

For immediate release

September 1, 2015

## Parents need to raise the bar when it comes to teaching kids about money

- ➔ 58% of parents who had to work for pocket money are now giving their kids free handouts
- ➔ Aussie kids who receive pocket money will earn on average \$7,016 over their childhood
- ➔ Parents urged to teach kids the value of money by giving pocket money for chores

**September 1, 2015, Sydney, Australia** – Not only are more Australian parents giving their kids free handouts, they are failing to teach young ones how to work for and save money, a new survey by [finder.com.au](http://finder.com.au)<sup>1</sup>, one of Australia's biggest comparison sites, has found.

The survey of more than 1,000 Australian adults<sup>2</sup> found that while almost two in three Aussie kids (63 percent) are receiving pocket money – about 3.3 million kids aged up to 17 – only one in three of them (or about 1.09 million) actually have to do chores for their cash<sup>3</sup>.

The state of our nation's personal finances could be set to get even worse, as many parents who had to work for their childhood allowance are choosing to forgo this valuable lesson in their own parenting. Only two in five (42 percent) adults who had to do chores for their pocket money are now instilling these values in their kids.

The total cost of pocket money per child over the course of their childhood is \$7,016 according to the [finder.com.au](http://finder.com.au) study, with the average weekly allowance sitting at \$9.30, or \$483.60 a year per child.

Unsurprisingly, those children on the cusp of adulthood – aged 17 years – were found to be the most expensive age, costing their parents almost \$800 for the year. Children aged 0-2 were receiving an annual average of \$260 from their parents.

The study also found that parents were most likely to give their kids pocket money when they were aged 13-14, with 78 percent of parents doing so. As kids get older and start taking

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<sup>1</sup> Experian Hitwise since 2013

<sup>2</sup> Commissioned by [finder.com.au/savings-accounts](http://finder.com.au/savings-accounts) and conducted by global research firm PureProfile

<sup>3</sup> ABS Australian Demographic Statistics 2014 analysed by [finder.com.au/savings-accounts](http://finder.com.au/savings-accounts)

on part time jobs, the percentage of kids receiving pocket money decreases, dropping to 63 percent at 17 years-old.

The more children parents had, the less likely they were to give their kids pocket money with 60 percent of children with no siblings receiving an income, but only 34 percent of four-children households give their kids pocket money.

Michelle Hutchison, Money Expert at [finder.com.au](https://finder.com.au), said that there is a silver lining for parents looking to nurture good money habits in their children provided they give them the right tools.

"Teaching your kids the value of money from a young age is crucial to help them gain an understanding and respect for savings. Our research shows that not enough parents are proactive in teaching their kids the value of money on a regular basis by using bank accounts and pocket money for chores.

"Pocket money is a terrific way to teach kids how to value money but it's almost pointless without including conditions like doing chores and keeping the amount consistent.

"The [finder.com.au](https://finder.com.au) research showed that children have been twice as successful at achieving a savings goal if they have their own savings account; We also found that kids who receive pocket money are more likely to have one. But there's always room for improvement. Clearly the love of building savings begins young, so finding the right tools to spur their interest is vital.

"Giving a young one their own not only allows them to 'play grown up', it actually stimulates positive personal finance habits that will genuinely benefit their future selves.

"Pocket money doesn't have to be an expensive exercise – if you can teach your kids how rewarding it is to save up their money for a goal it will be even more meaningful."

#### **Other findings from the [finder.com.au](https://finder.com.au) survey:**

- Kids who don't do chores may not only be missing out on learning the value of money, but they are likely to receive more than their working counterparts. Only 40% of kids who do chores were likely to receive over \$5 per week, whereas 65% of kids who don't do chores received over \$5
- How do you make \$260 a year without doing anything? Be an Aussie kid under two years of age. Kids up to two received an average of \$5 a week
- As kids age, their income tends to increase at 7.6% annually – that's compared to the average savings account rate of about 3%!
- 68% of parents surveyed received pocket money when they were a kid but 71% of which didn't have to do chores to receive it. About 1 in 3 parents who did receive pocket money didn't repeat the practice with their kids
- Generation Y (aged 18-34) is the most likely age group to give their kids pocket money (54%). As parents age, the likelihood of giving pocket money decreases to 41% for Generation X and 37% for Baby Boomers who have children under 18.

- 27% of parents have not opened a bank account for their kids.

### State by State

- The state most likely to give their children pocket money is ACT (76%) followed by Tasmania (73%). Northern Territory kids are the least likely to receive pocket money (50%)
- Of the parents who give their kids pocket money, Queenslanders were most likely to insist they do chores (52%)
- NSW children are most likely to get pocket money for nothing, with only 15% of them being asked to do chores
- Tasmanian kids are most likely to have a bank account (90%) followed by children from Victoria (77%)
- ACT and NT kids are the least likely to have a bank account (67%).

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