



50 YEARS OF POCKET MONEY





Steve James
Chief Executive Officer

As a child, the weekly ritual of receiving pocket money filled me with a combination of pride and excitement. Pride to have 'earned' my allowance and the self-responsibility of looking after money, and excitement at the thought of what I could do with my cash.

I enjoy seeing that same mixture of pride and excitement in the eyes of my children when they receive their pocket money each fortnight. Although I usually spent all of my pocket money on weekly trips to the movies, my kids are encouraged to put some into savings and then it's up to them how they spend the rest.

Whatever your feelings toward pocket money, financial literacy is an important life skill that shouldn't be overlooked.

Understanding money and finances, and being able to confidently apply that knowledge is essential to making effective financial decisions. This in turn affects our quality of life, the opportunities we can pursue, our sense of security, and the overall economic health of our society.

The world of banking and financial services has advanced enormously in the fifty years since Teachers Mutual Bank was established, and there is now much more choice – from the products available to us, to the channels we use to do our banking. Back in 1966, transacting via an app on your mobile phone was the stuff of science fiction!

With so many financial options, making thoughtful and informed decisions about your finances is more important than ever.

At Teachers Mutual Bank, we have a passion for educating future generations and helping to set them up for success. As part of this quest,

we introduced *Tiny Monsters Bank* to give basic meaning about money and finances to the children of our members. It's filled with activities that stimulate, educate, motivate and engage children while they learn about money. It was matched with *Mighty Saver* – a high interest savings account for under-18 year olds that rewards savings.

In order to better understand how Australian families feel about the evolution of pocket money over the past five decades and its influence on financial literacy, Teachers Mutual Bank commissioned an online survey of more than 1,300 people. The results show the importance Australians still place on pocket money when it comes to learning about money, even though the methods for receiving it and the amounts given have evolved through the years.

By sharing our research on 50 years of pocket money we hope to spark conversations about financial literacy across Australia, and encourage awareness of how learning about money can help children save, build wealth and enjoy financial wellbeing throughout their lifetime.

Even if your children are not yet old enough to count, there are some very practical ways to help them engage with money from a young age. We strongly believe it is never too early to start teaching children the basics and we hope parents can use Teachers Mutual Bank's resources and tools as a guide.



50 YEARS OF POCKET MONEY

A lot has changed since Teachers Mutual Bank was established in 1966, but pocket money has remained a central rite of passage for many Australian children.

Pocket money or an allowance can often be used as the first step in teaching children financial concepts. It gives kids an opportunity to see the effects of saving and spending first hand – helping them to develop confident money management skills.

For 50 years, Teachers Mutual Bank has been supporting teachers and their families' financial wellbeing. From humble beginnings – where our first meetings were held in a tennis shed – we've grown from 29 members and \$644 in deposits, to over 186,000 members and more than \$5.8 billion in assets.

Our success was born out of a dream and a vision to give teachers and their families better financial options. We are passionate about financial literacy and inspiring the next generation to learn positive spending and saving habits.

In July this year, we commissioned research to better understand adults' experience of pocket money in childhood, and how they feel about kids receiving pocket money today.

Our survey involved 1,364 people from across Australia, including 238 (17 per cent) who work, or have worked, in the education sector.

We asked them to recall their own personal experience of receiving pocket money as children and to tell us their views on how pocket money should be given today.

The research revealed expectations on how much children should be given and how they 'work' for their pocket money (if they work for it at all) have changed significantly over the past 50 years, but some core principles have remained.

We found that while amounts of pocket money have increased, children are still expected to meet a number of conditions to receive their allowance. Eight in ten Australians say they believe kids should do household jobs to earn their dollars, and more than half believe pocket money should be dependent on good behaviour.

With an increasingly cashless society in Australia, it's not surprising that pocket money seems to be moving out of the piggy bank or moneybox. Almost a quarter of respondents think pocket money should now be paid into a bank account, rather than given as cash.

Overall, most believe giving pocket money provides an opportunity for parents to discuss good spending and saving behaviours with their children, while allowing them some freedom to develop their own financial habits.



RESPONDENT DEMOGRAPHICS

THE SURVEY INVOLVED 1,364 PEOPLE FROM ACROSS AUSTRALIA



46%
Men

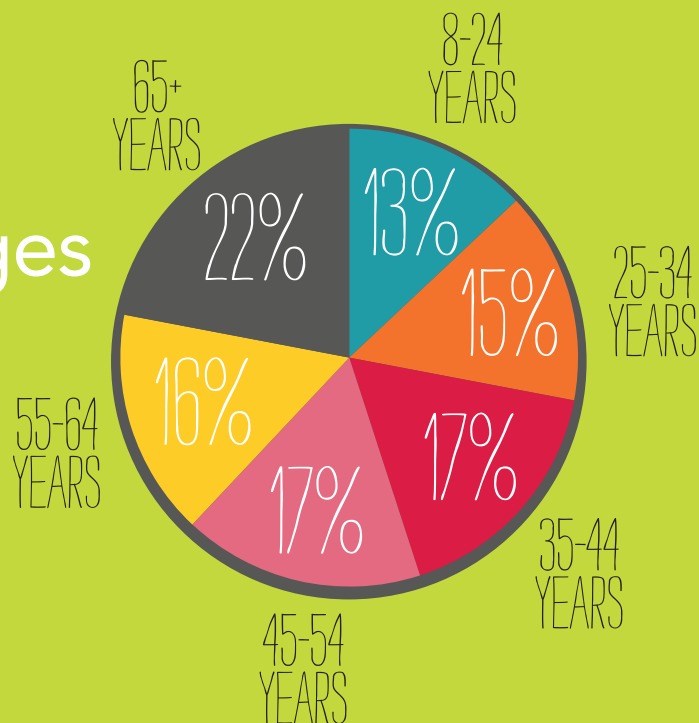


54%
Women



70%
Have
Children

Ages



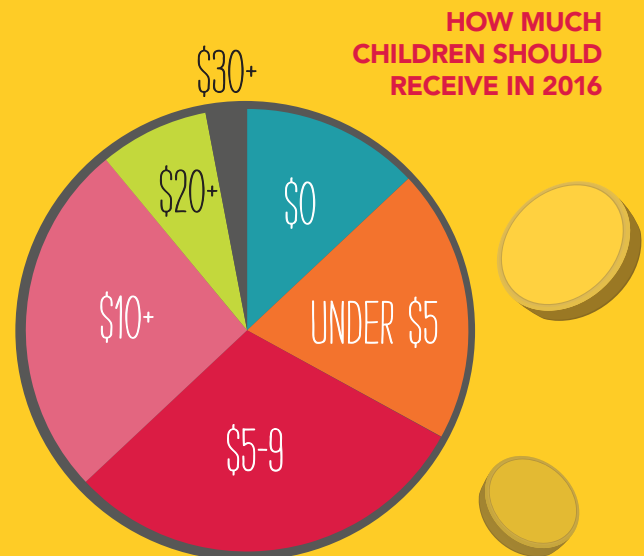
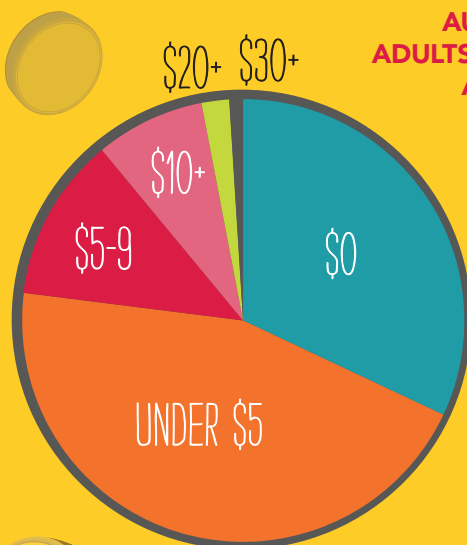


PAST POCKET MONEY TRENDS

Australian parents have been giving children a regular allowance or 'pocket money' for decades. Across all age groups of adults surveyed, from 18-year-olds to retirees, almost 70 per cent received some pocket money as a child. However, the amount of cash kids receive, and the conditions for earning it have transformed in line with our twenty-first century lifestyles.

A key example is while almost half of our survey respondents (45 per cent) remember pocketing less than five dollars per week when they were children; only 20 per cent think kids today should receive less than five dollars per week. Moreover, economic inflation means that in 1966, five dollars was more than eight per cent of an adult weekly wage*, in 2016, the same percentage of the average Australian weekly earnings# is equivalent to \$126.

HOW MUCH POCKET MONEY?





Our research found pocket money has been steadily increasing throughout the generations, with half of 45 to 54-year-olds receiving less than five dollars, compared with just 27 per cent of 18 to 24-year-olds.

Of all the adults surveyed, more than two-thirds (67 per cent) remember their allowance being dependent on doing household chores. However, between generations, the types of jobs or responsibilities children take on to earn their pocket money have noticeably shifted.

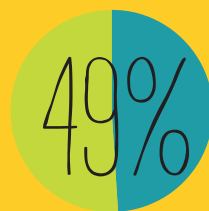
In particular, the number of children doing labour-intensive work outside to earn their pocket money has steadily declined over the past 50 years. According to the survey results, Australians aged over 55 are twice as likely (49 per cent) to have helped garden or mowed the lawn to earn pocket money than those currently aged between 25-34 years old (24 per cent).

Child safety fears and increased reliance on cars for transport are likely reasons why running errands is another chore that has been largely phased-out over the ages. From our survey, 55-64 year olds were more than four times more likely to have run errands when they were children, compared with their 20-something counterparts.

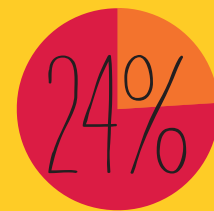
However, in 2016 children are increasingly expected to help with laundry duties. Almost 40 per cent think kids should help with laundry to earn pocket money, yet this was a task for only 21 per cent of children fifty years ago, perhaps because laundry was more time and labour-intensive before fully automated washing machines and dryers were commonplace.

Also, looking after the family pet is seen as a key job for kids today (66 per cent), even though only one-third (36 per cent) of adults say they took on this responsibility to earn their allowance as a child.

GARDENING AND MOWING TO EARN ALLOWANCE



of Australians aged over 55 helped with gardening to earn pocket money



of those currently aged between 25-34 years old helped with gardening to earn pocket money



POCKET MONEY IN 2016

From our research it is clear pocket money is still an important part of growing up in 2016, with an overwhelming 87 per cent of respondents saying they believe children should be paid an allowance.

However, the jury is still out on how much money children should receive. The majority of Australians (56 per cent) surveyed think the pocket money sweet spot is somewhere between five and twenty dollars per week.

The results of our survey show Australian men are more generous when it comes to pocket money than women. Men are almost twice as likely (11 per cent) to believe children should receive more than twenty dollars per week compared with women (six per cent). Women are also more likely to believe children should receive less than five dollars per week (24 per cent) than men (15 per cent).

Generosity is also influenced by household income, as those with an income between \$100,000 and \$150,000 were most likely (37 per cent) to think

giving more than \$10 per week is best, compared with the average (26 per cent). People with a household income over \$200,000 also pay slightly higher allowances than other groups.

The most conservative views on pocket money come from those currently aged 35-44 years old, with 17 per cent believing children shouldn't receive any pocket money at all, compared with the 13 per cent average across all age groups.

When it comes to the reasons for receiving an allowance, fewer than one in ten Australians (nine per cent) believe pocket money should be unconditional. Instead, eight in ten (81 per cent) Australians think children should do household jobs to earn pocket money.

According to our research, Australian adults think the best jobs for kids today are keeping their rooms tidy, helping to set up or clean up at dinner time, looking after the family pet, taking out the rubbish, and cleaning the house.



87%

of Australians believe children should receive pocket money today



TOP CHORES FOR AUSTRALIAN CHILDREN IN 2016



85%

Tidy
bedroom



77%

Set dinner table
and/or clean up



67%

Take out the
rubbish



66%

Look after
pet/s



50%

Clean the
house

TOP CHORES AUSTRALIAN ADULTS DID AS CHILDREN



87%

Tidy
bedroom



71%

Set dinner table
and/or clean up



45%

Take out the
rubbish



45%

Clean the
house



38%

Gardening/mow
the lawn



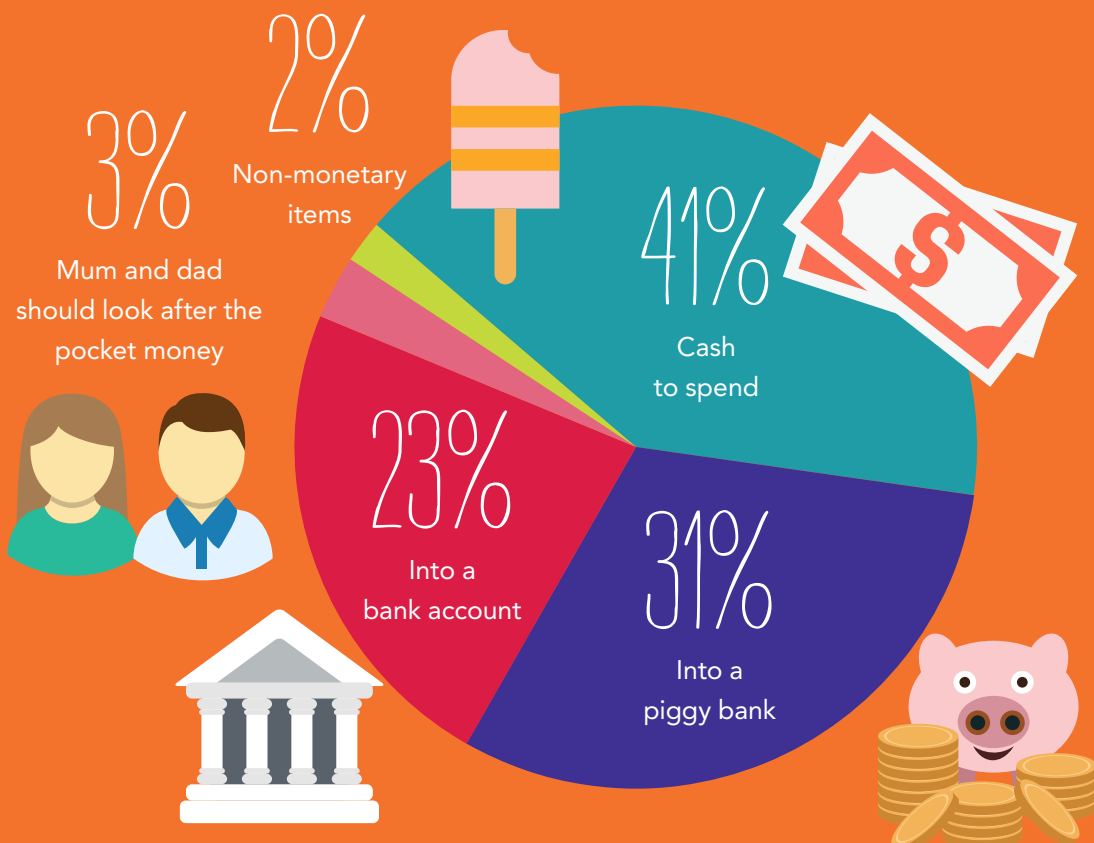
Regardless of whether kids do chores, more than half (55 per cent) of Australians believe receiving pocket money should be dependent on good behaviour, and another third (27 per cent) think it should be contingent on good results at school.

Australian men are more likely to think pocket money is dependent on good behaviour (57 per cent) than women (53 per cent). Men are also slightly more likely to believe pocket money should be dependent on good results at school or extra-curricular activities such as sport or music lessons (27 per cent) compared to women (26 per cent).

While chores and good behaviour are often key to a healthy piggy bank, the way pocket money should be paid to children is a point of contention.

Despite our increasingly cashless society, for pocket money – cash is still king. However, it appears this may be changing. Almost a quarter (23 per cent) of Australians say allowances should be paid into a bank account either for kids to use ‘tap and go’ card features to spend, or to save their money for the future.

HOW SHOULD POCKET MONEY BE PAID?





THE ROLE OF POCKET MONEY

Our research shows Australians believe pocket money plays an important role in developing children's financial literacy. More than 80 per cent say they think pocket money teaches children how to save and spend money wisely, and teaches the value of money. Another 12 per cent think earning a weekly allowance ensures kids develop a positive work ethic.

While there are differing views on whether kids or parents should control the money, more than 65 per cent of respondents say parents should discuss good spending and saving behaviours with their children, but allow kids to develop their own financial habits. This is slightly more pronounced in women, where 68 per cent believe in the value of having financial conversations with kids, compared with 61 per cent of men.

NATURE vs NURTURE



20%

think parents should control pocket money spending



15%

say pocket money belongs to children and they can spend it any way they want



65%

think parents should discuss spending/saving behaviours but leave decision up to kids



CONCLUSION

Our research shows the majority of Australians – almost nine in ten – think children should receive pocket money, and most think it should be conditional on completing household tasks or chores. While the types of chores and the amount of money received have evolved over the past 50 years, our survey respondents overwhelmingly believe pocket money is still a key way for children to learn about and engage with money.

Pocket money can be used as a tool to encourage children to be money-smart, while empowering them to spend and save as they choose. It is the start of a journey that helps children experience earning, saving and spending. It can provide them with a sense of independence and freedom and instil a positive work ethic that will stay with them as they grow and learn.

As we look to the future, advances in technology are likely to change the traditional process of giving out cash as pocket money, particularly as digital and mobile technology now provide a secure and efficient way of making those payments. It may be a case of paying “cashless” pocket money for your

child to spend using their mobile phone or iPad or using a debit card and payWave technology for their purchases.

Whatever your thoughts on pocket money, educating children about financial literacy is no longer merely about helping them understand numbers – it is teaching them that financial awareness impacts on and relates to their everyday life, and their future.

“Teachers Mutual Bank is passionate about financial literacy and hopes to inspire future generations of Australians to learn positive spending and saving habits early in life. That’s why we’ve created resources on our website for parents and children to learn more about pocket money,” says Teachers Mutual Bank CEO, Steve James.

On the Teachers Mutual Bank’s website you can find information about how to explain what a bank account is, art projects like ‘how to make your own piggy bank’ and activities teaching the difference between goods and services.

[^] Research conducted via Pureprofile surveys (July-August 2016), n=1364

^{*} Commonwealth Bureau of Census and Statistics Canberra, AUSTRALIA, AVERAGE: WEEKLY EARNINGS, MARCH QUARTER 1968, [www.ausstats.abs.gov.au/ausstats/free.nsf/0/9854842801FA599ACA257516001177DF/\\$File/63020_MAR1968.pdf](http://www.ausstats.abs.gov.au/ausstats/free.nsf/0/9854842801FA599ACA257516001177DF/$File/63020_MAR1968.pdf)

[#] Australian Bureau of Statistics, 6302.0 - Average Weekly Earnings, Australia, May 2016, www.abs.gov.au/AUSSTATS/abs@.nsf/allprimarymainfeatures/7F76D15354BB25D5CA2575BC001D5866?opendocument



TEACHERS MUTUAL BANK

Teachers Mutual Bank is one of Australia's leading member-owned banks and has been helping members make the most of their money since 1966.

For 50 years, Teachers Mutual Bank has been supporting teachers and their families' financial wellbeing. From humble beginnings – where our first meetings were held in a tennis shed – we've grown from 29 members and \$644 in deposits, to over 186,000 members and more than \$5.8 billion in assets.

Teachers Mutual Bank regularly outperforms the four major banks in terms of customer satisfaction, and was named Bank of the Year 2015 in the Roy Morgan Research Customer Satisfaction Awards.

Consistently ranked among the most ethical and socially responsible banks in the world, Teachers Mutual Bank has set the benchmark in recent years and this something our staff and members truly value.

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 **Teachers
Mutual Bank**
We put you first

