

A New Way to Look at Allowances

Now that you have talked about money as it relates to your adult world, there are a few more considerations before starting. Giving your child money using a new system may require you to re-think how parents and children deal with money.

Are You Willing to Give Your Child Control of Some Money?

Most likely you are already giving your children money to spend. However, *spending* money is not the same as *managing* money. Your child can learn to manage by having control of money and responsibility for some expenses over a period of time. Because there are no rules for giving money to children, you will create your own. You set limits and guidelines based on your comfort level and your child's age and maturity.

Do You Want Your Child to Become Financially Independent?

Only you can give your child experience managing money before he or she becomes an adult. The no-cash allowance can provide many opportunities to make decisions about how to use money. By letting your child learn and make small mistakes now you will help your child develop skills to better manage finances as an adult.

Do You Have Values You Want to Instill in Your Child?

To encourage certain personal and financial behaviors, you can create incentives, rewards, and penalties that are connected to the no-cash allowance system. Discussing how you make financial decisions can also be a good lesson in values for your child. While you may not want to reveal specific details of your finances, sharing your experiences can be educational.

A No-Cash Allowance Can Work for Any Family

Within each household, challenges may arise because of job changes or relocation, and the resulting income fluctuations. Families can also be affected by health situations and swings in the economy that create changes in income and expenses. The no-cash allowance is about giving your child control over whatever amount of money seems reasonable for your family at any given time.