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What is Pocket Money

Understanding Pocket Money: A Key to Financial Literacy!

DEFINITION

Pocket money is the small amount of money given to children by parents. It helps kids learn how to manage money responsibly.

KEY CONCEPTS

Budgeting Basics

Budgeting means planning how to spend your money wisely each week.

Saving vs. Spending

Kids should learn to balance saving some money while spending on fun things.

Needs vs. Wants

Understanding the difference helps kids prioritize what to buy with their pocket money.

Earning Money

Kids can earn pocket money by doing chores or helping around the house.

Setting Goals

Setting savings goals teaches kids patience and the value of delayed gratification.

EXAMPLES

→ Saving $5 each week to buy a new toy.

→ Spending $2 on candy and saving the rest.

→ Doing extra chores to earn additional pocket money.

MEMORY TIPS

★ Remember 'BESS' for Budgeting, Earning, Saving, Spending.

★ Use a jar system: one jar for saving, one for spending.

★ Think 'Needs first, Wants later' to prioritize purchases.

COMMON MISTAKES

✗ Not keeping track of spending.

✗ Spending all pocket money at once.

✗ Confusing needs with wants.

QUICK RECAP

Pocket money helps kids learn financial skills like budgeting and saving. It's important to balance spending and saving while understanding needs versus wants.