make a spending plan that includes saving for goals and sharing with others. And we talked about ways to resist advertising pressures and use advertisements to help make good decisions.

This lesson answers some practical questions that parents have asked.

Questions that may concern you

Q What if a child loses money?

A Sympathize with children in the loss of money. Let them know you understand

and share their feelings; discuss the loss in a calm way. Find out how the child happened to lose the money. Did it accidentally slip out of a pocket? Was it not put in a safe place? Suggest ways to prevent future losses and encourage the child to carry only as much money as is needed. If some of the lost money is really needed for essentials, you may want to replace that much of it; but children need to learn that they are responsible for taking care of their money.

Q What if the child hoards money?

A Some children may hoard their money and refuse to spend it. This is probably a passing phase—something that many children go through while they're learning to use money. If children hoard all their money, they may be getting the things they want by persuading parents to buy them. Sometimes young people have so much trouble deciding what to buy that they end up not buying anything. Or they may be secretly saving for some long-wanted items.



How are you doing? Rate yourself

Use the following questions to check your progress in helping your child manage money.

- ◆ Does each of my children have some money to manage without my interfering?
- ◆ Have I helped each of my children set up a spending plan?
- ◆ Have I explained why and how people save money for future goals?
- ◆ Do I avoid using money as a reward or punishment?
- ◆ Does each of my children do some regular household chores?
- ◆ Do I help my children find ways to earn extra money, suitable to their age and ability?
- ◆ Do I set a good example by being truthful about money matters?
- ◆ Do I give my children more financial responsibilities as they get older and gain experience in handling money?
- ◆ Do my children participate in family financial planning?
- ◆ Am I a good money manager, giving my children a good example to follow?

“Yes” answers show that you are helping your children gain money management skills. “No” answers suggest you may still need to help them more.

Now compare your answers here to those you listed in Lesson 1. Do you feel better equipped to teach your child about money management? Let us know your feelings about the series *Money Sense for Your Children*.

Parents may help by discussing possible ways to use money, guiding children in making choices, and encouraging young people to spend their own money for some of the things they want.

Q What if a child uses allowance money for the wrong things?

A Sometimes children don't use money for items they agreed on. For example, a child might spend lunch money for comic books. Make sure children understand what they are supposed to pay for out of their allowance. Also check to make sure the allowance is enough to cover necessary expenses and leave a little for personal choices. If children still don't stick to their agreements, you may want to supervise their spending more closely for a while and reduce the number of choices they make.

Q If a child goes on a spending spree, should he or she be given more money or pay the consequences of the spending spree?

A Children may save money for weeks and then suddenly spend it all on something you think is worthless. Seven- or 8-year-olds may use their entire

allowance impulsively in one day, even though they have a plan for spending.

When young children are out of money and may miss an event that you think would be valuable for them, it may be wise to give extra money. Then help review and replan expenditures. But when children of 11 or 12, who have had several years of practice with an allowance, let themselves run out of money, it may do them good to face the results of their actions. Parents can talk things over with them calmly and, if they are missing out on something they really want to do, help them find something else to take its place. Disappointment is a reality of living, and it's important to learn how to get over it.

Q What if a child breaks something in the house?

A Should children be made to pay for such damages out of their own money? That depends on the situation and the child. Was it an accident beyond the child's control, or was it carelessness? Was it deliberate? It also depends on the amount of the allowance and the cost of the damage. If a child has to pay a whole week's or month's allowance, parents will end up handing out money to pay for the daily needs. But unless the accident

was unavoidable, it may be a good idea for the child to pay for part of the damage, and so gain an understanding of the value of property.

Q What if a child breaks a neighbor's window or damages other property?

A If a neighbor's window is broken as a result of a backyard game, someone has to pay for the damage. If the cost is not too high, it may be a good idea to let the child apologize and arrange for the repairs. If the cost is too much for the child's (or children's) allowance to cover, parents may have to help out. When you help pay damages, you can explain that the money comes out of family funds and won't be available to spend on other things. This will help children understand how their actions affect family spending.

Q What if a child steals money?

A Parents are often shocked if they discover that a child has taken money from them or someone else. But this doesn't mean that the child is a thief or likely to become one. Don't treat your child like a criminal. Children's stealing, in most cases, is a passing phase. When it does happen, parents should first try to understand why it

happened. Handle children's stealing calmly and privately but promptly.

Preschoolers may need help in learning what is and isn't theirs. Children past 6 or 8 who know they have done something wrong can be given a chance to "save face" by returning what they have taken; explain that the owner needs it. If the money has already been spent, let the child pay back from allowance or savings.

If children steal money again and again and give it to others or spend it on buying them treats, it may mean they are lonesome or unhappy and need more affection and understanding. Help children make closer friendships both at home and with others of the same age.

Guidelines for parents

Remember that no two families are alike, so there are no hard-and-fast rules to help you teach your children money management. Use the following suggestions as guidelines as you and your family manage your money.

BE a good manager yourself. The financial responsibility children find in their own home shapes their attitude toward the use of money.

GIVE children a regular fixed allowance as soon as they are old enough to understand the use of money. Teach them that the allowance takes the place of asking for money.

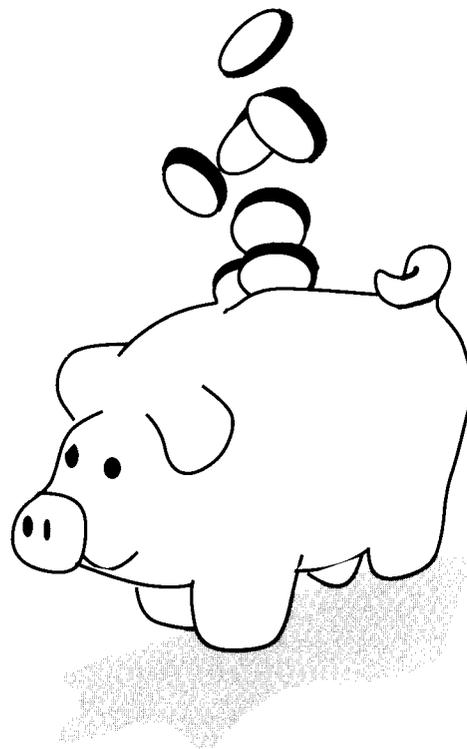
LET children in on the family financial picture. Boys and girls should be given a general understanding of the family's income—its principal source and its main expenditures. If these discussions are kept cheerful, open, and matter-of-fact, the topic of family spending need not be too great a responsibility on young shoulders.

HELP the child see that buying a cheap product is often expensive in the long run. But watch yourself. Your making the children's money decisions won't teach them about the use of money.

ENCOURAGE children to earn money if they want to increase their income, by giving them a real job to do and by paying no more and no less than it's worth. Be sure that any work children do outside the home to earn extra money is not physically harmful and does not expose them to wrong influences. Help your children find ways to earn money.

NEVER use money as a reward or for punishment. Teach children that as members of a family there are certain duties that are performed without pay.

TEACH children the value of saving for a definite purpose instead of saving for the mere fact of saving. Let them learn the folly of spending all their money at once and going into debt to buy something else.



TEACH children that borrowing money costs extra and must be repaid. Try to show that by going without something now, they may have greater satisfaction later.

EXPLAIN that taking care of things that cost money is as important as saving money itself.

HELP children realize the importance of wise sharing as well as wise spending and

wise saving, but don't overemphasize the value of sharing money—don't give children the idea that they can buy friendship or respect. Show children that satisfaction and happiness can come through service.

ENCOURAGE children to write down money transactions. Introduce them to banking, either by having them open a personal account or by helping you with the family account.

When you train children in sound financial habits, you equip them to face many problems of adult life.



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