

For immediate release
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Australia's youngest banking customers

- ➔ Nearly half of Aussie kids have a bank account set up for them by their first birthday
- ➔ Baby bank account benefits include savings, potentially minimised stress and financial literacy
- ➔ finder.com.au tips on setting up a savings account for your bub

19 February 2018, Sydney, Australia – New research by finder.com.au, the site that compares virtually everything, has found nearly half of Aussie kids have a savings bank account set up for them by their first birthday.

According to the research, one in four children (26%) have a bank account opened in their name from birth, while a further 23% have one within their first year of their life.

Bessie Hassan, Money Expert at finder.com.au, says she was surprised that close to 150,000 babies born in 2017 have (or will have) a savings account by the time they turn one.

“It’s an extraordinary number of parents who are setting up banks accounts in their newborn’s names.

“The ink on the birth certificate has barely had time to dry and the babies are already receiving bank statements but it’s necessary to help kids get ahead financially,” she says.

The research also found more than 11% of [children have their own bank account](#) set up sometime between their first and fourth birthday. Of these, the majority (69%), have money put aside for them by the time they turn six years old.

Ms Hassan reassures parents that there’s no right or wrong age to open a savings account for a child, nor is there a golden amount or frequency to be depositing cash.

“Some parents may choose to deposit cash on their child’s birthday and Christmas annually, while others may choose to make smaller yet more regular contributions at more frequent intervals.”

“For example, if you put \$100 as an initial deposit and continued to make \$100 monthly deposits, with an average rate of 2.05%*, they’d have \$26,242 by their 18th birthday,” she says.

Ms Hassan says in addition to the savings, there’s plenty of positive reasons for parents to consider setting up a savings bank account for their child.

“A lot of parents have experienced first-hand how stressful finances can be and don’t want their kids to have those same worries.

“Further to minimising stress – financial literacy is an extremely valuable skill that parents can teach their children from very early on which can have a huge impact on how kids handle money as they enter their adult years.

“Depending on their age, creating a bank account for your offspring will teach them basic principles like saving, budgeting, and the effect of compound interest.

Ultimately, you want to educate your kids about the value of money so they learn to be financially independent, and also so they don’t think money grows on trees!,” she says.

To open a baby bank account:

- In Australia, children under 18 years old don’t have the legal right to sign documents such as those required to open a bank account. As a parent or legal guardian you can open an account in your baby’s name, with your name listed on it as well
- You will need your child’s birth certificate and parents identifying documents such as a driver’s licence
- You may have to make a minimum initial deposit to open the account.
- If you as the parent own the money in the account and spend it as per your liking, you’ll have to include the interest earned in your income tax return.
- If nobody other than the child uses these funds then the interest earned becomes the child’s income. The child does not have to lodge a tax return if his or her only source of income is interest not exceeding \$416.
- If the Australian Taxation Office (ATO) considers the money deposited in an account to be excessive it may carry out further investigation to establish the source of the funds.

*Average savings rate when introductory bonus rates are taken into account, according to the Reserve

Bank of Australia (RBA) as of January 2018.

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