

UK PARENTS STRUGGLING TO TALK TO THEIR CHILDREN ABOUT MONEY

- ***Yet 57% agree parents are the biggest influence on development of children's money skills***
- ***Over half of parents say they find it hard to talk to their children about money matters***
- ***Pocket Money increases by 18% per year***

The vast majority of UK parents (57%) agree that they are the single biggest influence on developing their children's money management skills – yet 58% admit that they find it difficult to talk to their child about money matters, according to new research from the Money Advice Service.

Avoiding the conversation

Only half (52%) of parents say they discuss money matters regularly with their children. The key reasons parents feel uncomfortable broaching the subject of money with their kids are:

- *Children shouldn't have to worry about money (43%)*
- *I feel awkward discussing money – even with my own children (26%)*
- *My parents never gave me any money advice (19%)*

A lack of confidence in their own ability to manage money was also a key factor – just 43% of parents said that they feel they are better at saving money than their children.

Leaving it too late

Parents most commonly begin engaging their children with money skills when they are eight years old – this is the average age at which they begin giving them pocket money. On average parents encourage them to compare prices and talk to them about saving when they are nine. However, a previous academic study commissioned by the Money Advice Service and compiled by academics at the University of Cambridge demonstrated that children begin to form money habits by age seven**, meaning parents are generally leaving it too late.

In addition, whilst 26% of parents had started giving their children pocket money by the age of five, just 16% had begun speaking to their children about the importance of saving by this age.

Impacting budgeting skills

Whilst the vast majority of parents give their children pocket money, in most cases it is at irregular intervals with the amount varying. Just 38% say they give their children a set amount of money at regular intervals – for example each week or month. This lack of consistency could make it harder for children to understand how to manage money for themselves, potentially impacting the development of budgeting skills.

Mums taking the lead

The research highlighted that mums are taking the lead on financial conversations with 56% speaking to their children about the issue frequently in comparison to 46% of dads. Almost one in five (17%) of dads admitted to feeling awkward discussing money with their children, while a further 7% of them didn't feel it was their job to do so.

Mums are also much more likely to include their children in conversations about the family budget (82% of mums versus 77% of dads).

Just the job?

Whilst many parents are reluctant to talk to their children about money, many see the value of them learning about it in the real world. Seventy-one per cent of parents said that children should have a job whilst in education, to both 'teach them the value of money' and to 'learn how to support themselves'.

Pocket money index

The research revealed the average amount of pocket money children between the ages of 11-18 years old receive from their parents by age. The amount was shown to rise an average of £1.78 - or 18.4% - per year:

Age of child	Average amount of pocket money received per week
- 11-12	- £7.01
- 13-14	- £7.99
- 15-16	- £10.52
- 17-18	- £14.70

Responding to the findings, **Kirsty Bowman-Vaughan, Young People Policy Manager at the Money Advice Service**, says:

"It's interesting to see that even though parents know they are the biggest influence on their child's money habits, they still find it hard to talk about the subject with their kids. We know that children develop attitudes towards money at a young age, most commonly prior to seven years old and so it is important to start building good behaviours as early as possible.

We know that talking about money isn't always easy, but it can be really fun. We've developed some useful tips and information at the Money Advice Service to help you get started.

We also know that introducing your children to money at an early age really works. Our insight shows that the more parents talk to their children and give them responsibility from an early age, the better they are at saving and planning for the future."

According to **child psychologist Dr Elizabeth Kilbey**:

"Having tough conversations with your children is part and parcel of being a parent and money can be a subject many find particularly hard to cover, especially if it is an area which they struggle with themselves. One of the key reasons for many parents is that they feel children shouldn't be burdened with adult responsibilities, like worries about money. But it can in fact be very empowering to give your children skills and confidence with money, so that they don't have to face money worries in the future."

Five Tops Tips from Dr Elizabeth Kilbey on talking money with your children

1. **Subtly integrate it into your child's life.** You don't have to have a big 'money chat' to bring up the idea of good money management. When you go shopping for example, encourage your child to make a choice

between two items so they understand they can't 'have it all' or explain to them that whilst two products are very similar, one is cheaper and it can be sensible to go for that one.

2. **It's never too young to start.** My own experience backs up the Money Advice Service's academic study which shows that money habits begin to be developed prior to the age of seven. Children shouldn't have to worry about family finances, but you can help them understand money without doing this.
3. **Be confident.** This is your opportunity to help your children develop positive, beneficial habits. Even if you aren't the best at money management, you will still have lots you can pass on to your children.
4. **Have a go.** Money is a very practical subject and children can be very hands on learners. Find ways for your children to handle and use money whenever possible and having pocket money can be a great way of doing this. In younger children, role play can be used – for example playing 'shop' using pretend money.
5. **It's ok to make a few mistakes;** it's how we all learn, and that applies to money as well. It's far better for children to be making mistakes with little or no consequences than them facing bigger money issues when they are older which could have a bigger impact.

To find out more about helping children to understand money www.moneyadvice.org.uk