

# BANKING.

## Stay in balance.

The day-to-day challenges of managing money can be daunting, especially when there have been big changes in your life. Whether you're a new or returning student, it can be difficult to take the time to set up your finances in a manner that will save you money on fees, make bill-paying easy, and avoid expensive and humiliating errors.

### MAKE THINGS EASY ON YOURSELF

How do you use your bank account? For many students, it's important to have a checking account to handle month-to-month bill paying, such as rent, utilities, etc. A basic checking account can usually take care of most needs. If you're a full-time student, you'll want to see if there are student discounts for new customers. Many banks will also give discounts for electronic banking, where most of your bills are automatically withdrawn from your checking account each month. Some banks will also waive typical monthly fees for student customers. Remember that money is typically taken from your account as soon as the check is cashed, thanks to recent improvements in banking technology. Some questions to ask when opening an account:

- Is there a minimum balance required?
- What if I fall beneath the minimum balance?
- What kind of fees does the bank charge?
- Is there a limit to the number of checks I can write monthly?
- Does this account offer overdraft protection?

### WHY YOU SHOULD MANAGE YOUR ACCOUNT AND CHOOSE IT WISELY

Fees. There are a lot of fees you'll be charged if you don't keep a positive balance in your checking account. If you write a check or are set up for auto-debit on a payment and don't have the money in your account to cover the cost of the check, you'll pay a lot:

Freddy's Pizza check = \$15.86  
Non-sufficient Funds (NSF) check fee = \$25.00  
Pizza parlor charge for NSF check = \$25.00

**Total for pizza = \$65.86**

While the fees may vary, it can get very expensive very quickly if you're bouncing lots of checks. Avoid this problem by getting overdraft protection. With overdraft protection, if you don't have enough money in your checking to cover an outstanding check, money will be routed from your savings account. Of course you have to have money in your savings account for your bank to move it over.

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## DEBIT CARDS

Most checking accounts come with a debit card. This card often looks like a credit card with a “Visa” or “MasterCard” logo on it. However, if you use a debit card for purchases, money is taken directly from the account tied to the card. Most retailers will let you purchase with your debit card in the same manner as a credit card. They usually will allow the purchase if you don’t have money in the account. However, you’ll be subject to similar fees as when your check bounces.

Using a debit card to withdraw money from an automated teller machine (ATM) can also be expensive. Many ATMs charge fees as high as \$2 per transaction. This may be charged by both your bank and the ATM’s bank. Convenient ATM locations to where you’ll be doing transactions may be the most important factor in choosing your bank. Many “virtual” banks offer ATM fee reimbursement.

Many retailers, particularly gas stations, car rental agencies, and hotels, will put a \$100 “hold” on your checking account until whatever you’ve purchased clears. While the hold is on your account (and it could be for a few days), this money is unavailable to cover other purchases. If your account becomes overdrawn at this point, you’ll be subject to numerous penalty fees.

## DID YOU KNOW?

In a survey conducted by the Center for Responsible Lending, 61% of consumers who had a preference said they’d want to have their bank deny a debit card transaction – if it would overdraw their account – rather than approve it and be charged a fee.

## STAY IN BALANCE

Everyone will tell you to keep your checkbook balanced. It’s easier than ever thanks to online access. You can check your account to see if all of your checks have cleared before spending money. It’s a good idea to balance your account monthly to make sure you or the bank didn’t make mistakes. Occasionally merchants may charge you twice for a debit and you’re unlikely to catch an error unless you balance your checkbook. Generally, if you always have at least a \$500 cushion in your checking account, than you’ll rarely if ever bounce a check. Keep your balance lower and you’ll want to watch things carefully. And, of course, what the ATM machine says you have as a balance doesn’t take into account any recent debits or checks you’ve written that haven’t been cashed yet.

Here are some tips to keep your checkbook on the positive side:

- Write down any checks you write in your check register.
- Write down any debits in your register or at least stuff the receipts there.
- Don’t believe the balance the ATM says you have.
- Avoid ATMs that charge transaction fees.
- Balance your checkbook on a monthly basis making sure there are no duplicate withdrawals and that all deposits have been credited.
- Most importantly, don’t be afraid to ask for help if you need it.