

How Can Parents Help Their Kids Build Credit At Young A

By IngeFuell

Submitted: February 5, 2019

Updated: February 5, 2019

The most conventional way that people start building credit is by taking on a credit card or loan, but one has to be at least 18 to do this. However, you can build your child's credit even before the age of 18 by making your child an authorized user on your credit card. The credit card company will issue a second card in.

Provided by Fanart Central.

<http://www.fanart-central.net/stories/user/IngeFuell/60513/How-Can-Parents-Help-Their-Kids-Build-Credit-At-Young-A>

**Chapter 0 - How Can Parents Help Their Kids Build
Credit At Young**

2

0 - How Can Parents Help Their Kids Build Credit At Young

In the day and age that we live in today credit scores have a great influence on our financial future and that is why many parents nowadays are not only worried about their child's health and safety but also about how their kids can build a good credit.

How soon should one start to build credit? The answer is that the teenage years are the best time to start building a credit history. This means that parents will have to take the lead in explaining the basics of saving, earning and spending before their kids become teenagers. Follow these 5 steps and by the time your kids are flying solo, they should be well on the way to a good [credit score](#).

1. Help your child open savings and checking accounts:

A savings account is the basic building block to help children understand the financial world. Parents should encourage kids to deposit birthday money, allowances and cash from any odd jobs they go into this account and also save up for something they want to buy. This will help them to learn firsthand as to how compound interest works.

When your kids are in the early teens help them open a checking account and teach them how it works and about penalties if they overdraw or if their checks bounce. This will not only limit them to their checking account balance but also give them some spending independence. It will also help show financial institutions that your teen can handle money.

2. Encourage your teen to get a part- time job:

Working part-time will not only help teach children the value of money but will also definitely go a long way in making your child a responsible adult. The thrill of seeing savings grow and the disappointment of watching money disappear when they make bad decisions will be a precursor to understanding credit.

3. Make your child an authorized user of your credit card :

The most conventional way that people start building credit is by taking on a credit card or loan, but one has to be at least 18 to do this. However, you can build your child's credit even before the age of 18 by making your child an authorized user on your credit card. The credit card company will issue a second card in

the child's name. The child can use this card as a card of his own but the only difference is that the primary holder (parent) is responsible for the entire balance.

4. Co-signing a loan or credit card:

If you think that it is not a good idea to make your teen an authorized user on your card, you can co-sign his or her first credit card. This will pack more punch than authorized user. Ownership as your child will be the primary borrower and it will do more to help your child build a solid credit score. But remember to educate your child how to use the card responsibly. You should be comfortable with this possibility

before moving forward.

5. Obtain a secured credit card:

If you feel your child is not particularly responsible with money, the best option is to help your child apply for a secured card when he/she is 18 years old. These cards are normally fully secured and require cardholders to deposit a few hundred dollars which is usually equal to the credit limit. You can make the initial deposit together. The advantage of such a card is that your economic risk is just the amount of deposit and some credit cards come with some additional attractive features like a reasonable annual fee of about \$29 which allow kids to monitor their credit scores and use a credit simulator to see what the consequences will be if they missed a payment or continue to pay on time over an extended period of time.

If your child uses the credit card regularly for small purchases and pays off the balances in time he/she can qualify for an unsecured credit card after six months.

Building up a solid credit score will help your child qualify for loans, auto insurance and even affect whether he/she can get a job. Therefore, you should monitor your teen's activities as she/he gets into the credit habit and allow more flexibility as responsibility is demonstrated.

Obtaining a reasonable of credit at an early age and using it responsibly will definitely pay off in the long run. There are tricks and techniques to build a good credit score a young age but in the end, it boils down to being responsible.

About the Author:

My name is Angela Welsh a Financial Adviser at Zinu [Credit Repair](#). It is a legitimate credit repair agency in US. That offers a free credit repair consultation, which includes a complete review of your FREE credit report summary and score. If you are looking for the best credit repair company in your area. Please contact me.