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Friday, 13 December 2013

# How household income shapes children's ideas on earning, saving and how to buy happiness

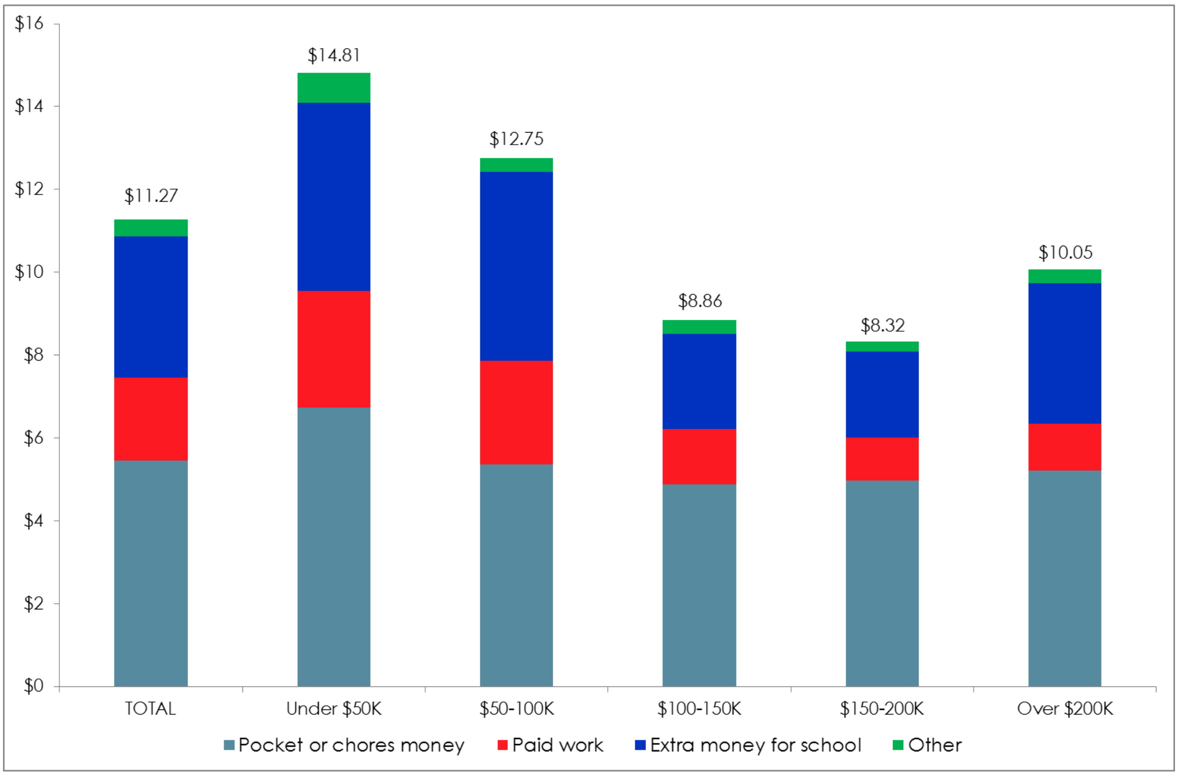
**Before the mortgage, before taxes, before superannuation and electricity bills and rego and dollar dazzlers—remember when a $2 coin (or note!) meant a world of possibility?**

Roy Morgan Research spoke to almost 4000 6-13 year-old kids in the latest *Young Australians Survey*. The results reveal some surprising results about how children perceive and use money –and the big part their family's household income plays in shaping potentially life-long attitudes to shopping, saving, wealth and happiness.

Australian children receive an average of $11.27 a week, (including pocket or chores money, paid work and extra money for school expenses), and ranges from $5 for the average 6-year-old to $20 for the average 13-year-old.

Perhaps contrary to expectations, children in the lowest income households (earning less than $50,000 a year) receive the most: $14.81 per week on average, over $2 more than kids in lower-middle income households ($50-100K) and around $6 more than those in middle and upper income ($100-150K and $150-200K) households. Even kids in the highest income households (over $200K) receive less, at around $10 a week on average.

**Average amount children aged 6-13 say they receive each week, by household income**



While some of the above-average totals in the low and middle income brackets are due to higher averages for both 'paid work' and 'extra money for school', the 'pocket or chores money' component is also highest in the bottom two income bracket.

Of course, the amount given directly to children does not in itself indicate if they're underprivileged or spoiled rotten. However the way children perceive and spend their hard-earned dollars also varies by their household income level.

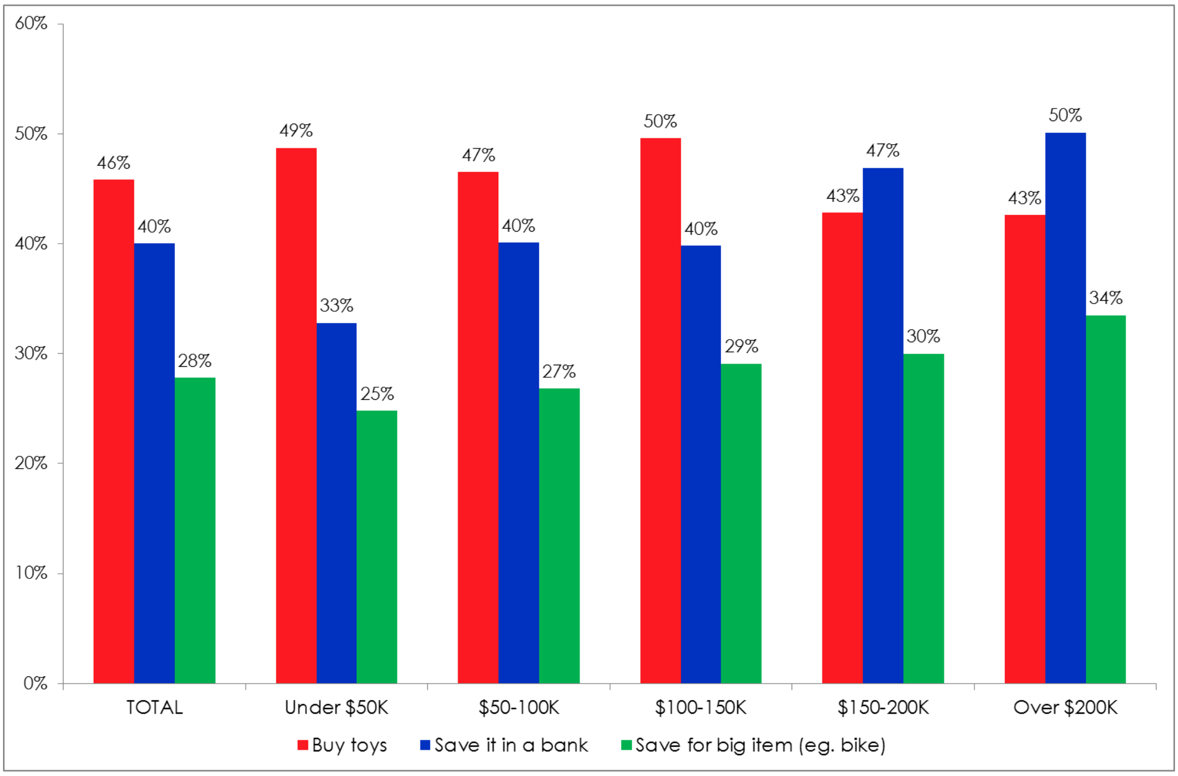
Overall, 46% of children say they use some of their money to buy toys, ahead of 40% who put some in the bank, 30% who buy snacks or drinks and 28% who are specifically saving up for a big item such as a bike.

But while toys remains the most common expenditure among children in all households earning under $150K, those in upper-income households are more likely to put it in it the bank. These children are also the most likely to be saving toward a big ticket item.

1 in 2 children in the highest earning households say they put their money in the bank, compared with only 1 in 3 in the lowest income households. Meanwhile just 1 in 4 kids in households on under $50K are saving up for something special, compared with 1 in 3 in $200K+ homes.



**Proportion of kids using their money to buy toys, put in bank, or save towards a big item**




Could this simply be because children in higher income households are given ample toys, and so don't need to expend their own personal dollars on such frivolities? Perhaps not.

While nearly 1 in 3 children in the lower income households say they aren't saving any money compared with only 1 in 10 in the top income bracket, more kids in the lower income homes agree that they 'always get the toys they want': 24% of lower income household kids and 22% of those in lower-middle income households, compared with 14-16% of middle and upper income families' kids.

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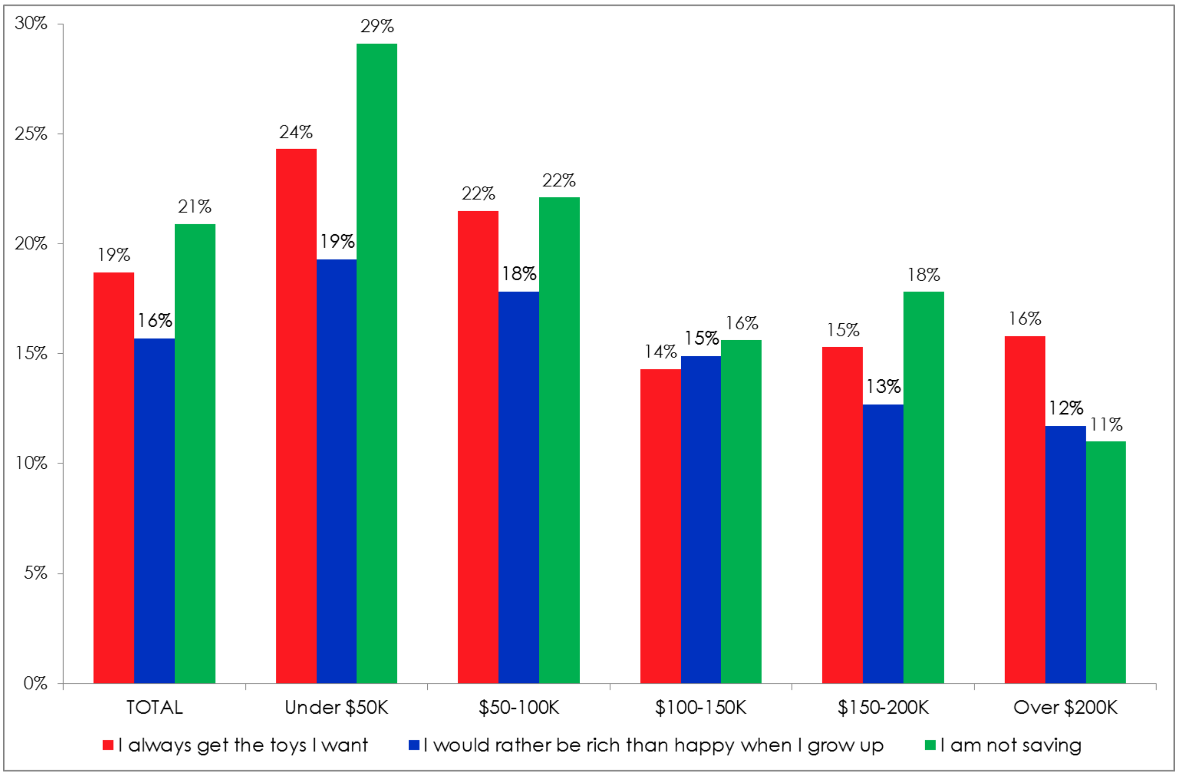
The proportion of children who agree that they 'would rather be rich than happy' when they grow up also decreases across each rising income bracket.

**Kids who 'get all the toys they want', 'would rather be rich than happy', 'aren't saving'**




Examined across all income brackets, children who agree that they always get the toys they want are considerably more likely than those who don't to say they would rather be rich than happy when they grow up. Overall, a massive 28% of kids with full toy boxes believe they would prefer wealth to happiness—more than double the rate of 13% among those who don't always get the toys they want.

Finally, whatever the household's income or amount of pocket money they get (even if it's none), around 9 out of 10 children agree that 'I admire my parents'.

***Source**: Roy Morgan Research Young Australians Survey. Interviews conducted between July 2012 and June 2013 of 3831 children aged 6 to 13.*

**Michele Levine, CEO, Roy Morgan Research, says:**

*"Our ongoing survey of Young Australians suggests there are some strong, perhaps surprising, connections between a family's household income and a child's attitudes to shopping and saving.*

*"Many of our adult financial attitudes and habits may be determined in these formative years as we learn about money and observe our parents working, saving, and paying bills.*

*"Any business that has dealings with children—especially those such as banks that want to keep them as adult customers—would do well to understand how children today earn and value money. What do they want for Christmas, what will they buy themselves, and what's the cool new thing they're saving for in 2014?"*

**For comments or more information please contact:**

Michele Levine, CEO
Telephone: +61 (3) 9224 5215
Michele.Levine@roymorgan.com

**Learn more about Roy Morgan's latest Understanding Young Australians report or our range of industry-specific reports into the attitudes and behaviours of Young Australians.**

**About Roy Morgan Research**

Roy Morgan Research is the largest independent Australian research company, with offices in each state of Australia, as well as in New Zealand, the United States and the United Kingdom. A full service research organisation specialising in omnibus and syndicated data, Roy Morgan Research has over 70 years' experience in collecting objective, independent information on consumers.

In Australia, Roy Morgan Research is considered to be the authoritative source of information on financial behaviour, readership, voting intentions and consumer confidence. Roy Morgan Research is a specialist in recontact customised surveys which provide invaluable and effective qualitative and quantitative information regarding customers and target markets.

**Margin of Error**

The margin of error to be allowed for in any estimate depends mainly on the number of interviews on which it is based. Margin of error gives indications of the likely range within which estimates would be 95% likely to fall, expressed as the number of percentage points above or below the actual estimate. Allowance for design effects (such as stratification and weighting) should be made as appropriate.

| **Sample Size** | **Percentage Estimate** | | | |
|---|---|---|---|---|
| | 40%-60% | 25% or 75% | 10% or 90% | 5% or 95% |
| 5,000 | ±1.4 | ±1.2 | ±0.8 | ±0.6 |
| 7,500 | ±1.1 | ±1.0 | ±0.7 | ±0.5 |
| 10,000 | ±1.0 | ±0.9 | ±0.6 | ±0.4 |
| 20,000 | ±0.7 | ±0.6 | ±0.4 | ±0.3 |
| 50,000 | ±0.4 | ±0.4 | ±0.3 | ±0.2 |