

How Kids' Allowance Works in the Smartphone Age

When it comes to teaching children about money, chore charts are out, electronic accounts are in



Anna Kreditor doesn't keep a chore chart anymore. She uses RoosterMoney. The app and others like it are helping parents motivate kids and sparking conversations about money at an early age. Photo: Adam Falk/The Wall Street Journal

By

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Updated May 28, 2019 7:37 a.m. ET

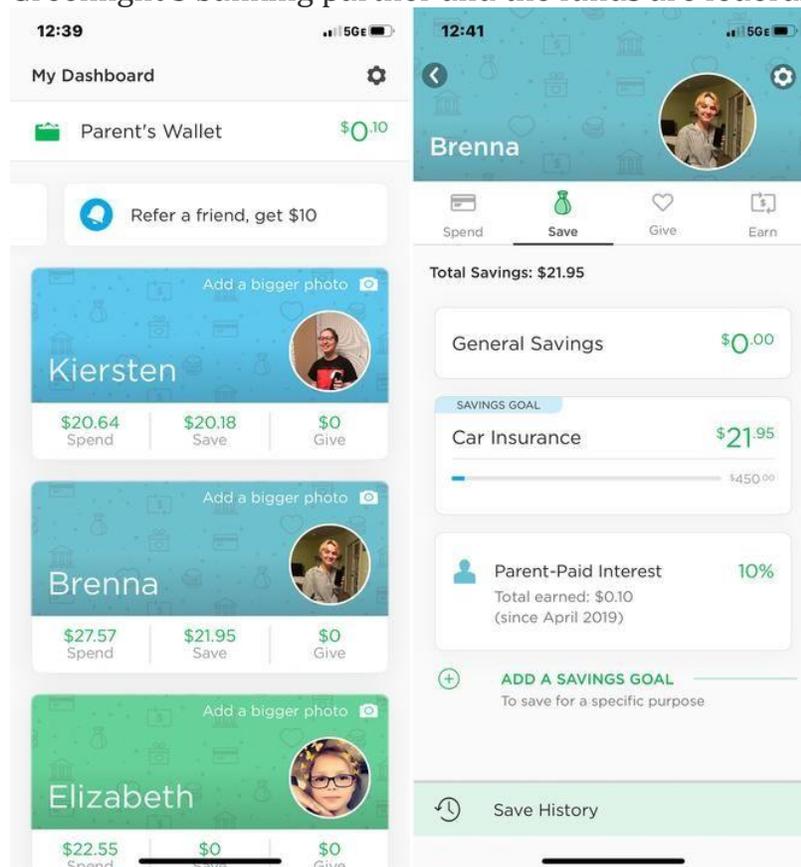
Allowances are a constant. No matter how much technology interferes with the parent-child relationship, kids still want money and parents still want to impart a basic work ethic. But putting stickers on chore charts and dropping coins in piggy banks don't cut it with the smartphone generation.

Parents in search of more engaging ways to teach children the value of money are turning to allowance-tracking apps, where kids can see their balance rise and fall in real time.

Bonnie Koon, a mother of three in Crawfordville, Fla., used to post a calendar on her refrigerator listing her kids' chores, to the embarrassment of her 16-year-old twins. After seeing a Facebook ad for the app Greenlight, she downloaded it.

"The kids have their phones with them all the time, and they can check the app and mark off their chores on their own," said Ms. Koon, a state employee. "I know even before I get home whether a chore has been done."

[Greenlight](#), like some other allowance apps, links to parents' bank accounts so that the payout can be seamless. Parents can encourage saving by paying interest on the money that isn't spent immediately—interest out of the parents' own pockets, of course. The service even issues debit cards for the kids. (The money is held by Greenlight's banking partner and the funds are federally insured.)



Bonnie Koon's three daughters track their savings and spending in the Greenlight app. Brenna, 16, has been setting aside money to pay for car insurance. PHOTO: BONNIE KOON/GREENLIGHT

It is the first taste of financial freedom for many kids, and it is set in a relatively safe environment. Parents can determine spending limits and choose the retailers where

a child can make purchases. If a child attempts to buy something at an unapproved store or to spend more than the limit, the transaction is declined and parents get a notification. And if a kid loses the card, parents can immediately cancel it from the app.

One of Ms. Koon's twins, Brenna, works part time at a restaurant. She's putting half of her paycheck into a car-insurance savings fund she set up in the app, with the goal of saving \$450 by July, when she'll be eligible to get her driver's license. With each deposit, the app gives Brenna a progress update.

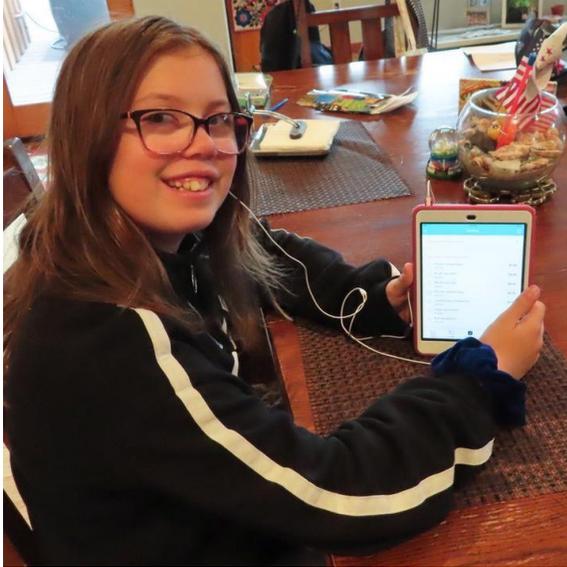
Kiersten, the other twin, is saving money to pay for food and veterinary visits for her pet bearded dragon. Eleven-year-old Elizabeth saved \$150 from chores and birthday money to buy a drone.

Some parents might worry that relying on apps to get kids to do chores only encourages them to be on their phones more. But parents who have opted for this approach argue that they are meeting their kids where they are and that it takes the parental nagging out of the equation.

The real-time look at their accounts makes the concepts of saving and spending more tangible than reviewing a bank statement. And while all the big banks have embraced apps, they aren't especially child-friendly. You still have to visit a branch to open a child's account, and they typically come with the limitations (and fees) of grown-up accounts.

Still, getting a shiny debit card instead of a few rumpled bills can sometimes make a kid feel suddenly flush with cash.

Michael Miernicki's 11-year-old daughter, Olivia, loves going to Starbucks with her friends. When she first began using a debit card linked to the [Gohenry](#) app, she scored points with friends by treating them to drinks. (Gohenry has many of the same features as Greenlight, including spending limits and retailer whitelisting.)



Olivia Miernicki, 11, uses the Gohenry app to track her allowance. She likes to spend her earnings at Starbucks. PHOTO: MICHAEL MIERNICKI

“Olivia was a bit flighty with it at first,” said Mr. Miernicki, a hotel owner in Glenwood Springs, Colo. He could see how much she spent, and where she spent it. It forced them to have conversations about using the card responsibly. When she came home, he would say, “Do you think that was a good way to spend \$7?”

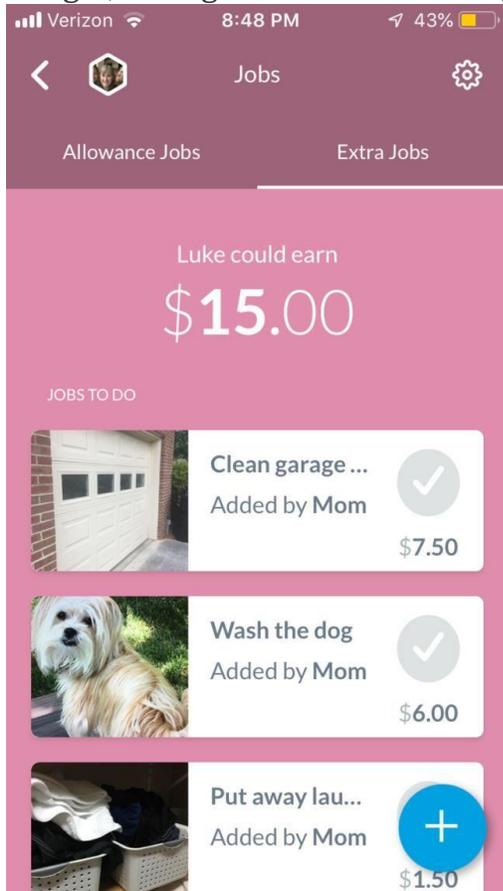
Because neither Olivia nor her 10-year-old brother, Max, have their own phones, Mr. Miernicki would go over their accounts with them on his phone. That caused some frustration with the kids because they couldn’t monitor their balances independently, he said. Eventually he put the app on Olivia’s iPad and gave Max a login for his laptop.

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He says that the discussions the app has spurred have resulted in Olivia spending more thoughtfully. “When she was younger and cash was involved, she couldn’t spend it fast enough,” he said.

A [study from the University of Michigan](#) found that children as young as five have emotional reactions to money that translate to how they spend. In an experiment, the kids who were distressed at the idea of spending money were more likely to save. Those who weren’t distressed wanted to spend more.

In its [annual survey on parents, kids and money](#) last year, T. Rowe Price found that young adults who had discussed money with their parents are more likely to have a budget, savings and even an emergency fund than those who didn't.



Sherri Hayden snaps photos of tasks she wants her children to complete and posts them in the RoosterMoney app. PHOTO: SHERRI HAYDEN/ROOSTERMONEY

Not all parents want to deal with bank transfers and debit cards, especially with younger kids. [RoosterMoney](#) allows parents to mark off tasks as they are completed and to keep track of how much their kids are earning and spending.

Sherri Hayden, a stay-at-home mom in Knoxville, Tenn., has kids ranging in age from 14 to 23. Even though they are all older than the typical RoosterMoney user, three of them still use it.

She, too, used to keep track of their chores on a paper chart, but said it never resonated with the kids. "They weren't responding to a list of chores," she said. As

countless parents have experienced since time immemorial, she would tell her kids what to do, but the chores wouldn't get done.

Now she takes photos of overflowing trash cans, messy countertops and dirty windows and posts them in the app as her way of letting them know what they need to do. Apparently her little Instagram of shame is working. "Kids communicate so much more now with video and photos."

Allowance-tracking Apps

Looking for a way to teach your children the value of money with something more exciting than a chore chart? The following apps are among several that allow parents to track kids' chores, spending and saving while also setting aside earnings to give to charity.

[Greenlight](#)

The app comes with a debit card tied to a parent's bank account. Parents can set spending limits and choose the stores where their kids can make purchases. Parents can pay interest to their kids to encourage them to save. The company plans to add an investing feature later this year.

Greenlight partners with federally insured Community Federal Savings Bank and doesn't earn interest on the money in the accounts.

Cost: \$60 a year per family, including debit cards for up to five children. For an extra one-time fee of \$10 each, kids can customize their card with a picture.

[Gohenry](#)

Gohenry includes ways to set short- and long-term savings goals. "Children enter the cost of an item, when they want to purchase it and we help them calculate how much they need to save each week to reach that goal," Gohenry co-founder Dean Brauer said.

The app comes with a debit card. The parents can set spending limits and choose the stores where their kids can make purchases. Gohenry partners with federally insured Community Federal Savings Bank and doesn't earn interest on the money in the accounts.

Cost: \$48 a year per child, including debit card; personalizing the card costs an extra one-time \$5.

RoosterMoney

No money changes hands in the app. Parents can track interest they wish to pay to their kids. Because the app is designed for children as young as 4, there is no debit card associated with it. “Our mission is to get kids ready for the point when they go out shopping on their own,” said RoosterMoney CEO Will Carmichael.

Cost: Free for basic money tracking; \$19 a year per family if you upgrade to additional features including chore tracking and interest-rate setting.

BusyKid

In addition to chore and savings tracking, kids can choose stocks to invest in. For that, parents must open an account with Stockpile, which charges a fee for selling—but not buying—stock.

Federally insured Axos Bank holds the deposits and pays interest to BusyKid on the money.

Cost: \$25 a year per family. There is an extra annual fee of \$8 to add a debit card for each child.

FamZoo

Parents can keep track of what they owe their children for doing chores and pay them in cash. Or parents can use the service to load money onto prepaid cards for their kids to spend. FamZoo doesn’t earn any interest on the money paid to the cards.

Cost: \$72 a year if you pay monthly, cheaper if you pay in larger blocks of time.

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