

Minors Savings Accounts



Kanchana and Sujit are thrilled with their newly arrived bundle of joy, their little daughter Ria. When Ria got her first gift envelope at her naming ceremony, Kanchana knew that she had to keep it aside for her future. It was time to open Ria's own bank account. Banks have made it easy to open and operate accounts for children.



One Day is Enough

Kanchana can open an account in Ria's name with her bank, as soon as Ria is one day old. The account will be a minors account and remain so until Ria turns 18. The account would be operated by Ria under the guardianship of her parents till such time as she attains majority.



Documents

Kanchana will have to provide the bank with a copy of Ria's birth certificate as proof of age. She also needs to provide a relationship document that shows her as the parent and therefore the natural guardian of the minor. All account-opening documents such as proof of address and identity have to be given for Kanchana, the guardian of the minor's account.



Operations

Ria's account will be operated by her mother, who will be authorized to act on her behalf, as the law for-

bids a minor from entering into financial transactions on his/her own. Ria's name in the account and in the cheque book will be shown as Ria under guardianship of Kanchana. This bank account details can be given for all investments made in Ria's name, so that the incomes from those investments can flow into her bank account.



The 7-year Rich

Once Ria is seven, her bank may offer her a few more privileges, since she would be able to read and write by then and perhaps even take to computers and technology. She can then get an internet banking account and an ATM-cum-debit card with limited withdrawal and spending privileges.



Responsibilities

The bank account provides Ria with the joys of saving and keeping her money. But all the responsibilities associated with the account have to be fulfilled by her mother, who will pay the fees and dues and ma-

SMS CONTEST

Question

For opening a bank account in the name of a minor, the age of the minor should be at least _____.

Answer

- A. 7 years
- B. 18 years
- C. one day

To answer, SMS DISHA A, B or C to 52030 and win a 2N 3D holiday.* Contest open for the day of publication.

*Terms and conditions apply. Visit www.dishac.org for details and winners.



Now that I am 18...

When Ria turns 18, she can take charge of her account. The bank will notify Kanchana, freeze the minors account, and convert it into a normal account. The bank will do this only after completing the KYC (Know your customer) formalities for Ria, in her own name.

Until then, Kanchana can save up for Ria's future and record the financial milestones as well in the scrap book

DID YOU KNOW?

Minors accounts and investments can be held in joint names, along with the minor's parent or guardian. In all such joint holdings, the minor will have to be the first holder.

FAQs

Can a minor sign his/her cheques?
Under the law a minor is not authorized to enter into valid financial transactions on their own accord. Though the cheque book will have the minor's name, the signatures will be of the guardian. The bank's records will also hold the guardian's signatures for verification.

If the legal guardian of a minor is one appointed by the court, can such guardian operate the account even after the minor attains majority?

No. Once the minor attains major status, the guardian will cease to have any access to the minor's bank account. The account will be frozen until the normal account-opening formalities are completed in the name of the erstwhile minor, now a major account holder.

that she carefully keeps to track her little daughter's progress.

Center for Investment Education and Learning

We welcome your questions, suggestions and feedback on this column. Please use the Email Us link at www.icicibank.com or send an SMS to 52030. Please include your full name, address and phone number. Your comments may be edited for clarity and space.

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