

Your decisions will depend on your child's age, level of maturity, spending and saving habits, and available checking program options. Consider whether your teen should:

- ✓ Open a joint or individual account.
- ✓ Open an economy, regular, or interest-bearing account.
- ✓ Have access to an ATM and/or debit card.
- ✓ Be fully responsible for overdrafts or bounced checks, or have a parental "bail-out" option.

7. Shopping around.

Opening a checking account enables teens to do some serious comparison shopping. Have them consider these issues:

✓ *Checking account expenses.* Will fees, service charges, and minimum balance requirements eat up deposits? Your credit union generally provides lower-cost checking options than banks.

✓ *Overdraft options.* Will the financial institution transfer money from savings to checking when the account is accidentally overdrawn? This is a nice option so long as you don't abuse it and deplete your savings.

✓ *Location.* Which financial institutions have

easily accessible branches and ATM machines, or offer automated telephone and/or home banking services?

8. Role modeling. "Kids will follow in the financial footsteps of the parents, be it good or bad, unless taught otherwise," Campbell says. When your children see you spending within budget and balancing the checkbook, they're more likely to become responsible accountholders.

Helping Your Teen Become "Accountable"

Sample



Sample

Sample



Smart Answers

cuna.org

To order: 800-356-8010, ext. 4157

Stock No. 23103-PRO

© 2005 Credit Union National Association Inc., the trade association for credit unions in the U.S.

"Hey, Mom and Dad, can you lend me a few bucks?" If you're the parent of a spendthrift teenager, you've probably heard that refrain more than once.

In 2004, American teenagers spent \$148.3 billion, according to the New York-based Rand Youth Poll.

All that money—which purchased items such as candy, fast food, clothing, and entertainment—came from a combination of earnings, allowances and gifts. So if your 16-year-old is pleading for extra cash to buy a pair of designer jeans, maybe it's time to introduce some basic money management.

Helping your teen open a share draft/checking account may be the solution. Consider it a chance to impart a valuable life skill while your child still is young enough to form good budgeting and spending habits, says Ann Campbell, former education specialist at

Jeffco Schools Credit Union, Lakewood, Colo.

Parental support is the primary reason why young

people should have a checking account before graduating from high school. "If you run short financially or don't know how to balance a checkbook, you have your mom or dad there to help you," Campbell says.

And, says Campbell, learning to successfully manage a checking account paves the way for developing other good financial habits, such as handling credit cards and loan repayments.

Check points—Many financial institutions permit kids as young as 13 to have joint checking accounts with an adult, although 16 is probably the optimal age. By then, many teens are bringing home a paycheck, driving a car, and racking up a few expenses. The account is a prudent place to park a paycheck, and writing checks can be a safe alternative to carrying cash.

As parent or guardian, you must be both teacher and supervisor when your teenager opens that first checking account. Even more supervision may be necessary if your child has an ATM (automated teller machine) card and/or a debit (cash) card. Begin your basic instruction even before opening the account.

1. Line items. Point out a check's seven elemental lines and emphasize that accuracy and legibility are necessary. Have your teen practice by filling out all but the signature line when you write an actual check.

2. Record keeping. Young people often make the mistake of relying on a financial institution to keep them updated on current checking balances, without considering outstanding checks and deposits. Stress the importance of saving check carbons or stubs and card receipts, and of keeping a

running balance. Together with your teen, record transactions and calculate the balance in your own check register when you pay monthly bills.

3. Balancing act. Instill the habit of reconciling the checkbook register with monthly statements.

Encourage kids to sit down and help you balance your checkbook. Make this a family affair, suggests Campbell, but take care not to turn this task completely over to a teen without supervision.

4. Accountability. Make it clear that once you open a checking account, you cannot spend more money than is in the account. Explain the financial and legal consequences of writing an overdraft or having a check bounce. Don't let your teen make the mistake of thinking an overdraft can't occur as long as there are checks in the book.

5. Security. Remind teens that checks are like money, and should be kept in a secure place. The same goes for ATM and debit cards. Under no circumstances should they give a blank check to a buddy, lend out an ATM or debit card, or divulge their PIN (personal identification number). Likewise, be careful with deposit slips, which may reveal account information.

6. Ground rules. Decide together on the kind of checking account to open and rules for managing it.

"Hey,
Mom and Dad,
can you lend me
a few bucks?"

Sample
As parent or guardian, you'll be both teacher and supervisor when your teenager opens that first checking account.

Sample

