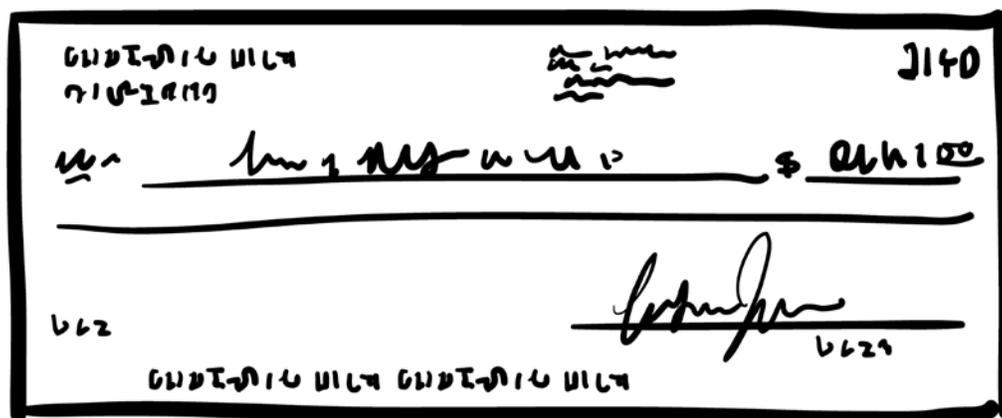
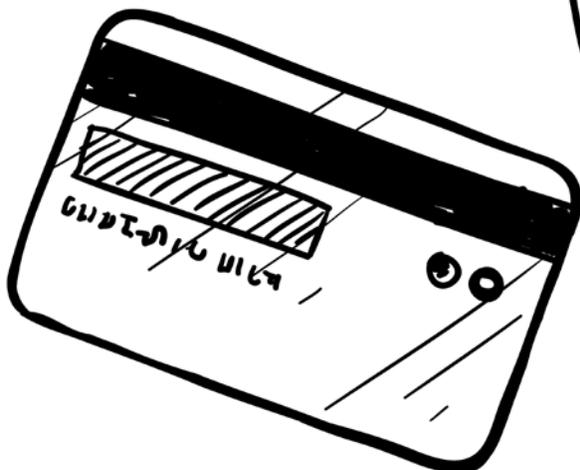
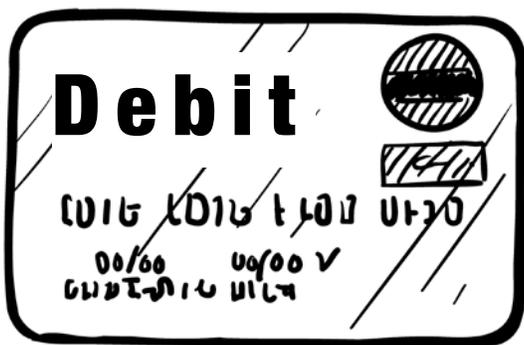


# A wise choice: Checking and savings accounts

## Seminar lesson plan and class activities



# ***A wise choice: Checking and savings accounts***

## **Seminar lesson plan and class activities**

### **Lesson purpose:**

To provide participants with an understanding of the advantages of using mainstream banking services over alternative financial services such as check-cashers, and to help them successfully select, open and manage checking and savings accounts of their own.

### **Learning objectives:**

By the end of the lesson, participants will understand:

- the benefits of having a traditional checking and savings account;
- the difference between banks and credit unions;
- what deposit insurance is;
- how checking and savings accounts work, including how to write a check and use an ATM;
- what to look for and what to avoid when shopping for an account;
- the steps involved in opening an account;
- how account verification services work;
- how to overcome barriers to opening an account;
- how to make use of online and mobile banking services;
- the importance of, and the steps involved in, balancing a checking account;
- how to keep account costs down;
- how overdraft coverage works and how to avoid overdrawing your account;
- what to do in case of an account error or complaint; and
- where to find more information about banking services and consumer rights.

### **Lesson duration:**

2 hours and 15 minutes

### **Materials:**

For instructor:

- *A wise choice: Checking and savings accounts* fact sheet (brochure)
- *A wise choice: The right overdraft protection plan* fact sheet (brochure)
- Checking and savings accounts training manual (Q&A)
- Visual teaching aid (PowerPoint presentation with instructor's notes)
- Lesson plan, including activities, answer keys and resources (pages 3-41)
- Class evaluation form (page 42)

Instructor will also need:

- a computer and projector for the PowerPoint presentation (the PowerPoint slides also can be printed on transparency sheets for use with an overhead projector); and
- an easel and pad, or a whiteboard, and markers.

For participants:

- *A wise choice: Checking and savings accounts* fact sheet (brochure)
- *A wise choice: The right overdraft protection plan* fact sheet (brochure)
- “How to write and record a check” exercise (1 page)
- “How to deposit money” info sheet (1 page)
- Account comparison worksheet (1 page)
- Sample ChexSystems report (5 pages)
- “How to balance your checking account” exercise (1 page)
- “Minimizing account expenses” exercise (1 page)
- Resources sheet (1 page)
- Class evaluation form (1 page)

Optional:

- Printout of the PowerPoint presentation
- Checking and savings accounts manual (Q&A)

**Lesson outline:**

- Welcome and training overview (5 minutes)
- Advantages of checking and savings accounts (5 min)
- Banks vs credit unions (5 min)
- How a checking account works (*includes check writing/check register exercise*) (20 min)
- How a savings account works (10 min)
- Shopping for an account (10 min)
- Opening an account (10 min)
- Online and mobile banking (10 min)
- Balancing your checking account (*includes balancing exercise*) (15 min)
- Minimizing account fees (*includes case study exercise*) (20 min)
- Resolving an account problem (5 min)
- Resources (5 min)
- Questions and answers (10 min)
- Wrap-up and evaluation (5 min)

**Consumer Action developed this training under a grant from the Rose Foundation.**

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**Rev. 3/15**

## Instructor's notes:

This training module consists of two fact sheets/brochures (*A wise choice: Checking and savings accounts* and *A wise choice: The right overdraft protection plan*); a training manual (backgrounder), written in question-and-answer format; a lesson plan with class activities; and a PowerPoint presentation. It was created by the national non-profit organization Consumer Action with funding from the Rose Foundation to be used by non-profit organizations providing consumer education in their communities.

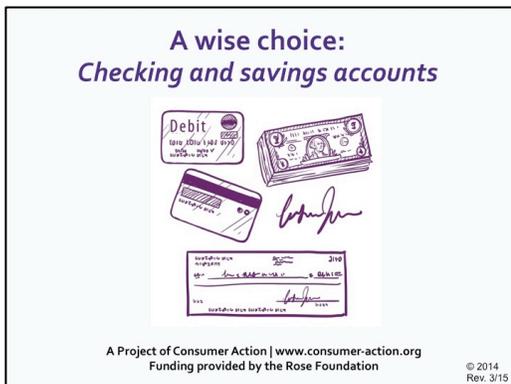
Before conducting the training, familiarize yourself with the fact sheet, the backgrounder, the lesson plan (including activities), and the PowerPoint visual teaching aid.

The PowerPoint presentation contains notes for each slide (appearing below the slide when in Normal view or Notes Page view). These notes offer detailed information about the items appearing on the slide. The learning objectives for each section, along with key points and questions to generate discussion, are included in the lesson plan, as are indicators telling you when to move to the next PowerPoint slide.

*Why Adults Learn*, a PowerPoint training for educators, provides tips for teaching adults and diverse audiences—it will be helpful to you even if you have taught similar courses before. The slide deck is available at [http://www.consumer-action.org/outreach/articles/why\\_adults\\_learn/](http://www.consumer-action.org/outreach/articles/why_adults_learn/).

## WELCOME AND TRAINING OVERVIEW (5 minutes)

➔ **SLIDE #1** (onscreen as participants arrive; direct early arrivals to begin reading the two fact sheets)

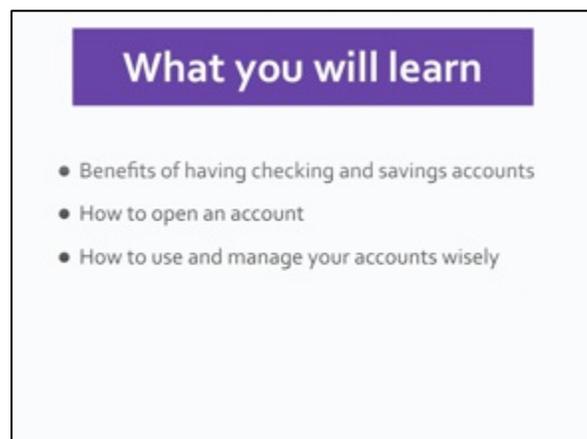


**Welcome** participants and introduce yourself.

If you have a small group, you can ask individuals to introduce themselves (or, if time permits, ask them to pair off with someone seated near them and then introduce each other to the group) and tell you what they hope to get out of the training. In a larger group, invite a few volunteers to share their expectations. On your whiteboard or easel pad, jot down some of the specific things participants mention. You can come back to this at the end of the class to make sure you've covered these points. (This activity is designed to serve as a brief icebreaker. It will also give you an idea what participants' expectations and needs are.)

**Review** the contents of participants' packets. Ask the class to take a look inside their packets and make sure they have all the materials needed.

➔ **SLIDE #2**



**Present** the learning objectives of the training (also listed on the first page of this lesson plan).

## ADVANTAGES OF CHECKING AND SAVINGS ACCOUNTS (5 min)

**Learning objective:** Understand the advantages of having a traditional checking and savings account over using check-cashers and prepaid cards.

### Key points (slides 3-4):

- A traditional checking and savings account at a bank or credit union offers a number of advantages over alternative financial services, including convenience/accessibility, low cost, flexibility and safety.
- Paying bills and managing your finances is easier, monthly transaction costs are typically lower and your money is safer with a bank or credit union account.
- Money saved in a bank or credit union earns interest.
- A traditional banking relationship can help you in the long run, such as when you need a reference for a rental or utility service provider, or when you need a loan.

### Questions to generate discussion:

- What are three reasons *not* to have a checking or savings account? (*Examples: monthly or transaction fees, fear of overdrawing the account (fees and reporting), aversion to large financial institutions.*) What are five reasons to *have* a checking account (*see slide notes*)?
- What do you think the most important advantages of having a checking and savings account are? Do you think there are advantages to using non-traditional banking services, such as check-cashers? If so, what are they?
- What would you say to someone to encourage them to open a checking and/or savings account?

*Note: When generating discussion, allow a moment or two for participants to respond. You can jot down responses on your easel pad or whiteboard.*

### ➔ SLIDE #3

**Introduction:** While it may be possible to get by without a checking or savings account, day-to-day money management is more difficult, time-consuming, risky and expensive. It is very difficult to manage your money well and keep it safe without access to traditional banking services. Consumers who don't take advantage of mainstream financial services offered by banks and credit unions miss out on the many benefits they provide, such as the ability to easily and inexpensively cash a check, pay a bill in a way that provides proof of payment or earn interest on savings.

**Share** quotes from slide notes.



### Slide notes:

"A full-time worker without a checking account could potentially save as much as \$40,000 during his career by relying on a lower-cost checking account instead of check-cashing services." --Report: "Banking on Wealth: America's New Retail Banking Infrastructure and Its Wealth-Building Potential," by Matt Fellowes and Mia Mabanta, Brookings Institution (2008) (<http://www.brookings.edu/research/reports/2008/01/banking-fellowes>)

“Consumers who use check cashing shops end up spending \$200 to \$1,300 a year in fees for a service they could get for free, or almost for free, if they just signed up for a checking account at a bank or credit union.” -- “Check cashing shops expensive, banks better, according to Massachusetts Division of Banks study,” by Jim Kinney, The Republican, June 24, 2013 ([http://www.masslive.com/business-news/index.ssf/2013/06/check\\_cashing\\_shops\\_expensive\\_banks\\_bett.html](http://www.masslive.com/business-news/index.ssf/2013/06/check_cashing_shops_expensive_banks_bett.html))

#### ➔ SLIDE #4

Go over items on slide per slide notes.



The slide content is contained within a rectangular box. At the top, there is a purple header bar with the text "Account advantages" in white. Below this, there is a list of five bullet points, each preceded by a small grey circle. The bullet points are: "Typically lower costs/fees", "Safe and accessible 24/7", "Money management tool", "Interest earnings", and "References".

#### Slide notes:

- Free savings accounts are not hard to find. Free checking accounts, though less common than they used to be, are still available. Many checking accounts are free if you use direct deposit for your paycheck or benefits check, or if you keep a minimum balance. Lifeline (or basic) checking accounts typically are free or low-fee, with no minimum balance requirement (though they may have limitations on checks and withdrawals). Even a checking account that charges reasonable monthly or transaction fees will typically be less expensive, more convenient, safer and a better money management tool than check cashers, money orders, etc.
- Income can be directly deposited into your account—no

waiting to visit a check casher and then having to carry large amounts of cash or keep it at home where it could be stolen or lost in a fire. Checking and savings accounts typically are insured up to \$250,000. You can access your money at ATMs or make debit card transactions and online transfers or payments at any time. A lost or stolen check can be stopped or replaced. Federal regulations limit your potential loss if your debit card is lost or stolen.

- Paying bills through a checking account provides proof of payment. Online and phone transfers make it easy to move money into savings (before you can spend it) or from savings into checking if you are running low and need to cover a check or debit. Most financial institutions offer tools to help you track your spending, follow a budget, make payments on time, etc.
- Your savings can grow through interest earnings—money the financial institution pays you for keeping your money on deposit. However, interest rates on savings accounts are relatively low, and are currently much less than 1%. So for most savers, the priority should be to avoid account fees.
- A financial institution where you have an account may be accepted as a reference for landlords, phone service carriers and utility companies.

### BANKS VS CREDIT UNIONS (5 min)

**Learning objective:** Understand the similarities and differences between banks and credit unions, and any advantages one type of financial institution offers over another.

#### Key points (slide 5):

- Banks and credit unions offer essentially the same products and services and provide the same amount of insurance on customer deposits.
- Because credit unions are member-owned non-profits, they typically offer better interest rates, lower fees and more personal, consumer-friendly policies and programs than large banks.

- Whether to choose a large bank, community bank or credit union—and which *one* to choose—depends on a variety of factors, including where you qualify for an account, the location of branches and ATMs, and the particular products and pricing offered.

**Questions to generate discussion:**

- If you have a bank account or are a member of a credit union: Why did you choose one over the other? Has your financial institution lived up to your expectations? In what ways has it or hasn't it?
- Are there benefits unique to big banks? Are there benefits unique to credit unions or to community banks? (See <http://www.moneytalksnews.com/2013/10/08/ask-stacy-should-i-look-to-credit-unions-for-loans/#jB8StTM6QoXRSTjW.99>, <http://www.mybanktracker.com/news/2010/06/02/should-you-choose-a-big-bank-or-a-small-bank/> and <http://www.bankrate.com/finance/savings/should-you-choose-a-community-bank-1.aspx> for comparisons.)

**→SLIDE #5**

**Introduction:** Banks and credit unions offer essentially the same types of financial services and accounts. And both offer the same \$250,000 of insurance coverage on customer deposits. But because they are non-profit, credit unions tend to charge lower account fees and lower interest rates on loans, pay higher interest rates on savings, and sometimes provide more personal, consumer-friendly service. Small, “community” banks also typically offer the personal service and consumer-friendly pricing, policies and programs provided by credit unions. Which option—large bank, community bank or credit union—is best for you depends on your needs and priorities.

**Go over** items on slide per slide notes.

Banks vs credit unions	
Bank	Credit union
<ul style="list-style-type: none"> <li>• Offers checking and savings accounts, credit cards, loans, etc.</li> <li>• Deposits insured up to \$250,000 (FDIC)</li> <li>• Open to general public</li> <li>• For-profit business</li> </ul>	<ul style="list-style-type: none"> <li>• Offers checking and savings accounts, credit cards, loans, etc.</li> <li>• Deposits insured up to \$250,000 (NCUSIF)</li> <li>• Membership</li> <li>• Non-profit business</li> </ul>

**Slide notes:**

- All banks and credit unions offer checking and savings accounts, loans, credit cards, etc.
- Accounts at banks and credit unions are insured up to \$250,000 by the FDIC (banks) or the National Credit Union Share Insurance Fund (NCUSIF). Look for the FDIC or NCUSIF sign at the branch or the logo on the financial institution's website.
- Banks are open to the general public. Credit unions require membership, typically based on such things as a common employer or residence in a specific region (such as a city or county). Find credit unions you may be eligible to join at [www.aSmarterChoice.org](http://www.aSmarterChoice.org).

- Because publically held banks answer to shareholders, they must always focus on the bottom line. Because credit unions are non-profits owned by their members, maximizing profit is not the only way they measure their success. According to studies and online comparisons, credit unions typically charge lower fees and lower interest rates on loans, pay higher interest rates on savings, and can sometimes be more flexible when opening accounts, approving loans or collecting on debts. Large banks may offer more branches and ATMs. Community or regional banks sometimes combine the benefits of both.

**HOW A CHECKING ACCOUNT WORKS (20 min)**

**Learning objective:** Understand how a checking account can be used, including how to deposit money and the various ways to access it.

## Key points (slides 6-12):

- A checking account is essential to good money management.
- There are a variety of ways to deposit and access money in your accounts—it's important to understand the costs and benefits of each so that you can use your account wisely.
- "Courtesy" overdraft protection on checks and automated recurring monthly payments typically is automatic. Courtesy overdraft protection on debit cards requires your "opt in" to activate it. It is typically better to allow your overdraft debit card transactions to be denied rather than to pay courtesy overdraft fees.
- A checking account-linked debit card can be used in many ways and offers a variety of conveniences, protections and benefits. However, there are times when using a credit card is a better choice.

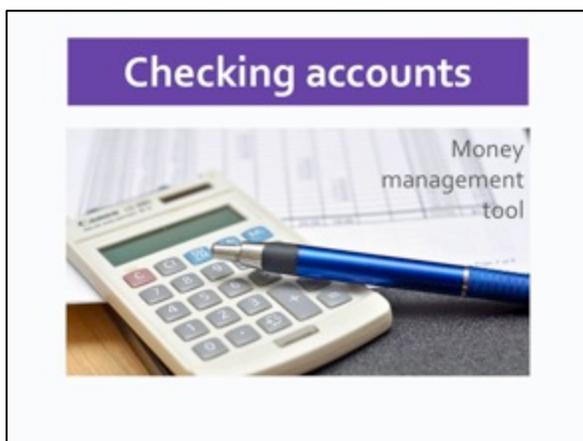
## Questions to generate discussion:

- Do you currently have a checking account? Why, or why not?
- How would having a checking account benefit you (for example, would it save you time and/or money compared to other financial services, help you manage your money better, give you new ways to conduct transactions, etc.)?
- Can you think of some ways to avoid overdrawing your account?
- When is it better to use a credit card than a debit card? (See <http://www.creditcards.com/credit-card-news/10-places-not-to-use-debit-card-1271.php>.)

## ➔ SLIDE #6

**Introduction:** A checking account enables you to conduct daily financial transactions safely and efficiently. A checking account not only can save you time and money compared to the cost and inconvenience of using check cashers and money orders, it gives you many more options for accessing and managing your money. Understanding how a checking account works makes it easier to see how one could fit into your life and benefit you.

Go over slide notes.



## Slide notes:

- When you open a checking account, you are given an account number. This allows you to deposit money into your account. You can do this through direct deposit; by check in the mail or via smartphone app (photo); using cash or checks at an ATM or with a teller; or through an electronic funds transfer (for example, from your savings account). Direct deposit of your paycheck or government benefits payment is the easiest, fastest and safest way to deposit your income—and direct deposit often qualifies you for free checking.
- To access your money, you can: write a check; use your debit card and personal identification number (PIN) to make a cash withdrawal at an automated teller machine (ATM) or inside a

branch; or use your card with PIN to get "cash back" when making a purchase at a business, such as a grocery store, that has a "point-of-sale" (POS) machine. You can also spend the money in your account by using your debit card wherever credit cards are accepted, or by paying bills or transferring funds online or by telephone.

**Exercise:** Ask participants to take the “How to write and record a check” exercise from their packets. Give them a few minutes to complete both parts of the exercise. When they are finished, continue to the next slide.

➔ **SLIDE #7**

**Writing a check**

Joe Jones  
Sara Sanderson  
323 Happy Lane  
Seaside, HI 96801 2156

Pay to the order of \_\_\_\_\_ \$ \_\_\_\_\_ Dollars

Community Credit Union  
1234 Checker Way  
Honolulu, HI 96803

Memo \_\_\_\_\_

12300436 - 2156 - 83267 66894

**Assign** the check-writing exercise (page 28 of lesson plan). Do not advance to the next slide until participants are finished with the exercise and you are ready to reveal the completed check.

➔ **SLIDE #8**

**Go over** the check elements and the check-writing tips per slide notes. (*Answer key is on page 29 of the lesson plan.*)

**Writing a check**

Joe Jones  
Sara Sanderson  
323 Happy Lane  
Seaside, HI 96801 2156

Pay to the order of Maria Lopez \$ 50.00 Dollars

Five hundred and fifty dollars and no/100

Community Credit Union  
1234 Checker Way  
Honolulu, HI 96803

Memo February rent Sara Sanderson

12300436 - 2156 - 83267 66894

**Slide notes:**

When you write a check:

- Enter the date—you can write it out (January 28, 2014) or use all numbers (1/28/14).
- Enter the “pay to” name—the person or business you are paying.
- Enter the amount of the check, in numbers, in the space that contains the dollar sign (\$).
- On the line ending with “Dollars,” write out (in words and fractions) the amount of the check, starting at the far left edge. Insert the word “and” between the words and the fraction (cents). Put the number of cents over a / and put 100

under the / (ex: 50/100 means 50 cents). Draw a line to take up any extra space after the amount so that nobody can alter the amount you wrote.

- In the Memo or Notes line in the bottom left corner, you can enter a reminder to yourself or a note to the recipient about what the check is for (ex: “December child care” or “Final car payment”).
- Sign (don’t print) your name on the signature line in the lower right corner. (The bank keeps a record of your signature on file to verify.)

**Tips:**

- Always use a pen (not a pencil).
- Never have your Social Security number printed on your checks.
- Making the check payable to “Cash” means anyone can cash it. It’s best never to write a check out to Cash unless you are in the presence of a teller.
- Never sign a blank check.

Point out:

- Your preprinted name and address (top left corner).
- The check number, to be used to keep track of your checks in your register (top right corner).
- The name and address of the financial institution where you have your account (lower left).
- The account, routing (ABA) and check number (bottom left corner), used to process checks and funds transfers. In this example, 123000456 is the routing number (the bank ID), 2156 is the check number (same as in the top right corner), and 03267 66894 is the account number.

⇒ SLIDE #9

Number or Code	Date	Transaction Description	Pymt/Fee/Withdrawal	✓	Deposits/Credits	Balance
		Balance Forward				\$213.97
2155	1/21	Roto-Plumber	\$68.34			
	1/25	Sara's paycheck			\$952.10	
ATM	1/25	ATM withdrawal	\$80 + \$4			
Debit	1/27	AAA Wireless	\$45			
Fee	1/28	Monthly account fee	\$10			

**Assign** the checkbook register exercise (page 28 of the lesson plan). Do not advance to next slide until participants are finished with the exercise and you are ready to reveal the completed checkbook register.

⇒ SLIDE #10

**Go over** what to include in your check register (per slide notes). (*Answer key is on page 29 of lesson plan.*) Then ask the following questions:

**Q:** *Is this an individual or joint account? How do you know?*

**A:** It is a joint account—there are two names (Joe Jones and Sara Sanderson) in the top left corner of the check.

**Q:** *What do you think the column with the check mark is for?*

**A:** It's to check off transactions that have been processed by the bank and are reflected in the balance the institution shows for the account. (We'll learn more about this in the "Reconciling your checking account" section of the lesson.)

Number or Code	Date	Transaction Description	Pymt/Fee/Withdrawal	✓	Deposits/Credits	Balance
		Balance Forward				\$213.97
2155	1/21	Roto-Plumber	\$68.34			
	1/25	Sara's paycheck			\$952.10	
ATM	1/25	ATM withdrawal	\$80.00 + \$4			
Debit	1/27	AAA Wireless	\$45.00			
Fee	1/28	Monthly account fee	\$10			
2156	1/28	Marta Leon	\$950			
						\$8.73

**Q:** *Why is the \$80 ATM withdrawal on 1/25 entered as \$84? Could this have been avoided?*

**A:** Because there was an ATM fee of \$4, most likely because the account holder used a "foreign" (out-of-network) ATM. There typically is not an ATM fee if you use machines owned by your bank or credit union. Try to plan your ATM visits for a time when you are near a machine that won't charge you a fee.

**Q:** *Why does the AAA Wireless payment not include a check number?*

**A:** It is an electronic payment (either automatically recurring, or paid manually through online bill pay).

## → SLIDE #11

Go over items on slide per slide notes.



### Slide notes:

You can use your debit card:

- With your personal identification number (PIN) to make cash withdrawals at an automated teller machine (ATM) or inside a branch;
- To make purchases and request “cash back” at businesses such as grocery stores that have a “point-of-sale” (POS) machine (where you slide your card). You can use either your PIN (called a “debit” transaction) or sign (called a “credit” transaction, even though the money comes right out of your account). There are pros and cons to each option. Generally, signature transactions offer greater consumer protections, but you’ll want to understand your bank’s policies and if there is a

fee associated with either transaction type.

- Anywhere that Visa or MasterCard is accepted (check the logo on the card).
- Depending on the card issuer, you may get some voluntary protections, such as extended warranty coverage, when you use your card with your signature. You could also earn rewards this way. Ask your bank about its policies.
- Your liability for transactions made with your lost or stolen debit card is only \$50 if you report the loss within two business days of the time you become aware that it’s missing. If you bring the unauthorized transactions to the bank’s notice after two days but within 60 days of the statement date, your losses will be limited to \$500, no matter how much money was stolen. You could lose all the money in your account and the unused portion of your overdraft line of credit if you fail to report an unauthorized transaction within 60 days. Sometimes it’s safer to use a credit card (if you have the option), which limits your liability for unauthorized transactions to \$50. Whenever possible, use a credit card when making online purchases or when buying big ticket items (credit cards provide dispute rights if anything goes wrong).

**TIP:** When you use your debit card in situations where the final transaction amount is unknown—such as at hotels, gas stations or restaurants—the business can ask your bank to place a hold on some of the funds in your checking account. This is done to ensure that you have enough to cover the final bill when it is eventually processed. No money leaves your account until the purchase clears, but the hold is active until the transaction is settled, which could take one or more days. While the hold is in place, your available balance is reduced by that amount, which could cause checks you’ve written to bounce if you haven’t planned ahead. If you’re concerned about a hold on your money, ask the merchant what its policy is before presenting your card. At the pump, selecting the “debit” (PIN) option could allow you to avoid a hold and have just the amount you’ve spent debited from your account.

## → SLIDE #12

Go over images on slide per slide notes.



**Slide notes:**

*Photo 1 (left):* This is an example of an ATM (automated teller machine). Some ATMs are stand-alone machines, while others are built into a bank branch or other business.

*Photo 2 (top right):* To use an ATM, you must insert your debit card and enter your PIN using the keypad.

*Photo 3 (bottom right):* Not all ATM screens look exactly like this, but you will be given options on the screen that you can choose either by pressing a button next to the option or by simply touching the screen. In addition to transaction type, you can choose which account you want to access and the language in which you want the screen text to appear. The keypad allows you to enter numbers, such as your PIN or an amount you are depositing.

**HOW A SAVINGS ACCOUNT WORKS (10 min)**

**Learning objective:** Understand how a savings account works and how it can help improve your long-term financial wellbeing.

**Key points (slides 13-15):**

- A savings account is essential to good money management—it not only helps you achieve important financial goals, it also enables you to cover emergency expenses rather than having to turn to high-cost credit.
- The interest rate on a savings account (APY) is very low, so it is as important to avoid fees on a savings account as it is to look for the highest interest rate—or you could end up *losing* money.
- You can make saving automatic by scheduling transfers from your checking to your savings account each payday.
- There are programs that support efforts to save through matching dollars, motivating texts, savings apps, etc. (*Before the presentation, go online to <http://cfed.org/programs/idas/> to find programs in your area. Or, conduct the search during class and display the results onscreen.*)

**Questions to generate discussion:**

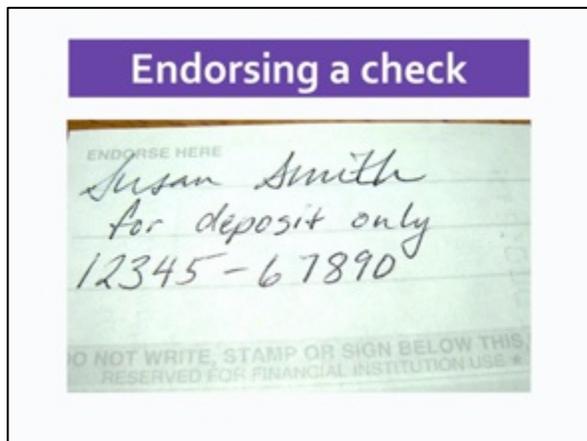
- Do you currently have a savings account? Why, or why not? What would motivate you to open a savings account?
- What is an emergency fund? How much should you have in an emergency fund? (Answer: Three to six months' living expenses.) How would having an emergency fund benefit you?
- What is more important: account fees or interest rate?

**➔ SLIDE #13**

**Introduction:** A savings account is designed to keep your money safe and help it grow. A savings account is very easy to open and use, and it can help you achieve financial goals and avoid having to take on high-interest debt to handle unexpected expenses. Building savings can seem difficult, but it is much easier if you set aside a small amount each week, month or payday—especially if you automate your deposits.

**Go over** items on slide per slide notes.





**Slide notes:**

- The basic endorsement of a check made out to you is your signature on the back—usually above a line in the endorsement area.
- Sign your name the way it appears in the “Pay to” line on the front.

Writing your account number with your endorsement is a protection in case the check is lost or stolen between the time you endorse it and the time you deposit it. Writing “For deposit only” with your account number will most likely preclude you from receiving any cash back as part of the same transaction. You can make a separate cash withdrawal if you already have funds available in the account or if some

of the funds from your check deposit are immediately available. (In many cases, there is a hold on check deposits for one or more business days.)

**Resource:** Ask participants to take the “How to deposit money” information sheet (page 30) from their packets. Point out the sections and encourage participants to review the sheet more thoroughly at home and to watch and/or complete the videos and tutorials listed.

### SHOPPING FOR AN ACCOUNT (10 min)

**Learning objective:** Understand how to identify your account needs and priorities, how to conduct a search and compare options, and how to choose the account that is best for you.

**Key points (slides 16-17):**

- Checking and savings accounts vary from institution to institution—and even within the same institution—so it’s important to shop around to find the best account for you.
- Online tools make it easier to search out your account options and do a preliminary comparison to narrow the list.
- You should consider the financial institution, the account’s features and requirements, convenience and cost—all—when choosing an account.
- Despite free checking being less common than it was years ago, there are still many free checking accounts available.

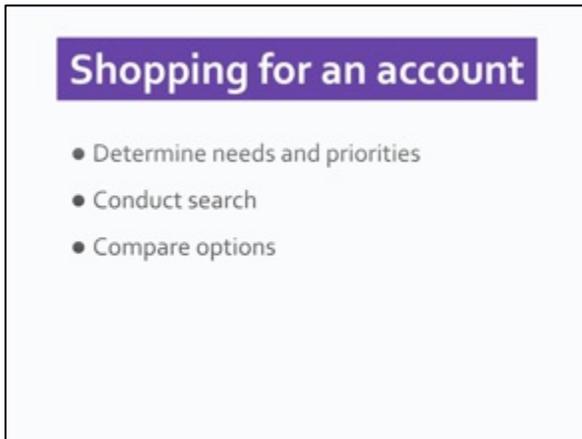
**Questions to generate discussion:**

- What would be the single most important consideration for you, personally, when choosing a financial institution? (See *How to Choose the Right Bank for You*: <http://abcnews.go.com/GMA/MelodyHobson/story?id=127999>.)
- What would be the single most important consideration for you, personally, when choosing a checking account? A savings account?
- What are some desirable account policies or features you should look for? What are some account policies, features or expenses to avoid?
- What are the names of some online tools that could help you shop for a checking or savings account? (Bankrate: [www.bankrate.com](http://www.bankrate.com), CheckingOptions: [www.checkingoptions.com](http://www.checkingoptions.com), NerdWallet: [www.nerdwallet.com](http://www.nerdwallet.com).)

## ➔SLIDE #16

**Introduction:** Shopping for a checking or savings account is similar to shopping for other products: First, you have to identify your needs and priorities (for example, a low initial deposit requirement, ATM access near your home or work, free online bill-pay, etc.). Second, you research what options are available to you. Then you compare the offerings and choose the account that best meets your needs at the lowest price.

Go over items on slide per slide notes.



**Shopping for an account**

- Determine needs and priorities
- Conduct search
- Compare options

### Slide notes:

- Not all accounts are the same. For example, one account might be better suited for someone who keeps a high balance and writes many checks, and another might be better suited for someone who keeps a lower balance and writes few checks. Determine how you plan to use the account and what is most important to you (low fees, a large ATM network, a branch near your home or work, unlimited check-writing, free online bill pay, a low minimum balance requirement, etc.).

Contact the financial institutions with a branch near you to find out what types of accounts they offer. (You can do this by visiting the branch, calling or going to the website.) If you are open to Internet banks, you can conduct your entire search online. Internet banks (no branches) typically offer better

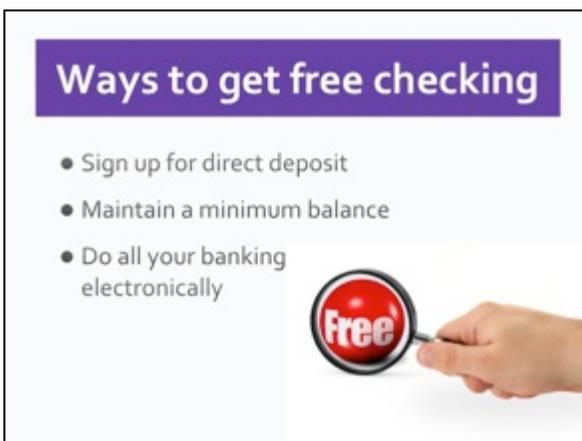
interest rates and lower fees, but they are not right for consumers who want to be able to conduct transactions with a teller or talk to someone face-to-face when there is a problem.

- Do a side-by-side comparison of your narrowed-down options to arrive at a decision.

**Review** the “Account comparison worksheet” (page 31) in participants’ packets. Encourage them to use it when they shop for an account.

## ➔SLIDE #17

Go over items on slide per slide notes.



**Ways to get free checking**

- Sign up for direct deposit
- Maintain a minimum balance
- Do all your banking electronically



### Slide notes:

- Free checking can save you more than \$100 per year in account maintenance fees.
- For more info, see MoneyTalksNews blog entry “6 Ways You Can Still Get Free Checking”:  
<http://www.moneytalksnews.com/2013/12/03/6-ways-you-can-still-get-free-checking/>.

## OPENING AN ACCOUNT (10 min)

**Learning objective:** Understand the requirements and process for opening a checking or savings account and how to overcome barriers caused by past banking problems.

## Key points (slides 18-20):

- Most consumers can open an account at the financial institution of their choice if they have the proper identification (two pieces, one with a photo), a Social Security (U.S. citizens) or tax ID number (non-U.S. citizens opening an interest-bearing account), and the minimum initial deposit.
- A joint account has more than one owner (such as spouses). It can be very convenient, and even save on fees, but it takes some additional effort to keep it balanced and avoid overdrafts.
- You'll need to activate and set up a PIN for your new debit card and order checks so that you can use your account.
- If you have had banking problems in the past, it may be more difficult to open a new account because your name could be in an "account verification" database such as ChexSystems. It may be possible to improve your account verification report if there are errors or you are able to satisfy outstanding debts.
- You have options if you are denied an account. Apply with a different financial institution, look for "second chance" accounts, or use a consumer-friendly (i.e., low-fee) prepaid card until you qualify for a checking account.

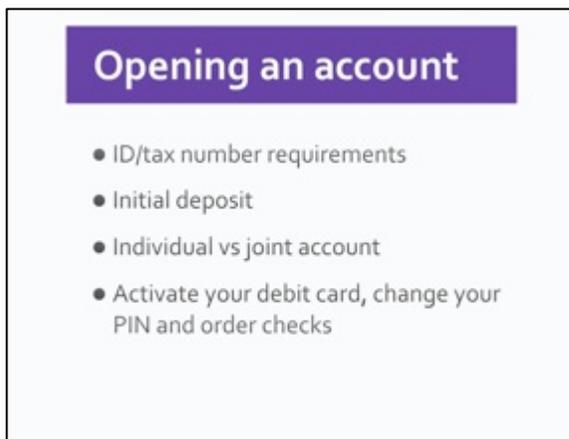
## Questions to generate discussion:

- If you don't already have an account, do you plan to open one? What kind, and when?
- What are some ways to ensure that you do not end up with a negative ChexSystems report?
- What can you do if you are turned down for an account?

## ➔ SLIDE #18

**Introduction:** It is not difficult to open an account if you are prepared with the identification, tax information and initial deposit that is required. However, consumers who have mismanaged or abandoned an account in the past, or who have been a victim of identity theft, could hit a road block and have to take extra steps to open an account.

Go over items on slide per slide notes.



**Opening an account**

- ID/tax number requirements
- Initial deposit
- Individual vs joint account
- Activate your debit card, change your PIN and order checks

## Slide notes:

- Most financial institutions require you to fill out an account application form and provide two pieces of ID, one with a photo on it (a state-issued driver's license, passport, consular ID card, etc.) If you are a U.S. citizen, you will need a Social Security number. If you're not a U.S. citizen and you are trying to open an interest-bearing (i.e., savings) account, you will have to obtain a tax ID number (ITIN) from the IRS. The financial institution may help you get one. If one bank or credit union is not satisfied with your forms of identification, try another one—different financial institutions have different requirements.

You must have the money to open an account. Some banks and credit unions require an initial deposit of only \$1—others

ask for \$50, \$100 or \$500.

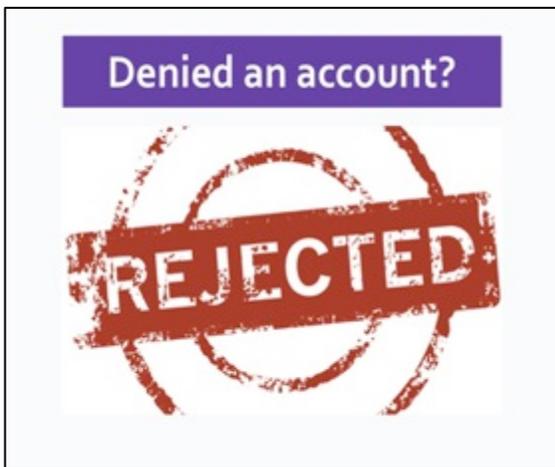
- Joint accounts allow co-owners, such as a husband and wife, to use the account together. This can be very convenient, and can even save money if you aren't able to get individual free accounts. But it's important to

set up a process for tracking all account users' transactions and fees so that the account doesn't get overdrawn.

- To use your account, you'll need to activate your debit card via phone, bank-owned ATM or online, and set up a personal identification number for your card. You will probably receive a very limited supply of checks for free. Though you can order additional checks directly from the institution, mail-order check printing services typically charge less. (See the "Resources" section for check-printing companies.)

➔ **SLIDE #19**

Go over slide notes.



**Slide notes:**

- Not every financial institution has the same requirements—if you can't get an account at one institution, try another.
- "Second chance" accounts are offered by many banks and credit unions. Fees tend to be higher, and you may not be given a debit card, but this still may be a better option than using alternative banking services (check cashers, etc.). See these resources for more information:  
<http://www.nerdwallet.com/blog/checking/second-chance-checking/>;  
<http://www.mybanktracker.com/news/2013/11/04/second-chance-checking-accounts-chase-pnc-wells-fargo-usbank/>;  
[http://www.findabetterbank.com/second\\_chance\\_checking.html](http://www.findabetterbank.com/second_chance_checking.html).

but want some of the conveniences offered by a card. While most prepaid cards used to be laden with fees, today there are many cards available that, if used carefully, won't exceed the monthly cost of a second chance checking account, or even some mainstream accounts. Plus, because you have a branded card, you get many of the conveniences of a debit card, and will probably even get some voluntary consumer protections, as well. Learn more in the prepaid card survey issue of Consumer Action News ([http://www.consumer-action.org/news/articles/2012\\_prepaid\\_card\\_survey](http://www.consumer-action.org/news/articles/2012_prepaid_card_survey)). Find a card in Consumer Reports' recent survey (<http://www.consumerreports.org/cro/news/2013/07/prepaid-cards-worth-considering/index.htm>).

➔ **SLIDE #20**

Go over items on slide per slide notes.



**Slide notes:**

- About 80 percent of the nation's banks use information from the ChexSystems database to screen bank account applicants. If you overdraw your checking account and then abandon it while you still have a negative balance, you may be listed with ChexSystems.
- Get your free ChexSystems report (by law, once every 12 months) and review it for incorrect or outdated information. Go to [www.consumerdebit.com](http://www.consumerdebit.com) or call 800-428-9623. You also can get a free copy of your report if a bank or credit union refused to open an account for you within the last two months because of information provided by ChexSystems, or

if you are a victim of fraud.

- Most negative information stays in the ChexSystems database for five years.
- If you believe your file contains errors, you can ask ChexSystems to investigate. You must receive the results of the investigation within about 30 days. Find out how to file a ChexSystems dispute at <https://www.consumerdebt.com/consumerinfo/us/en/chexsystems/disputes.htm>. If the investigation does not resolve your dispute, you can add a brief (100 words) written statement to your file. Date and sign your statement and send it to ChexSystems with a request to add it to your file.

**Review** the ChexSystems report (pages 32-36) with participants. Highlight the following sections:

- **Security information:** This is included if you have reported identity theft and/or placed a security freeze on your account.
- **Reported information:** This section includes accounts that have been mishandled or reported for outstanding debts. (An “NSF” (non-sufficient funds) notation refers to overdrafts that occur on an account.) The information is submitted to ChexSystems by financial institutions that subscribe to ChexSystems’ services. ChexSystems keeps this kind of negative information in its files for five years. It is better for a reported item to show “Paid in full” than “Unpaid.”
- **Inquiries:** These are broken down by inquiries resulting from a transaction you initiated (such as applying for an account) and inquiries initiated by others that you may not know about (such as a potential creditor assessing your creditworthiness).
- **Retail information:** These are bounced checks and any resulting collection accounts reported by a company named Certegy (formerly SCAN). (See the “Resources” section, page 41, for contact information for Certegy and other returned-check databases.)
- **History of checks ordered:** A record of check orders you placed within the past three years—it is used to combat check fraud.
- **Additional information:** This is a mix of information, ranging from the number of times you’ve moved in the last five years to whether or not you have filed bankruptcy.

**Ask** participants:

**Q:** *Has John C Consumer ever been a victim of identity theft?*

**A:** Yes—he has an “active” security freeze on his file.

**Q:** *Which bank reported John for NSF activity?*

**A:** First National Bank

**Q:** *What is the amount of the returned check John wrote to K&R Grocery?*

**A:** \$36.84

**Q:** *How long has John lived at his current address?*

**A:** Six months

**Q:** *Has John ever filed bankruptcy? When?*

**A:** Yes, almost two years ago (22 months)

## **ONLINE AND MOBILE BANKING (10 min)**

**Learning objective:** Understand the basics of online (Internet) and mobile banking, including what banking tasks can typically be done via computer or mobile device and how to keep your accounts and personal information safe.

## Key points (slides 21-24):

- Online (or Internet) banking is conducted via your Web browser (e.g., Firefox, Internet Explorer, Safari). Mobile banking is conducted via an app installed on your smartphone, tablet or PDA.
- What you can do via mobile banking depends on the technology used by your financial institution, your wireless service plan and the type of device you have. The most advanced smartphones give you full capabilities, including being able to deposit a check by taking a photo of it.
- There are simple steps you can take, such as creating strong passwords and logging out of your account when you're finished, to make your online and mobile banking activity safe and secure.
- Most financial institutions and many financial education websites offer videos and tutorials to help you feel more comfortable with online and mobile banking.

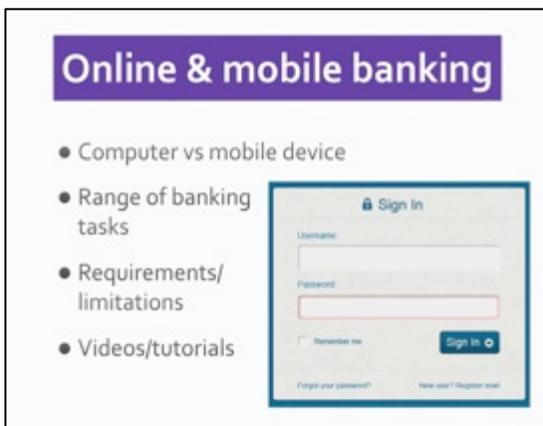
## Questions to generate discussion:

- Do you use online or mobile banking? If so, what do you consider the greatest benefit(s)? If not, why not?
- What do you, or would you, find to be the greatest advantage of online or mobile banking? Does it (or would it) help you manage your money and your bills better?
- What kinds of text message alerts would you find most useful?
- What are three things you could do to make your online or mobile banking activity safer and more secure?

## ➔ SLIDE #21

**Introduction:** Banking conducted via computer or mobile device offers many advantages over branch banking, including being able to receive text and email alerts, check your account balance and transactions in real time, pay bills and transfer funds with just a few taps on the keyboard, and make a deposit by taking a photo of a check—at any time, on any day, from anywhere. Virtually all major financial institutions offer online and mobile banking, as do most smaller financial institutions, including credit unions. (There are even banks that offer *only* online and mobile banking.) Financial institutions work hard to ensure a safe, problem-free banking experience, but there are things you can do to safeguard the privacy of your information and the security of your accounts.

**Go over** items on slide per slide notes.



**Online & mobile banking**

- Computer vs mobile device
- Range of banking tasks
- Requirements/limitations
- Videos/tutorials

### Slide notes:

- Online (Internet) banking lets you access your accounts using a computer and Internet connection. Mobile banking lets you access your accounts using your mobile device—typically a cell phone or tablet. Virtually all financial institutions offer online and mobile banking. There are even banks that offer *only* online/mobile accounts.
- Depending on the institution, your device and your data connection, you may be able to: check your current balance; view account activity (deposits, withdrawals and payments) in real time; read and download your statements; search for particular transactions (by date, amount, check number or

payee name); view canceled checks; transfer money between accounts; pay bills (you enter payee information once, and then choose amount and pay date when bills come due, or set up a recurring

payment); view account terms; set and manage alerts; request a “stop payment”; deposit a check (by photo); and contact customer service.

- Online banking requires a computer with Internet access. Visit your financial institution’s website and register for website access by providing your account details and email address and choosing a username and password. Fully functional mobile banking requires a data connection and a downloaded "app," which is a specially designed software application you install on your phone or other device. An app is typically faster and easier to use on a small screen than using just your device’s Web browser, and may even enable you to deposit checks by taking a picture using your phone’s built-in camera. Set up your online account first, and then download the app. Generally, online and mobile banking is convenient and reliable. However, potential issues include temporarily losing access to your account, either because you don’t have access to a computer, the battery in your mobile device is dead, the Internet connection is interrupted, you are out of wireless service range or the institution’s website is "down," and missing a payment because you don’t notice the email that alerts you to electronic bills.
- Most financial institutions offer a “test drive” for online banking in the form of a video or virtual tour of the site. Watch and learn! You can also contact your financial institution’s customer service or tech support departments directly for assistance.

➔ **SLIDE #22**

Point out features in image per slide notes.



**Slide notes:**

- To gain online access to your accounts, visit the financial institution’s website and complete the set-up process (provide your email address and account information, choose a username and password, choose a photo/icon for authentication, answer secret questions, etc.). After logging in, you can see balances and activity for all your accounts. (If you have more than one account at a single institution, you can click on the one you want to access in the list of accounts.) You can also transfer money between those accounts. You can add payee information for any bill you want to pay, and you can set up automated recurring payments for bills that are due on the same day, in the same amount, each month (for example, your rent).

➔ **SLIDE #23**

Point out features in images per slide notes.



**Slide notes:**

- After you set up your online account (on your computer) and download your bank’s mobile app onto your mobile device, you can log in and accomplish a variety of banking tasks, from checking balances and viewing activity to transferring money between accounts and contacting customer service.
- Most apps allow smartphone users to deposit a check by taking a photo of the front and back.
- Signing up for alerts can help you avoid overdrafts and catch unauthorized transactions.

## → SLIDE #24

Go over slide notes.



### Slide notes:

- Create strong passwords. A strong password contains at least eight characters and is a combination of capital and lowercase letters, numbers and symbols. Don't make a password out of a pet's name, your birth date or other personal information. Keep your ID/username and password private. Change your password immediately if you think it has been compromised. Don't allow your browser to "Remember my password" or "Remember me on this computer" for financial accounts. The single best thing you can do to protect the data in your phone or other mobile device is to set it to automatically lock after a short period of inactivity, and require a strong password to reopen it.

- Financial institutions incorporate many safeguards to protect their customers' personal information and accounts. During the online account set-up process, you may be asked to choose a photo to "authenticate" yourself and help you know you are at the right site (rather than a "spoof," or copycat, site) when you log in. (For example, if you choose an image of, say, a dog from the list of options the bank offers, then if you don't see that same picture of a dog on the page where you are asked to enter your password during login, you are not on the bank's legitimate website—a bogus site wouldn't be able to display the correct image to you.) In addition, you may be asked to answer several secret questions in case you forget your username or password.

- Log off/sign out and close the app or browser when you are finished with your banking session or need to step away from the computer or device. (Most financial services websites will log you out automatically after a period of inactivity. Log back in to continue.)

- Monitor your account activity regularly—even daily. If you see anything suspicious, contact the financial institution immediately.

- Phishing emails are fraudulent messages that try to get you to reveal sensitive information by making you believe you are communicating with a legitimate business. Often, these messages include a link to a copycat website, which is designed to look authentic and lure you into revealing your personal information. Your bank will never contact you and ask for your Social Security number or password via email or phone.

Learn more about safe online and mobile banking in Your Digital Dollars: Banking Online Safely ([http://www.consumer-action.org/english/articles/your\\_digital\\_dollars-banking\\_online\\_safely/](http://www.consumer-action.org/english/articles/your_digital_dollars-banking_online_safely/)) and Your Digital Dollars: Mobile Banking and Mobile Payments ([http://www.consumer-action.org/english/articles/your\\_digital\\_dollars-mobile\\_banking\\_and\\_mobile\\_payments/](http://www.consumer-action.org/english/articles/your_digital_dollars-mobile_banking_and_mobile_payments/)).

## BALANCING YOUR CHECKING ACCOUNT (15 min)

**Learning objective:** Understand why it's important to reconcile your account and keep track of your balance.

### Key points (slides 25-27):

- It's important to balance (or reconcile) your account to avoid overdrafts and to catch errors or fraudulent activity.
- If you use online or mobile banking, you don't need to wait until you receive your statement to see if transactions have cleared and determine your true balance.
- If you can't get your account to reconcile, contact your financial institution's customer service department for help finding the discrepancy.

## Questions to generate discussion:

- Why is it important to be accurate and know your correct account balance at all times?
- What kinds of items do you think it would be easy to forget to enter into your check register? What are some ways to avoid forgetting to enter items into the register?

## → SLIDE #25

**Introduction:** There are many reasons to balance your checking account (reconcile the check register you keep with the monthly statement you receive from your bank or credit union). Doing so allows you to confirm that there are no fraudulent or erroneous transactions, that all deposits were credited to your account, that bill payments were made and checks were cashed, and that you have the current balance recorded accurately.

Go over slide notes.



### Slide notes:

- Each month, the bank provides a statement (by regular mail or online) showing all additions to and subtractions from your account (your deposits/credits, cash withdrawals, bill payments, debit card purchases and fees). Compare your monthly account statement against your check register as soon as it arrives to verify that all transactions (additions and subtractions) are accurate. This will help you avoid overdrawing the account and having to pay high overdraft fees, and will ensure that you catch errors and fraudulent activity sooner rather than later.

- Follow these steps to reconcile your account: 1) Check off each transaction in the register that also appears on your

statement. 2) Find the ending balance on your account statement and add to it any recent deposits not reflected, and then subtract any withdrawals, checks, debits, online payments, electronic transfers and bank fees that are still unchecked in your register. This final number should match the ending balance in your check register. If not, go back over the steps to find any missed transactions or miscalculations. (You can also get instructions for reconciling your account on the account statement, at your financial institution's website or by doing an online search for "How to reconcile a checking account.") If you can't get your numbers to match up after a couple of attempts, it usually means you made an error in your register. If you can't find a mistake, contact your bank for help finding the discrepancy.

### Tip:

You don't need to wait until you receive your monthly statement to see if checks have cleared and determine your true balance. Online and mobile banking allow you to check your balance and transactions 24/7.

## → SLIDE #26

Number or Code	Date	Transaction Description	Pymt/Fee/Withdrawal	✓	Deposits/Credits	Balance
		Balance Forward				\$213.97
2155	1/21	Roto-Plumber	\$68.34			\$145.63
	1/25	Sara's paycheck			\$952.10	\$1,097.73
ATM	1/25	ATM withdrawal	\$80.00 + \$4			\$1,013.73
Debit	1/27	AAA Wireless	\$45.00			\$968.73
Fee	1/28	Monthly account fee	\$10			\$958.73
2156	1/28	Marta Leon	\$950			\$8.73

**Assign** the "How to balance your checking account" exercise (page 37 of the lesson plan). Do not advance to the next slide until participants are finished with the exercise.

→ SLIDE #27

Balancing your account						
Number or Code	Date	Transaction Description	Pymt/Fee/Withdrawal	✓	Deposits/Credits	Balance
		Balance Forward				\$213.07
2155	1/21	Roto-Plumber	\$68.34			-68.34
						\$144.73
	1/25	Sara's paycheck		✓	\$952.10	+ \$952.10
						\$1,096.83
ATM	1/25	ATM withdrawal	\$80.00 + \$4	✓		-84.00
						\$1,012.83
Debit	1/27	AAA Wireless	\$45.00	✓		-45.00
						\$967.83
Fee	1/28	Monthly account fee	\$10	✓		-10.00
						\$957.83
2156	1/28	Marta Leon	\$950	✓		-950.00
						\$8.73

(Answer key on page 38 of the lesson plan)

**Q:** What is the correct current balance?

**A:** The correct current balance is \$8.73.

**Q:** Why is there a discrepancy in the ending balance—the bank shows \$77.07 available while the check register shows only \$8.73?

**A:** Because the bank had not received (cleared) the Roto-Plumber check by the time the statement period closed (Feb. 20), so that amount has not been deducted from the bank's record of the account balance. It is possible that Roto-Plumber has not tried to cash the check yet, or that it cashed it after the statement period closed, which means it would

show up on the next statement. (Remember, you can check transactions in “real time” online.)

**Q:** Where does either Joe or Sara work? How do you know?

**A:** The Karma Coffee Company—because the \$952.10 deposited on 1/25/14 appears to be a payroll deposit.

**Q:** What might have happened if Joe or Sara forgot to record their automated (recurring) wireless service payment?

**A:** They might have spent more than they really had and overdrawn the account.

### MINIMIZING ACCOUNT FEES (20 min)

**Learning objective:** Understand the different types of fees that may be charged for a checking or savings account and how to minimize or avoid them.

#### Key points (slide 28-30):

- Checking accounts can be expensive, and even “free” accounts impose fees for certain things. But there are ways to minimize or avoid fees if you choose and use the account carefully.
- Be aware of an account's potential fees so that you can avoid them.
- It's important to take steps—tracking your transactions, balancing your checkbook, signing up for low balance alerts, etc.—to avoid overdraft fees, which are the highest of the potential account fees and can be assessed on more than one transaction per day.
- Optional “linked” overdraft protection plans are much less expensive than “courtesy” (or standard) overdraft coverage programs. If you stick with standard overdraft coverage, don't opt in to coverage for debit card transactions.
- Even though ATM fees might not seem high in comparison to overdraft fees, don't be careless—they can really add up.
- Because traditional savings accounts pay a very low rate of interest, it's important to choose an account that does not impose a monthly maintenance fee so that you do not end up *losing* money.
- Link your checking and savings accounts so that you can transfer money quickly if necessary to cover a check or bill payment, or so that your bank can transfer funds if necessary to avoid a bounced check (there will be a fee). In some cases, linking might also allow you to avoid a monthly fee because the combined balances will meet the minimum required for a free account.

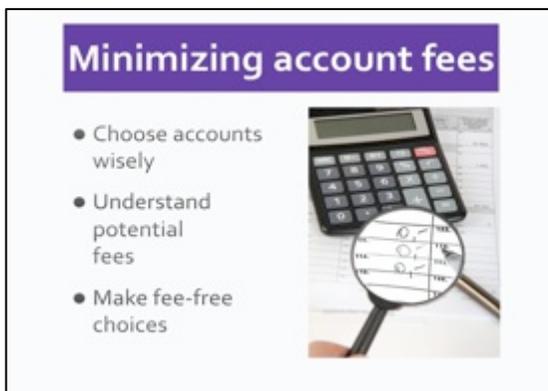
## Questions to generate discussion:

- Have potential fees deterred you from opening a checking account?
- Do you feel confident you could reduce checking account fees to the point they are much less than the costs of using a check casher, money orders, etc.?

## → SLIDE #28

**Introduction:** Checking and savings accounts often carry monthly and/or occasional (“unusual activity”) fees. Checking accounts, in particular, have the potential to be expensive. You can reduce your costs from the start by shopping around and choosing the lowest-cost option that still offers everything you need and want. Then, use the account in ways that allow you to minimize—or even avoid—all or most fees.

Go over items on slide per slide notes.



### Slide notes:

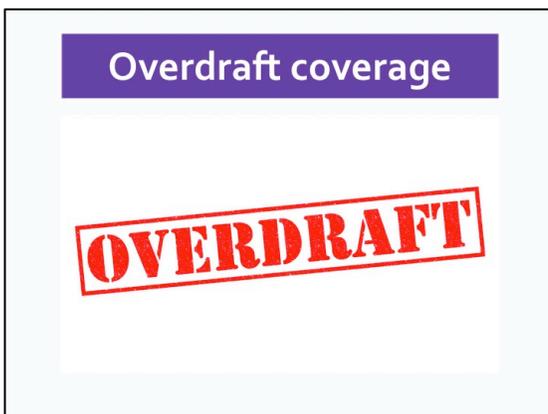
- All other things being equal, choose an account that is free or inexpensive compared to similar accounts. Lifeline (or “basic”) accounts, offered by some banks and credit unions, impose no (or very low) monthly fees and have no or low minimum balance requirements, but these accounts sometimes have limited check-writing privileges, with a per-check fee if you exceed the monthly allowance. Similar basic accounts may be available for seniors and students. Interest-bearing checking accounts are a pretty bad deal overall. According to a 2011 BankRate survey, the average balance required to avoid fees on an interest-bearing account was \$5,587 (vs \$585 for a non-interest

checking account) and the average monthly account fee was \$14.15.

- Read through the account literature (terms) to understand exactly what fees could be charged and how (if possible) they can be reduced or avoided. Read statement inserts and email notifications you receive because this is how banks notify you of changes in fees or terms.
- Plan ahead to avoid fees. For example, out-of-network ATM transactions, and in some cases teller visits, will incur a fee. Plan to get cash when you’re near a network ATM, or get cash back with your purchase at the grocery store. Avoid overdraft fees—the cost of spending more than is in your account is very high.

## → SLIDE #29

Go over slide notes.



### Slide notes:

- An overdraft occurs when you spend more money than is in your checking account and your financial institution advances you the money to cover the shortfall. You can overdraw your account via a check you wrote, a recurring debit card or preauthorized electronic payment, an ATM withdrawal or a debit card purchase.
- Standard, or “courtesy,” overdraft protection means your financial institution will process your transaction even if you don’t have enough money in your account to cover the purchase, typically imposing a fee of around \$30 per overdraft. (You can get hit with the fee more than once, depending on how many

transactions are processed before you deposit the required funds into your account.)

- Courtesy overdraft protection for checks, recurring debit card transactions and preauthorized bill payments typically is automatic (opt-in not required) up to a specific limit. The bank does not need your permission to cover these types of transactions and charge you an overdraft (or “convenience”) fee for each one. However, the bank is not *obligated* to pay your overdraft—if the bank does not pay it, your check would “bounce” (go unpaid) and you would be charged a fee by the bank and possibly the payee (a returned check fee), and the overdraft could be recorded in one or more of your banking history and/or check-writing reports (e.g., ChexSystems), which could make it difficult for you to open a new account for up to five years.
- Courtesy overdraft protection for debit card transactions requires your “opt in” (consent). Without your permission, the financial institution is not allowed to charge you a fee for covering your debit card overdraft. If you don’t opt in, the bank will most likely decline the transaction, but you won’t be charged an overdraft fee. (Some banks may allow a fee-free overdraft, particularly for a small amount.) It is not a good idea to opt in to courtesy overdraft coverage for debit card transactions because the consequences of having an ATM withdrawal or a point-of-sale purchase declined typically are not serious (no “bounced check” fees or late payment charges), and a small purchase (a cup of coffee, for example) is generally not worth a hefty overdraft fee.
- Optional overdraft protection plans either take money from your linked savings account to cover the shortfall or charge it to a linked credit card or line of credit. You will still be charged a fee for each overdraft, but it will typically be lower than the standard, or courtesy, overdraft fee.

## ➔ SLIDE #30

Go over items on slide per slide notes.



**Avoiding overdrafts**

- Sign up for alerts
- Check your account balance frequently
- Confirm that deposits have cleared
- Maintain a cushion in your account

### Slide notes:

Even if you are enrolled in a less expensive “linked” overdraft protection plan, you should still make it a goal to avoid overdrafts entirely.

- Sign up for email or text alerts from your bank to warn you if your balance is running low.
- Check your account balance between statements by logging in online, calling your bank or doing a balance inquiry at the ATM. (To avoid fees, make sure you do this at one of your bank’s network ATMs, not a “foreign” ATM owned by another bank.) Be aware that

checks and other transactions that haven’t cleared yet will not be reflected in the balance the bank provides. Only by maintaining an accurate check register—including automated payments, debit card transactions and all fees—can you be sure of the exact balance.

- Confirm that deposits have cleared before you write checks or make other transactions against the money. It can take up to nine business days for funds deposited by check to be available, depending on the size of the check, the age of your account and if you have a history of overdrafts—but debits usually go through right away.
- Maintain a cushion in your checking account in case you forget to record a transaction, make a mathematical error or have a deposit delayed. For example, you might decide that you won’t go below a \$100 balance. (Some people adjust their check register so that it does not reflect the cushion and they aren’t tempted to spend it.)
- Forgo the purchase if you don’t have enough money in your checking account. Or, if it’s an emergency or unavoidable expense and you only have “courtesy” (not optional linked) overdraft coverage, use a credit card instead. Even though you’ll be charged interest (and a fee if you take a cash advance), it will still probably be less expensive than standard overdraft coverage.

- If you haven't avoided the overdraft, you still might be able to avoid the overdraft fee. Many banks will reverse a first-time overdraft fee if you ask, and may even reverse subsequent ones if they happen very infrequently (for example, once a year or less) and you are a long-term customer. However, the bank is not obligated to reverse or lower a fee.

**Assign** small groups to work on the “Minimizing account expenses” exercise together (page 39 of the lesson plan). After they are finished, ask for volunteers to offer ideas for how the couple in the scenario could reduce their account expenses. (Refer to answer key on page 40 as needed.)

## RESOLVING AN ACCOUNT PROBLEM (5 min)

**Learning objective:** Understand the steps in reporting and resolving a banking problem and where to file a complaint, if necessary.

### Key points (slide 31):

- Mistakes happen. Approach the financial institution’s representative with the assumption that he or she is on your side and wants to help resolve the issue. Speak calmly and politely.
- Your rights may depend on how quickly you notify the financial institution of the issue, so call or email about the problem as soon as you become aware of it. Keep notes of the process, including whom you talked to and when. Keep copies of email messages and letters. Send copies of documents, not your originals.
- If you can’t get a resolution or you are not satisfied with the outcome, file a complaint with the CFPB.

### Questions to generate discussion:

- What are some ways to improve the chances of your issue being resolved to your satisfaction? Have you had success in getting other issues resolved in your favor? If so, what advice could you give others?

### → SLIDE #31

**Introduction:** Mistakes happen, and if you have any kind of financial account long enough, you may eventually experience an error or other issue. Resolving a problem doesn't have to be difficult—there are steps you can take to make the process go smoothly. If you're not satisfied with the financial institution's response, you can file a complaint.

**Go over** items on slide per slide notes.

Resolving banking problems

- Report errors/issues immediately
- Document the process
- Contact the CFPB  
[www.consumerfinance.gov/](http://www.consumerfinance.gov/)  
855-411-CFPB (2372)



### Slide notes:

- Timing is crucial. Contact your bank or credit union immediately to avoid losing your chance to correct an error. (Sometimes there is a time limit for reporting mistakes or unauthorized transactions, such as “within 60 days of receiving the statement that shows the transaction in question.”) Contact a customer service representative or a manager by phone or email for assistance. The employee will record the details of your problem and initiate an investigation. The institution must let you know the outcome of the investigation.
- Keep records of all communications (ask for the name of anyone you talk to, write down the date and content of all

conversations, keep email messages, etc.) Follow up phone conversations with something in writing (by letter or email) summarizing what was discussed. During the conversation, offer a solution and ask the representative to correct the problem by a certain date. Follow up on that date if you do not hear back. When sending documentation of your issue or problem, make copies for the bank—do not give away your originals. Refer to Consumer Action’s “How to Complain” guide for more information and sample complaint letters: [http://www.consumer-action.org/english/articles/how\\_to\\_complain/](http://www.consumer-action.org/english/articles/how_to_complain/).

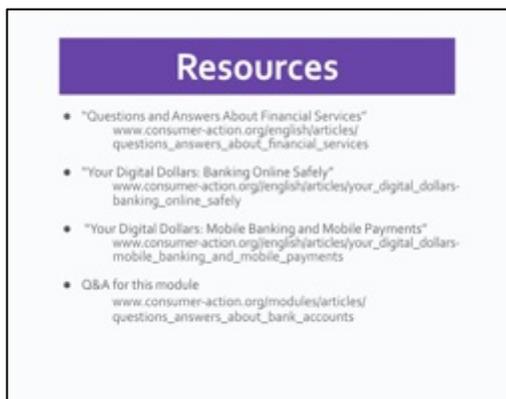
If you are not satisfied with the financial institution’s response to your issue, file a complaint with the Consumer Financial Protection Bureau (CFPB): [www.consumerfinance.gov/complaint/#bank-account](http://www.consumerfinance.gov/complaint/#bank-account) / 855-411-CFPB (2372).

## RESOURCES (5 min)

**Learning objective:** Know where to go to find more information on banking and related personal finance topics.

### ➔ SLIDE #32

**Introduction:** There are many resources available to help consumers learn more about banking and personal finance. The resources on the slide are offered by Consumer Action. Other resources are listed on the “Resources” sheet (page 41). You can find many more resources by doing an online search for key words related to the topic—for example, “how to reconcile your checking account” or “second chance checking accounts.”



Consumer Action educational materials are free to individuals and community educators.

*(Note: If you can project your computer screen, visit one or more of the sites to show participants what they will find.)*

**Review** the “Resources” list in participants’ packets.

## QUESTIONS AND ANSWERS (10 min)

**Preparation:** Review the *Checking and savings accounts* and *The right overdraft protection plan* fact sheets and the trainer’s manual. The manual is written in Q&A format to help you anticipate frequently asked questions.

Open the floor to questions.

## WRAP-UP AND EVALUATION (5 min)

### ➔ SLIDE #33

See lesson plan (page 42) for the course evaluation form and instructions.

# Congratulations!

You've completed the training.

**Consumer Action**  
www.consumer-action.org  
415-777-9648  
outreach@consumer-action.org

© Consumer Action 2013

Thank participants for joining you today and ask them to fill out the evaluation form and leave it on a table or in a large envelope you provide. If you will be conducting other trainings at a specific future time, announce that now and encourage everyone to attend.

## How to write and record a check (exercise)

**Directions:** On January 28<sup>th</sup>, 2014, you pay your landlord, Marta Leon, \$950 for February's rent. Fill out this blank check accordingly.

<p><b>Joe Jones</b>  <b>Sara Sanderson</b>          333 Happy Lane          Seaview, HI 96801</p>	<p>2156</p> <p style="text-align: center;">_____ 20 _____</p>
<p>Pay to the order of _____ \$ _____</p> <p style="text-align: right;">_____ Dollars</p>	
<p><b>Community Credit Union</b>          1234 Checker Way          Honolulu, HI 96803</p>	
<p>Memo _____</p>	
<p>123000456 – 2156 – 03267 66894</p>	

**Directions:** Record the above check in Joe and Sara's checkbook register and figure the current balance.

Number or Code	Date	Transaction Description	Pymt/Fee/Withdrawal	✓	Deposits/Credits	Balance
		Balance Forward				\$213.97
2155	1/21	Roto-Plumber	\$68.34			
	1/25	Sara's paycheck			\$952.10	
ATM	1/25	ATM withdrawal	\$80 + \$4			
Debit	1/27	AAA Wireless	\$45			
Fee	1/28	Monthly account fee	\$10			

## How to write and record a check (answer key)

<b>Joe Jones</b> <b>Sara Sanderson</b> 333 Happy Lane Seaview, HI 96801	2156  <u>Jan 28 20 14</u>
Pay to the order of <u>Marta Leon</u>	\$ <u>950.00</u>
<u>Nine hundred and fifty dollars and no/100 -----</u> Dollars	
<b>Community Credit Union</b> 1234 Checker Way Honolulu, HI 96803	
Memo <u>February rent</u>	<u>Sara Sanderson</u>
123000456 – 2156 – 03267 66894	

Number or Code	Date	Transaction Description	Pymt/Fee/Withdrawal	✓	Deposits/Credits	Balance
		Balance Forward				\$213.97
2155	1/21	Roto-Plumber	\$68.34			-\$68.34
						\$145.63
	1/25	Sara's paycheck			\$952.10	+\$952.10
						\$1,097.73
ATM	1/25	ATM withdrawal	\$80.00 + \$4			-\$84.00
						\$1,013.73
Debit	1/27	AAA Wireless	\$45.00			-\$45.00
						\$968.73
Fee	1/28	Monthly account fee	\$10			-\$10.00
						\$958.73
2156	1/28	Marta Leon	\$950			-\$950.00
						\$8.73

## How to deposit money

### Direct deposit

Having your income (paycheck, government benefits payment, etc.) deposited directly into your account is the safest, quickest and easiest way to receive your money. It also often qualifies you for free checking. Setting up direct deposit of your paycheck typically entails filling out a “direct deposit form” and providing a “voided” check (a check with the word “VOID” written across the front) to your employer. For government payments, contact the agency that distributes your benefits to find out what its process is. Contact the bank or credit union where your account is if you need help finding the bank’s routing number or other information.

### Mail deposit (how to use a deposit slip)

If you have paper checks to deposit but visiting a branch or ATM is inconvenient and doing it via a smartphone app is not an option (see below), you can make your deposit by mail. (Never mail cash!) You should use a deposit slip. A deposit slip tells the bank what to do with the money being deposited (in other words, what account it should go into). You can find preprinted deposit slips in the back of your checkbook. If you have run out, or if you are making a savings account deposit, you can pick up a blank deposit slip in the bank or credit union lobby. If you use these, you will have to enter your name and account number by hand.

Short video on how to use a deposit slip:

<http://www.youtube.com/watch?v=IUwW5FutYE4>

Tutorial:

[http://www.practicalmoneyskills.com/flash/bank\\_tutor/index.html](http://www.practicalmoneyskills.com/flash/bank_tutor/index.html)

### Teller deposit

Use the deposit slip as described under “Mail deposit” (above), but indicate if you want cash back (“Less cash received”). You will have to sign the slip if you want cash back. Depending on the check(s) you are depositing and your bank or credit union’s “hold” policies, you may not be able to get any or as much cash back as you want. Do not endorse your check(s) before you get to the teller unless you write your account number just below your signature

### ATM deposit

Make deposits only at ATMs that belong to your bank. Depending on the bank, you may or may not have to fill out a deposit slip. Most ATMs today record deposits based on the ATM card you use, and can scan cash and checks as you feed them into the slot. Some older ATMs may still require you to put your deposit in a bank envelope together with a deposit slip.

Short videos on how to make an ATM deposit:

<http://www.youtube.com/watch?v=TriXEu-L7NE>

<http://www.youtube.com/watch?v=gWm63DzAV8U>

### Mobile check deposit

If you have a smartphone, you may be able to deposit checks simply by snapping a photo (front and back) of them and using your bank or credit union’s downloaded mobile app to make the deposit. If there are any problems, you still have the check to bring to a branch to resolve the issue.

Short videos on how to make a mobile app check deposit:

<http://www.youtube.com/watch?v=AgBycLD3tNk>

<http://www.youtube.com/watch?v=7ocoMdikpOA>

## Account comparison worksheet

**Instructions:** Use this form to shop for a bank or credit union account that suits your needs.

<b>Bank/credit union name:</b>	<b>#1:</b>	<b>#2:</b>	<b>#3:</b>
<b>1.</b> Are deposits FDIC- or NCUSIF-insured?			
<b>2.</b> Do you offer a free (no monthly fee) account?			
<b>3.</b> How does one qualify for a free account?			
<b>4.</b> If a free account is not available, what is the lowest monthly fee?			
<b>5.</b> Is there a way to avoid the fee (ex: use direct deposit)? How?			
<b>6.</b> How much money do I need to open an account?			
<b>7.</b> What are the requirements or limitations on the account?			
<b>8.</b> If there is a per-check fee, how much is it?			
<b>9.</b> Does a debit card come with this account?			
<b>10.</b> Where do you have branches and ATMs?			
<b>11.</b> How much is your fee to use my card at an out-of-network ATM?			
<b>12.</b> What are your overdraft policies and fees?			
<b>13.</b> What overdraft protection plans do you offer and what do they cost?			
<b>14.</b> Is there online bill payment? Free, or fee?			
<b>15.</b> Can I link my accounts? Can I set up automated transfers?			
<b>16.</b> Will there be a "hold" on funds after I deposit a check? How long?			
<b>17.</b> Other features/services?			
<b>18.</b> Other fees/costs?			
<b>19.</b> Other:			
<b>20.</b> Other:			

Consumer Relations  
7805 Hudson Rd Suite 100  
Woodbury, MN 55125  
800.513.7125



Current Date

JOHN C CONSUMER  
5650 MIDDLE ST  
ANYTOWN MN 55125

**This report was prepared for JOHN C CONSUMER**

**Consumer ID: 98765432 for JOHN C CONSUMER**  
Please provide your Consumer ID number, along with your Social Security number, in any future contact with ChexSystems.

**Personal Information**  
This section displays the names, date of birth and addresses associated with your ChexSystems consumer file.

Date of Birth:  
mm/dd/yyyy

Names:  
John Carter Consumer  
John C Consumer  
John Consumer  
J C Consumer

Addresses:  
5650 MIDDLE ST  
MY TOWN, MN 55125

1623 CENTER ST  
MY TOWN, MN 55125

123 MAIN ST  
MY TOWN, MN 55125

645 JAY BIRD STREET  
ANYTOWN, MN 55125

**Consumer Reported Identity Theft Security Alert**  
In any future contact, you will be required to provide your password answer for as long as your Security Alert is active.

Name on Alert : JOHN C CONSUMER  
SSN/ID : XXX-XX-6789  
Password Question : WHAT WAS THE NAME OF YOUR FIRST PET?  
Status : NON-VALIDATED

**Security Freeze Record**  
In any future contact, you will be required to provide your personal identification number (PIN) for as long as your Security Freeze is active.

Name on Freeze : JOHN C CONSUMER  
SSN : XXX-XX-6789  
Status : Active

Consumer Relations  
7805 Hudson Rd Suite 100  
Woodbury, MN 55125  
800.513.7125



Reported Information
Reported Information refers to reports of accounts that have been mishandled, reported for cause, and/or outstanding debts. Reported Information is submitted directly to ChexSystems by members of our service which consists mainly of financial institutions. Our current practice is to retain this information for a period of five years.
SSN/ID indicates a Social Security number, Individual Taxpayer Identification number, Tax ID number, or Employer ID number.

Source of Information: FIRST NATIONAL BANK  
678 NORTH ST  
ANYTOWN, MN 12345  
800.888.1234

Reported Name: JOHN CONSUMER  
Reported Address: 123 MAIN ST  
MY TOWN, MN 55125

Reported SSN/ID: XXX-XX-6789  
Drivers License: XXXXXXXX9123 State: MN  
RTN: 123456789 Account: XXXXXX5209  
Date Reported: mm/dd/yyyy  
Reported For: NON-SUFFICIENT FUNDS (NSF) ACTIVITY  
Closure Status: NOT REPORTED

Source of Information: SECOND NATIONAL BANK  
111 SOUTH ST  
ANYTOWN, MN 12345  
800.999.1234

Reported Name: JOHN C CONSUMER  
Reported Address: 123 MAIN ST  
MY TOWN, MN 55125

Reported SSN/ID: XXX-XX-6789  
Drivers License: XXXXXXXX9123 State: MN  
RTN: 123456789 Account: XXXXXXXXXXXXX0156  
Date Reported: mm/dd/yyyy  
Reported For: ACCOUNT ABUSE  
Original Charge-off amount: \$347.29  
Closure Status: UNPAID  
Closure Status Date: mm/dd/yyyy

Source of Information: THIRD NATIONAL BANK  
222 WEST ST  
ANYTOWN, MN 12345  
Telephone Number Not Available

Reported Name: J C CONSUMER  
Reported Address: 1623 CENTER ST  
MY TOWN, MN 55125

Reported SSN/ID: XXX-XX-6789  
Drivers License: State:  
RTN: 123456799 Account: XXXXXXXXXXX6874  
Date Reported: mm/dd/yyyy  
Reported For: SUSPECTED FRAUD ACTIVITY  
Closure Status: PAID IN FULL  
Closure Status Date: mm/dd/yyyy

Consumer Relations  
7805 Hudson Rd Suite 100  
Woodbury, MN 55125  
800.513.7125



**Inquiries Initiated By Consumer Action**

Inquiries Initiated By Consumer Action refers to inquiries resulting from a transaction initiated by you. These include applying for a credit card or completing an application at a financial institution. Please note that the inquiries are part of your credit history and may be included in our reports to others. These inquiries can be viewed for ninety days up to three years.

Inquirer: SECOND NATIONAL BANK  
111 SOUTH ST  
ANYTOWN, MN 12345  
800.999.1234

Inquiry Date : mm/dd/yyyy  
Name Provided : JOHN CONSUMER  
SSN/ID Provided : XXX-XX-6789

Inquirer: THIRD NATIONAL BANK  
222 WEST ST  
ANYTOWN, MN 12345  
Telephone Number Not Available

Inquiry Date : mm/dd/yyyy  
Name Provided : JOHN CONSUMER  
SSN/ID Provided : XXX-XX-6789

Inquirer : ABC COMPANY  
233 EAST ST  
ANYTOWN, MN 12345  
800.555.3333

On behalf of: CELLULAR SERVICES  
315 NINTH ST  
ANYTOWN, MN 12345  
877-555-1111

Inquiry Date : mm/dd/yyyy  
Name Provided : JOHN CONSUMER  
SSN/ID Provided : XXX-XX-6789

**Inquiries Not Initiated By Consumer Action**

Inquiries Not Initiated By Consumer Action refers to inquiries resulting from transactions you may not have initiated, so you may not recognize the source. Members of our service with a permissible purpose include current creditors, pre-approval creditors, potential employers, and potential investors trying to assess risks. We report these requests only to you as a record of activities, and we do not include any of these requests on credit reports to others.

Inquirer : ABC COMPANY  
233 EAST ST  
ANYTOWN, MN 12345  
800.555.3333

On behalf of: CELLULAR SERVICES  
315 NINTH ST  
ANYTOWN, MN 12345  
877-555-1111

Inquiry Date : mm/dd/yyyy  
Name Provided : JOHN CONSUMER  
SSN/ID Provided : XXX-XX-6789

Inquirer: FOURTH NATIONAL BANK  
222 NORTH AVE  
ANYTOWN, MN 12345  
Telephone Number Not Available

Inquiry Date : mm/dd/yyyy  
Name Provided : JOHN CONSUMER  
SSN/ID Provided : XXX-XX-6789

Consumer Relations  
7805 Hudson Rd Suite 100  
Woodbury, MN 55125  
800.513.7125



<b>Retail Information</b>
Retail Information refers to returned checks written on an account and certain collection accounts. Retailers and other businesses report this information to Certegy Check Services, Inc. ChexSystems receives this information directly from Certegy Check Services, Inc. and is not involved in the collection of these items.
For additional information you may contact Certegy Check Services, Inc. by telephone at 800.437.5120 or in writing to Certegy Check Services, Inc., P.O. Box 30046, Tampa, FL 33630-3046

Date of Check : mm/dd/yyyy  
Check Number : 9278  
Amount Of Check : \$36.84  
Date Check Paid : NOT PAID YET  
RTN/Account Number : 123456789/XXXXX7654  
Drivers License : XXXXXXXX9123  
State of Issuance : MN  
Payee : K&R Grocery

Date of Check : mm/dd/yyyy  
Check Number : 9405  
Amount Of Check : \$97.92  
Date Check Paid : mm/dd/yyyy  
RTN/Account Number : 123456789/XXXXX7654  
Drivers License : XXXXXXXX9123  
State of Issuance : MN  
Payee : Tyler & Max Toy Store

<b>History of Checks Ordered</b>
History of Checks Ordered refers to a record of check orders placed within the past three years.

Name: JOHN C CONSUMER  
SSN/ID: XXX-XX-6789  
Drivers License: XXXXXXXX9123  
State of Issuance: MN  
RTN/Account Number : 123456789/XXXXXXXXXXXX0156  
Quantity Ordered : 150  
Check Start Number : 501  
Date Order Shipped : mm/dd/yyyy  
Source of Information : SECOND NATIONAL BANK  
111 SOUTH ST – MAIL STOP 2  
ANYTOWN, MN 12345  
888.555.9876

<b>Social Security Number Validation</b>
Social Security Number Validation indicates the year and state that a particular sequence of digits first became available for issuance by the Social Security Administration. This information does not include the name of the individual to whom the number was issued.

XXX-XX-6789 Became Available for Issuance in 1980 in the State of MN

<b>Additional Information</b>
Additional information may be provided to Chex Systems, Inc. by Lexis-Nexis Risk Solutions Bureau LLC. The most recent information ChexSystems received from Lexis-Nexis Risk Solution Bureau LLC relative to you is listed below, however, the information contained on the files of Lexis-Nexis Risk Solutions Bureau LLC, may have changed since it was provided to ChexSystems. If you have questions or wish to dispute the accuracy of the information reported below, please see the Notices section of this correspondence for more information regarding how to submit a dispute.

Date information received: mm/dd/yyyy

Time in months at inquiry address: 6  
Number of address changes reported in the last 12 months: 2

Consumer Relations  
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Woodbury, MN 55125  
800.513.7125



Number of address changes reported in the last 60 months: 4  
Total number of properties owned: 3  
Wealth Index: 3 (Based on watercraft, aircraft, and property asset records - 0 = no information on file, 1=very low evidence of wealth to 6=very high evidence of wealth)  
Total number of non-derogatory records: 2  
Total number of derogatory public records (felonies, liens, bankruptcies and evictions): 3  
Time in months since most recently recorded derogatory public record: 5  
Total number of lien records (both filed and released): 2 - Updated on mm/dd/yyyy  
Total number of released liens: 1  
Total number of bankruptcy filings: 1  
Time in months since most recent bankruptcy filing: 22  
Total number of felonies: 0  
Time in months since last felony conviction: 0  
Total number of evictions: 0  
Time in months since most recently recorded eviction: 0

#### ChexSystems Contact Information

To obtain answers to the most frequently asked questions, please visit our website at [www.consumerdebit.com](http://www.consumerdebit.com). If you have questions about the information contained in this report, please contact us at the address or telephone number listed above in our letterhead or by fax at 602-659-2197.

#### Notices

You have a right to dispute any item of information contained in your consumer file. If you believe information in your file may be inaccurate or incomplete, please submit your dispute to the address or fax number listed above. Please be certain to include your Consumer ID number, the source of the information you are disputing and the nature of your dispute. Under normal circumstances, ChexSystems will inform you of the results of the investigation within approximately 30 days (21 days for residents of Maine).

You may be entitled to place a statement of dispute on your consumer file. Your statement must not exceed one hundred words (200 words for residents of Maine). Your statement must not include the names of other individuals or businesses. Your statement must pertain to the information contained in your consumer file and must not contain profanity. You may submit your statement to the address or fax number listed above. Please include your Consumer ID number and specifically indicate to which item of information you wish to add the statement.

You may have a right to place a fraud alert and/or security freeze on your consumer file. To obtain more information or to place an alert or freeze on your consumer file at ChexSystems, please visit our website at [www.consumerdebit.com](http://www.consumerdebit.com). If you are a current resident of AL, AK, AR, CA, CO, DE, DC, FL, GA, IN, MD, MA, MO, MT, NH, NJ, NM, NY, NC, ND, OH, OK, RI, TN, VT, VA, WV, or WI there may be additional rights and information available to you. Please visit our website at [www.consumerdebit.com](http://www.consumerdebit.com) and select the "Security Freeze" link or contact us at the address or telephone number listed above to request a written copy of any applicable state notices.

**By submitting your personal information to ChexSystems, you acknowledge your agreement to provide accurate identifying information and your understanding that ChexSystems may access, store, and use this information to the extent permitted by law.**

## How to balance your checking account (exercise)

**Directions:** Reconcile the check register and statement by checking off “cleared” items—those that appear on the monthly statement—in the check register, and determine the correct current balance.

Number or Code	Date	Transaction Description	Pymt/Fee/Withdrawal	✓	Deposits/Credits	Balance
		Balance Forward				\$213.97
2155	1/21	Roto-Plumber	\$68.34			- \$68.34
						\$145.63
	1/25	Sara's paycheck			\$952.10	+ \$952.10
						\$1,097.73
ATM	1/25	ATM withdrawal	\$80.00 + \$4			- \$84.00
						\$1,013.73
Debit	1/27	AAA Wireless	\$45.00			- \$45.00
						\$968.73
Fee	1/28	Monthly account fee	\$10			- \$10.00
						\$958.73
2156	1/28	Marta Leon	\$950			-\$950.00
						<b>\$8.73</b>

### ACCOUNT STATEMENT

Joe Jones  
Sara Sanderson  
333 Happy Lane  
Seaview, HI 96801

Customer Service: 800-555-5555  
CommunityCreditUnion.com  
P.O. Box 333333  
Honolulu, HI 96803

Account	Account number	Ending balance
QuickAccess Checking	03267 66894	\$77.07
Passbook Savings	03455 21890	\$748.64

• Beginning balance on January 21, 2014	\$213.97
• Deposits/additions	\$952.10
• Checks	\$950.00
• ATM/debit card subtractions	\$84.00
• Bill payments	\$45.00
• Service fees	\$10.00
• Ending balance on February 20, 2014	\$77.07

### Deposits/Credits

Date	Description	Amount
1/25/14	Karma Coffee Company	\$952.10

### Checks/Withdrawals/Debits/Fees

Date	Description	Amount
1/25/14	BigTownBank ATM Withdrwl	\$80.00
1/25/14	BigTownBank ATM Fee	\$4.00
1/27/14	AAA Wireless Bill Payment	\$45.00
1/28/14	Monthly Service Fee	\$10.00
1/28/14	#2156	\$950.00

## How to balance your checking account (answer key)

1. Statement ending balance: **\$77.07**
2. Plus/minus transactions in register not reflected in statement: **-\$68.34** (check to Roto-Plumber)
3. Equals: **\$8.73** (matches register ending balance—account is reconciled)

Number or Code	Date	Transaction Description	Pymt/Fee/Withdrawal	✓	Deposits/Credits	Balance
		Balance Forward				\$213.97
2155	1/21	Roto-Plumber	\$68.34			- \$68.34
						\$145.63
	1/25	Sara's paycheck		✓	\$952.10	+ \$952.10
						\$1,097.73
ATM	1/25	ATM withdrawal	\$80.00 + \$4	✓		- \$84.00
						\$1,013.73
Debit	1/27	AAA Wireless	\$45.00	✓		- \$45.00
						\$968.73
Fee	1/28	Monthly account fee	\$10	✓		- \$10.00
						\$958.73
2156	1/28	Marta Leon	\$950	✓		-\$950.00
						<b>\$8.73</b>

## Minimizing account expenses (exercise)

Cheryl and Leo recently got married and opened a joint checking account. The account is free with direct deposit, or a minimum balance of \$500, or teller-free (electronic only) banking. Otherwise a fee of \$12 is assessed each month the account doesn't meet one of these fee-free requirements. Upon opening the account, the couple placed an order with the bank for a box of 500 checks.

After signing up for their checking account, Cheryl and Leo opened a joint savings account at the bank down the street. There is a monthly fee of \$5, but the account does pay interest (currently 0.25%). The account balance is now \$150, but Cheryl and Leo are adding \$25 each payday (\$50/month).

Each payday, Cheryl takes her check into the branch near her work—she typically has the teller deposit all of it except \$40, which she uses for the week's small cash expenses. Leo doesn't work near any of the bank's branches or ATMs, so he mails his paycheck to the bank for deposit and gets cash as needed from an ATM in the 7-Eleven down the street from work.

Yesterday, there was \$274.16 in the couple's checking account. Leo used online bill pay to make the couple's car payment of \$200. Cheryl made an ATM withdrawal of \$80 to cover the expenses of their upcoming weekend trip to visit her parents.

**Provide five ways Cheryl and Leo might be able to reduce their banking expenses:**

1. \_\_\_\_\_

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\_\_\_\_\_

2. \_\_\_\_\_

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3. \_\_\_\_\_

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4. \_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

5. \_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

## Minimizing account expenses (answer key)

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Yesterday, there was \$274.16 in the couple's checking account. Leo used online bill pay to make the couple's car payment of \$200. Cheryl made an ATM withdrawal of \$80 to cover the expenses of their upcoming weekend trip to visit her parents.

### Provide five ways Cheryl and Leo might be able to reduce their banking expenses:

1. Instead of taking her check to a branch teller and mailing his check to the bank, Cheryl and Leo should both have their pay directly deposited into their account. This alone would enable them to avoid the monthly \$12 account fee.
2. The couple should have compared prices for checks from a check-printing company—they would probably have been cheaper.
3. At a quarter-of-a-percent (0.25% APY), Cheryl and Leo would need a balance of close to \$30,000 (\$28,800) to earn enough interest to cover the annual \$72 account fee. They need to either find a free savings account, or they need to meet the requirements (if any) that would qualify them to have the monthly fee on this account waived (such as setting up direct deposits, or keeping a minimum balance). They might have better luck moving their savings account to the same financial institution that holds their checking account and linking the two accounts—this makes it easier to meet a minimum balance requirement (if the combined balances are considered) and also makes it easier to transfer money between accounts to avoid overdrafts.
4. Leo is incurring fees of anywhere from \$3 to \$5 or more each time he uses the convenience store ATM. He should either have Cheryl get money for him at the ATM near her work, or he should get "cash back" when he makes a point-of-sale purchase with his debit card.
5. Cheryl and Leo need to coordinate their spending to avoid overdraft fees like the one they incurred when their ATM and bill pay transactions (\$280) exceeded their balance (\$274.16). If their accounts were linked, they also could have made a quick online/mobile funds transfer of a small amount of money from their savings to their checking account.

## Resources

### Deposit insurance verification:

- Federal Deposit Insurance Corporation (FDIC): [www.fdic.gov](http://www.fdic.gov) / 877-275-3342
- National Credit Union Administration (NCUA): [www.ncua.gov](http://www.ncua.gov) / 800-755-1030

### Account comparisons:

- ASmarterChoice: [www.asmarterchoice.org](http://www.asmarterchoice.org)
- Bankrate: [www.bankrate.com](http://www.bankrate.com)
- CheckingOptions: [www.checkingoptions.com](http://www.checkingoptions.com)
- FindABetterBank: [www.findabetterbank.com](http://www.findabetterbank.com)
- NerdWallet: [www.nerdwallet.com](http://www.nerdwallet.com)
- WalletHub 2013 Checking Account Cost Comparison Report: <http://wallethub.com/edu/2013-checking-account-cost-comparison-report/1006/>

### “Second chance” checking:

- <http://www.nerdwallet.com/blog/checking/second-chance-checking/>
- <http://www.mybanktracker.com/news/2013/11/04/second-chance-checking-accounts-chase-pnc-wells-fargo-usbank/> (11/3/13)

IDA program directory: <http://cfed.org/programs/idas>

### Consumer reports:

- ChexSystems: [www.consumerdebit.com](http://www.consumerdebit.com) / 800-428-9623
- TeleCheck: [www.firstdata.com/telecheck/telecheck-request-file-report.htm](http://www.firstdata.com/telecheck/telecheck-request-file-report.htm) / 800-710-9898
- Certegy (formerly SCAN): [www.askcertegy.com](http://www.askcertegy.com) (click on “Certegy Check Services”) / 866-740-3276
- CrossCheck: [www.cross-check.com/consumers-check-writers](http://www.cross-check.com/consumers-check-writers) / 800-843-0760

### Mail-order check printing services:

- <https://secure.ChecksInTheMail.com> / 800-733-4443
- [www.ChecksUnlimited.com](http://www.ChecksUnlimited.com) / 800-426-0822
- <http://www.CurrentCatalog.com> / 800-848-2848

### Online and mobile banking:

OnGuard Online: [www.onguardonline.gov](http://www.onguardonline.gov)

Your Digital Dollars (Consumer Action): [http://www.consumer-action.org/modules/module\\_digital\\_dollars](http://www.consumer-action.org/modules/module_digital_dollars)

### Complaints:

Consumer Financial Protection Bureau (CFPB): [www.consumerfinance.gov/complaint/#bank-account](http://www.consumerfinance.gov/complaint/#bank-account) / 855-411-CFPB (2372)

## Training Evaluation: *Checking and Savings Accounts*

Please help us improve future presentations by giving us your opinion of today's class.  
Circle the response that best reflects your feelings about each statement:

**1. I have a better understanding of the advantages that checking and savings accounts offer.**

Strongly agree                  Agree                          Disagree                          Strongly disagree

**2. I know what to look for and what to avoid when shopping for an account.**

Strongly agree                  Agree                          Disagree                          Strongly disagree

**3. I understand what is required to open, use and manage a checking account.**

Strongly agree                  Agree                          Disagree                          Strongly disagree

**4. I understand what an account verification (i.e., ChexSystems) report is and how to correct or improve the information in my report.**

Strongly agree                  Agree                          Disagree                          Strongly disagree

**5. I understand how to minimize fees and keep account costs down.**

Strongly agree                  Agree                          Disagree                          Strongly disagree

**6. I understand the process for resolving account problems.**

Strongly agree                  Agree                          Disagree                          Strongly disagree

**7. The instructor was well informed.**

Strongly agree                  Agree                          Disagree                          Strongly disagree

**8. The materials I received are easy to read and understand.**

Strongly agree                  Agree                          Disagree                          Strongly disagree

**9. I would like to attend another class like this.**

Strongly agree                  Agree                          Disagree                          Strongly disagree

On a scale of 1 to 10 (10 being the best), how would you rate the training? \_\_\_\_\_

Please let us know how we could improve future trainings (use back, if necessary):

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***Thank you for attending!***