

# Don't cut off kids' pocket money, expert warns

*As Australian families grapple with the cost of living crisis, an expert has called on parents to think carefully before making cuts to kids' allowance.*

AUSTRALIA, September 20, 2023 /EINPresswire.com/ -- As Australian families grapple with the cost of living crisis, a personal finance expert has called on parents to think carefully before making cuts to their childrens' allowance.

Andrew Baxter, the founder of Australia's top financial and trading education platform, Australian Investment Education, says studies showing that cash-strapped Aussie families have docked their children's pocket money in 2023 are concerning.

"As someone who grew up in a working-class household, I understand the constraints families are under, but cutting kids' pocket money might have unintended long-term consequences," Baxter said.

"By cutting pocket money, we're losing a prime opportunity to teach our children essential money management skills that will set them up for life."

Baxter, a father of five young children, says his parents taught him the value of hard work by paying him for chores and he's adopted a similar approach in his household.

"Giving children pocket money as a reward for assisting with household chores can help them develop a sense of responsibility and independence."

Andrew Baxter's Pocket Money System:



Australian investment expert Andrew Baxter

Child	Weekly base salary	Extra task	Total payment
Jack (age 14)	\$14	Mowing the lawn weekly (+\$5)	\$19
Harriett (age 10)	\$10	Feeding the dog daily (+\$4)	\$14
Charlotte (age 8)	\$8	Taking the rubbish out daily (+\$4)	\$12
Fred (age 7)	\$7	Watering the tomatoes twice per week (+\$3)	\$10

Andrew Baxter's pocket money system

Baxter suggests that even if you can't afford to give your children a large allowance, it's crucial to implement some form of system.

He advocates for an age-based allowance structure, where the weekly amount paid corresponds with the child's age.

For example, this would see a three year old receive \$3 per week, while a seven year old would receive \$7 per week.

To receive this weekly 'base salary', the children should complete routine chores like dishwashing, table clearing, and bed-making.

However, more demanding or specialised tasks, such as window cleaning or yard work, offer opportunities for additional income.

To illustrate, a family with four children might adopt the payment structure pictured/attached.

Baxter encourages parents to issue a weekly 'payslip' to their children, breaking down their earnings by task.

This not only adds a touch of realism but also helps children understand the concept of earned income.

#### Key Points:

- Cutting children's pocket money compromises the development of budgeting and saving skills.
- Using chores or tasks as a basis for pocket money fosters a sense of responsibility and teaches the value of hard work.
- A balanced approach to pocket money encourages not just financial literacy, but also a well-rounded childhood experience.

#### About Andrew:

Andrew Baxter is an investment advisor, educator and commentator who is recognised as one of Australia's leading experts on trading education, wealth creation and money mindsets.

Andrew is the founder of Australia's top financial and trading education platform, Australian Investment Education.

He has spoken alongside some of the world's leading names, including Robert Kiyosaki, Anthony

Robbins, Sir Richard Branson and Tony Blair.

Andrew is renowned for his ability to translate complex finance into simple, everyday, easy-to-follow processes.

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Check out the [Money And Investing Podcast](#)

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