

Let's Talk Finances

Checking Account Basics for Teens



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Handling money wisely is an important life lesson. The sooner you start your child's financial education, the more responsible they will be with their money. Opening a joint checking account for you and your teen is a great way to impart real-world money lessons. As a joint owner on the account, you will have complete access to and oversight on your child's account.

Check with your bank to see what kinds of notification and alert features they offer with their online and mobile banking. Seek out a financial institution that offers automatic text, email, or app "push" notifications that can be customized for different dollar amount thresholds. In this way, you can be aware of large or frequent transactions, or be notified if the account balance drops below a pre-determined level. In some cases, you can also set limits on ATM and debit card transactions, or withdrawal limits. These controls will help you to step in if problems arise.

Financial goals

Once you have chosen the right account for you and your teen, the real money decisions begin. Since this is a learning experience, you may want to set some guidelines for how the account will be used. Is there a certain percentage from their allowance or part-time job that they need to deposit on a regular basis? Are they saving money for something special like a computer, car, or school? Are they responsible for funding certain privileges, like having a cell phone?

Checking account logistics

Although writing physical checks has become less common, it is still a skill your child should have. Explain how to fill out a check and record the transaction in the account register. If your child receives a check – perhaps as a birthday or holiday gift or from their place of employment – show them how to endorse the check, fill out a deposit slip, and complete the transaction at your financial institution.

Online or mobile banking is another important part of your child's checking account. You should help your child set up their online profile, choose a secure password and investigate all the online features available with the account. Teach your child how to read their bank statement as well, and stress the danger of overdrafts. If you are allowing your child ATM privileges, walk them through the transactions they can complete, the amount they are allowed to withdraw and how to safely use the machine. Finally, if they will have a debit card associated with their account, make sure they understand how to safely use it and monitor their account for unusual activity.

A checking account offers your teen an active role in their financial future. It serves as a way for your child to save money while also providing them a lesson in balancing what they save and what they spend. If you are a joint account holder, you can continue to train your child in lessons of money management as they mature.