

Student Take-Home Guide

# *Money Smart*

Check It Out



NATIONAL ASSOCIATION OF FEDERAL CREDIT UNIONS

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# Money Smart

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The *Money Smart* curriculum is brought to you by the National Association of Federal Credit Unions (NAFCU). *Money Smart* is adapted from a curriculum developed by the Federal Deposit Insurance Corporation (FDIC). The *Money Smart* Program includes the following courses:

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

## Check It Out

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

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

## **Determine Your Checking Account Needs**

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

### **Convenience:**

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

### **Cost:**

1. How much money will you keep in your account?
2. Will you be charged for writing extra checks?
3. Are you willing to pay a monthly fee?
4. If so, how much?
5. Will you be charged to use your credit union or bank's ATM?

Note: Many credit unions do not charge ATM fees.

6. Will you be charged for using other institutions' ATMs?
7. Will you be charged for using teller services?
8. Are there ways to avoid paying fees?

## **Checking Account Fees**

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

### **Monthly Service Fee**

Also called a maintenance fee. The institution might charge a fee each month just for having the account. You might also be charged a fee if your balance drops below the required minimum. Maintenance fees at credit unions are usually lower than maintenance fees at banks.

### **Per Check Fee**

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

### **Check Printing Fee**

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

### **ATM Use Fee**

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

### **Overdraft Fee**

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

### **Returned Deposit Item**

Your credit union or bank might charge a fee if a check you deposit in your account bounces.

**Stop Payment Fee**

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

**Phone Inquiry Fee**

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

**Fee For Helping You Balance Your Checkbook**

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

## **Types of Checking Accounts**

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After you determine what you need in a checking account and understand the different fees involved, you might be ready to choose the type of account you should open. Keep in mind that financial institutions sometimes refer to these accounts by different names. Some institutions pay dividends or interest on different types of checking accounts; some do not. Before making a decision, read the materials (disclosures), ask questions, and understand which checking account best fits your needs. The main types of checking accounts include:

### **Low-cost checking**

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

### **ATM checking**

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

### **Regular checking**

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

### **Dividend or Interest checking**

In addition to the types of checking accounts described above, which may or may not pay dividends or interest, there are also special dividend or interest-bearing accounts, such as the Negotiable Order of Withdraw (NOW) account and the Money Market Account (MMA). With these accounts, you usually need to maintain a high minimum balance in order to earn interest and avoid fees. The minimum balance is often at least \$1,000. Credit unions do not offer NOW accounts.

## Choosing a Checking Account

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When looking for a checking account, take this checklist with you. Below are the types of checking accounts and some questions that will help you choose the checking account that is right for you. Remember to refer to the questions you answered on page 4.

Compare your needs with what each account has to offer. Remember you will generally need several things when you open your checking account: 1) picture identification, 2) Social Security number, 3) credit union membership, and 4) money to put in the account.

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

### Notes:

# Check Register

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

1	2	3	4	5	6	7
---	---	---	---	---	---	---

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

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



# Writing a Check

1

YOUR NAME	105
YOUR ADDRESS	00-6879
YOUR PHONE NUMBER	Date: _____ 770
2 <i>PAY</i>	
TO THE	
ORDER OF _____	\$ <input type="text"/>
4 _____ Dollars	
3	
FINANCIAL INSTITUTION	
Your City, State, Zip Code	
5 <i>Memo</i> _____	
6 _____	
:00000000 :0000 0000 0 000 0 0.:	

## Complete the Following Areas

Deleted: ¶  
¶

1. **Date:** Write the date.
2. **Pay To The Order Of:** Write the name of the person or company to whom you will give the check. After writing the name, you can draw a line to the end. This prevents anyone from adding an additional name on your check.
3. **\$:** Write the amount of the check in numbers, such as \$19.75.
4. **Dollars:** Write the amount of the check in words, such as, nineteen and 75/100. Start writing at the very beginning of the line. After writing out the amount of the check, draw a line to the end. This prevents anyone from adding an additional amount after what you have written.
5. **Memo:** This section is optional. You can use this area to remind yourself why you wrote the check or to record the account number of the bill you are paying.
6. **Signature line:** Sign your name.

## Check Writing Tips

- Write in ink.
- Write clearly.
- Record each check in your check register.

# Practice Checks

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

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

# Practice Deposit Slips

<b>DEPOSIT TICKET</b>	<b>Your Name</b>	CURRENCY _____ COIN _____ OR TOTAL _____ FROM DEPOSIT _____ SUBTOTAL _____ LESS CASH RECEIVED _____ NET DEPOSIT _____	
	<b>Your Address</b>		
	<b>Your Phone Number</b>		
	DATE _____		
	<small>DEPOSITS MAY NOT BE AVAILABLE FOR IMMEDIATE WITHDRAWAL</small>		
	<small>SHOW HERE IF CASH RECEIVED FROM DEPOSIT</small>		
	YOUR FINANCIAL INSTITUTION _____		
	YOUR CITY, STATE Zip Code _____		
	DO NOT USE FOR AUTOMATIC PAYMENT OR CHECK TRANSACTIONS		
	:00000000 : 00000 00000.:		

<b>DEPOSIT TICKET</b>	<b>Your Name</b>	CURRENCY _____ COIN _____ OR TOTAL _____ FROM DEPOSIT _____ SUBTOTAL _____ LESS CASH RECEIVED _____ NET DEPOSIT _____	
	<b>Your Address</b>		
	<b>Your Phone Number</b>		
	DATE _____		
	<small>DEPOSITS MAY NOT BE AVAILABLE FOR IMMEDIATE WITHDRAWAL</small>		
	<small>SHOW HERE IF CASH RECEIVED FROM DEPOSIT</small>		
	YOUR FINANCIAL INSTITUTION _____		
	YOUR CITY, STATE Zip Code _____		
	DO NOT USE FOR AUTOMATIC PAYMENT OR CHECK TRANSACTIONS		
	:00000000 : 00000 00000.:		

## Checking Account Statement

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

Your Credit Union		Your Name					
Street Address		Street Address					
City, State Zip		City, State Zip					
		Account Number 0000000000					
<b>Summary of Account Activity</b>							
For period ending	3/20						
Date of last statement	2/20						
<b>Date</b>	<b>Transaction Description</b>	<b>Withdrawal/Deposit Amount</b>	<b>Balance</b>				
2/20	Opening Balance Deposit	200.00	200.00				
2/26	Check #105	-19.75	180.25				
3/12	ATM Withdrawal	-100.00	80.25				
3/18	Monthly Fee	-2.00	78.25				
Cleared Checks							
	Check #	Amount					
	105	19.75					
Summary							
Previous Balance	Total Deposits	Total Withdr.	No. of Checks	No. ATM Transactions	No. of Deposits	Service Charge	New Balance
\$200.00	\$0	\$124.75	1	1	0	\$2.00	\$78.25

## Reconciling Your Checking Account

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

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

## **For Further Information**

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National Credit Union Administration (NCUA)  
1775 Duke Street  
Alexandria, VA 22314  
(703) 518-6300  
**[www.ncua.gov](http://www.ncua.gov)**

Federal Deposit Insurance Corporation (FDIC)  
Division of Compliance and Consumer Affairs  
550 17<sup>th</sup> Street, NW  
Washington, DC 20429  
1-877-ASK-FDIC (877-275-3342)  
Email: [consumer@fdic.gov](mailto:consumer@fdic.gov)  
**[www.fdic.gov](http://www.fdic.gov)**

## Acknowledgements

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- Government of the District of Columbia, Department of Employment Services
- Government of the District of Columbia, Department of Banking and Financial Institution

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

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

## Course Evaluation – Check It Out

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Instructor: \_\_\_\_\_ Date: \_\_\_\_\_

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

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

What was the most helpful part of this course?

What was the least helpful part of this course?

Would you recommend this course to others?

Any comments/suggestions?

## What Do You Know – Check It Out

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Instructor: \_\_\_\_\_ Date: \_\_\_\_\_

This form will allow you and the instructors to see what you know about your rights and responsibilities as a consumer of financial products and services both before and after the class. Read each statement below. Please circle the number that shows how much you agree with each statement.

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