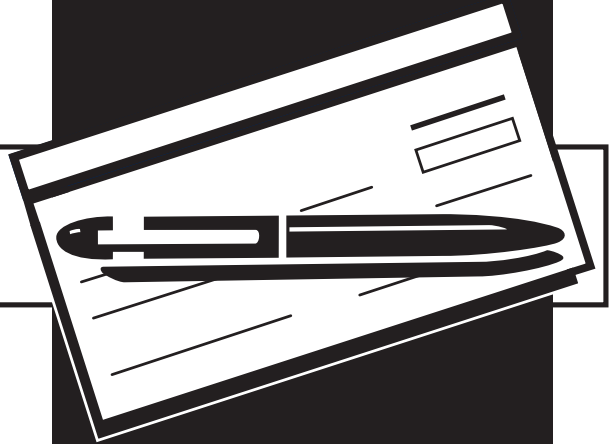
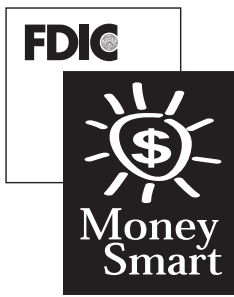


Check It Out



Participant Guide



Building: Knowledge, Security, Confidence

FDIC Financial Education Curriculum

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Money Smart

The *Money Smart* curriculum is brought to you by the Federal Deposit Insurance Corporation (FDIC). The *Money Smart* program includes the following courses:

- **Bank On It**
an introduction to bank services
- **Borrowing Basics**
an introduction to credit
- **Check It Out**
how to choose and keep a checking account
- **Money Matters**
how to keep track of your money
- **Pay Yourself First**
why you should save, save, save
- **Keep It Safe**
your rights as a consumer
- **To Your Credit**
how your credit history will affect your credit future
- **Charge It Right**
how to make a credit card work for you
- **Loan to Own**
know what you're borrowing before you buy
- **Your Own Home**
what homeownership is all about

Check It Out

Welcome to Check It Out! A checking account is an account that allows you to write checks to pay bills and buy goods. The financial institution takes the money from your account and pays it to the person or company named on the check. You can also deposit and withdraw money from your checking account. The financial institution sends you a monthly statement of your deposits, checks written, and all of your other withdrawals.

Checking accounts can provide you with convenience, cost savings, safekeeping of your money, and a way to help budget your money. When you have completed this course, you will know how to compare checking accounts, open a checking account, use the money in a checking account, write a check, and keep records for a checking account.

Determine Your Checking Account Needs

When deciding on a checking account, remember financial institutions offer different types of checking accounts. To determine what you need, think about how you plan to use your checking account. The following questions will help you determine what you need in a checking account.

Convenience:

1. How many checks do you think you will write every month?
2. Do you want a bank that is close to your home or work?
3. What are the bank's hours of operation?
4. Will you use the ATM often?
5. Does the bank have ATMs close to where you live or work?
6. How often do you plan to visit the bank to use teller services?
7. What other bank services are important to you?

Cost:

1. How much money will you keep in your account?
2. Will you be charged for writing extra checks?
3. Are you willing to pay a monthly fee?
4. If so, how much?
5. Will you be charged to use your bank's ATM?
6. Will you be charged for using other banks' ATMs?
7. Will you be charged for using teller services?
8. Are there ways to avoid paying fees?

Checking Account Fees

Ask the bank for the fee schedule for checking accounts. Compare the costs of the various accounts you are considering. Ask the bank whether fees can be waived and how to avoid fees. Some of the fees may include:

Monthly Service Fee

Also called a maintenance fee. The bank might charge a fee each month just for having the account. You might also be charged a fee if your balance drops below the required minimum.

Per Check Fee

Some accounts charge a fee for each check you write. Depending on the account, you might pay the fee for each check or only when you write more than a certain number of checks (perhaps five) a month.

Check Printing Fee

You can buy checks from the bank or through the mail from other companies. If you buy checks from the bank, the charge for printing the checks is usually automatically deducted from your checking account. Fancy checks cost more than basic checks. You can buy more than one box at a time. Carbon copy checks are an option.

ATM-Use Fee

You might be charged each time you use the ATM or each time you use an ATM at a bank other than your own.

Overdraft Fee

Also called nonsufficient funds (NSF) fee. Expensive fees apply when you bounce a check. The bank will notify you if a check is returned to the person or company to whom it was issued because there were insufficient funds in the account. Your bank will charge a processing fee to your account because of the cost to return the check. Merchants might also charge a fee if a bounced check is used to purchase goods or services. The fee charged is usually posted near the cashier.

Returned Deposit Item

Banks might charge a fee if a check you deposit in your account bounces.

Stop-Payment Fee

If you lose a check or need to make sure a check is not paid by the bank for some other reason, you can request a “stop payment.” There is a fee for this service, and the bank might not be able to catch the check before it is paid.

Phone Inquiry Fee

Some banks charge a fee if you call to check your balance or to see if a check or deposit has cleared.

Fee for helping you balance your checkbook

Some banks will help you balance your checkbook. Some might charge you for this service.

Types of Checking Accounts

After you determine what you need in a checking account and understand the different fees involved, you might be ready to choose the type of account you should open. Keep in mind that banks sometimes refer to these accounts by different names. Before making a decision, read the materials (disclosures), ask questions, and understand which checking account best fits your needs. The main types of checking accounts include:

Low-cost checking

Many banks offer low-cost checking for people who don't write a lot of checks. The charge is often less than \$5 per month. There might be a limit to the number of checks you can write without an additional charge.

ATM-checking

Some banks offer an ATM-checking account for you at reduced-cost or a free checking account if you do all of your banking by phone and ATM. This type of account usually requires you to use direct deposit. The bank might charge you a fee if you use the services of a teller. This type of account usually offers unlimited check writing privileges, in other words, there are no additional charges based on the number of checks you write.

Regular checking

With a regular checking account, there is often a minimum balance required to waive the monthly service fee. This type of account usually offers unlimited check writing privileges.

Interest checking

There are different interest-bearing accounts, such as the Negotiable Order of Withdraw (NOW) account and the Money Market Deposit Account (MMDA). With these accounts, you usually need to maintain a high minimum balance in order to earn interest and avoid fees. The minimum balance is often at least \$1,000.

Choosing a Checking Account

When looking for a checking account, take this checklist with you. Below are the types of checking accounts and some questions that will help you choose the checking account that is right for you. Remember to refer to the questions you answered on page 4. Compare your needs with what each account has to offer. Remember you will generally need three things when you open your checking account: 1) picture identification, 2) Social Security number, and 3) money to put in the account.

	Bank A	Bank B	Bank C
Name of bank			
Low-cost checking - Monthly fee? - Number of free checks per month?			
ATM-checking - Paycheck direct deposit? - Monthly fee? - Fee for teller services? - Unlimited check writing?			
Regular checking - Minimum balance or monthly fee? - Unlimited check writing?			
Interest checking accounts - Minimum balance or monthly fee? - Amount of interest? - Transaction restrictions?			
What, if any, fees will be charged? (refer to checking account fees)			
Is it close to your home or work?			
Does that bank offer other services that are important to you?			

Notes:

Check Register

Record each time you put money into your account, write a check, or take money out of your account.

Check Number	Date	Description of Transaction	Payment/Debit (-)	Fee	Deposit/Credit (+)	Balance

- 1. Check Number:** If you are writing a check, record the check number in this column. Otherwise, leave it blank.
- 2. Date:** Record the date you wrote a check, made a deposit, took money out (made a withdrawal), or were charged a service fee.
- 3. Description of Transaction:** Record items such as who you wrote the check to, reason for the deposit, or the location of the withdrawal (such as ATM or debit card).
- 4. Payment/Debit (-):** Record the dollar amount of checks written, ATM withdrawals, or debit card transactions.
- 5. Fee:** Record any fees charged, such as a monthly maintenance fee or an ATM fee.
- 6. Deposit/Credit (+):** Record any deposits or credits made to your account.
- 7. \$ Balance:** Add any deposits or credits and subtract any fees, payments or other debits to your account.

Practice Checks

YOUR NAME YOUR ADDRESS YOUR PHONE NUMBER		Date: _____	105 <u>00-6879</u> 770
<i>PAY</i> TO THE ORDER OF _____		\$ <input type="text"/>	
_____ Dollars			
FINANCIAL INSTITUTION Your City, State, Zip Code			
Memo _____		_____	
:00000000 :0000 0000 0 000 0 0.:			

YOUR NAME YOUR ADDRESS YOUR PHONE NUMBER		Date: _____	105 <u>00-6879</u> 770
<i>PAY</i> TO THE ORDER OF _____		\$ <input type="text"/>	
_____ Dollars			
FINANCIAL INSTITUTION Your City, State, Zip Code			
Memo _____		_____	
:00000000 :0000 0000 0 000 0 0.:			

Practice Deposit Slips

DEPOSIT TICKET	Your Name	<table border="1"> <tr><td>CURRENCY</td><td></td><td></td><td></td><td></td></tr> <tr><td>COIN</td><td></td><td></td><td></td><td></td></tr> <tr><td>OR TOTAL FROM REVERSE</td><td></td><td></td><td></td><td></td></tr> <tr><td>SUBTOTAL</td><td></td><td></td><td></td><td></td></tr> <tr><td>LESS CASH RECEIVED</td><td></td><td></td><td></td><td></td></tr> <tr><td>NET DEPOSIT</td><td></td><td></td><td></td><td></td></tr> </table>	CURRENCY					COIN					OR TOTAL FROM REVERSE					SUBTOTAL					LESS CASH RECEIVED					NET DEPOSIT				
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Checking Account Statement

Here is the checking account statement from the scenario in class. You can see that the front of the checking account statement lists the transactions made for this one-month time period.

Your Bank Street Address City, State Zip		Your Name Street Address City, State Zip Account Number 0000000000	
Summary of Account Activity			
For period ending		3/20	
Date of last statement		2/20	
Date	Transaction Description	Withdrawal/ Deposit Amount	Balance
2/20	Opening Balance Deposit	200.00	200.00
2/26	Check #105	-19.75	180.25
3/12	ATM Withdrawal	-100.00	80.25
3/18	Monthly Fee	-5.00	75.25
Cleared Checks			
	Check #	Amount	
	105	19.75	
Summary			
Previous Balance	Total Deposits	Total Withdr.	No. of Checks
\$200.00	\$0	\$119.75	1
			No. ATM Transactions
			1
			No. of Deposits
			0
			Service Charge
			\$5.00
			New Balance
			\$75.25

Reconciling Your Checking Account

When you get your monthly statement, there will usually be a difference between the statement balance and your check register balance. Reconciling your account just means to find those differences. Here is a chart to help you reconcile your account statement. A chart like this is often found on the back of checking account statements. If you have any questions, contact your bank for help.

WITHDRAWALS OUTSTANDING – NOT CHARGED TO ACCOUNT		Bank balance shown on this statement	\$
Check Number	Check Amount		
		Subtract withdrawals outstanding	\$
		Total	\$
		Add deposits outstanding	\$
			\$
			\$
		Balance	\$
		* This balance should agree with the balance in your check register	
Total	\$		

For Further Information

Federal Deposit Insurance Corporation (FDIC)

Division of Compliance and Consumer Affairs

550 17th Street, NW

Washington, DC 20429

1-877-ASK-FDIC (1-877-275-3342)

Email: consumer@fdic.gov

www.fdic.gov

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- Naylor Road One-Stop Career Center, Washington, D.C.
- Government of the District of Columbia, Department of Employment Services
- Government of the District of Columbia, Department of Banking and Financial Institutions

Reference materials from the following sources were especially helpful in the development of the *Money Smart* program:

- *Consumer Action Handbook*, 2001, Federal Consumer Information Center, United States General Services Administration
- Fannie Mae
- Federal Trade Commission
- *Gateway to a Better Life – Making Every Dollar Count*, 1998, Cooperative Extension, University of California
- *Helping People in Your Community Understand Basic Financial Services*, Financial Services Education Coalition
- Internal Revenue Service
- *Saving Fitness A Guide to Your Money and Your Financial Future*, U.S. Department of Labor, Pension, and Welfare Benefits Administration
- Social Security Administration
- United States Department of Agriculture, Rural Development, Rural Housing Service
- United States Department of Housing and Urban Development
- United States Veterans Administration, Department of Veterans Affairs Home Loan Program

Course Evaluation – Check It Out

Instructor: _____ Date: _____

Thank you for your participation in this course. Your responses will help us improve the training for future participants. Please circle the number that shows how much you agree with each statement. Then answer the questions at the bottom of this form. If you have any questions, please feel free to ask your instructor.

	Strongly Disagree			
1. The course was interesting and kept my attention.	1	2	3	4
2. The examples in the course were clear and helpful.	1	2	3	4
3. The activities in the course helped me understand the information.	1	2	3	4
4. The slides were clear and easy to follow.	1	2	3	4
5. The take-home materials were easy to read and useful to me.	1	2	3	4
6. The instructor presented the information clearly and understandably.	1	2	3	4
7. The information/skill taught in the course is useful to me.	1	2	3	4
8. I am confident that I can use the information/skill on my own.	1	2	3	4
9. I am satisfied with what I learned from this course.	1	2	3	4

What was the most helpful part of this course?

What was the least helpful part of this course?

Would you recommend this course to others?

Any comments/suggestions?

What Do You Know – Check It Out

Instructor: _____ Date: _____

This form will allow you and the instructors to see what you know about checking accounts both before and after the class. Read each statement below. Please circle the number that shows how much you agree with each statement.

	Before-the-Course				After-the-Course			
	Strongly Disagree	Disagree	Agree	Strongly Agree	Strongly Disagree	Disagree	Agree	Strongly Agree
<i>I know how to:</i>								
1. Identify the benefits of using a bank vs. using a check cashing service.	1	2	3	4	1	2	3	4
2. Identify types of checking account fees (e.g. overdraft and maintenance).	1	2	3	4	1	2	3	4
3. Compare types of checking accounts.	1	2	3	4	1	2	3	4
4. Open a checking account.	1	2	3	4	1	2	3	4
5. Write checks.	1	2	3	4	1	2	3	4
6. Use ATM/debit cards.	1	2	3	4	1	2	3	4
7. Keep records for a checking account.	1	2	3	4	1	2	3	4
8. Reconcile a checkbook.	1	2	3	4	1	2	3	4