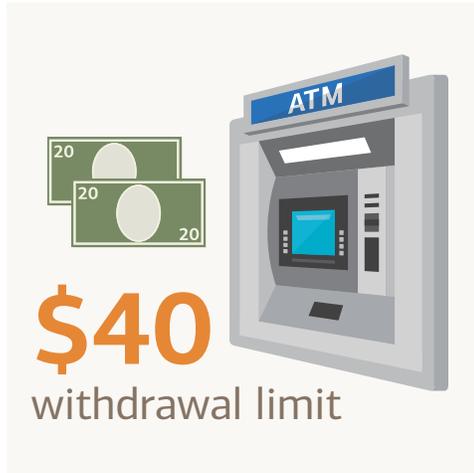


How to help a high schooler manage a debit card

To get started, you can discuss how the card works, when to use it, and rules for accounts.



A debit card can be a great way to help your teen get used to paying for purchases with plastic. Unlike credit cards, debit cards don't carry the same risk of debt as a credit card, so in many ways, they can act like training wheels for building responsible money habits. However, before setting teens loose with a shiny new debit card, you can set them on a responsible path. Work with your teen to select a card carefully, and check the terms so you both understand how it works.

You could start with your own financial institution—many offer basic checking accounts to customers' children. Such accounts allow both you and your teen to jointly manage the account. For instance, you may be able to receive text alerts when your teen makes a purchase. Some banks may even let you to set limits on your child's ATM withdrawals, so he can only withdraw \$40 at a time, for example.

Consider the features

Prepaid vs. standard. Some banks and card issuers offer prepaid debit cards, funded by linking an account. Prepaid cards could help teens stick to a budget. But they may come with fees, often charged monthly or per transaction, and those can add up over time. And prepaid cards may offer less protection if they're lost or stolen.

Rules and fees. Most adults already know they're charged a fee when they use other financial institutions' ATMs, but teens are unlikely to be aware of this and other standard fees. You can walk your teen through the particulars of the new account, explaining overdraft fees and overdraft protection, any minimum balance requirements and any other fees. For instance, it's unlikely that your teen knows that overdraft fees could accumulate quickly—even several in a single day.

How to use the card

With a debit card, teens may have access to more money than they'd likely carry in cash—and thus have greater financial responsibility. This makes it a good time for parents to set expectations about when to use the debit card (pizza with friends? gas for the car? new school clothes?). You may want to regularly sit down with your teen, as often as weekly, to go over debit card transactions and discuss her spending habits.

Safety concerns around card use may be new to your teen, too. You can stress that he should guard his debit card like cash and not share the PIN with anyone (except for parents, of course). Teens carrying a debit card should know to alert the card issuer immediately if the card is lost or stolen. In addition, parents who allow teens to use their debit card for online shopping should show teens how to look for indications that an ecommerce checkout is

Show teens how to look for indications that an ecommerce checkout is secure



secure, such as “https” in the browser bar and a closed padlock symbol next to the web address.

Using a debit card can help teens gain financial independence and learn how to manage their money. By discussing account rules and monitoring debit card use, you’ll help your teen avoid potential problems and learn positive financial habits she’ll carry with her into adulthood.

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