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Report cards arrive early for Australian parents

Australia's confidence in its own financial acumen may be in need of a boost, with more than a third of parents grading their own financial knowledge a 'C' or below in the latest research from Suncorp.

Of the 1,500 Australian parents surveyed, only 29 per cent said their financial understanding was worthy of an 'A', yet the majority believe they are responsible for educating their children about money.

Suncorp Executive General Manager Lynne Sutherland, said more than half of parents also believe it was the responsibility of teachers and schools, despite financial education not being a mandatory component of the school curriculum.

"While the majority of respondents (90 per cent) recognise that financial education is necessary for young people, the research again highlighted the disparity between the acknowledgement of its importance and the active engagement to support it," Ms Sutherland said.

"More than half said they only sometimes involve their children in finance discussions when they're easy to understand, while a quarter rarely involve them at all.

"This behaviour could be linked to a parent's confidence in their own financial understanding, and reinforced the need for additional education and support for children from an early age through to the end of their high school years.

"Pleasingly, the research revealed a positive correlation between the common age children first receive pocket money and when they start being exposed to money (more than a third of respondents participated in both activities when their children were five), which shows parents are starting to talk to them early."

Financial Basics Foundation CEO, Katrina Birch, said the latest findings highlighted the benefit of initiatives like the Suncorp Bank ESSI Money Challenge which launched this week.

"The ESSI Money Challenge is a great way to engage young people, and introduce them to real-life scenarios like paying bills, earning money and budgeting," Ms Birch said.

"The more young people actively engage with learning these skills and bolstering their financial understanding, the more it will prepare them for any future financial challenges they may face."

Registrations are now open for the Suncorp Bank ESSI Money Challenge. The Challenge is open to secondary school students aged 13-18 years, and runs from Monday, 22 August – Friday, 2 September. Students play for their chance to win \$1000 for themselves and \$4000 for their school. More information is available www.financialbasics.org.au

Other financial literacy findings:

- More than 90 per cent of respondents said their child knows how to save money, despite only 28 per cent believing their child knows how to write a budget
- Only half of parents think their children understand the cost of household expenses and only a quarter believe their children understand superannuation and saving for their long-term future
- The most common age to start receiving pocket money is 5 (39 per cent), 6 (16 per cent) and 10 (13 per cent). The most common weekly amount is up to \$5 per week (46 per cent)
- 85 per cent of parents said their children's weekly pocket money is earned through household chores or other similar activities)

Money lessons fit for the entire family

- **Money doesn't grow on trees:** Children need to understand where money comes from. Introduce a small weekly allowance that rewards children for completing specific jobs around the house or in the community; discuss household expenses and budgets; and avoid providing 'pocket money' that isn't earned.
- **Celebrate financial success:** Mastering money hinges more on mindset than anything else. Even as adults, we can think of money as the enemy and saving as a sacrifice, but it doesn't have to be. Teach your children to be proud of their earnings and celebrate their saving efforts.
- **Mindful spending:** Our parents' attitude towards money management can have a huge influence on our own spending. Introducing a sense of 'mindful' spending will pay off as your kids get older and start spending their own money.

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