What’s a better gift for a young person than a savings bond or a gift card?

When you talk with people who have made a lifelong habit of saving and investing, often you’ll hear them say that somebody—often a grandparent—gave them a few shares of stock at a young age. Following the stock, learning about the company and seeing the dividends reinvested got them interested in a whole new mysterious economic realm that many people never learn about.

The problem, of course, is that it’s not always easy, in this day and age, to give a few shares of stock. Instead of printed shares, we have electronic ownership, which is why websites like givashare.com and uniquestockgift.com can charge twice as much for a stock and a printed certificate as you would pay for the same share if you went online through a discount brokerage firm. Buying a share directly means creating a new custodial account for the young child, and then executing a brokerage transfer or creating a UGMA account.

Recently, the idea of giving a share or two of stock has gotten a lot easier, with a website called SparkGift (www.spartkgift.com/#). You click on the site, and over the next two minutes, you select a recipient, provide an email address and Social Security number, select an investment—it could be Disney, Tesla, a Vanguard index fund or any ETF, anything that is publicly traded—and a dollar amount. The person on the other end of the email opens the message and creates the account. At that point, your payment executes the trade, and the securities end up in an account in the child’s name. You can use a credit card to make the purchase.

According to the site, the average gift size is $75 to $100, and the giver will be charged $2.95 plus 3% of the gift size, equivalent to the transaction costs at a discount brokerage firm. Some children have gone so far as to establish their own gift registry, specifying the stocks they’re interested in—like Disney, Mattel, Apple or Electronic Arts—which encourages them to research the companies behind the brands they like.

Rather than a gift card that will be spent immediately, the stocks will demonstrate investment appreciation over time—and might even help your kids or grandkids with retirement planning someday.

Sources:

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