

FDIC

\$
Money
Smart



Check It Out

FDIC Money Smart for Young Adults



Building: Knowledge, Security, Confidence

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 money to and withdraw money from a checking account**
- **Reconcile a check register with a bank statement**

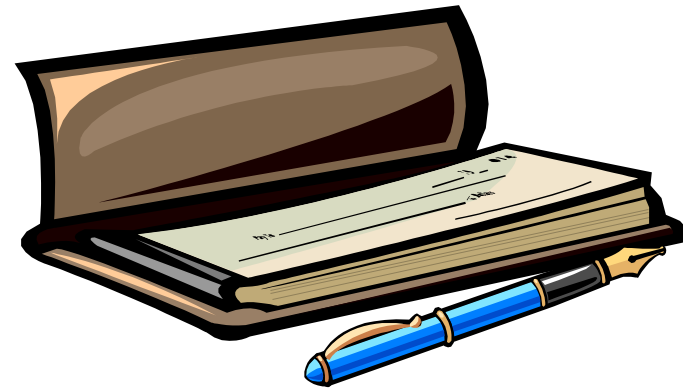


Cash versus Check?



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



Benefits of Checking Accounts

- **Convenience**
- **Cost**
- **Better money management**
- **Safety**



Activity 1: Comparing Costs

Complete Activity 1 in your Participant Guide

- Read the scenarios
- Answer the questions to compare costs
- Determine who saves more money



Better Money Management

- **Manage your money by recording your transactions**
- **Build a positive relationship with your bank**



Safety

- Keep your money in an insured financial institution
- Calculate the insurance coverage
 - www.myfdicinsurance.gov



A screenshot of the FDIC's Electronic Deposit Insurance Estimator (EDIE) website. The page has a green header with the FDIC logo and the slogan 'The more you know, the safer your money.' on the left, and 'EDIE The Estimator' on the right. Below the header is a navigation menu with links for 'HOME', 'EDIE THE ESTIMATOR', 'STEP-BY-STEP TUTORIAL', 'DEPOSIT INSURANCE FAQ', and 'CONTACT US'. The main content area is titled 'Welcome to the FDIC's Electronic Deposit Insurance Estimator (EDIE)'. It contains several paragraphs of text explaining the tool's purpose and how it works. There are two columns of text: one on the left titled 'EDIE can be used to calculate the insurance coverage of all types of deposit accounts offered by an FDIC-insured bank, including:' followed by a bulleted list of account types; and one on the right titled 'EDIE should NOT be used for investments, including:' followed by a bulleted list of investment types. In the center, there is an image of a stack of coins. At the bottom, there are two call-to-action buttons: 'VIEW TUTORIAL!' and 'USE EDIE NOW!'. The page also includes a 'Ready to go?' section with a 'USE EDIE NOW!' button and a note about 100% FDIC-insured deposits.

Types of Checking Accounts

- **Free/low-cost checking**
- **Electronic-only/ATM checking**
- **Regular checking**
- **Interest-bearing checking**



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



Fee Schedule

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



Activity 3: Understanding Bank Fees

Complete Activity 3 in your Participant Guide

- Use the Stars and Stripes fee schedule to answer the questions



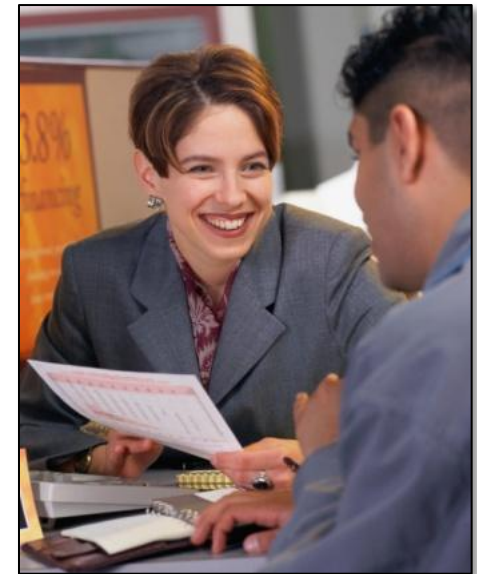
Opening a Checking Account

- **You will generally need:**
 - Photo Identification (ID)
 - Your Social Security number (SSN)
 - An opening deposit



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



Activity 4: Are You Ready for a Checking Account?

Complete Activity 4 in your Participant Guide

- Complete the questions



Using A Checking Account

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



Activity 5: Recording Transactions

Complete Activity 5 in your Participant Guide

- Record the opening deposit in your check register



Activity 5: Recording Transactions

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



Add Money to Your Checking Account

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



Sample Deposit Slip

DEPOSIT TICKET

Your Name
Your Address
Your Phone Number

DATE *3/22/20XX*

DEPOSITS MAY NOT BE AVAILABLE FOR IMMEDIATE WITHDRAWAL

SIGN HERE IF CASH RECEIVED FROM DEPOSIT

YOUR FINANCIAL INSTITUTION
YOUR CITY, STATE Zip Code

DO NOT USE FOR AUTOMATIC
PAYMENT OR CHECK
TRANSACTIONS

:00000000 : 00000 00000.:

CURRENCY
COIN
Check
OR TOTAL
FROM REVERSE
SUBTOTAL
LESS CASH
RECEIVED
NET
DEPOSIT



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



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	Deposit Ticket		Cash	30	00
Address	00002215607		Checks		
City, State, Zip					
Date <u>March 22, 20XX</u>					
Deposits May Not be Available for Immediate Withdrawal					
_____ Sign Here for Cash Received (If Required)			Total	30	00
Your Financial Institution			Less Cash Received		
241071212	00002215607	2201	Total Deposit	30	00



Endorsing a Check

For Deposit Only

Your Signature

DO NOT WRITE, STAMP OR SIGN BELOW THIS LINE
RESERVED FOR FINANCIAL INSTITUTION USE *



Sample Deposit Slip Front and Back

Your Name
Your Address
Your Phone Number

DEPOSIT TICKET

DATE _____
DEPOSITS MAY NOT BE AVAILABLE FOR IMMEDIATE WITHDRAWAL

_____ SIGN HERE IF CASH RECEIVED FROM DEPOSIT

YOUR FINANCIAL INSTITUTION
YOUR CITY, STATE Zip Code

DO NOT USE FOR AUTOMATIC
PAYMENT OR CHECK
TRANSACTIONS

:00000000 : 00000 00000.:

CURRENCY _____

COIN _____

Check _____

OR TOTAL FROM REVERSE _____

SUBTOTAL _____

LESS CASH RECEIVED _____

NET DEPOSIT _____

AUTOMATIC

Checks List singly	Dollars	Cents
1		
2		
3		
4		
5		
6		
7		
8		
9		
10		
11		
12		
13		
14		
15		
16		
TOTAL		

ENTER TOTAL ON THE FRONT OF THIS TICKET



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



Activity 7: Depositing A Check

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

Your Name

Address

City, State, Zip

Date March 23, 20XX

Deposits May Not be Available for Immediate Withdrawal

Your Signature

Sign Here for Cash Received (If Required)

Your Financial Institution

241071212

00002215608

2201

Deposit Ticket

00002215608

Cash		
Checks	50	00
Total	50	00
Less	25	00
Cash		
Received		
Total	25	00
Deposit		



Mail Deposits

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



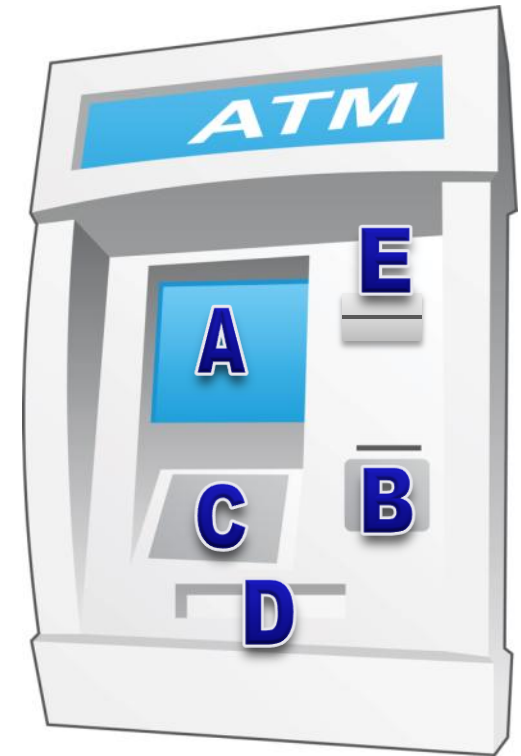
Direct Deposit

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



ATM Deposits

- **ATMs allow you to make deposits and withdrawals 24/7.**
- **ATM parts include:**
 - A. ATM screen
 - B. ATM card slot
 - C. ATM keypad
 - D. Money dispenser
 - E. Deposit slot



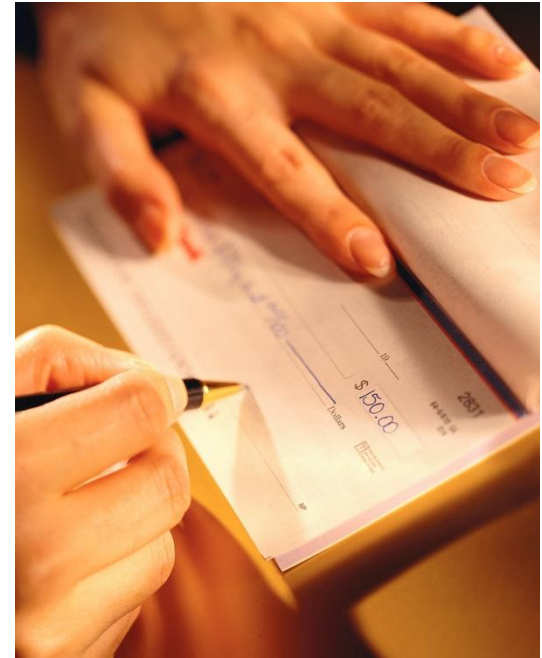
Taking Money Out of Your Checking Account

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



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**



Step 2: Complete the Check

- **Date**
- **Pay to the order of**
- **Amount**
- **Signature**
- **Memo**

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



Activity 8: Writing A Check

**Complete Activity 8 in your
Participant Guide**

- Practice filling out a check



Activity 8: Writing A Check

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



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



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



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]: _____]



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



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.



Electronic Banking

- **ATM transactions**
- **Electronic bill pay**
- **Cell phone banking**



ATM and Debit Cards

- **ATM cards can be used at:**
 - ATMs
 - Point of Sale (POS) terminals participating in the same network as your card
- **Debit cards can be used at:**
 - Anywhere the major payment system (e.g., VISA or MasterCard) is accepted



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



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



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



Electronic Bill Pay

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



Cell Phone (Mobile) Banking

- **Options may include:**
 - Text messaging with your financial institution
 - Accessing your online bank account from your cell phone
 - Instantly paying for purchases using your cell phone



Steps to Keeping Accurate Account Records

1. Record all transactions in your check register or budgeting software
2. Record maintenance fees, interest, and other bank charges
3. Review monthly checking account statements
4. Reconcile your check register with monthly checking account statements



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	TIME
01/24/12	16:52
TRANSACTION WITHDRAWAL CHECKING 92465135846	
CARD NUMBER *****5355 AVAILABLE \$1039.54	
99 E. RIVER RD CITY ST YOUR FINANCIAL INSTITUTION	



Checking Account Statement

1. Bank name/address
2. Statement period
3. Your name/address
4. Account number
5. Transactions
6. Cashed checks
7. Account summary with fees/charges

 Your Bank 1212 Y Street Somewhere, US 00001		Your Name 4321 Second Street Somewhere, US 00001 Account Number 543685321454					
Summary of Account Activity For period ending 3/20/20XX Date of last statement 2/20/20XX							
Date	Transaction Description	Withdrawal/ Deposit Amount	Balance				
2/20	Previous Balance		200.00				
2/26	Check #105	-19.75	180.25				
3/12	ATM Withdrawal	-100.00	80.25				
3/20	Monthly Fee	-5.00	75.25				
			Ending Balance 75.25				
Cleared Checks Check # 105		Amount 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	\$0	\$119.75	1	1	0	\$5.00	\$75.25



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



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



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.	



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**



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**

