

## The Art of Allowance

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Recently, a parent asked me what I think about giving allowances to kids. I would like to share an excerpt from my book "**7 Gifts to Give Your Child**" on this topic. There are many ideas about giving kids allowances—when to start, how much, are they tied to doing chores, etc. I believe that it is important to give a child an allowance, so they can gain experience to use and value money, to save up for something extra special, and to develop accountability.

Most experts agree that around five years old is a good age to begin an allowance. Whatever you decide is the right amount to give to your child, most experts also support the idea that the allowance is given freely, not tied to completing chores. Allowance given as a reward for chores makes the child's effort in line with someone hired to do the work, whereas chores are meant to be contributions to

the family, as I explained in the first chapter of my book.

Having researched a number of books on giving allowance, I would like to recommend John Lanza's book, ***The Art of Allowance***, as an excellent resource. He states, "This book will continue to emphasize the core skills . . . *saving for goals, distinguishing needs from wants and making smart money choices*. I'll walk you through setting up an allowance with your child. You'll learn about the weekly distribution into the three jars--**Share, Save and Spend Smart**—and tactics to deal with bumps along the way."

The guidelines that he recommends are:

- Begin when your child is five, but if you haven't already done that, begin now. Set up three actual jars labeled "Share," "Save" and "Spend Smart," as this enhances the visualization for your child.
- Distribute the cash allowance weekly for the greatest impact and opportunities for your child to make wise choices. The author suggests giving your child one dollar per week per year old, but that is completely adjustable according to your financial situation and what you agree upon as parents.
- He also suggests that each week the child is required to put one dollar (or a portion) in the Save Jar and one dollar (or a portion) in the Share Jar. The required deposit in to the Save Jar is to reinforce the idea that one should pay oneself first, and the required deposit into the Share Jar is to reinforce the idea of gratitude and setting aside money to help others. The child can decide where to put the rest of the allowance. They can transfer money from the Spend Jar to the Save Jar (for a future bigger purchase) or to the Share Jar, but not vice versa.
- Decide what things your child is responsible for purchasing with their own money. This is a fantastic opportunity to have conversations with your child about needs versus wants. Things that you are not inclined to purchase for them can become ones that they save up for.
- The **Share Jar** creates an opportunity for your child to learn about charitable giving. Since it isn't want-based, it will take more encouragement and support from you. Donations from the Share Jar can include projects at school, online donations, UNICEF, or local programs.
- As your child gains financial experience and becomes a teen, the author

recommends having conversations about increasing the allowance and including areas that they take more responsibility for such as clothing, food, gifts for friends, entertainment, and communication. He suggests that they pay a portion towards the cell phone bill each month if they have a phone. ***Before the youth moves away from home, Mr. Lanza recommends having them make a budget—first a monthly and then a yearly one for their expenses to help them develop smart spending habits.***

- To make things easier for teens, Mr. Lanza suggests getting prepaid cards, so then you can transfer the money directly. Each child can still have three accounts for save, spend, and share.
- You can find more information and resources in his book and website listed below.
- [www.amazon.com/Art-Allowance-Practical-Money-Smart-Money-Empowered/dp/0982682042](http://www.amazon.com/Art-Allowance-Practical-Money-Smart-Money-Empowered/dp/0982682042)
- [themoneymammals.com/](http://themoneymammals.com/)

Stay tuned for more wisdom about supporting teens and young adults to gain financial habits and independence next week.

To purchase my book on

Amazon: [www.amazon.com/gp/product/B09L7KS5VH](http://www.amazon.com/gp/product/B09L7KS5VH)

*If you would like to know more about what I offer as a coach, please visit my website: [www.coachmyrna.org/](http://www.coachmyrna.org/) Find out more about Safe Conversations [www.coachmyrna.org/safe-conversations.html](http://www.coachmyrna.org/safe-conversations.html).*

