

Is it time to open a checking or savings account for your children?

How financially savvy are your children?

According to a recent survey, only five percent of adults received any kind of financial education in school. It is a scary statistic and may partially explain consumers' record-high credit card and student loan debt.

If you want to equip your kids with the tools to be financially secure adults, a good place to start is with a savings and/or checking account. Once they see money going in and coming out, it can drive home a lesson about money management.

Wondering if they can handle the responsibility? Read on...

Savings (Share) accounts

Most kids can typically grasp the concept of a savings account early in their development. Here's how to know if your children are ready to use one:

They're curious about money

If your child expresses a genuine interest in coins, shopping or anything related to money, this can be a good segue into a savings lesson: financial institutions allow you to put money aside until you really need it.

Their piggy bank is overflowing

If your kids have a lot of change in their piggy bank, watch out. It may disappear before your eyes. Take this opportunity to teach them that if they save some of their money in an account, it can earn interest (i.e., more money) over time.

They have a savings goal

If your children are saving up for something big, this is the perfect time to introduce a savings account. They can make a deposit into the account so that they will not be tempted to spend all of their cash.

Checking (Share Draft) accounts

Checking accounts tend to be suited better to older kids who have had more exposure to money. Here are some signs that your kids could benefit from a checking account:

They're responsible

No matter how responsible you are, it can be tempting to withdraw more cash than you should. You might wait to open an account with your children until they demonstrate responsibility in other areas such as getting a driver's license or maintaining a part-time job.

Their school doesn't teach personal finance

Most schools fail to teach basic concepts of personal finance, which means that it is up to you. A checking account can be a great way to reinforce lessons about not spending more than you have, using a debit card, and more.

All their cash is stuffed into their wallet

The wallet-as-checking-account is dangerous for several reasons. Not only can cash easily get lost, it's hard to track your purchases. By contrast, an account statement lets you view all of your spending and withdrawal activity, which can be a handy budgeting tool.

If you're eager to introduce your children to the world of personal finance, checking and savings accounts are a good place to start. Just watch for the signs, and start when they are ready.

Apply online at norstatefcu.org and open their youth account today, or stop by any of our 6 convenient locations.