



SUMMER ECONOMICS: MONEY LESSONS FROM AN ALLOWANCE



Nearly 70% of American families provide allowance to children. Summer is a great time to introduce the concept!

What can your kids learn?

- Numeracy skills
- Coin values
- How to save, spend, and donate
- Budgeting
- Opportunity cost
- Entrepreneurship

When should you start paying allowance?

Kids as young as 3-4 can begin to learn about handling money

How much allowance?

One common formula: Between 50-cents and a dollar per year of a child's age per week (*an 8 year old gets \$4-\$8 per week*)

Encourage Young Entrepreneurs

Establishing household tasks that earn kids extra money can be motivating

Encourage Savings

- Talk to your kids about dividing their allowance into three: Spending, savings, and donations for a cause close to their hearts
- Consider incentivizing saving and/or giving by matching up to a set percentage (10% or so)

But let them make mistakes!

- Better to feel buyer's remorse as a child and learn from it than make a more expensive mistake as a young adult because you don't understand impulse buys or opportunity cost



Book To Read:

The Case of the Shrunk Allowance by Joanne Rocklin
for ages 6-9

Why is P.B.'s allowance shrinking? He is not spending the money but the amount sitting in his peanut-butter jar looks smaller than it did the day before. With the help of his friends Mike and Maria, P.B. catches his sister red-handed. But Jill wasn't stealing! Kids will enjoy the mystery as they learn money basics.

\$martPath Video to Watch:



In "Five Thousand Dollars", Kevin, the kid rapper, dreams of what he could buy with his earnings. He soon learns that not everything is possible on a budget! **Watch at smartpathlearning.com.**

