Checking Accounts

- Allow you to deposit money and withdraw it at a later date
- Typically no limit on withdrawals but come with lower interest rate than CD or savings account
- Safer than using check-cashing stores

Types of Checking Accounts

1. Individual
2. Joint
3. Senior/student/teen
4. Business
Opening a Checking Account

• Can apply in person or sometimes on-line
• Bring identification and funds to deposit
• May be denied if have
  - ChexSystems report: fraud, bounced checks, overdrawn account
  - Negative activity on credit report: late payments, collection accounts, bankruptcy

Deposits

• Types of check endorsements
  - Blank endorsement
  - Restrictive endorsement
  - Special endorsement
• Can deposit with teller or at ATM
  - May need to fill out deposit slip
• Direct deposit
  - Money electronically transferred to account

Withdrawals

• Debit card
• Can use at ATM and stores
• “Do you want to use debit or credit?”
  - Debit: enter pin, can get cash back in some stores
  - Credit: sign, additional protections
• Debit card not the same as credit card
  - Money immediately deducted from account
Withdrawals (Cont.)

- Checks
  - Take the time to fill out correctly or may be returned
  - Write "VOID" across check if make mistake
  - Keep record of checks you write
  - Don't write a check for more than you have in your account

- Electronic checks
  - Enter check information on-line
  - Don't have to worry about check getting lost

Where To Stash Your Savings

- Money Market Deposit Accounts
- Traditional Savings Accounts
- Certificate of Deposit (CD)
- Saving Vehicles

Withdrawals (Cont.)

- Automatic debit
  - Money automatically withdrawn from account set time each month
  - Make sure enough money in account and debit actually occurs

- On-line bill pay
  - Pay bills through financial institution
Checking Account Management

• It is your responsibility to ensure there is enough money in your account to cover your transactions
• If you try to withdraw more than available funds
  - Not allowed to overdraft: debit card transactions will be denied, checks will bounce – NSF fee
  - Allowed to overdraft (no overdraft protection): may be charged overdraft fees
  - Overdraft protection: may be fee for service but usually less than overdraft and NSF fees; typically linked to savings account, credit card, or line of credit

Checking Account Management (cont.)

• Even if you have overdraft protection, not good habit to overdraft
  - Reevaluate budget if needed
• Monitor account balance
  - On-line
  - Over the phone
  - Pen and paper method

Preventing Identity Theft

• Only carry with you what you need
• Don’t write PIN on card or share it
• Report a lost or stolen check or debit card to financial institution immediately
• Do not disclose account information on-line or over the phone unless certain dealing with reputable company
• Cut up or shred old statements
Balancing Your Checkbook

- Regularly inspect statements for unauthorized charges and errors.
- To balance checkbook, compare your records to statement, after making necessary adjustments.
- If balances differ, do research and contact financial institution if believe there is error or unauthorized charge.
- Some people choose to monitor account activity on-line instead of formally balancing checkbook.

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