

Instructor Guide

CHECK IT OUT

FDIC

Money Smart



FDIC Money Smart for Young Adults



Building: Knowledge, Security, Confidence

Table of Contents

Getting Started	5
Purpose	5
Presentation Time	5
Materials and Equipment.....	5
Module Activities	5
Icons.....	6
Character Usage	7
Checking In	9
Welcome	9
Introductions.....	9
Purpose.....	9
Objectives	10
Agenda and Ground Rules.....	10
Student Materials	10
What Do You Know?	11
Pre-Assessment.....	11
Benefits of Checking Accounts	15
Types of Checking Accounts.....	19
Fee Schedule	24
Opening a Checking Account.....	27
Adding Money to Your Checking Account.....	32
Taking Money Out of Your Checking Account.....	40
Using Electronic Banking	49
Keeping an Accurate Record of Your Checking Account	56
Module Summary	65
Knowledge Check	66
Glossary	70
For Further Information	71

Module 2: Check It Out Layering Table

Please read the Layering Table Instructions in the [Guide to Presenting Money Smart for Young Adults](#).

Pages	Time (Min.)	Topic	Subtopic & Activities	Target Audiences
9-14	10	Checking In		<ul style="list-style-type: none"> Everyone
15-18	15	Benefits of Checking Accounts	Convenience, cost, better money management, safety <ul style="list-style-type: none"> Activity 1: Comparing Costs 	<ul style="list-style-type: none"> Anyone considering opening a checking account
19-23	15	Types of Checking Accounts	Free/low-cost, electronic/Automated Teller Machine (ATM), regular, interest-bearing checking accounts; Choosing a Bank and a Checking Account Checklist <ul style="list-style-type: none"> Activity 2: Types of Checking Accounts 	<ul style="list-style-type: none"> Anyone considering opening a checking account Anyone who may benefit from changing to another type of account
24-26	10	Fee Schedule	Fee Schedule <ul style="list-style-type: none"> Activity 3: Understanding Banking Fees 	<ul style="list-style-type: none"> Anyone who is considering opening a checking account Anyone who has a checking account and pays fees
27-31	20	Opening a Checking Account	What is needed to open a checking account, account verification, checkbook, check register <ul style="list-style-type: none"> Activity 4: Are You ready for a Checking Account? Activity 5: Recording Transactions 	<ul style="list-style-type: none"> Anyone considering opening a checking account
32-39	25	Adding Money to Your Checking Account	Cash and check deposits with a deposit slip, endorsing checks, complete a deposit slip, deposit by mail, direct deposit, ATM deposits <ul style="list-style-type: none"> Activity 6: Depositing Cash 	<ul style="list-style-type: none"> Anyone who has, or plans to open, a checking account

Module 2: Check It Out Layering Table <i>Please read the Layering Table Instructions in the <u>Guide to Presenting Money Smart for Young Adults</u>.</i>				
Pages	Time (Min.)	Topic	Subtopic & Activities	Target Audiences
			<ul style="list-style-type: none"> Activity 7: Depositing a Check 	
40-48	25	Taking Money Out of Your Checking Account	Steps to writing a check, check writing tips, bank overdraft programs, avoiding overdraft fees, withdrawal slip, ATM, ATM fees <ul style="list-style-type: none"> Activity 8: Writing a Check Example Overdraft Scenario 	<ul style="list-style-type: none"> Anyone who has, or plans to open, a checking account
49-55	20	Using Electronic Banking	ATM and debit cards versus credit cards, protection from someone else using your card, temporary holds, electronic bill pay, cell phone (mobile) banking, safe electronic banking <ul style="list-style-type: none"> Activity 9: Recording a Cash Transaction and a Debit Card Purchase 	<ul style="list-style-type: none"> Anyone who has, or plans to open, a checking account
56-64	25	Keeping an Accurate Record of Your Checking Account	Record all transactions, printed receipts, record interest and maintenance fees, review the monthly checking account statement; how to reconcile your checking account, how to report errors, change your address, and close your account <ul style="list-style-type: none"> Activity 10: Reconciling Your Account 	<ul style="list-style-type: none"> Anyone who has, or plans to open, a checking account
65	5	Module Summary		<ul style="list-style-type: none"> Everyone
66-69	5	Knowledge Check		<ul style="list-style-type: none"> Everyone

Getting Started

Purpose

The *Check It Out* module helps students understand checking accounts. They learn how checking accounts work: what fees they charge and how to open and maintain an account.

Presentation Time

Each topic has an approximate completion time listed in the *Check It Out* Layering Table. Completing this entire module could take more than 2 hours. Use the suggested times to personalize the module based on your students' needs and the given time period, or consider delivering the information over two sessions. Allow extra time for activities and questions when teaching larger groups.

Materials and Equipment

The materials and equipment needed to present all of the *Money Smart for Young Adults* modules are listed in the *Guide to Presenting Money Smart for Young Adults Curriculum*. Review the guide thoroughly before presenting this module.

Module Activities

- Activity 1: Comparing Costs
- Activity 2: Types of Checking Accounts
- Activity 3: Understanding Banking Fees
- Activity 4: Are You Ready for a Checking Account?
- Activity 5: Recording Transactions
- Activity 6: Depositing Cash
- Activity 7: Depositing a Check
- Activity 8: Writing a Check
- Activity 9: Recording a Cash Transaction and a Debit Card Purchase
- Activity 10: Reconciling Your Account

Icons

The following icons are used throughout the Instructor Guide and Participant Guide to indicate what type of activity will be conducted.



Learning Objectives
List the objectives to set the stage for learning.



Flip Chart
Use a flip chart to document students' comments or write important points for students to remember.



Presentation
Present information or demonstrate an idea.



Review
Refer students to and summarize material provided in the Participant Guide.



Activity
Guide students through an activity to support their learning.



Assessment
Direct students to take a short test.



Discussion
Facilitate a discussion about a topic as directed.



Ask a Question
Present a problem or question for discussion.

Character Usage

The following characters will be used in the situational comic strips in the module to show the students a real-world application of the content. The comic strips and characters can be used to facilitate discussions related to the module content.



Jasmine

Jasmine is an 11th grade student at Lakeview High School. Her activities include hanging out with friends and going shopping. In school, her favorite subject is English and she also swims on the swim team. She works part time on the weekends around the holidays in her aunt's gift shop nearby, and has a younger brother named Dominique. Jasmine wants to go to an in-state college and plans to be an exercise physiologist.



Todd

Todd, a sophomore at Lakeview High School, is shy with a very sarcastic sense of humor. He is always avoiding social situations because he comes from a lower income family and cannot afford to do the things the other teens are doing. He is very intelligent and is planning to attend college, but he is not sure how he will pay for it or where he will go. Todd works two part-time jobs at a fast food restaurant and the local grocery store, and is saving all he can for college.



Ramón

Ramón was born in the United States (U.S.), but his parents are from Peru; they came here when they were teenagers themselves. Ramón is 18 and preparing to graduate from Lakeview High School. He will be attending college on a soccer scholarship to study mechanical engineering, since his dream job is to work for NASA. Ramón has a little sister, and an older brother who is a pilot in the Air Force. He likes to take his girlfriend to the movies or to play mini golf with money he earns

working as a technician at a local computer shop.

Grace

Grace is an artistic student who wants to go to Fashion Design School after she graduates high school, but her parents want her to go to college. She does not really fit in to the “high school scene,” but the teachers really see potential in her to do great things. She works at a clothing store at the mall, and spends the rest of her time on her fashion sketches. Since her parents are totally against Grace going to Fashion Design School, she is very careful with her money so she can continue to buy design supplies.



Checking In

Welcome



Welcome to *Check It Out!* By taking this module you are starting to build a better financial future for yourself. You will discover that having a checking account can be convenient and can save you money.

Introductions



Before we get started, I will share a little about myself and I would like to know a little bit about you.

[Introduce yourself and share a little of your background and experience.]

Record students' expectations, questions, and concerns on chart paper. If there is anything you will not teach, tell students where the information can be obtained (e.g., another module, a website). Check off their responses at the end of the training to show that the lesson content met their expectations.

As you introduce yourself, state:

- Your expectations
- Questions and/or concerns about the training content

Purpose



The *Check It Out* module will help you identify ways you can save money. *Check It Out* will teach you what you need to know to open and maintain a checking account. You will learn the responsibilities involved with having a checking account, and the many ways you can use it.

Objectives



Objectives

- State the benefits of using a checking account
- Determine which checking account is best for you
- Identify the steps involved in opening a checking account
- Add and withdraw money from a checking account
- Reconcile a check register with a bank statement

Slide 2: Objectives

By the end of this module, you will be able to:

- State the benefits of using a checking account.
- Determine which checking account is best for you.
- Identify the steps involved in opening a checking account.
- Add money to and withdraw money from a checking account.
- Reconcile a check register with a bank statement.

Agenda and Ground Rules



In addition to me presenting material to you, we will have classroom and small group discussions and exercises that give you a chance to practice what you have learned.

If you have experience or knowledge in some aspect of the material, please share your ideas with the class. One of the best ways to learn is from each other. You might be aware of some method that has worked well for you or some pitfall to avoid. Your class contribution will enhance the learning experience. If something is not clear, please ask questions!

Student Materials

Refer students to the Participant Guide. Review its contents and organization.

Each of you has a copy of the *Check It Out Participant Guide*. You will be able to take it home and use it as a reference. It contains:

- Information and activities to help you learn the material
- Tools and instructions to complete the activities
- Checklists and tip sheets
- A glossary of the terms used in this module

What Do You Know?



Use the Pre-Assessment to gauge students' prior knowledge of the content and customize your presentation, focusing on content with which they are least familiar.

Before we begin, we will see what you know about banking services.

Take a few minutes to complete the Pre-Assessment beginning on page 6 of your Participant Guide. It will not be scored and you will be able to determine whether you answered each question correctly as we progress through the module.

Which questions were you unsure of or unable to answer? *[Note: If time is limited, make sure you cover these content areas.]*

What questions do you have about the module overview?



Pre-Assessment

1. Which of the following statements is NOT true?
 - a. Checking accounts are convenient.
 - b. Checking accounts are only for rich people.**
 - c. Using a checking account is generally less expensive than using a check-cashing service.
 - d. Using a checking account helps keep your money safe.

2. Which of the following is not an example of a common type of checking account?
 - a. Free checking
 - b. Interest-bearing checking
 - c. Per-transaction fee checking**
 - d. Electronic-only/ Automated Teller Machine (ATM) checking

3. When you write a check and the check bounces, the bank will charge you a fee. What is that fee called?
 - a. ATM fee
 - b. Stop payment fee
 - c. Minimum balance fee
 - d. Overdraft or non-sufficient funds fee**

4. Select all that apply. To withdraw money from your checking account, you can:
 - a. **Use an ATM card at a machine**
 - b. **Write a check out to “cash” and go to a teller**
 - c. Use a credit card
 - d. Purchase items using a stored value card

5. To open a checking account, you will most likely need to provide the bank with:
 - a. **Photo identification (ID), Social Security Number (SSN), and money to deposit**
 - b. Name, address, and SSN
 - c. SSN, a good credit history, and a deposit
 - d. Photo ID, address, and a good credit history

6. Direct deposit is a way to keep your money safe because:
 - a. You have the check sent directly to a check-cashing location
 - b. You cannot withdraw it once you deposit the check
 - c. It waives the fee at a check-cashing store
 - d. **Your check goes directly to your bank account and there is no risk of misplacing it**

7. Electronic banking services include all of the following EXCEPT:
 - a. Electronic bill pay
 - b. Text message alerts about banking transactions or your account balance
 - c. **Calling the bank on the phone**
 - d. Debit/ATM card transactions

8. Which of the following statements are false?
 - a. The check register is a tool for you to keep track of your account balance.
 - b. **If you make a mistake in your register and overdraw**

- your account, the bank will not charge you.**
- c. You should enter all your withdrawals and deposits in your register.
 - d. Checks that you have written that have not been cashed will not show up on your bank statement.
9. Which two of these will best help you determine if a particular checking account is right for you?
- a. **Ask the bank what the fees are, so you know if you can get a better deal elsewhere**
 - b. Find out if they have checks with your favorite team's logo on them
 - c. **Ask about different services to see if the bank offers the ones you need**
 - d. Negotiate monthly service charges with your bank
10. Select all that apply. In order to add money to a checking account, you might:
- a. **Fill out a deposit slip and give your deposit to a teller**
 - b. Cash your paycheck and send your cash deposit through the mail
 - c. Write a check out for "cash"
 - d. **Deposit cash at the ATM**
11. Reconciling a bank account means:
- a. **Comparing your monthly bank statement with your check register to make sure they match**
 - b. Comparing your monthly deposits with your withdrawals
 - c. Entering bank fees in your register
 - d. Listing outstanding checks
12. A debit card is:
- a. **Similar to an ATM card, but you can also use it to make purchases at retail locations and funds are withdrawn directly from your checking account**

- b. The same as a credit card—buy now, pay later—but you can use your checking account with it
 - c. Similar to a gift card from a retail store, since you buy the debit card and replenish the funds once a month
 - d. Only used to get cash from an ATM if you do not have a checking account from which to withdraw funds
13. The best way to avoid overdrawing your account or “bouncing” a check is to:
- a. Limit the number of checks you write
 - b. Check your account balance regularly**
 - c. Record all of your transactions**
 - d. Use electronic payment services
14. All of the following are steps to balancing and reconciling your checking account EXCEPT:
- a. Keep it up to date
 - b. Account for any differences between your statement and your check register
 - c. Compare your checking and savings account balances**
 - d. Determine which checks have cleared
15. When you take more money out of your account than you have in it, that is called:
- a. A debit transaction
 - b. Balancing your account
 - c. An overdraft**
 - d. A monthly service fee



15 minutes Benefits of Checking Accounts



This section will help you gauge how much students know about checking accounts. Share or have students read the comic strip on slide 3 or page 10 of their Participant Guide.

Cash versus Check?

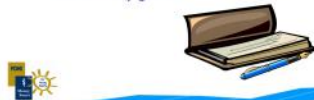


How many of you have ever received or written a check? What did you do with the checks you received (e.g., deposit or cash them)? How many of you have a checking account? Do your parents have a checking account? What comes to mind when you think about checking accounts (e.g., their purpose, benefits, ease of use)?

Slide 3: Cash versus Check?

Checking Accounts

- A checking account allows you to:
 - Deposit money into your account
 - Withdraw money from your account
 - Write checks or use a debit card to pay bills and buy goods



Slide 4: Checking Accounts

Benefits of Checking Accounts

- Convenience
- Cost
- Better money management
- Safety



There are four key benefits of a checking account:

- Convenience
- Cost
- Better money management
- Safety

Convenience

Checking accounts are convenient because you have quick and easy access to your money. You can use checks and debit cards to make purchases instead of carrying cash. You can also have money from your employer or the government (e.g., a paycheck, income tax refunds, and public assistance benefits)

Slide 5: Benefits of Checking Accounts

directly deposited into your account. Direct deposit means that rather than receiving money as a paper check, the money is electronically deposited into your bank account; and then you have immediate access to the money.

Cost

Using a checking account is usually less expensive than using other services (e.g., check-cashing services, money orders, stored value cards). If you have a checking account, you can usually cash a check for free. Check-cashing services charge a fee.

Activity 1: Comparing Costs

Let us compare the cost of a checking account with several other services.

This activity can be completed as a class, or you can have students work in small groups. Direct students to Activity 1 in their Participant Guide. Have students read each scenario and answer the questions to compare costs and determine who saves more money.



Slide 6: Activity 1
Refer students to Activity 1: Comparing Costs on page 10 in their Participant Guide. Show the calculations on chart paper if working through the activity as a class.

Scenario 1: Tony

Tony cashes his weekly paycheck at Fees4Cash, a check-cashing service. Fees4Cash charges Tony \$5.00 to cash every check. How much does Tony pay Fees4Cash each month to cash his paychecks? *Answer: \$20.00–\$25.00. Typically, \$20.00 a month (4 weeks x \$5.00 per week = \$20.00). However, there may be a few months where he pays \$25.00, depending on which day he cashes his check.*

How much does Tony pay each year? *Answer: \$260.00 (52 weeks x \$5.00 per week = \$260.00/year).*

Scenario 2: Lamar

Stored value cards, or prepaid cards, generally allow you to

spend only the money deposited on the card. *Payroll cards* are one of four main types of stored value card. They are used by an employer to pay wages instead of giving you a paper paycheck. Payroll cards are unique from other types of stored value cards because you do not need to purchase them or pay activation fees since your employer provides the card.

Lamar opts to have his paycheck deposited onto a stored value card that he purchased for \$5.00 because his employer does not offer payroll cards. Money can be “loaded” onto the card via direct deposit or by going to certain stores. It has a major credit issuer logo on it, so he could use it anywhere as with a credit or debit card. Lamar can use his stored value card at an Automated Teller Machine (ATM), but the card issuer charges \$2.00 for every ATM transaction. Lamar mostly uses his card at stores where he slides his card through the point-of-sale (POS) terminal, but this month he used the ATM four times.

How much did Lamar pay this month in fees when using his stored value card at an ATM? *Answer: \$8.00 (4 transactions x \$2.00).*

How much would Lamar pay each year in fees if he used his stored value card at an ATM an average of four times each month? *Answer: \$96.00 (\$8.00 x 12).*

Scenario 3: Sylvia

Sylvia has a checking account. The bank charges a monthly fee of \$6.00 unless she uses direct deposit or her debit card more than five times per month. If Sylvia uses direct deposit or her debit card frequently and she uses no more than one box of checks every year, which cost her \$18.00, how much does she pay to maintain her checking account? *Answer: \$18.00 (for the checks) because she is able to avoid the monthly maintenance fee.*

Comparing Scenarios

How much can Tony save each year if he opens a checking account and pays what Sylvia does? *Answer: Tony could save \$242.00 a year (\$260.00 - \$18.00).*

Even if Tony pays a \$6.00 monthly fee for a total of \$72.00 a year, plus the cost of the checks (\$18.00), how much could he save each year? *Answer: \$170.00 (\$72.00 + \$18.00 = \$90.00 - \$260.00 = \$170.00)*

How much can Lamar save each year if he opens a checking account and pays what Sylvia does? *Answer: \$78.00 (\$96.00 - \$18.00).*

Remember, it saves to shop for the best deal when comparing checking accounts and services. Now we will continue talking about the key benefits of checking accounts.



Slide 7: Better Money Management

Better Money Management

Using a checking account can help you manage your money if you regularly record or monitor your transactions. We will talk about how to record transactions in a check register and keep track of the balance in a minute.

Transactions are actions you perform with your account, including:

- Depositing or withdrawing money
- Writing a check or using your debit card to pay bills and make purchases
- Having funds directly deposited into your account

Maintaining a checking account can help you build a relationship with the bank. How well you manage your checking account may be a factor the bank considers when deciding whether to grant you a future loan. For instance, banks want to see that you can manage your bills and not overdraw



Slide 8: Safety

your account or spend more money than you have in your account.

Safety

It is safer to use checks and debit cards than to carry large amounts of cash because you do not have to worry about your cash being stolen or lost. If your checkbook or debit card is lost or stolen, report it as soon as possible to your bank. The bank will protect you so that you are not responsible, or have limited responsibility for any purchases you do not make.

Keeping your money in an insured financial institution means your money is safe up to the insured limit, which is \$250,000.00 per depositor, per insured bank. This means that if the financial institution closes for any reason and cannot return your money to you, the Federal Deposit Insurance Corporation (FDIC) will pay all insured deposits up to the insurance limit.

The FDIC has an online tool called Electronic Deposit Insurance Estimator (EDIE). It lets you calculate the insurance coverage of your accounts at each FDIC-insured institution. You can find EDIE online at www.myfdicinsurance.gov.



What questions do you have about the benefits of checking accounts?

15 minutes Types of Checking Accounts



Now we will look at some types of checking accounts.

There are four types of checking accounts:

- Free/low-cost checking
- Electronic-only/ATM checking
- Regular checking

Slide 9: Types of Checking Accounts

- Interest-bearing checking

Always read the disclosures, ask questions, and shop around for the best deal before deciding on an account.

Free/Low-Cost Checking

If you do not plan to write many checks, a free or low-cost checking account might be right for you. However, there may be a limit to the number of checks you can write in a month.

Some banks offer special checking and savings account products for students. These may include a waiver of fees, lower minimum balance requirements, and free checks. When shopping for an account, ask the institution if it offers a student account. If it does, be sure to find out what happens when you turn 18 or are no longer a student (e.g., what kind of account will the bank assign to you).

Electronic/ATM Checking

This account usually requires you to use direct deposit and your ATM or debit card. If you do not plan to use teller services often, an electronic checking account might be right for you. This type of account usually allows you to write an unlimited amount of checks per month without incurring a fee for each check you write. However, you may be charged for in-person teller services.

Regular Checking

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

Interest-Bearing Checking

With these accounts, you usually have to maintain a high minimum balance in order to earn interest and avoid fees. The minimum balance is usually at least \$1,000.00. There are also different interest-bearing accounts:

- The Negotiable Order of Withdrawal (NOW) account
- The Money Market Deposit Account (MMDA)

Activity 2: Types of Checking Accounts

Complete this activity as a class, or divide students into small groups of four or five and assign them one of the scenarios. Direct students to Activity 2 in their Participant Guide. Have them read each (or their assigned) scenario and decide which type of checking account would be best for each of the parents. Give them several minutes to answer the questions. Then discuss the answers. Ask students to explain their answers.



Activity 2: Types of Checking Accounts

Complete Activity 2 in your Participant Guide

- Read the scenarios
- Decide which type of checking account would be best for each parent



Slide 10: Activity 2

Refer students to Activity 2: Types of Checking Accounts on page 13 in their Participant Guide.

Jasmine's Mother

Jasmine's mother, Carolyn, is a single mother who works as a physical therapist in a local hospital. Her hours are varied, and she often cannot get to the bank during normal banking hours. She pays most of her bills online (e.g., her mortgage, utilities, and telephone bill), and uses her debit card to make many purchases. Jasmine's father uses direct deposit to transfer his child support payment into Carolyn's account.

What kind of banking account would you recommend? Why?

Answer: Electronic/ATM checking because she rarely goes to the bank and mostly uses electronic or ATM services.

Todd's Parents

Todd's father works in the local warehouse distribution center. Todd's mother does not work. They rent their home and the bills for water, heat, and electricity are included. They pay for their groceries with an ATM card, and also use it for other expenses. They do not write many checks.

What kind of banking account would you recommend? Why?

Answer: Free or low cost checking, because they mainly use their ATM card and will likely not write more than the maximum checks per month allowed without a fee.

Ramón’s Parents

Ramón’s mother and father own their own business. They started as a small grocery store, and have been able to grow the business to a large supermarket with nearly 100 employees. They work very hard and are careful not to spend money needlessly. They pay themselves a regular salary, which they put in a checking account to pay their household and living expenses. They often make purchases with a debit card, but they pay most of their bills by check.

What kind of banking account would you recommend? Why?

Answer: Regular or interest-bearing checking, because they are likely able to maintain the required minimum balance and they regularly write checks.



Choosing a Bank and a Checking Account Checklist

Financial institutions offer different types of checking accounts. To pick the one that is right for you, think about how you plan to use your checking account. Be sure to choose a bank and account that is convenient for you and is reasonable in costs.

Refer students to the checklist on page 15 of their Participant Guide.

When looking for a checking account, take this checklist with you. The first column contains some questions that will help you choose the right checking account.

There is space for you to list three different banks, or even three different types of accounts offered by one bank, so you can do a side-by-side comparison.

Choosing a Bank and a Checking Account Checklist

*If the financial institution is a credit union, be sure you are eligible to join.	Bank Name/ Account Type _____	Bank Name/ Account Type _____	Bank Name/ Account Type _____
Bank Information			
• Does the bank offer the services I need?			

• Convenient branches and ATMs?			
• Bank hours?			
• Do employees speak my language?			
• Is it insured by FDIC/National Credit Union Administration (NCUA)?			
Accounts			
• Requirements for opening account?			
Checking Accounts			
• Minimum opening balance?			
• Minimum monthly balance?			
• Fees?			
• Fee waivers available?			
• Number of withdrawals per month without a fee?			
• Earns interest?			
• Deposit hold times?			
Overdraft Programs			
• Low balance alerts offered?			
• Overdraft fees?			
• Link to a savings account to cover overdrafts?			
• Opt-out options?			
Savings accounts			
• Minimum opening balance?			
• Minimum monthly balance?			
• Annual percentage yield (APY)?			
• Fees?			
• Fee waivers available?			
• Withdrawal limits per month?			
• Services available?			
ATM Cards			
• Fees?			
• Fee waivers available?			
• Location/number of ATMs?			
Debit cards			
• Fees?			
• Fee waivers available?			
• Rebates or bonuses for use?			

• Location/number of ATMs?			
• Debit card transactions requirements or limits?			
Mobile/online banking			
• Is it available?			
• Transaction types and limits?			
• Fees?			
• Fee waivers available?			
• Online bill pay?			
Other Information?			
Total Monthly Costs			
Total Annual Costs			

10 minutes Fee Schedule



Banks and credit unions often charge fees for checking account services. These fees are not always the same. Every bank has a fee schedule that you can get when asking about their services.

Fee Schedule

- **Common fees include:**
 - Monthly service fee
 - Minimum balance fee
 - ATM-use fee
 - Overdraft fee
 - Stop-payment fee



Ask for a fee schedule that lists all the fees related to the account. Use the fee schedule to compare the costs of each account.

A fee schedule lists the fees you may be charged for certain activities. Some of the most common fees include:

- **Monthly service fee:** Also called a maintenance fee. The bank may charge a fee each month just for having the account.
- **Minimum balance fee:** Some accounts may require that a certain amount of money be in the account. If the account goes below that amount, the bank automatically charges a fee.
- **ATM-use fee:** Your bank will likely charge you a fee each time you use another bank’s ATM. If you use another bank’s ATM, expect them to charge you a fee as well.
- **Overdraft fee:** Also called non-sufficient funds (NSF)

Slide 11: Fee Schedule

fee. These fees are charged when you do not have enough money in your account to cover your transactions (e.g., withdrawal, purchase, or payment). You might also be charged a returned item fee if you “bounce a check,” and the check is returned to the bank because you did not have enough money in your account. Your bank and the merchant may charge you a processing fee for returned checks.

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

Activity 3: Understanding Bank Fees

This activity may be completed as a class or have students work independently or in pairs. Have students use the Stars and Stripes Bank fee schedule to answer the questions. Discuss the correct answers with the entire class, ensuring they understand how banks charge fees.



Activity 3: Understanding Bank Fees

Complete Activity 3 in your Participant Guide
 – Use the Stars and Stripes fee schedule to answer the questions



Slide 12: Activity 3
Refer students to Activity 3: Understanding Bank Fees on page 17 in their Participant Guide.

**Stars and Stripes Bank
 Checking Account Fee Schedule**

Monthly service fee	\$5.00 (This fee is waived if you keep a minimum daily balance of \$500.00.)
ATM transaction fees	
Stars and Stripes banks	FREE
Other banks	\$2.00
Overdraft, or NSF, fee	\$35.00 per item
Stop payment requests	\$35.00 per item

1. Ramón has a checking account with Stars and Stripes bank. Last month he used the bank’s ATM three times. He also used another bank’s ATM twice. How much

will Stars and Stripes Bank charge him for using his ATM card last month? *Answer: \$4.00. He is charged \$2.00 every time he uses another bank's ATM. Stars and Stripes Bank does not charge for using its ATM.*

2. Grace also has an account at Stars and Stripes Bank. Two weeks ago, Grace wrote a \$250.00 check to pay for a school ski trip. She gave the check to her teacher, Mr. Grey. Someone stole Mr. Grey's computer case, where he was keeping the ski-trip checks until he could deposit them at the bank. Grace wants to make sure no one can cash the check, so she makes a stop payment request. How much did Grace pay to request a stop payment? *Answer: \$35.00. Be aware that the bank might not be able to stop the check in time. If it is cashed by someone else, the bank might still charge the stop payment fee.*
3. For the past 11 months, the soccer coach, Mr. Sam Shimsky, has kept at least \$600.00 in his checking account every day. This month an emergency came up and he had to use most of the money in his account. He now has \$100.00 left in his account. How much is Sam charged for monthly service fees in the 12-month period? *Answer: \$5.00. Mr. Shimsky was not charged a monthly service fee for the 11 months he kept his balance over \$500.00. The monthly service fee is also called a maintenance fee.*
4. Jasmine deposited several of her babysitting checks totaling \$75.00. She already had \$100.00 in her account. The next day, thinking she had a lot of money, Jasmine went to the mall and made four purchases; two for \$35.00, one for \$50.00, and one for \$60.00. The following day she checked her checking account balance and she discovered that it was negative \$40.00. Why did that happen? How can she avoid this in the

future? *Answer: Jasmine overdrew her account by \$5.00, and the bank charged an overdraft fee of \$35.00. Fortunately, she had her checking account linked to an overdraft account so that her purchases were paid or she might have had to pay the stores a returned item fee. To avoid overdraft or NSF fees, remember to keep good records and check your account balance before making purchases or withdrawals.*

20 minutes Opening a Checking Account



Slide 13: Needed to Open a Checking Account

What Is Needed to Open a Checking Account

To open your checking account, you will generally be asked for:

- Photo Identification (ID) – Usually a state-issued ID card, driver’s license, passport, or perhaps even your student ID card. Some banks may accept an alternative form of ID (e.g., a military ID). You might need more than one picture ID to open your account—this protects you and the bank. Since practices vary, ask the bank what type of ID you need.
- Social Security Number (SSN) – Some banks may accept an alternative number (e.g., an Individual Taxpayer Identification Number (ITIN)). These numbers are generally used to help identify you and to look up your credit history. Banks must also report any income you earn on a bank account, as interest is taxable, to the Internal Revenue Service (IRS).
- The opening deposit –This amount varies depending on the minimum amount required for the checking account you choose.

Account Verification

- **Purpose:**
 - To make sure that you will be a responsible bank account customer
 - To ensure that no one is trying to steal your identity to open an account




Slide 14: Account Verification

The bank will ask you to sign a document that is traditionally called a “signature card.” This document identifies you as the owner of the checking account.

The bank will ask you if you want to opt-in to a bank’s overdraft program for ATM withdrawals and debit card transactions. We will discuss overdraft programs later in the module.

Account Verification

The bank or credit union performs account verification because it wants to make sure that you will be a responsible bank account customer, and to ensure that no one is trying to steal your identity to open an account. If you have mishandled a checking account, or have not been a good banking customer in the past, the bank may not want to risk accepting you as a customer now. The bank may access a system (e.g., ChexSystems) to help assess your risk as a potential customer.

If you are unable to open an account because of credit-related problems, ask your bank or a reputable credit counseling agency if you are eligible for any “second chance” checking programs. These programs may allow you to open a checking account after meeting certain requirements (e.g., completing a check-writing workshop).



Activity 4: Are You Ready for a Checking Account?

Complete Activity 4 in your Participant Guide

- Complete the questions




Activity 4: Are You Ready for a Checking Account?

Direct students to complete the worksheet on checking accounts. When they are finished, ask if they have any questions.

Answer the following questions to see if you could use a checking account.

Checking Account

1. Do you work at a job where you are paid by check?

Slide 15: Activity 4

Refer students to Activity 4: Are You Ready for a Checking Account? on page 19 in their Participant Guide.

- _____
2. Do you have bills for which writing a check would be convenient? _____
3. Do you purchase money orders? _____
4. Do you ever lose cash or find it disappears quickly? _____
5. Do you regularly keep track of the money you have and how you spend it? _____

If you answered yes to two or more of these questions, a checking account might be a very good option for you.

If you answered no to the last question, you might not be ready for checking account. You must be willing to keep track of what you have in the bank so that you can avoid expensive overdraft and NSF fees, and can develop a good banking relationship.

To Open an Account

1. Do you have any of the following:
 - _____ Driver's license?
 - _____ Passport?
 - _____ ID card?
 - _____ Resident alien card (Green Card)?
2. Do you have a SSN? _____
3. A deposit with which to start an account? _____

At a minimum—you need ID, a SSN, and money to open a checking account.

If you do not think having a checking account is right for you, consider opening a savings account at your bank. Savings accounts earn interest. You may still be able to direct deposit your payroll check into your savings account to avoid check-cashing fees. Remember to ask what fees and transaction limits are associated with the savings account.



When you open a checking account, you generally receive:

- An ATM or debit card
- A checkbook
- A check register

Using A Checking Account

- When you open a checking account, you generally receive:
 - An ATM or debit card
 - A checkbook
 - A check register



Slide 16: Using a Checking Account

We will talk more about ATM and debit cards later.

Checkbook

The checkbook contains checks and deposit slips for a particular account. The numbers across the bottom of the check contain the routing number of the bank (the bank's number), the account number, and the number of the check. These numbers are printed in a manner that can be easily read by machines.

Check Register

We have talked about how important it is to know your account balance so you do not overdraw your account. One way you can maintain your account balance is by using your check register to track the money you put into (deposit) and take out of (withdraw from) your checking account. Before computers and the Internet, the only way to keep track of the money in your account between monthly statements was to use your check register and record all transactions. Today many banks allow you to view your account balance and transactions online and download account information to financial management software programs. Transactions and account balances are recorded in a similar manner for all of these options. To understand how each type of transaction is recorded, we are going to complete a check register as we work through the remainder of this module.

Activity 5: Recording Transactions

A check register will help you keep track of the money you put into and take out of your checking account. A sample check register can be found on page 45 of your Participant Guide. Follow along as we review each column:



1. **Check Number:** Record the check number of any checks used in this column.
2. **Date:** Record the date of each transaction (e.g., withdrawal, deposit, purchase, interest you received, or fee charged by your bank).
3. **Description of Transaction:** Record a description of each transaction (e.g., the name or company you wrote a check to, whether you made an ATM deposit or withdrawal, or where you used your ATM or debit card).
4. **Payment/Debit (-):** Record the dollar amount of any payments, debits, or withdrawals.
5. **Deposit/Credit (+):** Record the dollar amount of any deposits or credits made to your account.
6. **Balance:** Add any deposits or credits and subtract any payments or debits to get the new balance after each transaction.



Slide 17: Activity 5
Refer students to Activity 5: Recording Transactions on page 45 in their Participant Guide. Direct students to remove this page from their guide so they can easily access and use it throughout the remainder of the class.

Now here is the scenario. You provided your photo ID, the bank completed the account verification process, and you signed the signature card. You deposited \$200.00 on March 20th to open a checking account, and the bank provided you with a receipt for the \$200.00 deposit.

Record this information on the first row of the practice check register. We will be using this check register for the rest of the course; therefore, you may want to take it out of your Participant Guide and place it nearby.

Record the following transaction:

- Date: 3/20/20XX
- Description of Transaction: Opening Deposit
- Deposit/Credit :(+) \$200.00
- Balance: \$200.00

Walk around and make sure all students filled out their

Activity 5: Recording Transactions

Check Number	Date	Description of Transaction	Payment/Debit (-)	Deposit/Credit (+)	Balance
	3/20	Opening Deposit		200.00	200.00

registers correctly. Share the correct entry so students can check their work.

Check Number	Date	Description of Transaction	Payment/Debit (-)	Deposit/Credit (+)	Balance
	3/20	Opening Deposit		200.00	\$200.00

Slide 18: Activity 5
Show the correct entry.

25 minutes Adding Money to Your Checking Account

Add Money to Your Checking Account

- Cash or check deposit using a teller
- Deposit by mail
- Direct deposit
- ATM deposit



Once you have opened a checking account, there are several ways you can add money to your account. These include:

- A cash or check deposit using a teller
- A deposit by mail
- A direct deposit
- An ATM deposit

Slide 19: Add Money to Your Checking Account

Cash Deposit with a Deposit Slip

When making a deposit using a teller, you must fill out a deposit slip to let the teller know how much money you are depositing. Deposit slips are included in your checkbook and have your account number printed on them. They are found at the back of your checkbook, after the checks.

Sample Deposit Slip

When making a cash deposit with a deposit slip, you need to:

- Make sure the deposit slip has your correct account and address information.
- Write in the transaction date.
- Add up the total cash and write the amount in the box marked “cash” or “currency.” There are two columns to indicate the dollars and cents. If depositing \$20.75, you would write 20 in the left column and 75 in the right column.
- Write the total cash deposit in the subtotal and total deposit boxes. We will look at an example where we use

Slide 20: Sample Deposit Slip

the “less cash received” box later.

- Give the teller your deposit slip and cash. The teller will count the money before depositing it into your account.

If you run out of deposit slips, you can get blank ones at your bank. Make sure to write your name and account number on the slip so your money does not go into someone else’s account.



Activity 6: Depositing Cash

Complete Activity 6 in your Participant Guide

- Fill in the deposit slip for a \$30.00 cash deposit
- Record it in your check register



Slide 21: Activity 6

Refer students to Activity 6: Depositing Cash on page 20 in their Participant Guide.

Activity 6: Depositing Cash

Check Number	Date	Description of Transaction	Payment/Debit (-)	Deposit/Credit (+)	Balance
	3/20	Opening Deposit		200 00	\$200 00
	3/22	Deposit		30 00	\$230 00

Your Name	Address	City, State, Zip	Date	Deposit Ticket	Cash	30	00
			March 22, 20XX	00002215608	Check		
Your Financial Institution				Total			
241071212	00002215608	2201	Less Cash Received				
				Total Deposit		30	00

Slide 22: Activity 6

Show the correct entries.

Activity 6: Depositing Cash

Direct students to fill in the deposit slip for a \$30.00 cash deposit and then record it in their practice check register (Activity 5).

Now we will practice making a deposit and recording it in the practice register. Fill out the deposit slip first.

Your Name	Deposit Ticket	Cash	30	00
Address	00002215608			
City, State, Zip				
Date <u>March 22, 20XX</u>				
Deposits May Not be Available for Immediate Withdrawal				
<u>Your Signature</u>		Or total from reverse		
Sign Here for Cash Received (If Required)		Subtotal	30	00
Your Financial Institution		Less Cash Received		
241071212	00002215608	Total Deposit	30	00
	2201			

Record the following information in your check register:

- Date: 3/22/20XX
- Description of Transaction: Deposit
- Deposit/Credit (+): \$30.00

Check Number	Date	Description of Transaction	Payment/Debit (-)	Deposit/Credit (+)	Balance
	3/20	Opening Deposit		200 00	\$200 00
	3/22	Deposit		30 00	\$230 00

What is your balance now? *Answer: \$230.00. Walk around the room and check to make sure they are filling out the deposit slip and register correctly.*

Check Deposit with a Deposit Slip

When you receive a check as payment and want to cash it, you need to sign the back of the check before you deposit it.



Slide 23: Endorsing a Check

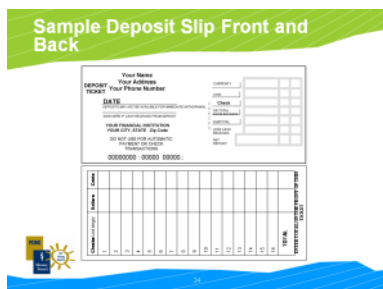
What is it called when you sign the back of the check?
Answer: Endorsing the check.

The back of the check has what is called an endorsement area. Endorsing a check means signing the back of the check so you can deposit or cash it.

“For Deposit Only”

If you want to deposit the entire check into your account, write “For Deposit Only,” your account number, and then sign your name. By writing “For Deposit Only,” you prevent others from cashing your check. It also prevents you from receiving cash back when you make the deposit.

If you receive a check and want to sign it over to someone else (e.g., a parent or friend), you would endorse the back with: “Pay to the order of (person’s name).” Then sign your name below this endorsement. Now the person you designated in the endorsement can endorse it (or sign the check) and deposit or cash it.



Complete a Deposit Slip

When making a deposit using a teller, you will need to fill out a deposit slip to deposit checks into your checking account.

- Endorse each check
- Write the check number in the far left column, below “Cash.”
- Enter the amount of each check on your deposit slip.

Slide 24: Sample Deposit Slip Front and Back

Use a separate line on the deposit slip to list the amount of each check.

- Use the back of the deposit slip, if needed, to list all of the checks you are depositing. Add up the amounts of the checks on the back of the deposit slip and transfer this total to the front.
- Enter this amount in the box labeled “Or total from reverse.”
- Enter the subtotal.
- Write in the amount you want to receive as cash back.
- Subtract the cash you are receiving and enter the total, or net, deposit that will go into your account.



Keep in mind that when you deposit a check it might take a few days for the bank to process it. When you make a check deposit, ask the teller when your money will be available. Be careful not to take out more cash or write checks until the money you deposited is available.



What questions do you have about depositing checks and entering them in the check register?



Activity 7: Depositing a Check

Direct students to fill out the deposit slip for a \$50.00 check with \$25.00 cash back.

Activity 7: Depositing A Check

Complete Activity 7 in your Participant Guide

- Fill out the deposit slip for a \$50.00 check deposit with \$25.00 cash back
- Record it in your check register

Now we will practice depositing a check and requesting cash back. Here is the information:

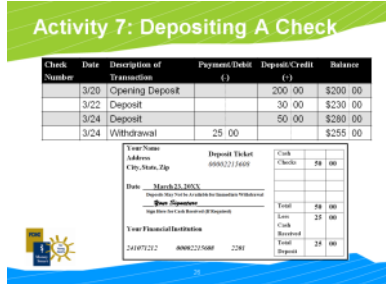
- Date: 3/24/20XX
- Check Number: 104
- Description of Transaction: Deposit
- Deposit/Credit (+): \$50.00
- Less Cash Received: \$25.00

Slide 25: Activity 7

Refer students to Activity 7:

Walk around the room to answer questions, and check to make

Depositing a Check on page 22 in their Participant Guide.



sure that the students are filling in the deposit slip correctly.

Your Name	Deposit Ticket	
Address	00002215608	
City, State, Zip		
Date	<u>March 24, 20XX</u>	
Deposits May Not be Available for Immediate Withdrawal		
<i>Your Signature</i>		
Sign Here for Cash Received (If Required)		
Your Financial Institution		
241071212	00002215608	2201

Cash		
104	50	00
Or total from reverse		
Total	50	00
Less Cash Received	25	00
Total Deposit	25	00

How much is the net deposit?

Answer: \$25.00

What else should you do when you make a deposit?

Answer: Record it in the check register.

Every deposit should be recorded in your check register. When you deposit a check and receive cash back, you can record it one of two ways. You can enter it as two entries or as one entry. For instance:

Separate Entries	Single Entry
<ul style="list-style-type: none"> • Date: March 24, 20XX • Check Number: 104 • Deposit/Credit (+): \$50.00 • New Balance: \$280.00 <p>AND</p> <ul style="list-style-type: none"> • Date: March 24, 20XX • Check Number: 104 • Payment/Debit (-): 	<ul style="list-style-type: none"> • Date: March 24, 20XX • Check Number: 104 • Deposit/Credit (+): \$50.00 • Payment/Debit (-): \$25.00 • New Balance: \$255.00

\$25.00	
<ul style="list-style-type: none"> • New Balance: \$255.00 	

Walk around the room to answer questions and check to make sure that they are filling in the deposit slip correctly.

Check Number	Date	Description of Transaction	Payment/Debit (-)	Deposit/Credit (+)	Balance
	3/20	Opening Deposit		200 00	\$200 00
	3/22	Deposit		30 00	\$230 00
104	3/24	Deposit	25 00	50 00	\$255 00

Mail Deposits

- Include a deposit slip with the check
- NEVER send cash through the mail




Slide 27: Mail Deposits

Deposit by Mail

You can deposit your checks by mailing the checks and a deposit slip to your bank; however, you should never send cash through the mail.

Direct Deposit

- Occurs when your employer or a government agency deposits your paycheck or benefits into your checking account electronically




Slide 28: Direct Deposit

Direct Deposit

Direct deposit occurs when your employer or a government agency deposits your paycheck or benefits into your checking account electronically:

- You may still receive a paper check statement (e.g., distributed at work or mailed to your home) from your employer or the government agency, or the statement may be emailed to you.
- The money is immediately available when your bank or credit union opens.
- Some banks will not charge monthly fees if direct deposit is used.

With direct deposit:

- You have one less thing to worry about because it is the

safest way for you to receive your money.

- You can avoid the inconvenience and/or expense of depositing or cashing a check.
- You have an easier and more convenient way to access your money.
- You can take control over your money and your time because it is predictable and dependable.

Not all employers offer direct deposit; ask your employer what options are available to you.

Finally, always remember to record the amount deposited in your check register.

ATM

An ATM generally allows you to make deposits and withdrawals 24 hours a day, 7 days a week. You can also use an ATM to check your account balance and transfer money between savings and checking accounts. In order to use an ATM, you must have a Personal Identification Number (PIN).



Slide 29: ATM Deposits

A Note About PINs

PINs are a “secret code,” usually 4 digits, which you enter with the keypad on the ATM when you first insert your card into the machine. You should never tell anyone your PIN or write it down where you keep your ATM/debit card. Otherwise, someone may use your PIN and take all the money from your account.

If someone uses your card without your permission, federal law protects you. However, to be fully protected and to minimize your losses, report lost or stolen ATM/debit cards and/or unauthorized charges to your bank immediately.

On an ATM you will find the following parts:

- The ATM screen, which will prompt you through the transaction.

- B. The slot where you insert the ATM card.
- C. The ATM keypad, which you use to respond to the prompts.
- D. The slot where the money comes out or is dispensed.
- E. The slot where you insert deposits.



Not all ATMs look exactly like this one. Banks display instructions on their ATMs so you will know how to use them. If you need help using the ATM at your bank, ask for assistance when you open your account.

ATM Deposits

You can use your ATM or debit card to deposit checks or cash at many of your bank's ATMs. With some ATMs, you deposit checks and cash directly into the ATM. Others require you to put your deposit into a deposit envelope provided in a tray or box near the ATM.

Be sure to fill in the information listed on the envelope if your bank requests it. This information may include your name, phone number, account number, and deposit amount.

Include a deposit slip in the envelope and insert the envelope into the ATM when it prompts you to do so.

Always remember to get a receipt so you have proof that you made the deposit.

Do not forget to take your ATM card if the ATM returns it at the end of a transaction! The ATM may retrieve it within several minutes if you do not take it. However, if someone is behind you they may be able to get your card and use it

fraudulently. If you experience problems with the machine or forget to take your ATM card, contact your bank as soon as possible.



What questions do you have about adding money to your checking account?

25 minutes Taking Money Out of Your Checking Account

Taking Money Out of Your Checking Account

- Write a check
- Use the teller service and a withdrawal slip
- Use an ATM

We are going to talk about three ways you can take money out of your checking account:

- Write a check
- Use the teller service and a withdrawal slip
- Use an ATM

Slide 30: Taking Money Out of Your Checking Account

Steps to Writing a Check

1. Make sure you have enough money in your account
2. Complete the blank spaces on the check
3. Record the transaction in your check register

Steps to Writing a Check

A check is a written contract between you and your bank. When you write a check, you are asking the bank to take money from your account and give it to someone else.

There are three steps you need to take to write a check:

1. Make sure you have enough money in your account.
2. Complete the blank spaces on the check.
3. Record the transaction in your check register.

Slide 31: Steps to Writing a Check



Step 1: Make Sure You Have Enough Money in Your Checking Account

How do you know if you have enough money in your account?

Answer: Look in the balance column of your check register.

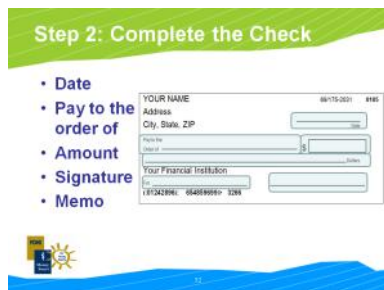
It is important to remember to record in your check register every time you make a deposit and withdrawal. When you do this, you can be sure that the amount in the balance column accurately reflects what you have in your account. If you regularly use a debit card, you can review your online statements to ensure your balance is accurate.

Some merchants use a system that allows your paper check to clear immediately, just as if you used your debit card. This helps prevent people from writing checks when they do not really have the money to pay for their purchases.

Step 2: Complete the Blank Spaces on the Check

To write a check, you must fill in:

- 1. The date.** Be sure to write the complete date; including the month, day, and year (e.g., February 26, 20XX).
- 2. Pay to the order of.** This is where you 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 of the space. This prevents anyone from adding an additional name on your check.
- 3. The dollar amount of the check in numbers** (e.g., \$19.75).
- 4. The dollar amount of the check in words** (e.g., Nineteen and 75/100). 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. The memo section.** Writing in this area is optional. You can use it to remind yourself of the reason you wrote the check, or to record the account number of the bill you are paying.
- 6. The signature line.** Sign your name here.



Slide 32: Step 2: Complete the Check

Click the space bar, right arrow, or mouse to display each area on the check.

YOUR NAME	69/175-2031	0105
Address		
City, State, ZIP	Date	
Pay to the Order of	\$	<input type="text"/>
Dollars		
Your Financial Institution		
For		
i:01242896i: 654859699 • 3266		



Activity 8: Writing A Check

Complete Activity 8 in your Participant Guide
– Practice filling out a check



Slide 33: Activity 8

Refer students to Activity 8: Writing a Check on page 23 in their Participant Guide.

Activity 8: Writing A Check

YOUR NAME	69/175-2031	0105
Address		
City, State, ZIP	02/26/20XX	
Pay to the Order of	\$	19.75
Nineteen Dollars and 75/100		
Your Financial Institution		
For <u>shirt</u>		
i:01242896i: 654859699 • 3266		



Slide 34: Activity 8

Show the correct entries.

Activity 8: Writing a Check

Direct students to Activity 8: Writing a Check.

Now we are going to practice writing a check. Turn to Activity 8 on page 23 of your Participant Guide. On March 26, 20XX [choose your current year], you decide you want to buy a shirt from a store called BestTees. The shirt costs \$19.75 including tax.

Look at your practice register. Do you have enough money in your checking account? *Answer: Yes.*

Fill in the check to BestTees for the shirt.

Walk around the room to answer questions, and check to make sure that they are filling in the check correctly.

YOUR NAME	69/175-2031	0105
Address		
City, State, ZIP	3/26/20XX	
Pay to the Order of	\$	19.75
Nineteen and 75/100		
Your Financial Institution		
For <u>shirt</u>		
Your Signature		
i:01242896i: 654859699 • 3266		

Step 3: Record the Transaction in your Check Register

Step 3: Record the Transaction

Check Number	Date	Description of Transaction	Payment/Debit (-)	Deposit/Credit (+)	Balance
	3/20	Opening Deposit		200 00	\$200 00
	3/22	Deposit		30 00	\$230 00
	3/24	Deposit		50 00	\$280 00
	3/24	Withdrawal	25 00		\$255 00
105	3/26	BestTees	19 75		\$235 25



Slide 35: Step 3: Record the Transaction

Now we will record your check in your practice check register. You already know how to fill in the date, description, and amount of the check.

- Date: 3/26/20XX
- Check Number: 105
- Description of Transaction: BestTees
- Payment/Debit (-) \$19.75

Walk around the room to see that students have filled in the check register correctly. Correct mistakes and answer questions.

Check Number	Date	Description of Transaction	Payment/Debit (-)	Deposit/Credit (+)	Balance
	3/20	Opening Deposit		200 00	\$200 00
	3/22	Deposit		30 00	\$230 00
104	3/24	Deposit	25 00	50 00	\$255 00
105	3/26	BestTees	19 75		\$235 25

What is the amount left in your checking account after subtracting the \$19.75 check from the balance? *Answer:* \$235.25. Record the balance in your check register.

You can also use a check to get cash out of your account at your bank.

- Write “Cash” or your name in the “Pay to the Order of” area on your check, and then present it to a teller at your bank.
- Do not write a check for “Cash” until you are in the bank. If you write it before then and you happen to lose it on the way, anyone can cash the check.
- As with writing any other check, remember to record the withdrawal in your check register.



What questions do you have about how to write a check and record it in your check register?

Check Overdrafts

- You will be charged overdraft or non-sufficient funds (NSF) fees when you write a check without having enough money in your account to cover it
- Knowingly writing a bad check is a crime



Slide 36: Check Overdrafts

Check Overdrafts: “Bad Checks” and “Bounced Checks”

If you write a check without enough money in your account to cover the check, and the bank returns the check unpaid, it is known as writing a bad check or bouncing a check.

Stores likely will charge a fee when you write them a check without having enough money in your account to cover it. The fee charged is usually posted near the cashier. As we saw earlier, your bank would likely also charge you a NSF fee. Knowingly writing a bad check, or doing so with fraudulent intent, is a crime in every state. Each state has different civil and criminal penalties (e.g., fines and jail time). For this reason, if you ever do mistakenly write a bad check, you should correct it as soon as possible.

If you repeatedly overdraw your account, your bank might close your account and report negative checking account activity to an account verification company (e.g., ChexSystems or TeleCheck). This can make it difficult to cash or write checks and open bank accounts in the future.

What should you do if a bank turns you away as a customer because of an unfavorable report about your bank account?

- Ask the bank for the name, address, and phone number of the company that furnished the report.
- Request a free copy of the report and look for and correct any incorrect or missing information.

If your bank was the source of an error in the report, the bank must contact the agency and have the record corrected.

If you dispute the matter in writing, and the check reporting company does not change the record to your satisfaction, you are entitled to add a written statement to your report. If you have a concern with a bank or a check reporting service, contact the appropriate federal regulator or, in the case of check reporting services, the Federal Trade Commission (FTC).

An overdraft coverage program may help you avoid “bouncing a check” or having a transaction rejected in case you accidentally spend more money than you have in your account.

Opt-In Rule from Some ATM/Debit Card Transactions

The bank will ask you how to handle certain overdrafts generated by:

1. ATM withdrawals
2. One-time debit card transactions at store point-of-sale (POS) terminals.

Sample Opt-In Notice

If you also want us to authorize and pay overdrafts on ATM and everyday debit card transactions, call (telephone number), visit (web site), or complete the form below and (present it at a branch/mail it to: _____)

I do not want (Institution Name) to authorize and pay overdrafts on my ATM and everyday debit card transactions.

I want (Institution Name) to authorize and pay overdrafts on my ATM and everyday debit card transactions.

Printed Name: _____

Date: _____

(Account Number) _____

Slide 37: Sample Opt-In Notice

If you opt-in to a bank’s overdraft program, the bank can charge you a fee—perhaps \$30.00 or more—to process POS or ATM transactions that exceed your account balance. Then, overdrafts and the fee will be deducted immediately, in full, from your next deposit. These deductions will lower your account balance and may increase the risk of more overdrafts.

If you do not opt in, the bank will decline your ATM withdrawals and debit card transactions at POS terminals if you do not have enough money in your account to cover the transaction. You will not be charged any fees.

Remember, the opt-in rule only applies to ATM and certain debit card transactions. So, even if you do not opt-in to overdraft coverage for certain ATM/POS transactions, the bank may still charge you overdraft fees for other types of transactions (e.g., checks or bills you automatically pay through your debit card every month).

Bank Overdraft Programs

• **They may include:**

- Linking your checking account to your savings account
- Linking your savings account to a line of credit
- Enrolling in an overdraft program



Slide 38: Bank Overdraft Programs

Bank Overdraft Programs

If you decide to opt-into an overdraft program, learn about the options you have. They may include:

- Linking your checking account to your savings account so the overdrawn amount is taken from your savings account. Essentially, you are borrowing from yourself so you do not have to pay interest or high overdraft fees. You may have to pay a small funds transfer fee. Remember, if you use money from your savings account to pay everyday expenses, be sure to repay your savings account.
- Linking your savings account to a line of credit. Similar to a loan or credit card, you will pay interest on any balance you carry. You may also be charged an annual fee. The sooner you pay off the money you borrow, the less you will pay in interest. Still, this option may be less expensive than traditional fee-based overdraft options.
- Enrolling in an overdraft program. With these programs you either pay a monthly fee or a per-item charge (which could be \$35.00 or more per item). Fees can add up very quickly. If you use these repeatedly they can become a very expensive form of credit. Also, with many of these programs, the bank does not guarantee you that it will cover any or all overdrafts.

Be careful and do not regularly rely on overdraft programs. These can be costly.



Example Overdraft Scenario

Lisa has a checking account and opted into her bank's standard fee-based overdraft program. One day she went shopping and her purchases totaled \$150.00. She did not realize that she only had \$125.00 in her checking account before she went shopping. Lisa checked her account balance online when she got home and realized she had overdrawn her account and was charged a

\$30.00 overdraft fee.

How much did Lisa overdraw her account? *Answer: \$55.00*
($\$25.00 + \30.00).

Lisa works part time after school. When she receives her next paycheck for \$155.00, what will her new balance be? *Answer: \$100.00*. She has to subtract the amount she is overdrawn and the overdraft fee from the amount of the deposit ($\$155.00 - \55.00).

Hopefully you will not overdraw your account; but if this occurs, remember that the amount you deposit will be reduced by the amount you have overdrawn. Be sure to account for that when you reconcile your check register.



What questions do you have about overdrafts and overdraft fees?

All financial institutions must now disclose on your monthly bank statement the total dollar amount of all overdraft and NSF fees charged to your account. Your monthly statement must include separate total amounts of fees for the statement period and the calendar year to date. This can help you see if you are having a problem with overdrafts.

Now that you know what they are and how costly they can be, we will recap how you can avoid overdrafts and overdraft fees.



Avoiding Overdraft Fees

Overdraft fees can be very costly and add up quickly. What can you do to avoid overdraft fees?

Answers:

Good account management is the best way to protect your hard-earned money. You can do this by:

- *Keeping track of how much money you have in your*

checking account by keeping your check register up to date

- *Paying special attention to track your electronic transactions (ATM, debit card, and online transactions)*
- *Remembering to record automatic bill payments and checks you write*
- *Reviewing your account statements each month and reconciling them with your check register*
- *Seeing if you can get email or cell phone alerts from your bank when your balance is running low*
- *Keeping extra funds in your account as a cushion.*

Sometimes mistakes happen. If you do overdraw your account, deposit money into the account as soon as possible to cover the overdraft amount, plus any fees and charges from your bank. Keeping extra funds in your account will provide a cushion for future purchases or withdrawals and it helps you avoid more fees.

Now that we have discussed how important it is to track your account balance, let us go back to talking about withdrawals.

Use the Teller Service and a Withdrawal Slip


Your bank may only require you to sign a receipt the teller prints when completing a withdrawal. If your bank provides or requires you to use a withdrawal slip, you may need to fill in:

- The date
- Your name, if not preprinted
- Account number and account type (e.g., checking or savings), if not preprinted
- The amount you wish to withdraw
- Your signature

Earlier, you completed a deposit slip in order to receive cash back. This would be another option for withdrawing money from your account.

Other Ways to Withdraw Money

- Use the teller service and a withdrawal slip
- Use an ATM
 - If using another bank's ATM, be aware of the fees your bank and the other bank charge.

Slide 39: Other Ways to Withdraw Money

Use an ATM

You can withdraw money from an ATM using your ATM or debit card. Follow the ATM prompts to insert your card, enter your PIN, and the amount of money you want to withdraw.

A Note About ATM Fees

You may need to monitor your ATM transactions, especially if you are limited to a certain number of transactions before being charged a monthly fee.

Be aware of the fees your bank charges for using another bank's ATM—in addition to the fee the other institution may impose. For example, if you withdraw \$20.00 from another bank, your bank may charge you up to \$3.00 for using another bank's ATM, and the other bank may charge you a \$3.00 fee. That means you will be withdrawing \$20.00 and paying \$6.00 in fees, which is equivalent to a fee of 30 percent!

Also, be careful not to overdraw your account, as you may incur overdraft/NSF fees. Remember to record all ATM transactions and fees in your check register to avoid overdrawing your account.



What questions do you have about taking money out of your checking account?

20 minutes Using Electronic Banking

Electronic banking uses computers to move money to and from your bank account instead of checks and other paper transactions. Examples of electronic banking include:

- ATM transactions with use of an ATM or debit card
- Electronic bill pay
- Cell phone banking



Slide 40: Electronic Banking

Most banks provide electronic banking services with which you can access your bank account from a computer or cell phone. Many provide these services for free while others may charge a fee. When you open your checking account, ask your bank what electronic, or online, services it provides. Common services include electronic or online:

- Statements and alerts
- Money transfers, deposits, and withdrawals
- Bill payment services
- Debit card replacement and check ordering
- Account maintenance and information
- Customer service via email or online chat

Internet commerce is fast and convenient, but as with the old-fashioned ways of doing business it pays to take the precautions discussed throughout this module.



Slide 41: ATM and Debit Cards

ATM and Debit Cards

In order to use an ATM, you need either an ATM card or a debit card. Let us look at how these two cards differ.

An ATM card allows you to use an ATM for transactions. In addition, some ATM cards can be used for POS transactions at merchants participating in the same network as your card. With an ATM or POS transaction, you can input your ATM card's PIN into a terminal at the time of transaction and funds are immediately withdrawn from your account.

A debit card generally features a Visa or MasterCard logo so you can make “debit” or “credit” purchases where these cards are accepted. A debit card performs all of the same functions as an ATM card (e.g. you can use ATMs to deposit or withdraw money and POS terminals at merchants). The difference is that debit cards allow you to pay for goods and services at more locations than an ATM card (e.g., grocery

stores, gas stations, or restaurants outside of your bank’s network and anywhere a VISA or MasterCard is accepted). When you make a “debit” purchase, you must enter your PIN. However, with a “credit” purchase you may only have to sign the merchant receipt (or POS terminal).

ATM/Debit Cards versus Credit Cards

Direct a discussion about the difference between ATM, debit, and credit cards. Start by asking students whether they understand what the difference is between credit cards and ATM/debit cards. Then refer them to the ATM/Debit Card versus Credit Cards table and point out anything that they did not mention.

Whenever you use your ATM or debit card, always ensure there is enough money in your account to avoid being overdrawn. Unlike credit cards, which allow you to make purchases now and pay for them later, ATM and debit cards deduct the amount from your checking account as soon as you make the purchase. If you do not have enough funds to cover the transaction, you can incur costly overdraft fees.

Here are some other differences between ATM, debit, and credit cards:

	ATM/Debit Cards	Credit Cards
Payments	<ul style="list-style-type: none"> • Buy now, pay now. 	<ul style="list-style-type: none"> • Buy now, pay later.
Interest Charges	<ul style="list-style-type: none"> • No charges apply as funds are automatically debited from your checking account. 	<ul style="list-style-type: none"> • Charges will apply if you carry a balance or your card offers no grace period (time to repay without incurring interest charges).
Fees	<ul style="list-style-type: none"> • Fees on certain transactions (e.g., an ATM fee charged for withdrawing funds from an ATM not operated by the financial institution that issued your card). 	<ul style="list-style-type: none"> • Fees and penalties can be imposed if payments are not timely. • Some cards also have annual fees. • Not all cards offer grace periods (time to repay without incurring interest charges).

	<ul style="list-style-type: none"> • Potentially costly fees if you try to spend more money than you have available in your account. 	
<p>Other Potential Benefits</p>	<ul style="list-style-type: none"> • Easier and faster than writing a check. • No risk of losing cash that you cannot replace. • Some cards may offer freebies or rebates. • As long as you do not overdraw your account, ATM and debit cards are a good way to pay for purchases without borrowing money and paying interest. 	<ul style="list-style-type: none"> • Freebies sometimes offered (e.g., cash rebates, bonus points, or travel deals). • You can withhold payment on charges in dispute. • Purchase protections offered by some cards for faulty goods. • If you are careful about how you manage your credit card, especially by paying your bill on time, your credit score may go up and you may qualify for lower interest rates on loans.
<p>Other Potential Concerns</p>	<ul style="list-style-type: none"> • Usually there are no protections against faulty goods and services. • You need another way to pay for unexpected emergencies (e.g., a car repair) if you do not have enough money in your bank account. 	<ul style="list-style-type: none"> • Over-spending can occur, since the credit limit may be higher than you can afford. • If you do not pay your card balance in full each month, or your card does not have an interest-free grace period, you will pay interest. This can be costly, especially if you only pay at or near the minimum amount due each month.

ATM and Debit Cards

- If your card is lost or stolen, notify your bank within 2 days.
 - Otherwise, you may be responsible for more than \$50.00 of the unauthorized purchases.
- **Temporary holds:**
 - May be placed on funds in your account
 - Could prevent you from buying other things



Slide 42: ATM and Debit Cards

Protection from Someone Else Using Your Card

If someone uses your card without your permission, federal law protects you. But the protection differs depending on whether you used your debit or credit card.

- If you used your credit card, you do not have to pay the disputed transaction while the company that issued the credit card is investigating the matter. Your liability for unauthorized transactions is generally capped at \$50.00, although sometimes the credit card company may waive your liability.
- With a debit card, the disputed transaction will have

already been withdrawn from your account. The financial institution will re-credit the amount in dispute (less \$50.00) to your account if it is unable to resolve the matter within 10 business days of your filing the complaint. If you do not notify your bank within 2 days of discovering the loss or other problem, you could potentially be responsible for more than \$50.00 of the unauthorized purchases.

It is absolutely critical that you let your financial institution know immediately if someone has used your ATM, debit, or credit card without your permission.

Temporary Holds

When you swipe a card for a purchase where the exact amount is not known, or when you put a deposit down on something (e.g., when renting sports equipment), a temporary hold is sometimes placed on funds in your account until the actual transaction posts to the account. The hold will likely be for an amount greater than you actually spend. This temporary hold could prevent you from buying other things, even if you do have the money available. Be sure to ask about the merchant's debit card hold policy.

For example, imagine you have \$200.00 in your checking account and you use your debit card to rent a jet ski while at a lake with some friends. If the rental company places a temporary hold on the funds in your account for the amount of \$150.00, you will only have \$50.00 available to use until the rental company posts the charges to your account or releases the hold.



Activity 9: Recording Cash and Debit Card Transactions

Direct students to record a \$40.00 cash withdrawal and a debit card purchase of a \$5.75 for a meal at a local sandwich shop in their practice register (Activity 5).

Activity 9: Recording Cash & Debit Card Transactions

Complete Activity 9 in your Participant Guide


- Record a \$40.00 cash withdrawal and a debit card purchase for \$5.75 in your practice register



Slide 43: Activity 9
 Refer students to their practice register found in Activity 9 on page 29 in their Participant Guide.

Activity 9: Recording Cash & Debit Card Transactions

Check Number	Date	Description of Transaction	Payment/Debit (-)	Deposit/Credit (+)	Balance
	3/20	Opening Deposit		200 00	\$200 00
	3/22	Deposit		30 00	\$230 00
	3/24	Deposit		50 00	\$280 00
	3/24	Withdrawal	25 00		\$255 00
105	3/26	BestTees	19 75		\$235 25
	3/28	ATM withdrawal	40 00		\$195 25
	3/28	Lunch	5 25		\$190 00



Slide 44: Activity 9
 Show the correct entries.

Now we will record a \$40.00 ATM withdrawal and a purchase you made using your debit card to buy lunch at a local sandwich shop on March 28th. Record these transactions in your practice check register. Here is the information we are going to record:

- Date: 3/28/20XX
- Description of Transaction: ATM withdrawal
- Payment/debit (-): \$40.00

- Date: 3/28/20XX
- Description of Transaction: Lunch
- Payment/debit (-): \$5.25

Check Number	Date	Description of Transaction	Payment/Debit (-)	Deposit/Credit (+)	Balance
	3/20	Opening Deposit		200 00	\$200 00
	3/22	Deposit		30 00	\$230 00
104	3/24	Deposit	25 00	50 00	\$255 00
105	3/26	BestTees	19 75		\$235 25
	3/28	ATM withdrawal	40 00		\$195 25
	3/28	Lunch	5 25		\$190 00

What is your balance now? *Answer: \$190.00.*

Electronic Bill Pay

- Automatically pays your bills from your account
 - No postage
 - No late payments




Slide 45: Electronic Bill Pay

Electronic Bill Pay

Electronic bill pay is a service that automatically takes money from your account each month to pay your bills. With some accounts, you may be able to designate a date when your bills are paid electronically from your account each month. For example, if you have a monthly car insurance payment, you can sign up to have it deducted on a certain day each month.

Some benefits of electronic bill pay are:

- You do not have to pay for postage.

- For automatic payments, you also do not have to worry about late payments.

However, you should make sure you have enough money in your account to cover these bills, and you must remember to record the payments in your check register.

Cell Phone (Mobile) Banking

Depending on the services offered by your bank or credit union and your cell phone service provider, you may be able to complete the following banking transactions from your cell phone:

- Receive text message alerts when your account balance reaches a certain level, or when a certain transaction occurs
 - Check with your cell phone service provider regarding fees for sending and receiving text messages if they are not covered in your plan.
- Access your online bank account to check balances, pay bills, and transfer funds between accounts
- Locate your bank's closest ATMs
- Pay for purchases

As with a regular landline telephone, you can also call your bank to conduct many transactions (e.g., check your account balance, determine whether checks/transactions have cleared, and transfer money between accounts).

Safe Electronic Banking

The Internet makes it easy to shop for financial services and conduct banking transactions any day, any time. However, safe electronic banking involves making wise choices that will help you avoid costly surprises, scams, or identity theft. To bank safely online:

- Use a secure and encrypted connection to the Internet.
- Ignore (and delete or report) fraudulent emails asking



Slide 46: Cell Phone (Mobile) Banking



Refer students to page 30 of their Participant Guide.

you to send your account number, password, or any personal information via email; legitimate financial institutions do not ask for this information via email.

- Confirm that an online bank is legitimate (at www.fdic.gov).
- Monitor your bank account activity closely.
- Keep your information private.
- Contact your bank to find out more precautions you can take with the online and mobile banking services they offer.
- Use anti-virus software, keeping it updated to detect and block spyware and other malicious attacks, and use a “firewall” to stop hackers from accessing your computer.

25 minutes Keeping an Accurate Record of Your Checking Account



Slide 47: Steps to Keeping Accurate Account Records

Keeping an accurate record of your checking account activity is very important. It helps you know at all times the exact amount of money you have in your checking account.

To keep an accurate record, you need to:

- Record all transactions in your check register.
- Record maintenance fees, interest, and other bank charges.
- Review the monthly checking account statement.
- Reconcile your check register with your monthly checking account statement.

Record All Transactions

We have been very careful to record deposits and withdrawals in the practice check register. You should be just as careful with *your* check register. You should keep all receipts so you can record the transactions.

ATM Receipts

- Printed receipts may include:
 - Transaction amount
 - Any extra fees charged
 - Transaction date and time
 - Transaction type
 - Account or card code and available balance
 - ATM location, ID, or code
 - Bank or merchant name

TOTAL	\$200.00
TERMINAL FEE	\$1.00
DATE	01/28/12
TIME	16:52
TRANSACTION	WITHDRAWAL CHECKING
WITHDRAWAL CHECKING	*****5355
CARD NUMBER	*****5355
AVAILABLE	\$1039.54
99 E. RIVER RD	
CITY	SI
YOUR FINANCIAL	
INSTITUTION	

Slide 48: Printed Receipts

Printed Receipts

You should get a receipt when you use a debit card to buy goods or perform electronic banking transactions. If the merchant cannot give you a receipt, or if you forget to get a receipt, write down the amount so you can record and track the expense later. Remember that all purchases, even small ones, add up. If you lose track of what you have taken out of your account, you can overdraw your account and the bank will charge you the overdraft fee. This can be expensive and wasteful. If it results in checks “bouncing,” you can ruin your reputation and relationships with the people to whom you wrote the checks.

When using an ATM, make it a practice to always get a receipt. Printed ATM receipts usually include:

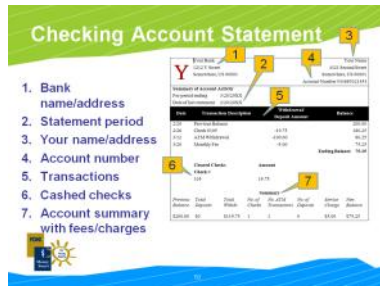
- The amount of the transaction
- Any extra fees charged
- The date of the transaction
- The type of transaction (e.g., deposit or withdrawal)
- A code for your account or ATM card and the available balance
- The ATM location or an ID code of the terminal used
- The name of the bank or merchant where you made the transaction



Record Interest and Maintenance Fees

With an interest-bearing checking account, you find out the interest you receive each month by reviewing the checking account statement the bank sends you. We will look at that statement in a minute.

- You will need to add this interest to your check register. A good time to do this is when you receive your statement.
- Record the interest in the “Deposit/Credit (+)” column of the check register.



Slide 49: Checking Account Statement

With a fee-based checking account, you can ask the bank the approximate date it will withdraw the monthly fee from your account and then record that fee in your check register.

Review Monthly Checking Account Statement

The bank will generally prepare a statement for your checking account once a month. The statement lists all of the transactions that occurred during the preceding month. These transactions include:

- Checks you wrote that have cleared (e.g., checks cashed or deposited by the person to whom you wrote the check)
- All withdrawals and deposits made
- Debit card purchases
- Any fees that the bank charges

The statement is generally mailed to you, unless you have chosen to receive electronic statements (i.e., by email or download from your online account). Be sure to review your statement as soon as you receive it, particularly to look for errors or transactions you did not make. If you notice something in error, or have other questions about your statement, be sure to contact your bank's customer service representative immediately.

The content, format, and layout of checking account statements vary from bank to bank. However, most checking account statements show:

1. Your bank's name and address
2. The time period covered by the statement
3. Your name and address
4. Your account number
5. A list of all transactions by date
6. A list of all cashed checks in numerical order by check number; some banks do not provide this
7. Statement summary, including fees and charges (if

any)

Y	Your Bank	1			3	Your Name	
	1212 Y Street					4321 Second Street	
	Somewhere, US 00001				4	Somewhere, US 00001	
						Account Number 543685321454	
Summary of Account Activity							
For period ending	3/20/20XX	2					
Date of last statement	2/20/20XX						
Date	Transaction Description		Withdrawal/ Deposit Amount		Balance		
2/20	Opening Balance				200.00		
2/26	Check #105	5	-19.75		180.25		
3/12	ATM Withdrawal		-100.00		80.25		
3/20	Monthly Fee		-5.00		75.25		
					Ending Balance	75.25	
6	Cleared Checks		Amount				
	Check #						
	105			19.75			
				Summary	7		
<i>Previous Balance</i>	<i>Total Deposits</i>	<i>Total Withdr.</i>	<i>No. of Checks</i>	<i>No. ATM Transactions</i>	<i>No. of Deposits</i>	<i>Service Charge</i>	<i>New Balance</i>
\$200.00	\$0	\$119.75	1	1	0	\$5.00	\$75.25



How to Reconcile Your Checking Account

We have been balancing our check registers throughout this exercise. As you have already seen, balancing means keeping your check register up to date by recording all transactions so you always know how much money is in your account.

When you receive your monthly checking account statement, there may be a difference between the statement balance and your check register balance. These differences often occur because:

Reconciling Your Checking Account

- **Balancing:** Keeping your checkbook register up to date and maintaining totals
- **Reconciling:** Finding and correcting any differences between the statement balance and your check register balance




Slide 50: Reconciling Your Checking Account

- You did not record fees and interest in your register.
- You forgot to record some transactions on the bank statement in your check register.
- Some transactions in your check register were made too late to be recorded on the bank statement.

Reconciling your checking account helps you find the reasons for the differences. Many people reconcile their accounts using a software application. In order for you to understand the process of reconciliation, we are going to use a paper process.



Activity 10: Reconciling Your Account

Turn to Activity 10 in your Participant Guide

- Complete Parts 1 and 2
- Use the sample statement and check register and the checking account reconciliation form



Slide 51: Activity 10 Refer students to Activity 10: Reconciling Your Account on page 33 in their Participant Guide.

Activity 10: Reconciling Your Account

Instructor note: There are two ways to teach this section, depending on the sophistication of your students. You may give them an overview of how to reconcile an account using the information in Activity 10 and then let them work independently, or you may walk students through each step as described here.

Part 1

Whenever you reconcile your check register, you must compare it with your monthly checking account statement. A sample statement and check register can be found on page 34 of your Participant Guide.

What is the checking account statement balance (see “New Balance” or “Ending Balance” on the statement)?

Answer: \$210.00.

Does this balance match the balance on your practice check register? *Answer: No.*

To reconcile the two balances and find out why they are different:

1. Compare your check register with the monthly

statement. Put a small check mark (✓) beside each item in your check register that matches an item on your statement.

- Are there any items that are listed on the monthly account statement that do not appear on the check register? If so, which one(s)?

Answer: Yes. The \$5.00 monthly fee is missing on the check register.

- Add the missing transactions to the check register below the last transaction.
- Calculate the balance by adding deposits or subtracting withdrawals from the previous check register balance.
- What is the new balance in the check register?

Answer: \$185.00.

- Does this match the checking account statement balance? *Answer: No. We must continue to Part 2 to reconcile the account statement and check register.*

Checking Account Monthly Statement

Y	Your Bank	Your Name
	1212 Y Street Somewhere, US 00001	4321 Second Street Somewhere, US 00001 Account Number 543685321454
Summary of Account Activity		
For period ending 3/31/20XX		
Date	Transaction Description	Withdrawal/ Deposit Amount
3/20	Opening Balance	200.00
3/22	Deposit	30.00
3/24	Deposit	50.00
3/24	Withdrawal	-25.00
3/28	ATM Withdrawal	-40.00
3/28	Monthly Fee	-5.00
		210.00

							Ending Balance 210.00
Cleared Checks		Amount					
Check #							
105		19.75					
Summary							
<i>Previous Balance</i>	<i>Total Deposits</i>	<i>Total Withdr.</i>	<i>No. of Checks</i>	<i>No. ATM Transactions</i>	<i>No. of Deposits</i>	<i>Service Charge</i>	<i>New Balance</i>
\$200.00	\$80	\$65	0	1	2	\$5.00	\$210.00

Check Register

Check Number	Date	Description of Transaction	Payment/Debit (-)		Deposit/Credit (+)		Balance	
	3/20	Opening Deposit			200	00✓	\$200	00
	3/22	Deposit			30	00✓	\$230	00
104	3/24	Deposit	25	00✓	50	00✓	\$255	00
105	3/26	BestTees	19	75			\$235	25
	3/28	ATM withdrawal	40	00✓			\$195	25
	3/28	Lunch	5	25			\$190	00
	3/28	Monthly fee	5	00			\$185	00

Activity 10: Reconciling Your Account

Step 2 List and total all outstanding deposits		Step 3 List and total all outstanding withdrawals or debits	
Date	Amount	Date	Amount
		3/26/20XX	\$19.75
		3/28/20XX	\$5.25
Total		Total	\$25.00

Activity 3: Checking Account Reconciliation Form

Step 4	
Account balance	\$210.00
Add deposits outstanding (Step 2)	0
Total	\$210.00
Subtract withdrawals outstanding (Step 3)	\$25.00
Balance	\$185.00

*This balance should agree with the balance in your check register.

Slide 52-53
Showing the correct entries.

Part 2

In this activity, you will use a checking account reconciliation form to reconcile your check register with your monthly account statement. If your bank includes a checking account reconciliation form and instructions on the back of the monthly statement, you can use this to reconcile your account.

Step 1: We have already compared the check register with the monthly statement, and placed a small check mark (✓) beside each transaction listed on the monthly statement.

Step 2: Are there any deposits listed in your check register that are not recorded on your account statement? If so, list and total these deposits. *Answer: Yes. The check for \$19.75 and the lunch transaction for \$5.25. This is likely because they*

were not processed prior to the printing of this statement. The total is \$25.00.

Step 3: Are there any withdrawals listed in your check register that are not recorded on your account statement? If so, list and total these withdrawals or debits. *Answer: No.*

Note: if there are outstanding deposits and withdrawals missing from your check register, you would add them to your check register like we did previously.

Step 4: Complete the reconciliation form.

- Enter the account balance listed on the monthly checking account statement. (\$210.00)
- Add the total of deposits outstanding from Step 2. (\$0.00)
- Calculate the total. (\$210.00)
- Subtract the total of withdrawals outstanding from Step 3. (\$25.00)
- Calculate the final total or balance. (\$185.00)

Does this equal the balance in your check register? *Answer: Yes.*

Good job reconciling the check register! Do you see why it is important to record your transactions regularly? You run the risk of overdrawing your account if you forget to record a withdrawal or debit, and think that you have more money in your account than you really do.



What questions do you have about how we reconciled our checking account?

How to Report Errors, Change Your Address, and Close

Correcting Errors

- Call, write, or visit your bank as soon as you find an error on your bank statement
- Follow up with a letter detailing the error

**Slide 54: Correcting Errors****Your Account**

If you find errors on your bank statement, contact your bank to have the error corrected. It is generally a good idea to immediately call or visit the bank to report the error, and then follow up by writing a letter. Keep a copy of the letter for your records. The letter should include:

- Your name
- Your account number
- An explanation and dollar amount of the error
- The date the error occurred
- Any conversations (and the outcomes) with bank personnel regarding this error

If your address changes, you can complete and return the “change of address” form on the back of your checking account statement. You can also call or visit your bank to change your address.

If you decide to close your checking account, make sure that all of the checks you have written have been cashed.

**Final Words**

Managing your checking account and your finances wisely means taking responsibility for your money. Always be sure to:

- Get all of the information you need from the bank before opening an account, and do not hesitate to shop around for a better account even after you open your account.
- Record all of your transactions in your check register, including electronic ones—debit, automatic payments, and ATM withdrawals—to keep good track of your money.
- Reconcile your account regularly so you always know your balance.



Module Summary

Share or have students read the comic strip on slide 55 or page 38 of their Participant Guide.

Jasmine and Grace have learned many things about opening and maintaining a checking account. What have you learned about checking accounts from this module?

Have students complete the Knowledge Check beginning on page 39 of their Participant Guide to see what they have learned.

What final questions do you have?

Congratulations! You have completed the *Check It Out* module. We have covered a lot of information about opening and maintaining a checking account.

You learned about:

- Benefits of having a checking account
- Types of checking accounts available
- Opening a checking account
- Writing checks
- Overdraft protection programs
- Using ATM and debit cards
- Making deposits and withdrawals



Module Summary



Slide 55: Module Summary

Module Summary

Congratulations! You learned about:

- Benefits of having a checking account
- Types of checking accounts available
- Opening a checking account
- Writing checks
- Overdraft protection programs
- Using ATM and debit cards
- Making deposits and withdrawals
- Electronic banking
- Keeping accurate records
- Reconciling an account



Slide 56: Module Summary

Review what was covered in the module and student expectations listed at the beginning to make sure all student questions have been answered.

- Electronic banking
- Keeping accurate records
- Reconciling an account

Remember, using your checking account wisely can provide greater convenience, better money management, and safety; and is less expensive than using check-cashing services.



Knowledge Check

1. Which of these is a benefit of having a checking account? Select all that apply.
 - a. You can pay for things over time instead of all at once
 - b. **Better money management**
 - c. Lower taxes
 - d. **You can save money paying bills by check or online**
2. When you write a check and the check bounces, the bank will charge you a fee. What is the fee called?
 - a. ATM fee
 - b. Stop payment fee
 - c. Minimum balance fee
 - d. **Overdraft fee**
3. Which of the lists below is the MOST correct? To open a checking account, a person needs:
 - a. **Photo ID, SSN, and money to deposit**
 - b. Proof of residence, SSN, and photo ID
 - c. SSN, an excellent credit history, and a deposit
 - d. Photo ID, proof of residence, and a good credit history
4. Which of the following statements are is false?
 - a. The check register is a tool for you to keep track of your account balance
 - b. **If you make a mistake in your register and overdraw your account, the bank will not charge**

- you**
- c. You should enter all your withdrawals and deposits in your register
 - d. Checks that you have written that have not been cashed will not show up on your bank statement
5. Match the definition with the correct term.
Balancing: b
Reconciling: a
- a. Determining the difference between your checking account statement and checkbook register
 - b. Recording all transactions and maintaining totals so you always know how much money is in your account
6. Electronic banking allows you to use which of the following to conduct various banking transactions or services?
- a. Cell phones
 - b. Computers
 - c. ATM or debit cards
 - d. **All of the above**
7. If using an ATM to withdraw money, which of the following might you need to record in your check register?
- a. **Withdrawal amount**
 - b. Interest earned
 - c. **ATM fees, if applicable**
 - d. Monthly or annual account fees
8. You can use a debit card for which of the following?
- a. Purchases
 - b. Withdrawals
 - c. Money transfers
 - d. Deposits
 - e. **All of the above**

9. Mobile banking allows you to:
- Use your computer to complete banking transactions
 - Use your cell phone to access or receive account information**
 - Travel from bank to bank to complete transactions
 - Make purchases or payments with your cell phone**
10. Overdraft programs are:
- Free of charge to you at banks
 - Offered by banks in the event you overdraw your account**
 - Required by law for bank customers to purchase
 - An account feature that you must pay for only in months when you do not keep a minimum balance in your account
11. True or false? You do not need a checking account to have a debit or ATM card.
- True; debit and ATM cards always work like gift cards at a store—they already have preloaded funds
 - True; debit cards are like credit cards, and you can buy now and pay later
 - False; what you buy with a debit card or withdraw from the bank with an ATM card is taken directly from your checking account**
 - False; the funds are withdrawn from a checking account AND you must have a savings account
12. Which of the following are ways to add money to your checking account? Select all that apply.
- Direct deposit**
 - In-person or ATM deposit**
 - By mail**
 - At any merchant/store

13. What is the first thing you should do before withdrawing money from your checking account?
- Make sure you have enough money in your account**
 - Complete or fill out the check correctly
 - Record the transaction in your check register
 - Know your debit card PIN
14. Select all that apply. In comparing your check register with your bank statement you notice a discrepancy: you listed a deposit of \$30.00, and your bank lists the deposit as \$35.00. You should:
- Just make it \$35.00 in your check register
 - Call the bank**
 - Check your deposit receipt**
 - Add \$5.00 somewhere in your check register
15. When using an ATM:
- You can deposit or withdraw money into/from your checking or savings account
 - You can transfer money between your checking and savings account
 - You must have a PIN to deposit/withdraw money
 - All of the above**

Glossary

Automated Teller Machine (ATM): A computer terminal with which you can deposit cash and checks into your account or withdraw cash from your account 24 hours a day, 7 days a week.

Check: A written contract between you and your bank. When you write a check, you are asking the bank to take money from your account and give it to someone else.

Checking Account: An account that allows you to write checks to pay bills and buy goods. The financial institution will send you a monthly statement that lists the deposits, withdrawals, and purchases you made.

Check Register: A booklet to write down all of your deposits and withdrawals from your account, including fees and monthly charges.

Debit Card: A card that allows you to deposit cash into and withdraw money from your checking account at many Automated Teller Machines (ATMs) and make purchases at retail locations that accept credit cards (e.g., department stores or gas stations).

Deposit: A transaction in which money is added to your account (e.g., you deposit money, the bank pays you interest, or a check is direct deposited in to you account).

Deposit Slip: A slip used to let the teller know how much money you are depositing.

Direct Deposit: An electronic method for transferring and depositing money directly into your account.

Endorsement: The act of signing the back of a check so that you can deposit or cash it.

Electronic Banking: The use of computers to move money to and from your account instead of using checks and other paper transactions. Electronic banking includes debit card transactions, electronic bill pay, and Automated Teller Machine (ATM) transactions.

Electronic Bill Pay: A service that automatically takes money from your account to pay your bills.

Fees: The amount charged by financial institutions for account activities and services.

Fee Schedule: A bank document listing the fees you might be charged for certain account activities.

Interest: The extra money in your account that the bank pays you for keeping your money.

Reconciliation: The act of resolving the difference between the statement balance and your check register balance.

Signature Card: A form you complete and sign when you open an account indicating you are the account owner.

Substitute Check: An electronic image of your check that has the same standing as the actual check.

Transaction: A banking activity (e.g., depositing or withdrawing money, using your Automated Teller Machine (ATM) or debit card, or having checks direct-deposited into your account).

Withdrawal: The process of taking money from your bank account.

For Further Information

Federal Deposit Insurance Corporation (FDIC)

www.fdic.gov/consumer

1-877-ASK-FDIC (275-3342)

Visit the FDIC's website for additional information and resources on consumer issues. For example, every issue of the quarterly *FDIC Consumer News* provides practical hints and guidance on how to become a smarter, safer user of financial services. Also, the FDIC's Consumer Response Center is responsible for:

- Investigating all types of consumer complaints about FDIC-supervised institutions
- Responding to consumer inquiries about consumer laws and regulations and banking practices

U.S. Financial Literacy and Education Commission

www.mymoney.gov

1-888-My-Money (696-6639)

MyMoney.gov is the U.S. Government's website dedicated to teaching all Americans about financial education. Whether you are planning to buy a home, balance your checkbook, or invest in your 401k the resources on MyMoney.gov can help you. Throughout the site you will find important information from federal agencies.

Federal Consumer Information Center

www.pueblo.gsa.gov

1-800-688-9889

The Federal Consumer Information Center (FCIC) provides free online consumer information to help the public. The FCIC produces the Consumer Action Handbook, which is designed to help citizens find the best sources for assistance with their consumer problems and questions.