One in seven three-year-olds receive weekly pocket money

One in seven (14%) three-year-olds receive weekly pocket money, rising to over a quarter (26%) for eight-year-olds, according to new research from savings and mortgage provider Nottingham Building Society, known as The Nottingham.

The research, conducted through YouGov Profiles of UK parents of children aged between 0 and 16, looked into Great Britain's pocket money habits, how much parents are giving each week, and how regularly children are receiving it.

Around one in four (24%) children who are given pocket money receive between £5 and £9.99 - meaning children who receive it on a weekly basis are potentially pocketing £520 a year. The most popular amounts given in pocket money are:

1. £5 to £9.99 (24%)
2. £10 to £19.99 (16%)
3. £3 to £4.99 (9%)
4. £1 to £1.99 (9%)
5. £2 to £2.99 (7%)
6. £20 to £29.99 (5%)
7. Less than £1 (3%)
8. £30 to £39.99 (2%)

Weekly was the time period most popular for parents who regularly give their children pocket money, with just under one in four (23%) children receiving it once a week. One in ten (10%) children receive it once a month, and around a fifth (21%) of parents admit there is no set pattern when it comes to their children receiving it.

Just a fifth (20%) of parents do not give their children any pocket money, and 8% of children are only given spending money when they need it.

When it came to parents saving for their children's future, education was the biggest priority with 14% of parents with children up to the age of 16 claiming to be currently saving for their school, college and university costs.

Jenna McKenzie-Day, Senior Savings Manager at The Nottingham, gives her top five tips on how to introduce good saving habits to children from a young age.

1) **Set small goals** - If you give your child pocket money, ask them what they want to spend it on and let them know how much it costs. Make sure it's something relatively cheap, like a new toy or a trip to the cinema, and then every time you give them money, chat about how much more is needed and when they might be able to afford it.
2) **Explain where money comes from** - It's natural for children to think that money is infinite, so explain that you have earned it by working. This helps to dispel the idea that they can simply buy anything they want. You could even give your children pocket money in exchange for simple chores, like tidying their bedroom, to show that nothing comes for free.

3) **Let them make decisions** - Once children have their own money, let them decide how to spend it. If they buy a DVD and then later don't have enough to get some sweets, they'll soon realise that they can't have everything and that it's important to prioritise.
4) **Set a good example** - If you are making impulse buys, or always going for the more expensive option, children will notice and start to adopt the habits for themselves. If you practice what you preach and are smart with your own money, then children are more likely to follow suit.
5) **Research the best account for you** – Whether it's a Young Saver or a Junior ISA, going through the research process with them is a brilliant way to help children understand saving and develop early saving habits. Explain why you have chosen a certain account and this will start to introduce children to savings terms, tax and interest rates.

Jenna McKenzie-Day, Senior Savings Manager at The Nottingham said: "Whether or not to give children spending money can be quite a divisive topic, but there are definite benefits to teaching children how to manage money from a young age, and get them into a savings habit. The Junior ISA has been one of the most popular products this year as it benefits from being a tax-free savings account and is a good option for parents looking to start building a savings habit for their little ones. We have seen a 62% increase in parents opening one for their children the first few weeks of the 2019 tax year, compared to the same time period last year.

"The Lifetime ISA has also been popular this season and although it's an account for those aged 18-39, we've heard examples of grown-up children (18+) opening a LISA as an account that their parents will also be paying into to help save for their first home. Another demonstration that the bank of mum and dad is still a key factor in helping young people save for key life milestones, even after they turn 18."

To find out more about the Junior ISA, visit:
https://www.thenottingham.com/savings/products/junior-isa/

Research source: YouGov Profiles-Great-Britain-2019-03-31 – 51,101 UK parents with children aged between 0 and 16 years old profiled during the YouGov omnibus undertaken the week commencing 31.03.2019.

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