

It's Your Money

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Getting the Most Out of Your Checking Account

Ellen opened both a savings and a checking account at her local credit union. Having easy access to her money is very important to her, so she asked her credit union how she could best access her money to pay bills, buy things, or have cash in her pocket.

Before she opened her checking (or share draft) account, Ellen cashed her paycheck at a check cashing store (or check casher) down the street. By depositing her paycheck into her account instead, she now saves check cashing fees and doesn't have to carry around a lot of cash.

She found that it takes a few days for a credit union (or bank) to release the funds, or **clear** the check, when she deposits a check. Federal law allows financial institutions, including

credit unions, to **hold** a check for a set period of time before releasing the funds. This period is for the bank or credit union to confirm the account has enough money to cover the check. If there isn't enough money, the funds will not be released. The clearing process takes 2 to 3 business days if the check is drawn on a New York State bank, and up to 5 days if drawn on an out-of-state bank. Remember, business days include days when the credit union or bank is open for business. Some credit unions release up to \$100 immediately at the moment the check is deposited, while the rest of the funds are on hold until the clearance process is completed.

By depositing your paycheck in your account, you avoid paying fees. There is no fee for depositing a check into your account, but there is

to cash it at a check cashing store. In New York State, check cashers charge 1.5 % of the check amount. For example, if you want to cash a \$1,000 check, you will pay \$15. Ellen wanted to compare the cost of a check casher to a checking account over a year period. She found that the check casher was a lot more expensive, as the table shows.

Ellen heard from a friend that direct deposit is the fastest way to get access to her money. It is fast, reliable and safe. Through direct deposit your employer can deposit your paycheck electronically into your account without producing a paper check. Many people also use direct deposit for their social security checks, Supplemental Security Income (SSI), disability checks, other federal benefits and tax refunds.

Direct deposit provides many benefits. It is very convenient since it saves you from making a trip to the credit union to deposit the check. Direct deposit is quick and usually allows you to get access to your money a day earlier than depositing it at the teller window. If you are sick or on vacation, you don't have to make special arrangements to get your paycheck. And since there's no paper check involved, your paycheck can't be lost or stolen. You can also use it to divide your paycheck between different accounts. For example, you may deposit most of your paycheck into your checking account and a small portion into your savings account or to make a loan payment.

Ellen can withdraw money from her account in different ways. Depending on her needs, she can either use a withdrawal slip at the teller window or use an **automated teller machine (ATM)**. At first Ellen didn't know how to use an ATM, but her credit union showed her how.

ATMs can be found almost everywhere. Many are accessible 24 hours a day, 365 days a year. There is no fee for using ATMs belonging

COMPARING FEES

Ellen receives a weekly paycheck of \$320, and pays 4 bills per month. She wants to know:

- How much it costs to use a check casher
- How much it costs to use a bank or credit union

USING A CHECK CASHER:

Services Used	Fee Amount	Fees in One Month	Fees in One Year
Cashing Checks	\$4.80 (fee= 1.5% of check)	\$21.60 (\$4.80 x 4.5 weeks)	\$259.20
Money Orders	\$1.25	\$5.00 (\$1.25 x 4 money orders)	\$60.00
Total Cost in One Year: \$319.20			

USING AN ACCOUNT AT A CREDIT UNION OR BANK:

Services Used	Fee Amount	Fees in One Month	Fees in One Year
Writing Checks	\$15.00 (book of checks)	N/A	\$15.00
ATM Withdrawal	\$1.50 (using an ATM, not owned by the bank or the CU)	\$3.00 (using another bank's ATM twice)	\$36.00
Monthly Account Fee	\$3.00	\$3.00	\$36.00
Total Cost in One Year: \$87.00			

SOURCE: NEDAP'S COMMUNITY FINANCIAL LITERACY & JUSTICE CURRICULUM® 2004.

to the credit union. When using non-credit union network ATMs, you will be charged a fee of \$1.50 to \$2.50. When you use credit union network ATMs (also called



“surcharge free ATMs”) you may be charged a 75¢ fee. Ask your credit union for locations of free and surcharge free ATMs.

A debit card is another easy and reliable way to use the money in your account. A debit card is like an ATM or credit card, but it works like cash. Your purchase is charged directly to your account. To use an ATM machine or your debit card you will need a **personal identification number (PIN)**. For safety, never write your PIN on the card or keep it with the card.

Having a checking account has advantages over using a check casher and buying money orders. But you need to know how to use it properly to get the most out of it. You need to make sure you have enough money in your account to cover the checks you write. In some cases, you may need to maintain the minimum balance so that you don't get charged monthly fees. And you need to use your ATM card in a responsible manner to avoid paying too much in fees. Like Ellen, you too can manage your money more wisely by knowing how to best use your checking account.



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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
Mon., Tues., Wed. & Fri. 10:00am - 3:00pm
Thursday 10:00pm - 3:00pm &
4:00pm - 6:00pm
Saturday 10:00am - 3:00pm

Union Settlement Federal Credit Union

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

Neighborhood Trust Federal Credit Union

4211 Broadway
(between 178th and 179th St.)
New York, NY 10033
Tel: 212-740-0900
Mon., Tues. & Fri. 9:00am - 4:00pm
Thursday 9:00am - 6:00pm
Saturday 10:00pm - 2:00pm

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 - 2:00pm

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