

Allowance - A Three "W" Approach

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As an educative tool for youngsters an allowance consists of a three "W" approach. Why? What? When? The following threefold outline emphasizes the early development of problem solving eventually exhibiting mastery of life tasks.

"Why should children be given an allowance?"

Parents are of paramount importance in influencing a child to find his place as a worthy individual within society. Consequently, their responsibility is to provide guidance in helping the child to develop a life style by which he becomes a contributing member of society and an individual capable of managing his own affairs. A convenient and legitimate way of making provisions for a youngster to manage money wisely is by means of an allowance. An allowance has a number of advantages as contrasted to providing a youngster with money as he needs it. If the child feels that the source is inexhaustible he may become a poor manager of finances. Not only do parents exercise a guiding voice in the early development of the child but they also influence the child to develop self-confidence, a sense of courage in solving problems, and a means of teaching the management of one's own affairs. The following case is illustrative of these concepts:

Oftentimes it is difficult for a parent to resist pressure on the part of the youngster to subsidize a purchase when he has not accumulated enough money to make the purchase himself. Following World War II, excessive consumer goods were being manufactured; however, the quality was somewhat inferior. One day as the little girl and her father were shopping, the youngster became fascinated by a set of wooden toys and wished to make an immediate purchase although she did not have sufficient funds. The father suggested that she save a portion of her next four allowances and resisted the pressure to subsidize the purchase. On a subsequent visit to the shop the youngster complained that she did not have a sufficient amount of money and asked her father to compliment her savings. He again reminded her that in two weeks she would have acquired the amount needed on her own. At the end of the month she purchased the toy, however, after a short time she no longer played with it. When the father questioned the youngster she commented, "It didn't turn out the way I thought it should."

Reviewing this story other parents suggested that the father should have denied the youngster the right to purchase the toy which cost \$2.50. However, the point is that the youngster waited in anticipation until she was able to finance the purchase. As a result she learned that she had paid an excessive amount for the toy. Practically speaking the youngster had been initiated to the management of her own affairs and her allowance.

“What amount should be given to a child?”

To be effective an allowance should be a fixed amount based on weekly, bi-monthly, or monthly intervals. If his money is spent unwisely he will learn through logical consequences that he will not have money until the forthcoming date. An allowance, therefore, becomes a fixed income. The amount of money provided is based on two criteria including family income and the youngster's needs. After the amount has been agreed upon by the parents and youngster he should be permitted to spend the money as he so desires.

A hypothetical work sheet for the purpose of discussing an eight-year old boy's weekly expenditures may include:

Haircuts \$1.00
Boy Scouts 10 cents
Sunday School 20 cents
Church 20 cents
Movies 50 cents
School Supplies 40 cents
School lunch \$1.75
Miscellaneous 40 cents

The budget will vary according to age and sex. As the youngster grows older and indicates an ability to manage his own affairs, then the purchase of clothing may be added. Initially, the purchase of shoes is an easy estimate. Usually a youngster in the fifth or sixth grade should be ready to include this purchase within his budget. When he reaches junior high he could further expand the budget to include all his expenditures for clothing, amusement, donations, birthday gifts, etc.

What should be done concerning payment for activities of an educational nature such as music, voice, athletics, or dance lessons? These are usually best handled by parents' direct payment, although they may be included in the budget if the parent and child reach a mutual agreement. This can be discussed during a family council meeting if the youngster requests a substantial revision of his present budget. It is a business-like procedure illustrated in the following examples:

A youngster showing her diary account of expenditures indicated that she was drawing from her saving account which she had accumulated by babysitting. In this instance the parents reflected the proper guidance and all agreed to an increment in her weekly allowance.

Oftentimes the youngster may obtain employment which nets an income far greater than his allowance. For example, it is not uncommon for a news boy who gets an allowance of \$25 per month to acquire a paper route that pays between \$35 and \$40 a month. What can be done is dependent upon the youngster's ability to know the value of money. Several alternatives are possible. If the money is used for excessive luxury and the family's resources are minimal the expenditure is unwarranted. On the other hand, both the parents and the child could come to an understanding as to the handling of the money. It might be reasonable to reach an agreement whereby the allowance be discontinued. Perhaps the child will accumulate the savings for future education or a trust fund. At any rate, the management of the money at hand is a crucial factor in determining its quantity.

Many parents have taught children the transaction of the stock market or helped them to invest in stocks and bonds with savings which they have accumulated. Arrangements can be made whereby a youngster invests a certain amount each month in the stock market.

"When should an allowance be given to a child?"

The administration of an allowance requires planning on the part of the parents. A general rule is that it does not begin at the same time for all children; however, when the child begins to have a persistent need for money this is an indication that he is ready to be trained to use money. If the child is between 3 and 5 years of age perhaps 25 cents will suffice his weekly needs. In a beginning program it is best to provide an allowance once a week; however, this can be extended to a bi-monthly or montly period later on. As a child grows older the amount should be increased to meet his needs.

Whether or not a child should be paid for performing certain tasks in the family will depend upon the circumstances. The family as a group is composed of individuals who through cooperation contribute to its welfare. Deprivation of the opportunity to develop a feeling of group belonging stagnates the development of social interest. In certain situations, however, as the youngster becomes older he should be paid for the task if he wishes to assume the responsibility. Each child, particularly girls, should be taught to iron their own clothing; however if the ironing is usually done by hired help and the youngster wishes to assume the responsibility she should be paid. Other tasks which the youngster performs whould be done without pay and for the benefit of he family's welfare.

An allowance may not work perfectly in the initial stages. A youngster's errors could result in the serious waste of money. The following example illustrates this principle:

A youngster had saved enough money to purchase a power airplane which cost \$75.00. After a length of time he decided that the plane did not provide the satisfaction which he had anticipated. Frequently he remarked that he wished that he had his money back. This situation is indicative of the fact that the youngster can learn an important lesson. It is better that \$75.00 which is a vast amount of money for a 15-year-old, be wasted rather than the youngster making a mistake in later years when a greater amount of money could be invested.

By outlining the three "W" approach the parents have a basic foundation whereby they can develop their own responsibility in guiding their children to manage their own affairs. Learning to assume responsibility for the management of one's own affairs is an initial step in the development of contributing members of society.

Editor's Note: "Allowance—A Three 'W' Approach" serves as an initial outline. The author is in the process of publishing a pamphlet further clarifying specific aspects of the allowance procedure.