

WSJ.COM/Fiscally Fit: An Early Lesson In Saving

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NEW YORK (Dow Jones)--"That's my bank!" our 7-year-old son, Gerald, shouts every time we drive by the Commerce Bank near our house.

So it is: Commerce Bank is where Gerald and I opened his first savings account two years ago. It's where he dumps the contents of his piggy bank into the coin-counting machine and where he hands his receipt and passbook to the teller. And it's where I hope he's learning an **early lesson in saving** that he'll carry into a financially responsible adulthood.

When my husband, Gerry, and I decided it was time to open a savings account for our son, we chose not to do so at our own bank. We wanted one with a more kid-friendly approach, and we agreed that it was important for Gerald to have a bank of his own: We felt that would make saving special, instead of just an errand to be done when dragged along to "mom's bank." So far it's working: When Gerald's piggy bank is nearly full, he enthusiastically reminds me that we need to make another deposit.

While I'm hoping Gerald will learn to like saving money for its own sake, right now it helps that Commerce Bank makes banking fun for kids. He particularly likes the free "Penny Arcade" coin-counting machine in the lobby, which rewards you with trinkets if you can guess (within \$1.99) the value of all those coins sent tumbling into the machine. (Catering to kids "is part of our strategy, because we're trying to provide a great experience in our stores for everyone," Commerce Bank spokesman David Flaherty says. "Everybody loves to put money into those things.")

On our first trip to the bank back in 2004, Gerald had only a vague idea what we were doing there. He knew banks were where Gerry and I went to get money out of the money machine, but he had just begun to work on identifying coins; the concept of their value was still foreign to him.

Rather than impart financial lessons, I wanted to make that first day a memorable experience so he'd look forward to coming back. I called the manager, explained what I was doing, and asked if someone could

On his big day I introduced my son to the bank manager, telling her this was a special day because we would be opening Gerald's first bank account. On cue, "Miss Jacqueline" (as she introduced herself to my son) welcomed him like a V.I.P. She invited him to sit down, and I urged Gerald to show her how much he'd saved in his clear plastic piggy bank. Gerald beamed when she told him very few children have that much money saved at such a young age. Miss Jacqueline then handed Gerald crayons and a coloring book about saving while she and I established an account in his name, with me as custodian.

My husband, Gerry, urged me to open a passbook savings account. There were other higher-yielding savings accounts available - the Young Savers passbook account yields an anemic 0.25% - but Gerry said the passbook itself played a big part in teaching him to save.

His mother opened accounts for her sons when they were around Gerald's age, and the brothers used to compete to see who'd put more money away. (Gerry usually won.) He remembered his excitement at seeing how much his savings had grown after each deposit, as the banker would stamp his passbook, and argued that waiting for a monthly statement, or going online to look at the account balance, wouldn't give Gerald the same immediate satisfaction as his own little book.

I had to take his word for it. There wasn't much money to save in my household growing up, so my parents never opened accounts for us. I opened a savings account as a teen after landing my first job, but I had no intention of actually using it for saving. Instead, it was simply a way to cash my weekly checks, which I'd quickly fritter away. We wanted Gerald to follow in his father's footsteps, not mine, so we went with the passbook savings account.

Our paperwork completed, Miss Jacqueline asked Gerald to bring his piggy bank over to her side of the desk so they could count his savings together. As the coins bounced out, she started separating them. Then she counted the coins out loud, as my son looked on. The grand total: \$5.48 - which we verified by having Gerald dump the coins into the counting machine and wait for a receipt.

Miss Jacqueline took the receipt and asked Gerald to come with her while she deposited his savings. On the way, she stopped in front of the bank vault, which was open. My son touched the huge steel door in awe as Miss Jacqueline explained how banks keep money in vaults to make sure nobody will steal it. (Gerald understood stealing - one of his classmates had taken some of his Matchbox cars.)

At the teller window, Miss Jacqueline told us that the Young Savers account required a minimum balance of \$10. I hadn't realized that, but I took the opportunity to strike a bargain with Gerald: From that point on, we'd match his savings dollar-for-dollar. I took a \$5 bill out of my purse and gave it to Gerald, who handed it to Miss Jacqueline. When she handed him his navy-blue passbook, I showed him the date and the amount of his savings on the top line: \$10.48.

After he got his passbook, Miss Jacqueline did something that may have ensured my son will continue to be a saver: She gave him a lollipop, which Gerald now looks forward to as much as he does the coin-counting machine.

Gerald's lessons in banking basics - obvious to an adult, but not to a kid - have continued since then. Recently, I walked him through withdrawing money when he wanted a backpack for school. I also explained the rudiments of interest - that banks pay customers a small amount to borrow their money, which they then invest in hopes of making more.

We visit the bank frequently now that Gerald is receiving a \$7-a-week allowance. (Our rule of thumb is \$1 for every year of age.) Recently, I've encouraged him to use the coin-counting machine and make his deposits without me looking over his shoulder - it's his bank, after all. I stand patiently in the back and wait for him to finish, and I don't ask to look at his passbook unless he offers to show it to me (though he usually does). He knows the money in the account is his; I want him to know the act of saving that money is his responsibility, as well.

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