

Part II: Allocating What We Earn

Why This Matters

Once kids begin earning money, the next phase is teaching them how to manage it well. Money is a tool that can be used for good or harm. Helping kids establish boundaries, self-control, and good financial habits prepares them for lifelong success.

The main goal of teaching kids to allocate their money is to develop delayed gratification—the ability to wait for a better future reward rather than taking something smaller now.

Practical Approaches to Allocation

Systems for Allocation

- Jars, envelopes, or save/spend/give boxes are great for younger kids.
- Digital wallets (like Greenlight or Venmo for kids) work well for 10+ and teens
- Parents act as the 'bank and cash register'

Allocation Splits

- A common split: 40% spending, 40% saving, 10% giving, 10% investing.
- Younger kids may use simpler 50/40/10 splits.
- The **exact percentages matter less** than the habit of consistently dividing money.

Key Practices

- Allocate earnings the same day kids receive them.
- Always have a savings goal.
- Parents help reconcile allocations monthly.
- Let kids feel ownership of their system—spend envelopes, savings jars, or digital balances.

Teaching Through Experience

Spending

- Let kids use their spending money with freedom—even if it's on something you think is wasteful. Life lessons are more powerful than parental lectures. Over time, kids learn to make better decisions when given freedom.

Saving

- Help kids set savings goals. Don't advance money for future chores—let them experience the satisfaction of completing the goal themselves. Celebrate with them when they succeed. 48-hour rule to change a savings goal.

Kids + Finances Seminar – Handouts



Giving

- Encourage kids to use their giving money in meaningful ways: donating at church, helping a cause, or supporting someone they know. Celebrate generosity together and connect it to family values and faith.

Investing

- For older kids, introduce long-term investing. Apps like Greenlight or Stockpile make it easy to get started. Begin with familiar brands and index funds, then teach diversification over time.

Tools & Stories

- **Envelopes:** Simple, tangible, effective for tracking spending, saving, and giving.
- **Greenlight:** Allows multiple profiles, debit cards, saving/investing/giving sub-accounts, and parent oversight. Transactions decline if insufficient funds are available, teaching natural limits.
- **Example:** Max, age 9, experienced the thrill of spending all his envelope money—followed by regret and relief when he realized his savings envelope was still intact. Real-life moments like this teach self-control better than words ever could.

Living It Out as Parents

Children are always watching. Our attitudes toward money—whether we practice gratitude, delay gratification, and budget wisely—shape how our kids view finances. Modeling matters as much as teaching.