



Kids Can Bank, Too!

I walked into a retail outlet store the other day and thought it was the middle of December. Christmas trees with ornaments were in place, large end-caps and aisle displays were already positioned, decorations were hanging from the ceiling, the smell of cinnamon was in the air, Christmas music was playing, and the staff was wearing red & green. It's the middle of November but it feels like Christmas is only one week away. How time flies.

I'm sure kids across the country are getting pumped up for Santa to hit the roof, slide down the chimney, and deliver all those goodies. What an exciting time for them! I can remember those days as if it were yesterday. Yes, Christmas is definitely here.

Back when I was a kid (I'm not telling you how long ago that was) I remember my parents making several trips back and forth to the bank. It was a busy time of year for them to visit their financial institution. I didn't quite understand then, but, looking back, it makes sense to me today. However, one thing I don't remember is if they had an account set up for me when I was a child. After all, Christmas was a time of year where aunts & uncles, my parent's friends, and my grandparents would give a gift of money instead of a toy or clothing. Where did I put all those bills or checks?

This leads me to the point of my article. Sometimes grandparents or parents aren't familiar with the different ways they can help their grandchild or child put money in a safe place. Piggy banks will always be their first notion, and rightly so. This is a great way to teach kids how to save money. I remember my piggy bank ... it wasn't a pig ... it was a Bassett Hound.

As the piggy bank begins to fill up it might be time for the grandparent or parent to start thinking of the best way to protect these funds for their child. This would be a good time to introduce them to a bank and how it plays a role in protecting their money, keeping record of their account, and distributing statements to identify their account activity and balance. All children are able to open a minor savings account pending one of their parents or grandparents is on the account with them.

Therefore, it might be time to consider opening a minor savings account for that child in your life. This experience may not be as exciting as Christmas; however, this will definitely be an "adult moment" for them to remember. This one account can lead to many other things important in life: money management, budgeting, tracking, planning, and keeping records. I can't think of a better way to show them the true meaning of managing money, especially since this is how mommy and daddy take care of their money.

Helpful hints regarding minor savings account for kids:

Understanding the rules of minor accounts: First, understand that banks cannot enter into any sort of legal agreements with minors in most jurisdictions. Therefore, if a child or the parents of a child want an account for that youngster, it will require the parents signing documentation. While the child may be allowed to sign as well, the legal responsibility remains with the adults, and the signing by the child is mainly a symbolic gesture.

Types of Accounts: Most children (age 0 – 18) will begin with a savings account. Many banks may even offer children a free savings account, complete with monthly statements and other tools to help your child understand the intricacies of financial savings.

As they get a little older, the children may move onto a checking account. While this may not be absolutely necessary at the high school level, it may be necessary once a student moves into college. Some high school students may want a checking account if they have a part-time job or are paying for a car. Again, until the child is 18 years old, a parent will have to be involved.

Choosing a Bank or Credit Union: Once the decision has been made as to which type of account to open, the next step is to choose a bank or credit union. The logical choice is using a bank or credit union that the parents already have an existing relationship with. However, banks and credit unions offer different rates of interest or different account features on minor savings accounts. Getting a better interest rate or finding unique services associated with the account could be advantageous. Often, children's savings accounts come without fees.

Opening the Account: There are two ways to go about opening a savings account for the child: with or without them present. Due to the fact that minors cannot sign to open the account, their presence is not required. However, they may find going to the bank and opening the account an interesting and educational grown-up experience. Others may decide they want to surprise their child with a savings account. This is one choice that is totally up to the grandparent or parent.

Growing Up: As the child becomes closer to turning 18 years old, it may be possible to take the parents off the account. If not, the other option is simply to close out the account and transfer the funds to a new account, if desired. Often, the money in the account may be used to purchase a new car, help pay for college or even take a rewards trip after high school graduation.

So, if your grandchild or child comes to you this Christmas and says, “Wow, look at what I got ... there must be \$50 dollars here!”; this might be your “cue” to helping them open their own account and protecting their money.

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