

# It's Your Money

Fall 2004

Produced by the New York City Financial Network Action Consortium

Article No. 5

## Opening a checking account

Margaret has a savings account. Like the rest of us, she has bills to pay, such as her rent, the electric bill, cable and others. Every time she had to pay a bill she would go to her credit union, withdraw money from her savings account, and buy a money order. She thought, "There has to be an easier way to pay my bills." Margaret was right. She considered opening a checking account.

Many people have both a savings and checking account. A savings account gives you a safe place to keep your money. It helps you save regularly and you can earn interest on your deposits. A checking account offers a convenient way to pay your bills. Think of a check as just another form of money.

There are many benefits to a checking account. It would save you from making a special trip to buy money orders or go to a bill payment center. You do not have to carry a lot of cash in your wallet. A checking account also makes it easier to track your spending. If a check gets lost or stolen, or if you dispute a service you received, you can stop payment on a check by calling the bank or the credit union.

What will you use your checking account for? How much money will you keep in the account? How often will you write checks? Will you receive interest on a checking account? Are you charged a monthly "maintenance" fee for services? Or are you charged for each check you write over a certain number? These are some of the questions you need to ask yourself when opening a checking account.

Margaret's credit union offers different types of checking accounts (credit unions call them share-draft accounts). She opened a **per-**

**sonal checking account** that requires her to keep a low minimum balance and allows her to write ten checks each month without fee. To open a checking account at a credit union, you first need to open a savings account. At a

bank, you don't need a savings account. In most cases, the bank may ask for one or two pieces of photo ID and proof of address. Some banks may require an SSN (Social Security Number) or an ITIN (Individual Taxpayer Identification Number).

Some banks and credit unions offer interest-bearing checking accounts, called **money market accounts**, but most checking accounts do not pay interest. It usually takes more money to open an interest-bearing account and you have to keep a higher minimum balance or you will be charged fees.

When opening a checking account, it's important to get information on all fees that may apply. All checking accounts have fees, even so-called "free" checking accounts. These may include the cost of blank checks (or check books), per-check fees, monthly maintenance fees, overdraft protection, and bounced checks.

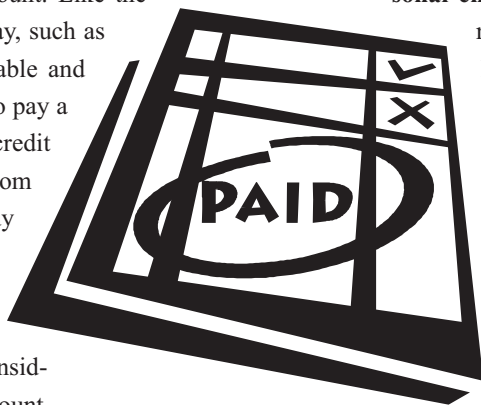
In some cases, a bank or a credit union may set a maximum number of checks that you can write each month at no charge. If you write more checks you are charged a fee for each additional check. For example, at Margaret's credit union, the first 10 checks that she writes each month are free. But there is a 10¢ fee for each additional check that she writes. This account works for Margaret because she won't

need more than 10 checks per month.

Some checking accounts require that you maintain a minimum balance to avoid paying monthly maintenance fees. At the credit union, Margaret can choose from an account that requires her to keep a monthly minimum balance of \$100 with no monthly fee, or pay a monthly fee of \$4 without having to maintain a minimum balance. It is wise to always keep enough money in your account to cover your checks. For example, if you have to pay a \$250 bill, you must have at least \$250 in your account. But sometimes you might get confused and write a check without having sufficient funds.

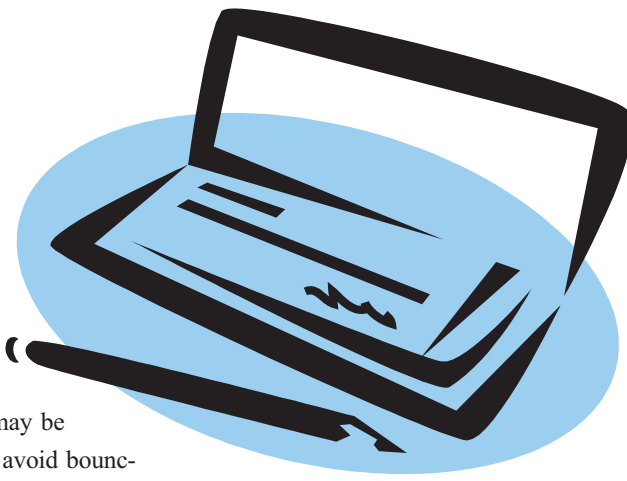
**Overdraft protection** may be useful in these cases. If you write a check and do not have enough money in your checking account, overdraft protection lets you borrow the money to cover the amount you don't have, or the overdraft amount. You are charged interest on that amount until you pay it back. In some cases, credit unions offer a similar service by transferring money from your savings account to cover non-sufficient funds.

By keeping track of her expenses and the checks she writes, Margaret would be protect-



ed against a **bounced check**. A check bounces when it is returned to your bank or credit union for payment and you do not have enough money in your account to cover it. Bounced check fees tend to be as much as \$30. While overdraft protection may be useful, the most effective way to avoid bouncing checks is to balance your checkbook regularly. **Balancing your checkbook** means recording the money that goes into and out of your account. When Margaret opened her account, she received a checkbook and a check register. The check register allows her to write down the amounts of each check, the deposits she makes and her account balance. Margaret found that by balancing her checkbook regularly she could track how much money she had in her account and avoid bouncing checks.

For most bills, a personal check is an acceptable form of payment. Sometimes, though, a special check is necessary. For example, you need a **certified check** when you purchase a home. You must have a check-



ing account to use a certified check. When you purchase a certified check, the credit union certifies, or guarantees in writing, that there is enough money in your account to cover the check. There is no way you can bounce a certified check.

Margaret now deposits 10% of her paycheck in her savings account and the rest in her checking account to pay her bills. She makes sure to keep enough money in her account to cover her checks by balancing her checkbook regularly. By opening a checking account, Margaret saves time and money. This is one more step she's taking to manage her money wisely.

*This article was written and designed with the help of volunteers from The McGraw-Hill Companies Writers to the Rescue Program.*



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## These Community Development Credit Unions welcome you:

### UPPER MANHATTAN

#### Homesteaders Federal Credit Union

2052 Clayton Powell Jr. Blvd.  
 (between 122nd & 123rd Street)  
 New York, NY 10027  
 Tel: 212-222-0328  
 Monday to Friday 10:00am - 4:00pm  
 Thursday 4:30pm - 6:00pm  
 Saturday 10:00am - 1:00pm

#### Union Settlement Federal Credit Union

237 East 104th Street  
 (between 2nd & 3rd Avenue)  
 New York, NY 10029  
 Tel: 212-828-6061/6062  
 Mon., Wed. & Fri. 8:30am - 3:30pm  
 Thursday 8:30am - 3:30pm &  
 4:30pm - 6:00pm

### LOWER MANHATTAN

#### Lower East Side People's FCU

37 Avenue B  
 (at the corner of East 3rd Street)  
 New York, NY 10009  
 Tel: 212-529-8197  
 Tues., Wed. & Fri. 10:00am - 3:00pm  
 Thursday 10:00am - 3:00pm &  
 4:00pm - 7:00pm  
 Saturday 10:00am - 1:00pm

### BROOKLYN

#### Bushwick Cooperative FCU

1475 Myrtle Avenue  
 (between Bleecker St. & Menahan St.)  
 New York, NY 11237  
 Tel: 718-418-8232  
 Tuesday - Thursday 9:00am - 4:00pm  
 Friday 9:00am - 6:00pm  
 Saturday 9:00am - 3:00pm

#### Credit Unions typically provide:

- Low-fee savings and checking accounts
- Free tax preparation
- Low-cost loans

Call the Credit Union nearest you for more information