SMARTER MONEY LIFE
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ESSENTIAL ACCOUNTS FOR KIDS BY AGE 16



At age 16, kids don't need every financial account—but having the right mix helps them practice real world money skills safely, with parental guidance. Here's a practical, parent-friendly checklist.

CHECKING ACCOUNT
(Teen or Joint)

Used for everyday spending, debit card use, and direct deposit from part time jobs

Typically linked to a parent or guardian for oversight
Builds habits like budgeting and monitoring balances

SAVINGS ACCOUNT

For short term goals (car, phone, trips) and emergency savings

Often paired with checking

A good place to introduce interest, saving consistently, and goal setting

HIGH-YIELD OR GOAL-BASED SAVINGS
(Optional but Helpful)

Some credit unions/banks offer youth savings with better rates or buckets for goals

Great for teaching that *where* you save matters, not just that you save

DEBIT CARD

Connected to the checking account

Allows controlled spending without credit risk

Parents can usually set limits and receive alerts

Why not credit yet? Using debit ensures that purchases are limited to the funds currently in your account.

CUSTODIAL INVESTMENT ACCOUNT

For teens learning about long term investing

Parent manages the account; teen learns how markets work

Introduces concepts like compound growth and risk

ROTH IRA
(Only if the Teen Has Earned Income)

Contributions must come from *earned income* (job, W-2, or 1099)

Can be extremely powerful when started young—even small amounts

WHAT MOST 16-YEAR-OLDS SHOULD *NOT* HAVE YET

Credit cards in their own name (usually requires minimum age of 18)

Unsupervised accounts without parental visibility

Buy now pay later apps or installment plans

THE BIG GOAL BY AGE 16
By this age, kids should be learning to:

Use checking responsibly

Save with intention

Understand how money flows in and out

Make mistakes *while a safety net still exists*



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