Study: More than Half of Americans Believe Children Should Manage Their Own Money Before Age 18

Simon Zhen Updated: Aug 06, 2019

Financial literacy has been a hot topic for Americans who feel that money management skills are lacking among parts of the country's population.

With consumer debt rising constantly, the spotlight is on our education system -- with the hopes that a foundation in financial literacy at an early age would pay off over the course of a lifetime.

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Methodology

According to a recent MyBankTracker survey, **more than half (54.5%) of American adults feel that children should be allowed to manage their own money before the children become 18 years old**.

Most respondents (28.9%) believed that children should begin money management from ages 15 to 17. Notably, these are the typical ages of a child's early high school years -- a time of maturity that often involves earning, spending, and saving money.

Here are other key highlights from the survey results:

Key Findings

The survey asked the question:

"At what age should young people be allowed to manage their own money?"

- **28.9%** noted that people should manage their own money at 15-17 years old while, surprisingly, **24.5%** of respondents noted they should be 21 years or older
- **25.6%** responded that children should start managing their own money by age 14
- **60.4%** of women vs. **48.3%** of men believed that children should manage their own money under the age of 18
- Older respondents (ages 45+) tend to believe that children should manage their own money at a younger age, with **29.4%** believing they should manage their money under the age of 15, while only **21.9%** of younger respondents (age 18-44) believe children under the age of 15 should be allowed to manage their own money.

How Children Can Start Managing Their Own Money

Setting up a bank account for a child is usually the first step to help him or her manage personal finances.

Here are the most common ways to do it:

Kids savings accounts

A **kids savings account** is designed to be a place where children can begin put any savings that they may have at an early age.

Typically, it's just a regular savings account with a joint accountholder who must be an adult. The account may require that certain transactions, such as withdrawals and outgoing transfers, be initiated by the adult accountholder.

Teen checking accounts

Like with a kids savings account, a **teen checking account** (may also be called "high school student checking") usually requires a joint accountholder who is age 18 or older.

Because checking accounts serve as financial hubs for most people, it is vital in allowing children to manage their own money.

Depending on the bank, there may be restrictions on the transactions and services offered. For example, a teen checking account may not offer paper checks and/or prevent the ability to overdraw the account.

Prepaid debit cards

Prepaid debit cards are also popular for money management at a young age.

At the core, these cards operate similarly to teen checking accounts. The biggest difference often lies in the features that are marketed specifically for parents and their children.

These prepaid debit cards may allow multiple debit cards for multiple children on a single account. Additionally, useful features may be offered, such as financial tasks, savings goals, and weekly allowance distributions -- making it easier for parents to play a bigger role in building their children's money habits.

Authorized users on credit cards

Parents who want to help their children establish a good credit history can add children as **authorized users on their credit cards** (fees may apply).

As an authorized user, a child's credit report will reflect the activity on the credit card account. If the credit card account is paid on time with low balances, the child will begin to build good credit.

How Parents Can Help Develop Money Management Skills

There are various ways that parents can ensure that a child's finances don't get out of control, which may contribute to bad money habits.

Here are some of the best ways that parents can monitor a child's financial accounts:

Transaction limits

Many banks and financial institutions allow parents to place limits on transactions, such as purchases and withdrawals, so that children do not overspend or take out too much money.

Account alerts

Create account alerts that will send out notifications when a specific type of transaction occurs on an account.

For example, every debit card transaction can trigger an alert that allows parents to see how kids on spending their money.

Online and mobile banking

Depending on the bank, there could be plenty of online and mobile banking features that are essential for keeping track of a kid's financial accounts.

For example, a parent can lock a debit card temporarily while a child is "grounded."

Methodology

The study was conducted through Google Survey on behalf of MyBankTracker from July 17, 2019 to July 19, 2019 with 742 respondents in the United States of ages 18 and up with a standard deviation of +/- 3.7%.

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