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Your decisions will depend on your child's age, level of maturity, spending and saving habits, and available checking program options. Consider whether your teenager 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 teenagers 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? What does this service cost? 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 ATMs, or offer automated telephone and/or online banking services?

8. Role modeling. "Kids will follow in the financial footsteps of their 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.

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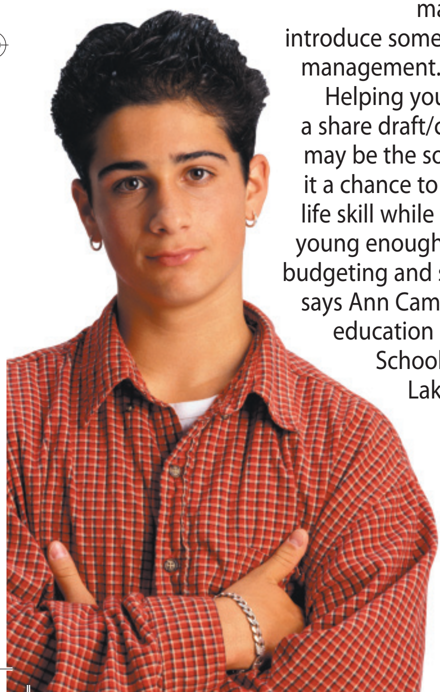
Helping Your Teenager Become "Accountable"

"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 2007, U.S. teenagers will spend an estimated $190 billion, according to the Chicago-based Mintel Group. And the majority—which purchased items such as candy, fast food, clothing, and entertainment—came from a combination of earnings, allowances, and gifts.

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



So if your 16-year-old is pleading for extra cash to buy a designer cell phone, maybe it's time to introduce some basic money management.

Helping your teenager 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 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 the optimal age is probably older. By 16 or so, many teenagers 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.

Even if you never write checks, you need to know how to reconcile ATM or debit card transactions with account statements.

As parent or guardian, you must be both teacher and supervisor when your teenager opens that first checking account. More supervision may be necessary if your child has an ATM card and/or a debit (cash) card. Even if you never write checks, you need to know how to reconcile ATM or debit card transactions with account statements.

Begin your basic instruction before opening the account.

1. Line items. Point out a check's elemental lines and emphasize that accuracy and legibility are necessary. Have your teenager 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 ATM receipts, and of keeping a running balance. Together with your teenager, 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 teenager 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 teenager make the mistake of thinking that an overdraft can't occur as long as there are checks in the book.

5. Security. Remind your teenager 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 anyone give a blank check to a buddy, lend out an ATM or debit card, or divulge a 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.