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What is Pocket Money

Understanding Pocket Money: Your First Steps to Financial Freedom!

DEFINITION

> Pocket money is the small amount of money given to kids by parents. It helps children learn to manage money and make spending choices.

KEY CONCEPTS

Budgeting

Budgeting means planning how to spend your pocket money wisely.

Saving

Saving is putting aside some of your pocket money for future needs or wants.

Spending

Spending is using your pocket money to buy things you want or need.

Earning

Earning pocket money can come from doing chores or tasks for family.

Needs vs. Wants

Understanding the difference helps you decide what to buy with your money.

EXAMPLES

→ You receive $5 a week for chores.

→ You save $2 each week to buy a toy.

→ You spend $3 on snacks at the store.

MEMORY TIPS

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

★ Think of 'Save for Later' to remember to save money.

★ Use 'Needs First, Wants Later' to prioritize spending.

COMMON MISTAKES

✗ Spending all pocket money immediately.

✗ Not keeping track of what you spend.

✗ Confusing needs with wants.

QUICK RECAP

Pocket money is a way for kids to learn about money management. It involves budgeting, saving, and making choices about spending. Understanding needs versus wants is crucial for effective financial literacy.