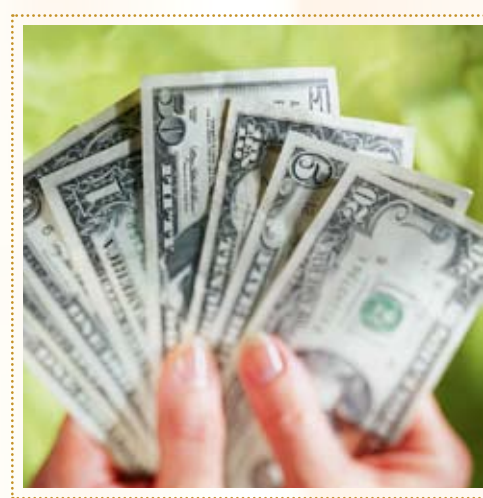


Budgeting 200

BANKING



A penny saved is a penny earned. Benjamin Franklin

Think of banking as your tool to manage your money better. By knowing more about each tool (online banking, checking accounts and monthly statements) you become more effective at managing your money instead of letting your money manage you.

There are many ways to pay for things you need: Cash, credit cards and loans, checks and a debit/ATM card.

Each comes with advantages and disadvantages. Cash is convenient but it may not be safe to carry large amounts of cash.



Credit Card

Advantages

- Convenient
- Safe
- Can help future credit

Disadvantages

- Fees
- Can be expensive
- Can damage future credit

Check

- Recipient trusts you have the funds
- Funds come from your checking account
 - Where money is kept
 - Safe
 - Convenient
- Takes time to write a check
- Usually only accepted in or near the town you live or when you pay monthly bills

Debit/ATM Card

- Instant access to checking account
- No interest
- Accepted almost everywhere
- More convenient/safer than cash
- Obtain cash at ATMs

Checking Accounts

Qualifications

- Identification
- Banking record
- Credit report

Choose the account right for you

- Online access
- Number of ATMs
- Minimum balance and other requirements
- Monthly and usage fees
- Overdraft protection

Overdraft

- Known as a bounced check
- Non-sufficient funds (NSF)

What it is

- Funds are not available to cover the value of the check
- Bank fees can be up to \$50 per transaction
- Merchant can also charge you a fee

Difference between online payments and automatic payments

Bill-pay

- You initiate transaction
- You are responsible to provide payment
- Option to change date, amount and frequency

Automatic payments

- Creditor initiates transactions
- Possible reduction in interest rates on loans
- Creditor is responsible to take payment



If you're looking for a new checking account, use the next worksheet to compare various options.

Checking Account Worksheet



	<i>ACME Bank</i>	Institution Name	Institution Name	Institution Name	Institution Name
Minimum balance to avoid fees	\$500.00	\$	\$	\$	\$
ATM/Debit Card	Yes	No	Yes	No	Yes No
Are free ATMs available near school, work and home?	Yes	No	Yes	No	Yes No
Direct Deposit	Yes	No	Yes	No	Yes No
Online Access	Yes	No	Yes	No	Yes No
Phone Access	Yes	No	Yes	No	Yes No
Online Bill Pay	Yes	No	Yes	No	Yes No
Online Bill Pay Fees	\$5 per month	\$	\$	\$	\$
Unlimited Check Writing	Yes	No	Yes	No	Yes No
Cost to purchase checks	\$15.95	\$	\$	\$	\$
Monthly Fees	\$2.00	\$	\$	\$	\$
Overdraft Fees	\$35.00	\$	\$	\$	\$
Can savings account be linked to checking for overdraft protection?	Yes	No	Yes	No	Yes No



You have many banking options and each has its advantages and disadvantages. Compare large banks, community banks and credit unions.

Every man takes the limits of his own field of vision for the world.

Arthur Schopenhauer

Online Banking Security

- Watch out for fraudulent e-mails
- Always type URL directly into browser
- Check for 'https' in the URL address window
- Always log out vs. closing the browser
- Be extra careful with public computers
- Look for the **lock** icon in the status bar at the bottom right-hand corner of your Web browser



Never provide anyone with your

- User ID or logon information
- Password

Choose a secure password

- Mix numbers, letters and symbols
- User uppercase and lowercase letters

Learn more

- www.microsoft.com/protect/yourself/password/checker.msp

ATM Safety Tips

- Is there suspicious activity around ATM?
- Does it look safe and well-lit?
- If you feel unsafe go to another ATM
- Shield the keypad when entering information
- Protect your Personal Identification Number (PIN)
- Do not count cash until you are in a safe area

What is Identity Theft?

Identity theft is when a criminal uses your personal information to assume your identity to borrow money, rent a home, apply for a job, and more.

Another more common crime is when someone steals your credit card or other account information to spend your money. By protecting your information you can help prevent someone from using your credit card or applying for credit in your name.

Preventing theft

- Limit use of Social Security number
- Pay bills on time and review statements
- Send and receive bills from secure mailbox
- Shred mail and documents with personal information
- Be aware of phone scams/cell phone conversations

- Make Internet purchases on secure sites
- Visit www.annualcreditreport.com to view a free copy of each of your three credit reports once per year
- Visit www.optoutprescreen.com and www.donotcall.gov to register your name and phone number. These services prevent unwanted credit offers and reduce telemarketing calls.

Recovering from identity theft

- List all items that were stolen
- Contact
 - Police
 - Creditors
 - Social Security Fraud Hotline
1-800-269-0271
- Place a credit report fraud alert
- Change PINs and passwords
- Review future bills and contact the company as soon as you notice a discrepancy
- Visit www.ftc.gov/idtheft

How to Read a Checking Account Statement



General Information

- Your name, address and account number (your entire account number may not appear for security reasons)
- Statement period (usually from the first of the month to the last day of the month)
- The name and contact information for your bank or credit union



Account Information

- Your balance at the beginning of the statement period
- A list of deposits to and withdrawals from your account—the left column may show the individual transaction amount and the right column may show the balance in your account as of the transaction (deposit or withdrawal) date

Account Summary

- A summary of the number and amount of withdrawals
- A summary of the number and amount of deposits
- Interest paid to you
- Fees you paid (such as ATM fees, monthly fees, etc.)

Financial Summary

- If you have multiple accounts with the same institution you may see a summary of all savings, loan and checking account balances
- You may also see a year-to-date tax summary that shows all interest paid and earned

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This workbook is intended to be a guide that introduces various financial planning topics. It's not intended to provide financial advice and it isn't meant to be professional guidance.

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