Parents Boost Children's Piggy Banks To The Tune Of £43 Million A Week

Tuesday 27 August, 2013

Three quarters of parents pay pocket money, paying £5.75 on average per week
- A quarter (23%) of teenagers have a part-time job
- Five is the typical age for a child's first savings account, with 37% of youngsters having some savings
- 1 in 10 parents continues to pay pocket money until child leaves home

Almost three quarters of parents pay pocket money in the UK, contributing over £43 million* to their children's piggy banks every week, data from the latest Aviva Family Finances Report series reveals.

The study unveils the average amount a child receives in pocket money, what control parents have over their child's spending habits, and why parents encourage their children to take a part time job.

Lining their pockets

The survey of 1,500 UK parents shows that 73% give their children pocket money, with an average of £5.75 being paid per week (£23 a month)*. This amount varies depending on the child's age and where they live, and payments do rise with age, but some parents refuse to set limits, giving their child "as much as they need" (2%).

Regionally, London tops the charts paying the most pocket money across all age groups (average of £13.12 per week). The West Midlands and the North East rank second and third, with £9.75 and £8.00 per week, respectively. A child in Wales receives the least amount of pocket money with only £4.64 per week on average (additional regional splits available in editor's notes below).

Cutting the apron strings?

When it comes to parents with teenagers, one in five (23%) say their teenager is working part-time every week to subsidise their cash. Of those working, the majority of parents (70%) have encouraged them to take on a part-time job for the money, while 55% want them to get employment for personal benefits such as building confidence or giving them responsibility.

However, a much larger percentage of children (60%) don't have the desire or need to work, as parents continue to support them, giving them money "as long as they need it" (3%), or until they leave home (9%).

Whilst 32% of parents think the best age to become completely financially independent is after their 22nd birthday, some parents are trying to encourage financial independence by cutting the apron strings much earlier. A quarter (24%) of parents stop pocket money when their child reaches 16 years old; one in five (19%) waits until they are 18 years old and 28% stop paying when they get a part-time job.

Parental controls

When asked to describe their role in opening their child's first savings account, more than a third (38%) of parents said that they chose the bank or building society their child invests with, and selected the type of savings account they opened.

However, control over their child's money often stops there, as 45% of parents admit to letting their child spend their pocket money on "whatever they like" each week. A third tries to encourage some sort of savings habit from a young age, with 21% inspiring them to save something for a "rainy day" or something special. A further 9% go a step further and encourage them to save some pocket money for the long term.

Thirty seven per cent of parents have taken matters into their own hands by making a monthly contribution into a long term savings fund on their children's behalf.

Tim Orton, Aviva's product director for pensions & investments, said: "With financial education due to be introduced to the school curriculum in 2014, it is good to see that some parents are already encouraging their children to grasp a basic understanding of what it takes to make and save money on a regular basis.

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"Although many parents continue to pay pocket money indefinitely, or as long as their child needs it, there are encouraging signs that some do try to persuade their teenagers to get a part-time job in order to provide them with some financial independence and future security.

"Teaching children how to manage their money from an early age and save something every month is an important trait. Saving a little and often will definitely stand them in good stead for later life."

*Office National Statistics 2011 Census, Population Estimates by single year of age and sex for Local Authorities in the United Kingdom (released 31st July 210) shows 10,338,860 children aged 5-18 in UK.

- Ends -

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Notes to Editors:

Total pocket money given to children each week = Number of children (10,338,860) x Average pocket money (£5.75) x percentage of parents who give pocket money (73%) = £43,397,364.85

Case Studies:

A selection of case studies are available on request.

Methodology:

This news release was based on online interviews with 1,496 parents as part of the July 2013 Family finances report, carried out online via OpinionMatters.

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