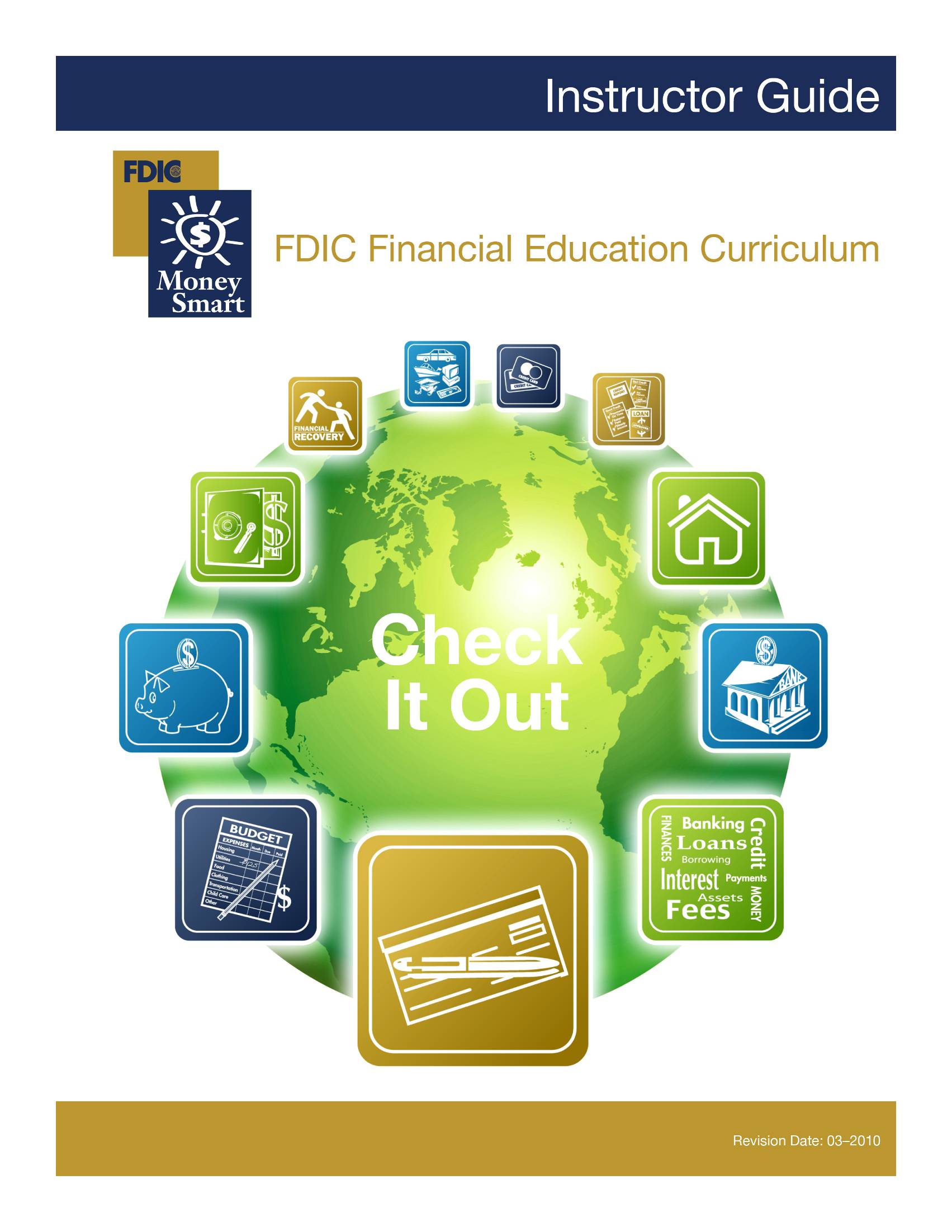
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# Getting Started

|  |  |
| --- | --- |
|  | Use this guide to help you teach this module in an informative, engaging, and effective manner.  You can customize the information in *Money Smart* to meet the needs of your audience. The layering tables on pages 4 and 5 can help you choose the most relevant module sections. However, it is usually a good idea to include: |

* **Introductions**. Allows you to “break the ice,” create active instructor-participant dialogue, and set the tone for the session.
* **Agenda and Ground Rules**. Helps participants understand the subject matter and how the class will be conducted.
* **Expectations**. Gives participants the opportunity to tell you what they expect and want to learn from the module.
* **Objectives**. Helps participants place the information to be learned in the proper context and ensures that the content is consistent with their expectations.
* **Explanation of Participant’s Guide Format and Contents**. Serves to keep participants on track with the instructor.
* **What Do You Know? Form and/or Pre-Test**.Helps you and participants determine what they already know or do not know so you can customize the presentation accordingly.
* **Module Content and Activities**. Helps participants to reinforce learning.
* **What Do You Know? Form and/or Post-Test**. Helps you and participants gauge how well they learned the content, what content to review, if any, and what additional materials participants may want to review on their own.

# Module 3: Check It Out Part 1 Layering Table

| **Please read the Layering Table Instructions in the Guide to Presenting Money Smart for Adults.** | | | | |
| --- | --- | --- | --- | --- |
| **Pages** | **Time**  **(Min.)** | **Topic** | **Subtopic & Activities** | **Target Audiences** |
| 8 | 5 | Checking In | * Introduction of instructor and materials | * Everyone |
| 10-11, 45 | 5 | Pre-Test and/or What Do You Know? |  | * Everyone |
| 12 | 5 | Introduction to Checking Accounts | * Discussion of personal experiences with checking accounts | * Those with or considering opening a checking account |
| 13-16 | 5 | Benefits of Checking Accounts | * Convenience, cost, better money management, safety * Activity 1: Comparing Costs | * Those with or considering opening a checking account |
| 17-25 | 20-30 | Finding the Right Checking Account | * Determining your checking account needs, types of checking accounts, choosing a checking account checklist, fee schedule, and overdraft fees * Activity 2: Checking Account Fees * Activity 3: Choosing the Right Checking Account | * Those considering opening a checking account or changing the type of account they have |
| 26-28 | 10 | Opening a Checking Account | * Opening and maintaining a checking account, documents needed to open a checking account, identity verification and checking history, check register | * Anyone who does not have a checking account or is considering opening one at a particular financial institution |
| 29-41 | 15 | Using Money in Your Checking Account | * Ways to deposit and withdraw money, steps to writing a check, check information, Automated Teller Machine (ATM) transactions * Activity 4: Filling Out a Deposit Slip * Activity 5: Check Deposit with Cash Back * Activity 6: Writing a Check | * Those with or considering opening a checking account |
| 42 | 5 | Wrap-Up |  | * Everyone |
| 43-45 | 5 | Post-Test and/or What Do You Know? |  | * Everyone |
| 75-76 | 5 | Evaluation Form |  | * Everyone |

Module 3: Check It Out Part 2 Layering Table

| **Please read the Layering Table Instructions in the Guide to Presenting Money Smart for Adults.** | | | | |
| --- | --- | --- | --- | --- |
| **Pages** | **Time**  **(Min.)** | **Topic** | **Subtopic & Activities** | **Target Audiences** |
| 8 | 5 | Checking In | * Introduction of instructor and materials | * Everyone |
| 48-49, 74 | 5 | Pre-Test and/or What Do You Know? |  | * Everyone |
| 50-54 | 15 | Using Electronic Banking | * Debit cards, automatic bill pay, ATM, how to withdraw money from the ATM, printed receipts, recording an ATM withdrawal in the check register, online banking, cell phone (mobile) banking | * Anyone with a checking account who has an ATM and/or debit card * Those with electronic/internet access to their bank account(s) |
| 55-70 | 20-30 | Accurately Recording Account Activity | * Sample checking account statement, keeping accurate records, recording transactions in a check register, reconciling your account, correcting errors, overdraft information * Activity 1 : Record Transactions in Your Check Register * Activity 2: Reconcile Your Check Register * Activity 3: Checking Account Reconciliation Form | * Anyone with a checking account or considering one |
| 71 | 5 | Wrap-Up |  | * Everyone |
| 72-74 | 5 | Post-Test and/or What Do You Know? |  | * Everyone |
| 75-76 | 5 | Evaluation Form |  | * Everyone |

# Icons Guide

The following icons may be used throughout the Instructor Guide to indicate activity type.

|  |  |  |  |
| --- | --- | --- | --- |
|  | **Presentation**  Present information or demonstrate an idea. |  | **Review**  Refer participants to and summarize material provided in the Participant Guide. |
|  | **Activity**  Guide participants through an activity to support their learning. |  | **Assessment**  Direct participants to take a short test. |
|  | **Discussion**  Facilitate a discussion about a topic as directed. |  | **Ask a Question**  Present a problem or question for discussion. |

Module Overview

**Purpose**

The *Check It Out* module will help participants learn how to open, use, and manage a checking account responsibly.

**Objectives**

**Part 1: Introduction to Checking Accounts**

After completing this part of the module, participants will be able to:

* State the benefits of using a checking account
* Determine which checking account is best for them
* Identify the steps involved in opening a checking account
* Add money to a checking account
* Withdraw money from a checking account
* Use an ATM

**Part 2: Using and Maintaining a Checking Account**

After completing this part of the module, participants will be able to:

* List four types of electronic banking services
* Explain how debit cards are linked to checking accounts
* Record fees and transactions in their check register
* Reconcile a check register with a bank statement
* Explain overdraft fees and how they affect their checking account
* Describe how to manage a checking account wisely

**Presentation Time**

Each topic has an approximate completion time listed in the *Check It Out* Layering Table. Use the suggested times to personalize the module based on your participants’ needs and the given time period. Allow extra time for activities and questions when teaching larger groups.

Part 1 may take at least 90 minutes to complete and Part 2 may take approximately 60 minutes. Therefore, you may want to divide the class into two sessions taught on different days if conducting all or portions of Parts 1 and 2.

**Materials and Equipment**

The materials and equipment needed to present all of the *FDIC Money Smart: A Financial Education Curriculum* modules are listed in the *Guide to Presenting the Money Smart Program*. Review the guide thoroughly before presenting this module.

**Module Activities**

**Part 1: Introduction to Checking Accounts**

* Activity 1: Comparing Costs
* Activity 2: Checking Account Fees
* Activity 3: Choosing the Right Checking Account
* Activity 4: Filling Out a Deposit Slip
* Activity 5: Check Deposit with Cash Back
* Activity 6: Writing a Check

**Part 2: Using and Maintaining a Checking Account**

* Activity 1 : Record Transactions in Your Check Register
* Activity 2: Reconcile Your Check Register
* Activity 3: Checking Account Reconciliation Form

| **Instructor Notes** | **Presentation** | | |
| --- | --- | --- | --- |
|  | Checking In | | |
| **5 minutes** | | **Welcome** | |
|  | Welcome to *Check It Out*! You are taking a step to building a better financial future for yourself and your family by learning how to manage a checking account responsibly. You will also discover that having a checking account is convenient and can save you money. | | |
|  | **Agenda and Ground Rules** | | |
| *Slide 2* | We will discuss concepts, do group and individual activities, and have time for your questions. There will be at least one 10-minute break during the class.  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! | | |
|  | | | **Introductions** |
| *Record participants’ expectations, questions, and concerns on chart paper. If there is anything you will not teach, tell participants 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.* | | | 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.]*  As you introduce yourself, state:   * Your expectations * Questions and/or concerns about the training content |
|  | **Participant Materials** | | |
| *Review Participant Guide contents and organization with participants.* | This *Check It Out* Participant Guide 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 questions do you have about the module overview? | | |
| **NOTE: If you wish to start with Part 2 at this time, go to page 46 of this guide and slide 41.** | | | |
|  | Part 1: Introduction to Checking Accounts | | |
|  | **Objectives** | | |
| *Slide 3* | After completing this part of the 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 a checking account * Withdraw money from a checking account * Use an ATM | | |
|  | **What Do You Know?** | | |
| *Slide 4*  *Use the What Do You Know? form and/or the Pre-Test to gauge participants’ prior knowledge of the content and customize your presentation, focusing on content with which they are least familiar.* | Before we begin, let us see what you know about checking accounts.  ***[If using the What Do You Know? form]***  The What Do You Know? form on page 30 of your Participant Guide lets you measure how much you know before the training and how much you learned after the training. Please take a few minutes now to complete the “Before the Training” column.  Which statements did you answer with “disagree” or “strongly disagree”? *[Note: If time is limited, make sure you cover these content areas.]*  We will complete the second column when we finish the training.  ***[If using the Pre-Test]***  Take a few minutes to complete the Pre-Test beginning on page 4 of your Participant Guide.  Which questions were you unable or unsure of how to answer? *[Note: If time is limited, make sure you cover these content areas.]*  As we progress through the module and cover the related material, you will be able to determine whether you answered each question correctly. | | |

Part 1 Pre-Test

**Test your knowledge about checking accounts before you go through the course.**

1. Which of these is a benefit of having a checking account? Select all that apply.
   1. You can pay for things over time instead of all at once
   2. **Better money management**
   3. Lower taxes
   4. **You can save money paying bills by check or online**
2. There are different types of checking accounts. Three common types are: (Select all that apply).
   1. **Free checking**
   2. **Interest-bearing checking**
   3. Per-transaction fee checking
   4. **Electronic-only/ATM checking**
3. A “second chance” checking program is an account that:
   1. Provides extra funds if you run out of money
   2. The bank will offer you if you are unhappy with your existing checking account
   3. Comes with an interest-free credit card
   4. **You can open if you cannot open a regular checking account because of past negative financial events**
4. Preprinted checks have some of your personal information already printed on them. However, you should never include your (select two):
   1. Name
   2. **Social Security Number**
   3. Address
   4. **Driver’s license number**
5. Select all that apply. To withdraw money from your checking account, you can:
   1. **Use an ATM card at a machine**
   2. **Write a check out to “cash” and go to a teller**
   3. Use a credit card
   4. Get a gift card at a store and cash it in at your bank
6. Direct deposit is a way to keep your money safe because:
   1. You have the check sent directly to a check-cashing location
   2. You cannot withdraw it once you deposit the check
   3. It waives the fee at a check-cashing store
   4. **Your check goes directly to your bank account and there is no risk of misplacing it**
7. You should balance your checking account at least:
   1. Every day
   2. Every week
   3. **Every month**
   4. Twice a year
8. Which **two** of these will best help you determine if a particular checking account is right for you?
   1. **Ask the bank what the fees are, so you know if you can get a better deal elsewhere**
   2. Find out if they have checks with your favorite team’s logo on them
   3. **Ask about different services to see if the bank offers the ones you need**
   4. The bank allows you to negotiate monthly service charges
9. Put the following steps to opening a checking account in order from 1 to 5:
10. \_\_\_\_\_\_\_
11. \_\_\_\_\_\_\_
12. \_\_\_\_\_\_\_
13. \_\_\_\_\_\_\_
14. \_\_\_\_\_\_\_
    1. Provide some photo identification (ID) to the bank
    2. Learn as much as you can about different account options
    3. Determine your needs
    4. Make a deposit
    5. Select an account

**Answer: 1-c, 2-b, 3-e, 4-a, 5-d**

1. Select all that apply. In order to add money to a checking account, you might:
   1. **Fill out a deposit slip and give your deposit to a teller**
   2. Cash your paycheck and send your cash deposit through the mail
   3. Write a check out for “cash”
   4. **Deposit cash at the ATM**

| **Instructor Notes** | **Presentation** |
| --- | --- |
|  | Introduction to Checking Accounts |
| **5 minutes** | **Your Experience** |
| *Slide 5*  *Write participants responses on chart paper. Guide a brief discussion* *to understand the participants’ experiences with and feelings about checking accounts.* | A checking account allows you to write checks or use a debit card to pay bills and buy goods.  How many of you currently have or have ever had a checking account? *[Ask for a show of hands.]*  Whether or not you have a checking account, what comes to mind when you think about checking accounts?  The goal of this training is to help you understand and effectively manage your checking account.  Let us begin by looking at some of the benefits checking accounts offer. |

| **Instructor Notes** | **Presentation** | |
| --- | --- | --- |
|  | Benefits of Checking Accounts | |
| **15 minutes** | **Four Key Benefits of Checking Accounts** | |
| *Slide 6*  *Write participants’ responses on chart paper. Click the space bar, right arrow, or mouse to display the benefits.*  *Slide 7*  *Participants can follow along on page 6 of their Participant Guide.* | What are the benefits of having a checking account?  We are going to talk about four key benefits of checking accounts:   * Convenience * Cost * Better money management * Safety   We will start with convenience.  **Convenience**  Checking accounts are convenient because they provide you with quick and easy access to your money.  Paychecks, income tax refunds, and public assistance benefits can be 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. It is faster than being paid via a paper check and you have immediate access to the money.  With a checking account, you also have the benefit of using checks and debit cards to make purchases or payments rather than carrying and using cash. This can reduce your risk of losing cash. | |
|  | **Cost** | |
| *Slide 8*  *Click of the space bar, right arrow, or mouse to display each calculation and the savings as discussed.*  *Answer any questions.* | A checking account is usually less expensive than other services (e.g., check-cashing services or buying money orders).  Let us look at an example comparing the cost of a checking account with the cost of a check-cashing service. One of the participants in an earlier class used a check-cashing store to cash her checks.   * She cashed four checks a month and was charged $20 each time. * That means she paid $80 a month ($20 x 4 = $80) or $960 a year ($80 x 12 = $960). * In addition, if she buys money orders to pay five monthly bills and they cost $1 each, she will pay $60 per year. ($5 x 12 = $60) * The total cost of these transactions is $1,020 ($960 + $60) per year.   Another participant had a checking account.   * The bank charged a monthly fee of $5, which included 8 free checks per month and free use of the bank’s ATM. * Ordering a box of 100 checks cost her $18. * The total annual cost for the checking account is $78 ($5 x 12 = $60 + $18 = $78).   In one year, the cost savings for using a checking account instead of a check-cashing store is $942 ($1,020 - $78)!  You may even be able to open a free checking account and receive a box of checks for free, which would save you even more. Remember, it saves to shop for the best deal when comparing checking accounts. If you do not like the “price” at one bank, check with another. We will talk more about shopping around to find the deal that works for you later in the module.  Do you have any questions about how any of the calculations were done?  Before we continue, let us do an activity. | |
|  | **Activity 1: Comparing Costs** | |
| *Slide 9*  *Direct participants to Activity 1: Comparing Costs beginning on page 7 of their Participant Guide. Complete this activity as a class or have participants work in small groups or individually. Provide the correct answers before continuing.* | | Read each scenario. Then answer the questions to compare costs and determine who saves more money.  **Scenario 1: Bob**  Bob cashes his weekly paycheck at Fees4Cash, a check-cashing counter. Fees4Cash charges Bob $5.00 to cash every check. How much does Bob pay Fees4Cash each month to cash his paychecks?  **Answer: $20–$25. Typically, $20 a month (4 weeks x $5 per week = $20). However, there may be a few months where he pays $25 depending on which day he cashes his check.**  How much does Bob pay each year?  **Answer: $260 (52 weeks x $5 per week = $260/year).**  **Scenario 2: Martin**  Martin opts to have his paycheck from his employer deposited onto a stored value card he purchased for $5 at a local supermarket because his employer did not offer payroll cards.  *Stored value cards,* or prepaid cards, generally allow consumers 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.  The card advertises that money could be “loaded” onto it via direct deposit or by going to certain stores. It has a major credit issuer logo on it, so he could use it anywhere, like a credit or debit card. Martin uses his stored value card to go to four utility companies (electric, water, phone, and cable TV) and pay each bill in person. He is charged $2 for each of these transactions by his card issuer.  How much does Martin pay each month in fees when using the stored value card to pay his bills? **Answer: $8 (4 bills x $2).**  How much does Martin pay each year in fees when using the stored value card to pay his bills? **Answer: $96 ($8 x 12).**  **Scenario 3: Shellie**  Shellie has a checking account. The bank charges a monthly fee of $6 only if she does not use direct deposit or her debit card more than five times per month. If Shellie uses direct deposit or her debit card frequently, and she uses no more than one box of checks every year, which cost her $18, how much does she pay to maintain her checking account?  **Answer: $18 (for the checks) because she is able to avoid the monthly maintenance fee.**  **Comparing Scenarios**  How much can Bob save each year if he opens a checking account and pays what Shellie does? **Answer: Bob could save $242 a year ($260 - $18).**  Even if Bob pays a $6 monthly fee for a total of $72 a year, plus the cost of the checks ($18), how much could he save each year?  **Answer: $170 ($72 + $18 = $90 - $260 = $170)**  How much can Martin save each year if he opens a checking account and pays what Shellie does? **Answer: $78 ($96 - $18).**  Now we will continue talking about the key benefits of checking accounts. |
|  | **Better Money Management** | |
| *Slide 10*  *Explain why having a checking account helps you manage your money.* | 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 (or other types of bank accounts):   * Allows you to monitor your spending and make wise spending choices * Gives you a better ability to stick to a spending plan and save money * Helps you build a positive relationship with your bank for future transactions (e.g., getting future credit or loans) * Provides a record that you pay your bills on time | |
|  | **Safety** | |
| *Slide 11*  *Answer any questions. Introduce the next topic.* | It is safer to use checks and debit cards than to carry large amounts of cash. Additionally, you can limit your financial loss if you report lost or stolen checks or debit cards to your bank as soon as possible.  Using a checking account at a Federal Deposit Insurance Corporation (FDIC)-insured financial institution can also help you keep your cash safe. This means your money is safe up to the insured limit by law if the financial institution closes for any reason and cannot return your money to you.   * Visit the FDIC’s **Electronic Deposit Insurance Estimator (EDIE)** at [www.myfdicinsurance.gov](http://www.myfdicinsurance.gov). It lets you calculate the insurance coverage of your accounts at each FDIC-insured institution.   What questions do you have about the benefits a checking account?  Now we will talk about how to find the right checking account for your needs. | |
| **Instructor Notes** | **Presentation** | |
|  | Finding the Right Checking Account | |
| **20-30 minutes** | **Steps to Finding the Right Checking Account** | |
| *Slide 12* | There are several things you can do when looking for the right checking account:   * Get recommendations from family, friends, neighbors, and coworkers about the bank they use. * Determine your checking account needs. * Compare accounts and the fees charged. | |
|  | **Determining Your Checking Account Needs** | |
| *Refer participants to the Determining Your Checking Account Needs Worksheet on page 9 of their Participant Guide.* | 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 reasonable in costs. Here are some questions to help you determine what you need in a checking account.  Convenience:   * **How many checks do you write per month?** Some bank accounts limit the number of checks you can write each month, and charge a fee if you exceed the limit. * **Will you use the ATM or teller services often? Does the bank have ATMs or locations close to where you live or work?** * **What are the bank’s hours of operation?** Many banks are open evenings and weekends to accommodate customers who work during the day. * **Do you plan to do most of your banking online or with a debit card?** Many banks offer free online and debit-only services, with charges for more than one or two teller visits per month, if you do not generally use teller services. * **What online services does the bank offer?** You can save a lot of time by using online banking if you have access to a computer. * **What other bank services are important to you?** (e.g., do you often send money to family out of the country, buy money orders, or invest). * **Can you link your savings account to your checking account to cover overdrafts?** *Overdrafts*, or drawing more money out of your account than you have, can be very expensive. If you have a savings account—even a small one—that links to checking, you may be able to avoid significant overdraft fees.   Cost:   * **How much money will you keep in your account?** Some checking accounts waive fees and give additional services for maintaining a minimum balance. * **Will you be charged for writing checks?** * **Will you be charged for online banking/bill pay?** Find out the fees associated with an account. If you do not use a certain service, you might not want an account that charges for it. * **Are you willing to pay a monthly fee? If so, how much?** Some accounts, depending on the services that come with them, require a minimum monthly fee. If you do not think you need those services or do not want to pay a fee, get an account without those fees. * **Will you be charged to use your bank’s ATM?** * **Will you be charged for using other banks’ ATMs?** * **Will you be charged for using teller services or contacting customer service?** * **Are there ways to avoid paying fees?** Be sure you know what fees are charged for various services. If you plan to use ATM or teller services, often, you will not want an account that charges for each use. | |
|  | **Types of Checking Accounts** | |
| *Slide 13*  *Remind participants that some of the account types may overlap, since low-cost checking includes the use of an ATM and may even offer interest.* | After you determine what you need in a checking account and understand the different fees involved, you must consider what type of account to open.  A few types of checking accounts that banks offer are:   * Free/Low-cost checking * Electronic-only/ATM checking * Regular checking * 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**  The charge for a low-cost checking account is often no more than $5 per month. However, this fee may be waived if you use direct deposit or use your ATM or debit card a minimum number of times a month.  **Electronic-Only/ATM Checking**  This account usually requires you to use direct deposit and your ATM or debit card. This account might be right for you if you handle most of your banking transactions online or via an ATM, rather than going in to a bank branch. Remember to verify the fees! You may be charged a monthly service charge for not meeting a minimum number of online or electronic transactions, writing checks, or using 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—generally at least $1,000—in order to earn interest and avoid fees. There are different interest-bearing accounts:   * Negotiable Order of Withdrawal (NOW) account * Money Market Deposit Account (MMDA) | |
|  | **Choosing a Bank and a Checking Account Checklist** | |
| *Refer participants to the Choosing a Bank and a Checking Account Checklist beginning on page 11 of their Participant Guide.* | When looking for a checking account, use the **Choosing a Bank and a Checking Account Checklist** to compare your options. 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.  You should also have the Determining Your Checking Account Needs Worksheet with you so you can compare your needs with what each account has to offer. | |
| **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** |  |  |  | | | |
|  | **Fee Schedule** | |
| *Slide 14*  *Explain the fees that banks charge.* | Fees are an important consideration when selecting a checking account. Ask your bank for a *fee schedule* that lists all the fees related to your account. Some of the most common fees include:   * Monthly service fees * Minimum balance fees * ATM user fees * Overdraft or non-sufficient funds (NSF) fees * Stop payment fees   Use the fee schedule to compare the costs of each account. Ask whether these fees can be waived and how to avoid any other fees. | |
|  | **Activity 2: Checking Account Fees** | |
| *Slide 15*  *Direct participants to Activity 2: Checking Account Fees beginning on page 13 of their Participant Guide. Complete this activity as a class, or have participants work in small groups or individually. Review the correct responses before continuing.* | This is an activity to see if you can match the fees with their descriptions. You may be familiar with some of them.  **Answers:**  **Monthly Service Fee:** This is also called a maintenance fee. The bank might charge this monthly fee just for having the account.  **Per-Check Fee:** This is a fee for each check you write. Depending on the account, you might pay the fee for each check or only when you write more than a certain number of checks (perhaps five) a month.  **Check Printing Fee:** A charge automatically deducted from your checking account for printing checks you purchase from the bank. You can also buy checks from other companies, choosing from many different designs.  **ATM-Use Fee:** A charge for using the ATM at your bank or at a bank other than your own. If you use another bank’s ATM, that bank may charge an additional fee.  **Overdraft Fee:** Also called *NSF fees*, these fees are charged when you do not have enough money in your account to cover your transactions (e.g., withdrawal, purchase, or payment).  **Returned Deposit Item**: Banks might charge you this fee if a check you wrote is cashed or deposited and you do not have enough money in your account to cover the check.  **Stop-Payment Fee:** This fee is charged if you ask the bank to stop the check from being paid. Note that the bank might not be able to catch the check before it is paid.  **Phone Inquiry Fee:** Some banks charge this fee if you call to check your balance or determine whether a check or deposit has cleared.  **Fee for Helping You Balance Your Checkbook:** Some banks will help you balance your checkbook. Others might charge you for this service.  **Teller Fee:** Some banks may charge a fee if you use a teller to make deposits or withdrawals more than a set number of times each month. Banks that charge this fee do so to encourage you to use an ATM for your basic banking transactions. | |
|  | **Is a Checking Account Right For Me?** | |
|  | You may think a checking account is not right for you if you:   * Use cash to make purchases * Have problems managing money, which leads to overdraft or NSF fees   However, you should consider opening a checking or even a savings account to avoid check-cashing fees. Often you can have your paycheck directly deposited into your account to avoid monthly maintenance fees. Remember to ask what fees and transaction limits are associated with the checking or savings account. | |
|  | **Activity 3: Choosing the Right Checking Account** | |
| *Slide 16*  *Direct participants to Activity 3: Choosing the Right Checking Account beginning on page 14 of their Participant Guide. Complete this activity as a class, or have participants work in small group, or individually. Provide the correct answers before continuing to the next topic.*  *Answer any questions. Introduce the next topic. Note: Now may be a good time to take a short break if you have not done so already.* | This exercise will give you practice determining whether opening a checking account is a good decision.  Read the scenario. Then determine whether or not David should open a checking account. Be prepared to explain why you made that decision. Next read and answer the questions about fees a bank might charge.  **Scenario**  David is trying to decide whether a checking account is right for him. He has been using a check-cashing store, which charges $5 to cash a check. He is paid every Friday, so this costs him $20 to $25 a month. David has four bills that he pays with money orders each month. They each cost $1 each, so this brings his total monthly costs to $24 to $29.  His employer recently told him about direct deposit, but David must have a bank account in order to use this service. David’s sister told him about her bank. It charges $6 a month for a checking account. However, this fee is waived if you use direct deposit. A box of 250 checks will last David a year and cost him $18. He can write checks and use the bank’s ATM for free.  What advice would you give David?  **Answer:**  **With a checking account, David could:**   * **Save money by using direct deposit instead of the check-cashing store** * **Save time and money by writing checks instead of using money orders** * **Avoid carrying a lot of cash, which could be easily lost or stolen** * **Have the bank’s protection if his ATM card is lost or stolen**   **The bank might even offer an online banking service so David could pay his bills electronically. This would also save him time and provide documentation of when he sent the payment, so he would not have to worry about checks being lost in the mail. If David does not want to get a checking account, he might consider a savings account instead.**  Now review the following fee schedule for a sample checking account before answering the following questions.   |  |  | | --- | --- | | **YourChoice Bank**  **Fee Schedule for a Checking Account** | | | **Monthly service fee**  This fee is waived if you keep a minimum daily balance of $500 | $10 | | **ATM transaction fee at:**  Your Bank  Other banks | FREE  $2 | | **Overdraft or NSF fee** | $35 per item | | **Stop payment requests fee** | $35 per item |  1. Last month, Andre used an ATM at YourChoice Bank five times, and he used another bank’s ATM twice. How much will YourChoice Bank charge Andre for using his ATM card last month?  **Answer: $4. Andre will be charged $2 for each time he used another bank’s ATM.** 2. Last week, Patricia wrote a $200 check to her friend but lost the check. She wanted to make sure no one cashed the check, so she made a stop payment request. How much must Patricia pay to request a stop payment?  **Answer: $35. You may still be charged this fee even if the bank is not able to stop the check before it is paid. If you need to request a stop payment, do so as soon as possible.** 3. For the past 11 months, Samuel kept at least $600 in his checking account every day. Last month, an emergency came up and his balance was $100. In the 12-month period, how much will Samuel pay in monthly service fees?  **Answer: $10. Samuel was not charged a monthly service fee for the 11 months he kept his balance over $500, only for the month in which his daily balance was below $500.** 4. Robert wrote a check for $500 to pay his rent. He forgot that he had only $450 in his checking account. What is the name of the $35 fee Robert had to pay to YourChoice Bank?   **Answer: Overdraft or NSF fee.**  What questions do you have about choosing the right checking account?  You can find a list of Frequently Asked Questions on page 15 of your Participant Guide. This may help you in your search for a checking account.  Once you have determined what kind of checking account would be right for you, the next step is to open a checking account. Let us discuss how to open a checking account now. | |
| **Instructor Notes** | | **Presentation** |
|  | | Opening a Checking Account |
| **10 minutes** | | **Requirements for Opening a Checking Account** |
| *Slide 17*  *Describe the documents needed to open a checking account.*  *Refer participants to Opening a Checking Account on page 17 of their Participant Guide.* | | When you decide to open a checking account, you will be asked:   * To prove your identity (e.g., show a state-issued driver’s license or identification (ID) card)   + If you are not a citizen of the United States (U.S.), some banks may accept other forms of photo ID, including the Matricula Consular card, resident alien card (Green Card), or passport.   + Typically, any government-issued ID displaying an ID number and the country of issuance is accepted. * To provide your Social Security Number (SSN) or Individual Taxpayer Identification Number (ITIN) * For your opening deposit   When you open your account, you might also be charged for the first box of checks. The bank may also offer you an ATM/debit card. The bank will then:   * Verify you are who you say you are * Have you complete a signature card   A *signature card* is a form you complete and sign when opening an account. This is the document that identifies you as the owner of the account, and it identifies what your signature looks like. This helps protect you and your money against forgeries and unauthorized account use. |
|  | **Identity Verification and Checking History** | |
| *Slide 18*    *Answer any questions. Introduce the next topic.* | The bank performs identity verification because it wants to make sure that no one is trying to steal your identity to open an account. This protects *you*.  The bank may also check to see whether you have any outstanding issues with other banks, and how you have managed your accounts in the past. The bank may even pull your credit report to assess your risk as a potential customer. If you have a history of mismanaging your deposit or credit accounts, the financial institution might not be willing to open an account for you.  If the bank determines that you are not eligible to open an account, ask about “second chance” checking programs.   * These programs may require you to meet certain requirements (e.g., completing a check-writing workshop). * Ask your local financial institution and/or any reputable credit counseling agency if there are programs in your area.   What questions do you have about the documents needed to open a check account?  Maintaining your checking account means keeping an accurate record of what you deposit and withdraw. This is done with a check register. | |
|  | **Check Register** | |
| *Slide 19*  *Refer participants to the Check Register on page 18 of their Participant Guide.* | A check register helps 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 18 of your Participant Guide. Follow along as we review each column:   1. **Check Number:** Record the check number of any checks used (if applicable) 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 (e.g., whom you wrote a check to, whether you made an ATM deposit or withdrawal, or where you used your ATM or debit card) of each transaction. 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. | |
|  | | **Opening and Maintaining a Checking Account Scenario** |
| *Slide 20*  *Direct participants to remove the Check Register from their Participant Guide because they will be using it for the remainder of the class. Have participants enter the opening deposit on their check register. Click the space bar, right arrow, or mouse to show the completed entry.*  *Answer any questions. Introduce the next topic.* | | To understand how to use a check register to keep an accurate record of your transactions, we are going to complete a check register as we work through the remainder of this module.  Here is the scenario. You have provided your photo ID, the bank completed the account verification process, and you sign the signature card. You deposit $200 on March 20th to open a checking account, and the bank provides you with a receipt for the $200 deposit.  Record this 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.  Enter the following information into your check register:   * Date: 3/20/20XX * Description of Transaction:Opening deposit * Deposit/Credit (+): $200.00 * Balance: $200.00  |  |  |  |  |  |  |  |  |  |  | | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | | Check Number | Date | Description of Transaction | Payment/Debit  (-) | | Deposit/Credit  (+) | | | Balance | | |  | 3/20 | Opening Deposit |  |  | 200 | 00 | $200 | | 00 |   What questions do you have about the check register?  Now that we have opened a checking account, we are going to learn how to use the money in it. |

| **Instructor Notes** | | **Presentation** |
| --- | --- | --- |
|  | | Using Money in Your Checking Account |
| **15 minutes** | | **Depositing Money** |
|  | | We are going to look at four ways to deposit money to your checking account. You can make:   * A cash or check deposit through a teller * A deposit by mail * A direct deposit * An ATM deposit |
|  | | **Cash Deposit with a Deposit Slip** |
| *Slide 21*  *Refer participants to Using Money in Your Checking Account on page 19 of their Participant Guide.* | | To make a deposit using a teller, you must fill out a deposit slip to let the teller know how much you are depositing. Deposit slips are included in your checkbook and have your account number printed on them.  When making a cash deposit with a deposit slip:   * Make sure the deposit slip has your correct account and address information. If not, write it in the spaces provided. * Write in the transaction date. * Add up the total cash and write the amount in the correct space (e.g., cash in the “Cash” or “Currency” boxes). * Give the teller your deposit slip and your 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 deposit slip so your money does not go into someone else’s account. |
|  | | **Activity 4: Filling out a Deposit Slip** |
| *Slide 22*  *Direct participants to Activity 4: Filling Out a Deposit Slip on page 21 of their Participant Guide. Have participants fill out the deposit slip and add the entry to their practice check register.*  *Slide 23*  *Display the correct entries so participants can check their work.*  *Answer any questions. Introduce the next topic.* | | Going back to our scenario, here is an opportunity to practice filling out a deposit slip. Turn to page 21 of your Participant Guide. On March 22nd, you decide to deposit $30 in cash to your checking account at the teller window.  Fill in the deposit slip to make your cash deposit.   |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  | | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | | **Your Name**   |  |  |  | | --- | --- | --- | | **Cash** | **30** | **00** | | **Checks** |  |  | |  |  |  | |  |  |  | |  |  |  | | **Total** | **30** | **00** | | **Less Cash Received** |  |  | | **Total Deposit** | **30** | **00** |   **Deposit Ticket**  *00002215607*  **Address**  **City, State, Zip**  **Date \_\_\_March 22, 20XX\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_**  **Deposits May Not be Available for Immediate Withdrawal**  **\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_**  **Sign Here for Cash Received (If Required)**  **Your Financial Institution**  ***241071212 00002215607 2201*** |   Now record this information in your check register:   * Date: March 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 the amount in your checking account after adding the $30.00 check to the balance? **Answer: $230.00.** Write this new balance in your check register underneath the old balance.  What questions do you have about filling out a deposit slip? |
|  | | **Check Deposit with a Deposit Slip** |
| *Slide 24*  *Explain the effect of writing “For Deposit Only.”* | | 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.  If depositing the check, you should write “For Deposit Only” and sign your name in the endorsement area. “For Deposit Only” prevents others from cashing your check if it is lost or stolen. When you receive a check as payment and want to cash it, you would only sign your name in the endorsement section.  You will likely need to fill out a deposit slip when depositing checks into your checking account. If you deposit more than one check, use a separate line to list the amount of each check.   * If you have more checks than will fit on the front of the deposit slip:   + Use the back of the deposit slip to list them.   + Add up the amounts of the checks on the back of the deposit slip.   + Transfer this total to the front.   + Enter this amount in the box labeled “Or Total From Reverse.”   When you deposit your check(s), you can also receive cash back. *Net deposit* is the amount that will go into your account after you subtract any cash that you are receiving.  Now, we will continue with our scenario and deposit a check into your account and get cash back at the same time. |
|  | | **Activity 5: Check Deposit with Cash Back** |
| *Slide 25*  *Direct participants to Activity 5: Check Deposit with Cash Back on page 22 of their Participant Guide. Have participants fill out the deposit slip and add the transaction to their practice check register.*  *Slide 26*  *Display the correct entries so participants can check their work.*  *Answer any questions. Introduce the next topic.* | | On March 23rd, you decide to deposit a $50 check and get $25 in cash back.  Fill in the deposit slip to make your cash deposit. Note: when receiving cash back you must sign the deposit slip.   |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  | | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | | **Your Name**   |  |  |  | | --- | --- | --- | | **Cash** |  |  | | **Checks** | **50** | **00** | |  |  |  | |  |  |  | |  |  |  | | **Total** | **50** | **00** | | **Less Cash Received** | **25** | **00** | | **Total Deposit** | **25** | **00** |   **Deposit Ticket**  *00002215608*  **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*** |   Record the transaction in the practice check register. You can record this transaction using two entries or one:   * Date: March 23, 20XX * Deposit/Credit (+): $50   AND   * Date: March 23, 20XX * Payment/Debit (-): $25.00   OR   * Date: March 23, 20XX * Deposit/Credit (+): $50.00 * Payment/Debit (-): $25.00  |  |  |  |  |  |  |  |  |  |  | | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | | 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 | |  | 3/23 | Deposit |  |  | 50 | 00 | $280 | | 00 | |  | 3/23 | Withdrawal | 25 | 00 |  |  | $255 | | 00 |   What is the amount in your checking account after depositing $50 and getting back $25 in cash? **Answer: $255.00.**  If you have entered the transactions in two entries you have two balances to record, one for each entry. Why do you think recording the deposit as two entries might be helpful? **Answer: If you are trying to track down a $50 deposit, you might not remember that the $25 entry is actually a $50 deposit from which you took $25 cash back. If you have entered the transactions in one entry, as you see here, you have only one balance to record.**  Keep in mind that when you deposit a check it might take a few days to process the check. 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 getting cash back? |
|  | | **Deposits by Mail** |
|  | | You may also be able to make deposits by mailing your checks and deposit slip to your bank. You should never send cash through the mail. |
|  | | **Direct Deposit** |
| *Slide 27*  *Describe the benefits of direct deposit.* | | *Direct deposit* occurs when your employer or a government agency deposits your paycheck or benefits into your checking account electronically.  You will not receive the check in the mail. A statement showing that your payroll or benefits check was deposited might be mailed or emailed to you. The money is immediately available when your bank or credit union opens. Some banks will waive monthly fees if direct deposit is used.  With direct deposit:   * It is a safe way for you to receive your money. * You can avoid the inconvenience and/or expense of depositing or cashing a check. * It is an easy and convenient way to access your money. * You can take control of your money and your time because direct deposit is predictable and dependable.   Not all employers offer direct deposit; ask your employer what options are available to you.  If you are a recipient of federal benefits (e.g., Social Security or Supplemental Security Income), you might qualify for an Electronic Transfer Account. Call **1 (888) 382-3311** or visit [www.eta-find.gov/](http://www.eta-find.gov/PDFs/eta.pdf) for more details. To sign up for direct deposit of your Social Security or other federal benefits, you can contact **Go Direct** at [www.GoDirect.org](http://www.GoDirect.org), or call **1 (800) 333-1795**. |
|  | | **Automated Teller Machine** |
| *Slide 28*  *Explain what an ATM is and how it is used. Click the space bar, right arrow, or mouse to show each part of the ATM as you describe it.* | | An ATM 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).  **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. |
|  | | **ATMs**  On an ATM you will find the following parts:   1. The ATM screen, which will prompt you through the transaction. 2. The slot where you insert the ATM card. 3. The ATM keypad, which you use to respond to the prompts. 4. The slot where the money comes out or is dispensed. 5. 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** |
| *Slide 29*  *Describe how to make an ATM deposit. As you discuss mail deposits and direct deposits, click the mouse, space bar, or right arrow to show the additional deposit options.*  *Answer any questions. Introduce the next topic.* | | 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.  To make an ATM deposit:   1. Insert your ATM card, using the illustration showing you which end of the card to insert first. On some machines, you will insert and remove your card in one motion; other machines will take your card until the end of the transaction. 2. Follow the prompts to deposit the money:    1. Enter your PIN.    2. Select “Deposit” from the touch screen menu or the appropriate button to the side of the screen.    3. Use the keypad to enter the amount you are depositing.    4. Insert the cash or checks as directed. Some ATMs now have electronic readers. If you insert your cash or checks, it will automatically count and add the amount for you. For this type of machine, you do not need a deposit slip.    5. The machine may ask if you want to complete another transaction and if you want a receipt—if you do, press “Yes”; if not, press “No.”   **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?  Now that you know how to deposit money into your checking account, we will talk about withdrawing or taking money out of your account. |
|  | | **Ways to Take Money Out of Your Account** |
| *Refer participants to Ways to Take Money Out of Your Account on page 23 of their Participant Guide.* | | We are going to talk about three ways to take money out of your checking account:   * Write a check * Use an ATM * Use the teller service and a withdrawal slip |
|  | | **Steps to Writing a Check** |
| *Slide 30*  *Explain what a check is and identify the three 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 when writing a check:   1. Make sure you have enough money in your account. 2. Complete all the blank spaces on the check. 3. Record the transaction in your check register.   We are going to use our scenario to help you understand these steps and give you an opportunity to practice them. |
|  | | **Step 1: Make Sure You Have Enough Money** |
| *Give participants an opportunity to respond to the question.*  *Slide 31* | | How do you know if you have enough money in your account?  **Answer: Look in the balance column of your check register. Other options may include viewing your account balance at an ATM or online.**  It is important to record every deposit and withdrawal you make in your check register. 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 use a debit card, you can review your statements online 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.  It is a very bad idea try to “beat the bank” by writing a check when you know you do not have enough in your account to cover it—and then trying to deposit money before the bank receives the check. Do not put your account and your finances in jeopardy this way; always have enough money in your account *before* you write the check. |
|  | | **Step 2: Complete the Check** |
| *Slide 32*  *Write the date on chart paper, using the current year, so participants can see the correct format and refer to it for the next activity. Use the space bar, right arrow, or mouse to click through and display each entry on the check. Participants can view a check on page 25 of their Participant Guide.* | | To write the check, you will need to 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.  |  | | --- | | YOUR NAME 69/175-2031 **0105**  Address  City, State, ZIP Date  Pay to the  Order of $  Dollars  Your Financial Institution  For  **:01242896: 654859699॥🢞 3266** |   Keep these tips in mind when writing checks:   * Write in black or blue ink. * Write clearly. * Remember to record each check you write in your check register.   You might want to order carbon copy checks so you have a copy of the checks you write. It will be easier to verify that you entered all of your transactions into your check register. |
|  | | **Preprinted Information** |
| *Slide 33*  *Use the space bar, right arrow, or mouse to click through the slide and display each area of preprinted information as you describe it.* | | When you receive your first box of checks you can expect to find information already printed on the checks, including:   * **Your name and address**. Your phone number can be included at your request. * **The check number and codes**. This number identifies each check you write. * **Your bank’s name.** * **Routing numbers**. This is a computerized bank ID number, usually in the lower left-hand corner of the check. * **Your account number**. This is a computerized number following the routing number, usually at the bottom of the check to the right of the routing number.   Do NOT have your Social Security or driver’s license number preprinted on your checks because of the risk of identity theft. |
|  | | **Activity 6: Writing a Check** |
| *Slide 34*  *Direct participants to Activity 6: Writing a Check on page 25 of their Participant Guide. Give participants several minutes to fill in the blank check.*  *Slide 35*  *Display the correct entry so participants can check their work.* | | Now we are going to continue with our scenario and write a check and record it in the practice check register.  On March 26, 20XX, you decide you want to buy a coffeemaker from a store called Coffee Mart. The coffeemaker costs $19.75, including tax. Look at your practice check register. Do you have enough money in your checking account to write a check for this coffeemaker?  **Answer: Yes, there is $200 in the checking account.**  Fill in the check with information about your purchase of the coffeemaker.     |  | | --- | | YOUR NAME 69/175-2031 **0105**  Address  3/26/20XX  City, State, ZIP Date  Pay to the  Coffee Mart  19.75  Order of $  Nineteen and 75/100  Dollars  Your Financial Institution  Your Signature  coffeemaker  For  **:01242896: 654859699॥🢞 3266** |   If you make a small mistake (e.g., starting to write the dollar amount in the “Pay to the Order of” area) cross out the incorrect information and write your initials above what you crossed out. Then complete the check. Note that some stores will not accept checks with crossed out information.  If you make a large mistake (e.g., writing the wrong amount), write “VOID” across the check. You may prefer to tear or shred the check to prevent thieves from stealing confidential information from it. |
|  | | **Step 3: Record the Transaction** |
| *Slide 36*  *Have participants add the entry to their practice check register. When they finish, click the space bar, right arrow, or mouse to show the completed entry.*  *Answer any questions.* | | Now we must record the purchase in the practice check register. Here is the information to record:   * Check #: 105 (preprinted in the check) * Date: 3/26/20XX * Description of Transaction: Coffee Mart * Payment/Debit (-): $19.75  |  |  |  |  |  |  |  |  |  |  | | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | | 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 | |  | 3/23 | Deposit |  |  | 50 | 00 | $280 | | 00 | |  | 3/23 | Withdrawal | 25 | 00 |  |  | $255 | | 00 | | 105 | 3/26 | Coffee Mart | 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.  What questions do you have about writing a check? |
|  | | **Writing a Check for Cash** |
| *Slide 37* | | If you want to use a check to get cash out of your account:   * 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. * Like writing any other check, remember to record the withdrawal in your check register. |
|  | | **How to Withdraw Money from the ATM** |
| *Slide 38*  *Explain how to withdraw money from an ATM.* | | To withdraw money using an ATM:   1. Insert your ATM card, using the illustration showing you which end of the card to insert first. On some machines, you will insert and remove your card in one motion; other machines will take your card until the end of the transaction. 2. Follow the prompts to withdraw the money:    1. Enter your PIN.    2. Select “Withdrawal” (or “Withdraw”) from the touch screen menu or the appropriate button to the side of the screen.    3. Use the keypad to enter the desired withdrawal amount. Most ATMs give funds in multiples of $10 or $20.    4. Retrieve your money from the cash slot.    5. The ATM prompt may ask if you want to complete another transaction or if you would like a printed receipt—if you do, press “Yes”; if not, press “No.” If you print a receipt, save it so you can accurately enter the transaction in your check register. 3. If you make any mistakes when entering the information, you may be able to press “Clear” to re-enter the information or “Cancel” to cancel the transaction and start over. 4. **Do not forget** to take your money and ATM card (if the ATM keeps it until the end of the transaction)!   **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 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 and paying $6 in fees, which is equivalent to a fee of 30 percent!  Also, be careful not to overdraw your account, as you may incur NSF/overdraft fees. Remember to record all ATM transactions and fees in your check register to avoid overdrawing your account. |
|  | | **Use the Teller Service and a Withdrawal Slip** |
| *Answer any questions.* | | 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.  What questions do you have about withdrawing money from, or taking money out of, your account?  Let us review what you have learned today. |
| **Instructor Notes** | **Presentation** | |
|  | Part 1 Wrap Up | |
| **10 minutes** | **Summary and Post-Test** | |
| *Slide 39*  *Answer any final questions. Have participants complete the Post-Test and/or What Do You Know? form along with the evaluation form.* | We have covered a lot of information today about opening a checking account and depositing and withdrawing money. What final questions do you have?  Now let us see what you have learned by completing *[a short Post-Test on page 26 and 27 of your Participant Guide, and/or the “After the Training” column of the What Do You Know? form that you completed earlier]*.  Who would like to share one thing they learned from this training?  To improve the training, we need your feedback. Please complete the Evaluation Form beginning on page 31 of your Participant Guide. | |
|  | **Conclusion** | |
| *Slide 40*  *Review what was covered in the module and ensure participants’ expectations, questions, and concerns have all been covered.*  *Note: If you are teaching both parts of this module in one session, now may be a good time to take a break if you have not done so already.* | Congratulations! You have completed Part 1 of the *Check It Out* module. You learned about:   * The benefits of having a checking account versus using a check-cashing service * The types of checking accounts available * Opening a checking account * Writing checks * Using ATM and debit cards * Making deposits and withdrawals * Keeping accurate records   Remember, using your checking account wisely can provide greater convenience, better money management, safety, and it is less expensive than using check-cashing services. Great job on completing the *Check It Out* module! Thank you for participating. | |

# Part 1 Post-Test

**Now that you have gone through the course, see what you have learned.**

1. Which of these is a benefit of having a checking account? Select all that apply.
   1. You can access and use your money at any time with a check, ATM card, or debit card
   2. It costs less than other services (e.g., cash-checking service)
   3. Your money is insured
   4. Your transactions are recorded for better money management
   5. **All of the above**
2. True or false? You do not need a checking account to have a debit or ATM card.
   1. True; debit and ATM cards always work like gift cards at a store—they already have funds prepaid
   2. True; debit cards are like credit cards, and you can buy now and pay later
   3. **False; what you buy with a debit card or withdraw from the bank with an ATM card is taken directly from your checking account**
   4. False; the funds are withdrawn from a checking account AND you must have a savings account
3. Which of the following are ways to add money to your checking account? Select all that apply.
   1. **Direct deposit**
   2. **In-person or ATM deposit**
   3. **By mail**
   4. At any merchant/store
4. What is the first thing you should do before withdrawing money from your checking account?
   1. **Make sure you have enough money in your account**
   2. Complete or fill out the check correctly
   3. Record the transaction in your check register
   4. Know your debit card PIN
5. Which **two** of these will best help you determine if a particular checking account is right for you?
6. **Ask the bank what the fees are so you know if you can get a better deal elsewhere.**
7. Find out if they have checks with your favorite team’s logo on them.
8. **Ask about different services to see if the bank offers the ones you need.**
9. The bank allows you to negotiate monthly ATM fees.
10. Select all that apply. In comparing your check register with your bank statement you notice a discrepancy: you listed a deposit of $30, and your bank lists the deposit as $35. You should:
    1. Just make it $35 in your check register
    2. **Call the bank**
    3. **Check your deposit receipt**
    4. Add $5 somewhere in your check register
11. Why should you reconcile your checking account at least once a month?
    1. It keeps you busy
    2. You have to transfer money from your check register to your checking account
    3. **You will keep better track of your spending and are less likely to overdraw your account**
    4. It is a bank policy
12. When using an ATM:
    1. You can deposit or withdraw money into/from your checking or savings account
    2. You can transfer money between your checking and savings account
    3. You must have a PIN to deposit/withdraw money
    4. **All of the above**

1. Which **two** of the following will help you determine if a particular checking account is right for you?
2. **Ask the bank what the fees are so you know if you can pay them.**
3. Find out if they have checks with your favorite team’s logo on them.
4. **Ask about different services to see if the bank offers the ones you need.**
5. The bank allows you to negotiate monthly service charges.
6. When you open a checking account, one step you will most likely have to follow is to:
7. **Provide some photo ID to the bank**
8. Pay an application fee
9. Provide your work history for the last 10 years
10. Meet with the customer service manager for an interview

What Do You Know? – Check It Out, Part 1

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

This form will allow you and the instructors to see what you know about checking accounts both before and after the training. Read each statement below. Please circle the number that shows how much you agree with each statement.

|  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- |
|  | **Before the Training** | | | | **After the Training** | | | |
| I can: | **Strongly Disagree** | **Disagree** | **Agree** | **Strongly Agree** | **Strongly Disagree** | **Disagree** | **Agree** | **Strongly Agree** | |
| 1. State the benefits of using a checking account | **1** | **2** | **3** | **4** | **1** | **2** | **3** | **4** | |
| 1. Determine which checking account is best for me | **1** | **2** | **3** | **4** | **1** | **2** | **3** | **4** | |
| 1. Identify the steps involved in opening a checking account | **1** | **2** | **3** | **4** | **1** | **2** | **3** | **4** | |
| 1. Add money to a checking account | **1** | **2** | **3** | **4** | **1** | **2** | **3** | **4** | |
| 1. Withdraw money from a checking account | **1** | **2** | **3** | **4** | **1** | **2** | **3** | **4** | |
| 1. Use an ATM | **1** | **2** | **3** | **4** | **1** | **2** | **3** | **4** | |

| **Instructor Notes** | **Presentation** | |
| --- | --- | --- |
|  | Part 2: Using and Maintaining a Checking Account | |
| **15 minutes** | | **Objectives** |
| *Slides 41–42* | After completing this part of the module, you will be able to:   * List four types of electronic banking services * Explain how debit cards are linked to checking accounts * Record fees and transactions in your check register * Reconcile a check register with a bank statement * Explain overdraft fees and how they affect your checking account * Describe how to manage a checking account wisely | |
|  | **Introduction** | |
| *Slide 43*  *Use the What Do You Know? form and/or the Pre-Test to gauge participants’ prior knowledge of the content and customize your presentation, focusing on content with which they are least familiar.* | ***[If participants have gone through Part 1:]***  Now you are familiar with how to write checks, use an ATM card, and the basics of using your account, including making deposits and withdrawals. In this section you will learn other ways to manage your money that make it easy, more efficient, and faster for you.  ***[If participants have not gone through Part 1:]***  Most of you already have a checking account and are familiar with writing checks, using an ATM card, and the basics of using your account, including making deposits and withdrawals. In this section you will learn other ways to manage your money that make it easy, more efficient, and faster for you.  ***[For all]***  Before we begin, let us see what you know about using and maintaining a checking account.  ***[If using the What Do You Know? form]***  The What Do You Know? form on page 24 of your Participant Guide lets you measure how much you know before the training, and how much you learned after the training. Please take a few minutes now to complete the “Before the Training” column.  Which statements did you answer with “disagree” or “strongly disagree”? *[Note: If time is limited, make sure you cover these content areas.]*  We will complete the second column when we finish the training.  ***[If using the Pre-Test]***  Take a few minutes to complete the Pre-Test beginning on page 4 of your Participant Guide.  Which questions were you unable or unsure of how to answer? *[Note: If time is limited, make sure you cover these content areas.]*  As we progress through the module and cover the related material, you will be able to determine whether you answered each question correctly. | |

Part 2 Pre-Test

**Test your knowledge about checking accounts before you go through the course.**

1. Electronic banking services include all of the following EXCEPT:
   1. Electronic bill pay
   2. Using special applications or text messages on your cell phone or personal digital assistant (PDA) to access your accounts
   3. **Calling the bank on the phone**
   4. Debit/ATM card transactions
2. A debit card is:
   1. **Like an ATM card but you can also use it to make purchases at retail locations, and funds are withdrawn directly from your checking account**
   2. The same as a credit card—buy now, pay later—but you can use your checking account with it
   3. Similar to a gift card from a retail store, since you buy the debit card and replenish the funds once a month
   4. Only used to get cash from an ATM if you do not have a checking account from which to withdraw funds
3. Services you may be able to access when you do banking online include:
   1. Debit card replacement and check ordering
   2. Money transfers, deposits, and withdrawals between accounts
   3. Electronic statements and alerts
   4. **All of the above**
4. *Mobile banking* allows you to:
   1. Use your computer to complete banking transactions
   2. **Use your cell phone to access or receive account information**
   3. Travel from bank to bank to complete transactions
   4. **Make purchases or payments with your cell phone**
5. Which of the following do you do when you *reconcile* your checking account? Select all that apply.
   1. **Keep it up-to-date**
   2. **Account for any differences between your statement and your check register**
   3. Compare your checking and savings account balances
   4. **Determine which checks have cleared**
6. When you take more money out of your account than you have in it, that is called:
   1. A debit transaction
   2. Balancing your account
   3. **An overdraft**
   4. A monthly service fee
7. The best way to keep from overdrawing your account or writing “bad checks” is to:
   1. Only write one check per month
   2. Not use your ATM and a checkbook at the same time
   3. **Record all of your transactions**
   4. Use online banking and bill payment services
8. Which **two** of the following overdraft coverage options might be offered by a bank?
   1. **Ability to link a savings account to a checking account**
   2. Prepaying for overdrafts
   3. Charging overdraft fees to your credit card
   4. **Flat-fee overdraft programs**
9. Overdraft programs are:
   1. Free at all banks
   2. **Programs that banks offer in the event you overdraw your account**
   3. Required by law for bank customers to purchase
   4. An account feature that you must pay for only in months when you do not keep a minimum balance in your account
10. Which statement about checking account management is false?
    1. You could be charged costly overdraft fees if you do not record transactions and monitor your checking account balance
    2. **You should reconcile your checking account weekly.**

| **Instructor Notes** | | **Presentation** | |
| --- | --- | --- | --- |
|  | | Using Electronic Banking | |
| **15 minutes** | | **Overview** | |
| *Slide 44*  *Refer participants to Using Electronic Banking on page 6 of their Participant Guide.* | | *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:   * Automated Teller Machine (ATM) transactions with use of an ATM or debit card * Automatic bill pay * Online bill pay * Cell phone banking   Most banks provide electronic banking services in 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. | |
|  | | **Debit Cards** | |
| *Slide 45*  *Explain what a debit card is and how it differs from a credit card.*      *Refer participants to the Credit Cards and Debit Cards table on page 7 of their Participant Guide.* | | A *debit card* is similar to an *ATM card* in that both allow you to deposit cash into and withdraw money from your checking account at ATMs. The difference is that you can use a debit card to make purchases at retail locations (e.g., department stores and gas stations).  Debit cards generally feature a Visa or MasterCard logo so you can make “debit” or “credit” purchases where these cards are accepted. When you make a “debit” purchase, you must enter your Personal Identification Number (PIN). Whereas with a “credit” purchase, you may only have to sign the merchant receipt.  **A Note About PINs**  PINs are a “secret code,” usually 4 digits. You should never tell anyone your PIN or write it down where you keep your ATM, debit, or credit card. Also, make sure no one is trying to watch what numbers you input. Your PIN would be valuable if a thief were to steal 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.  With a debit card, the disputed transaction will have already been withdrawn from your account. If you report the problem promptly, the financial institution will put the money back into your account (less $50) if it is unable to resolve the matter within 10 business days. You must report errors within 2 business days of discovering them to be fully protected under federal law. Some banks may voluntarily waive all of your liability for unauthorized transactions if you took reasonable care to avoid fraud or theft.  With a credit card, you do not have to pay the disputed transaction while the company that issued the credit card is investigating the matter. If someone uses your credit card without your permission after it is lost or stolen, federal law limits your losses to a maximum of $50, although industry practices may further limit your losses.  **Temporary Holds**  When you swipe a card for a purchase where the exact amount is not known (e.g., at a hotel or when reserving a rental car), 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.  For example, imagine you have $200 in your checking account and you use your debit card to reserve a hotel room that costs $100. If the hotel places a temporary hold on the funds in your account for the amount of $200, you will have no money available to use until the hotel posts the charges to your account or releases the hold.  Many car rental companies and hotels allow you to use debit cards to reserve a car or a room. The temporary hold amount is generally more than the cost of the car or room and can last several days.When making travel reservations, be sure to ask about the debit card hold policy.  **Debit Versus Credit Cards**  Whenever you use your 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, debit cards deduct the amount from your checking account as soon as you make the purchase. If you have insufficient funds or not enough funds in your account to cover the transaction, you can incur costly overdraft fees.  Here are some other differences between a debit card and a credit card. | |
| |  |  |  | | --- | --- | --- | |  | **Debit Cards** | **Credit Cards** | | **Payments** | * Buy now, **pay now.** | * Buy now, **pay later.** | | **Interest Charges** | * **No charges apply** as funds are automatically debited from your checking account. | * **Charges will apply** if you carry a balance or your card offers no grace period (time to repay without incurring interest charges). | | **Fees** | * **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). * Potentially costly fees if you try to spend more money than you have available in your account. | * **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). | | **Other Potential Benefits** | * **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, debit cards are a good way to pay for purchases without borrowing money and paying interest. | * **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 cardsfor 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. | | **Other Potential Concerns** | * 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 accounts. | * **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. | | | | |
|  | | **Automatic Bill Payment** | |
| *Slide 46* | | *Automatic bill payment* transfers money electronically from your account to pay your bills automatically on the designated payment dates. Be sure to check with your financial institution because this service may not be free with all accounts.  If you use automatic bill pay, you do not have to pay for postage or worry about late payments. However, make sure you:   * Have enough money in your account to cover your bills when they are due, and keep track of your account balance. A bill may be higher than anticipated (e.g., in the summer or winter when your utility bill may be higher), and you could risk overdrawing your account if you do not have enough money to cover the bill or transactions made after the bill is processed. * Check your bills regularly to ensure the bill is accurate and the payment is made. You may be responsible for late payments if the bill is not paid automatically as anticipated. | |
|  | | **Online Bill Payment** | |
| *Slide 46* | | *Online bill payment* is different from automatic bill payment in that you can designate when bills are paid from your account each month.  There are several ways you can pay bills online. You may be able to pay bills from your online banking account, through a budgeting software program, and/or by creating an online account with your service provider (electric, water, or cable/satellite companies, etc.). If you pay bills online, you may need to:   * Enter the payee’s name, your account number, and other information related to the bill or company being paid. * Enter your form of payment (bank account information) and/or payment amount * Click the payment option (e.g., “Pay” or “Send Payment”) and/or authorize the payment. | |
|  | | **Cell Phone (Mobile) Banking** | |
| *Slide 47*  *Explain mobile banking.* | | Depending on the services offered by your financial institution and your cell phone service provider, you may be able to conduct 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** | |
| *Refer participants to Protection Against Identity Theft beginning on page 8 of their Participant Guide. Encourage them to review this information in more detail after class.*  *Note: Now may be a good time to take a short break if you have not done so already.* | | The Internet offers convenient new ways 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. Some precautions you can take include:   * Using a secure and encrypted connection to the Internet * Disregarding fraudulent emails asking you to send your account number, password, or any personal information via email; legitimate financial institutions do not ask for this information via email * Confirming that an online bank is legitimate (at [www.fdic.gov](http://www.fdic.gov)) * Monitoring your bank account activity closely * Keeping your information private * Contacting your bank to find out more precautions you can take with the online and mobile banking services they offer * Using anti-virus software, keeping it updated to detect and block spyware and other malicious attacks, and using a “firewall” to stop hackers from accessing your computer   For more information on protecting yourself against identity theft, see page 8 of your Participant Guide. | |
| **Instructor Notes** | **Presentation** | | |
|  | Accurately Recording Account Activity | | |
| **20-30 minutes** | **Steps to Keeping Accurate Account Records** | | |
| *Slide 48* | 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 of your checking account activity, you should:   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. | | |
|  | **Receipts** | | |
| *Slide 49*  *Explain why it is important to get printed receipts.* *Then click the space bar, right arrow, or mouse to reveal each part of the receipt.* | 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, promptly record the amount so you can record and track the expense later. Remember that all purchases, even small ones, add up. You can avoid costly overdraft fees by recording transactions and monitoring your current account balance regularly.  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 All Transactions in Your Check Register** | |
| *Slide 50*  *Review each check register column.* | If you do not regularly monitor your banking transactions and account balance online, you should record all transactions (i.e., electronic banking, cash transactions, writing a check) in your check register or enter them into a budgeting software program.  If you have a joint account, or if other family members have an ATM or debit card that is attached to your checking account, make sure you also record their transactions.  A check register helps 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 11 of your Participant Guide. You can follow along while we review each column:   1. **Check Number:** Record the check number of any checks used (if applicable) 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 (e.g., the name of the company or person you wrote a check to, whether you made an ATM deposit or withdrawal, or where you used your ATM or debit card) of each transaction. 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. | |
|  | **Activity 1: Complete Your Check Register** | | |
| *Slide 51*  *Refer participants to Activity 1: Complete Your Check Register on page 11 of their Participant Guide. Have them remove the page because they will be using it for the remainder of the class. Give participants several minutes to fill out the check register properly.*  *Slide 52*  *Display the correct entry so participants can check their work.* | To understand how to use a check register to keep an accurate record of your transactions, we are going to complete a check register. Here is the scenario:   * You have a previous balance of $200 on February 20th. * On February 26th, you write a check to Coffee Mart for a coffeemaker (amount: $19.75). * You withdraw $100 from an ATM on March 12th. * On March 19th, you receive a $50 prize from your job for having the best attendance. Also, you receive $30 from a rebate you earned when you bought two new tires for your car. You deposit both into your checking account.   Complete your check register by entering the following transactions and calculating the new balance each time.  Here is the information we are going to record:   * Date: 3/12/20XX * Description of Transaction: Debit * Deposit/Credit (-): $100.00   And…   * Date: 3/19/20XX * Description of Transaction: Deposit * Deposit/Credit (+): $30.00   And…   * Date: 3/19/20XX * Description of Transaction: Deposit * Deposit/Credit (+): $50.00  |  |  |  |  |  |  |  |  |  |  | | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | | Check Number | Date | Description of Transaction | Payment/Debit  (-) | | Deposit/Credit  (+) | | | Balance | | |  | 2/20 | Previous Balance |  |  |  |  | $200 | | 00 | | 105 | 2/26 | Coffee Mart | 19 | 75 |  |  | $180 | | 25 | |  | 3/12 | Withdrawal | 100 | 00 |  |  | $80 | | 25 | |  | 3/19 | Deposit |  |  | 30 | 00 | $110 | | 25 | |  | 3/19 | Deposit |  |  | 50 | 00 | $160 | | 25 |   What is the final balance listed on your check register? **Answer: $160.25.** | |
|  | **Record Interest and Fees** | | |
| *Explain where to find interest that the bank applies to an interest-bearing checking account. Have participants record the fee in their check register*  *Slide 53*  *Display the correct entry so participants can check their work.* | With an interest-bearing checking account, review your monthly account statement to determine how much interest you received. Record this interest as a deposit (+) in your check register or budgeting software.  Your monthly account statement will also indicate if you are charged any fees. You would record any fees as a payment or debit (-).  Using your practice check register, record a $5 monthly maintenance fee that was withdrawn from your account on March 20th. Here is the information to record:   * Date: 3/20 * Description of Transaction: Debit * Payment/debit (-): $5.00  |  |  |  |  |  |  |  |  |  |  | | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | | Check Number | Date | Description of Transaction | Payment/Debit  (-) | | Deposit/Credit  (+) | | | Balance | | |  | 2/20 | Opening Balance |  |  |  |  | $200 | | 00 | | 105 | 2/26 | Coffee Mart | 19 | 75 |  |  | $180 | | 25 | |  | 3/12 | Withdrawal | 100 | 00 |  |  | $80 | | 25 | |  | 3/19 | Deposit |  |  | 30 | 00 | $110 | | 25 | |  | 3/19 | Deposit |  |  | 50 | 00 | $160 | | 25 | |  | 3/20 | Monthly fee | 5 | 00 |  |  | $155 | | 25 |   What is the balance in your checking account after subtracting the $5 fee from the balance? **Answer: $155.25.**  What questions do you have about recording fees?  Great! Now that we have recorded all of your transactions, it is time to review our monthly checking account statement. | | |
|  | **Review Monthly Checking Account Statements** | | |
| *Slide 54*  *Refer participants to the Checking Account Statement on page 12 of their Participant Guide. Click the space bar, right arrow, or mouse to identify each of the areas of information.* | Each month you will receive a checking account statement from your bank. The statement will list all transactions that occurred during the preceding month. These transactions may include:   * Cashed checks * Withdrawals and deposits * Debit card purchases * Interest earned or fees charged   Checking account statements vary from bank to bank. If you have any questions, ask your bank customer service representative.  Now we will look at a sample checking account statement. 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) | | |
| |  |  |  |  |  |  |  |  | | --- | --- | --- | --- | --- | --- | --- | --- | | Your Bank  Y  1  1212 Y Street  Somewhere, US 00001 | |  | | Your Name  3  4321 Second Street  Somewhere, US 00001  4  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 | Previous Balance  5 | |  | | | 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 | | | 6 | **Cleared Checks**  **Check #**  105 | | **Amount**  19.75  7 | | | **Ending Balance 75.25** | | | **Summary**  *Previous Total Total No. of No. ATM No. of Service New*  *Balance Deposits Withdr. Checks Transactions Deposits Charge Balance*  $200.00 $0 $119.75 1 1 0 $5.00 $75.25 | | | | | | | | | | | |
|  | **Reconciling Your Checking Account** | | |
| *Slide 55* | *Balancing* your checkbook means keeping your checkbook register up-to-date by recording all transactions and maintaining totals so you always know how much money is in your account.  When you get your monthly checking account statement, you may notice a difference between the statement balance and your check register. This difference may occur if:   * You did not record some of the transactions listed on the bank statement. * Some of your recorded transactions were posted after the bank statement was prepared and sent to you.   *Reconciling* your checking account helps you find the reasons for the differences, and make any necessary corrections. We will review two steps or two different ways of reconciling your checking account. | | |
|  | **Activity 2: Reconcile Your Check Register** | | |
| *Slide 56*  *Refer participants to Activity 2: Reconcile Your Check Register on page 13 of their Participant Guide.* | Whenever you reconcile your check register, you must compare it with your monthly checking account statement. A sample statement and check register are provided on page 13 of your Participant Guide.  What is the checking account statement balance (see “New Balance” or “Ending Balance” on the statement)? **Answer: $75.25.**  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. 2. 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 $25 withdrawal is missing on the check register.** 3. Add the missing transactions to your check register below the last transaction. 4. Calculate the balance by adding deposits or subtracting withdrawals from your check register balance. 5. What is the new balance in your check register? **Answer: $80.25.** 6. Does this match the checking account statement balance?   **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. | | |
| **Checking Account Monthly Statement**   |  |  |  |  |  |  |  |  |  | | --- | --- | --- | --- | --- | --- | --- | --- | --- | | Your Bank  Y  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 Amount** | | **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 | | 3/19 | Deposit | | 30.00 | | |  | | 110.25 | | 3/19 | Withdrawal | | -25.00 | | |  | | 85.25 | | 3/20 | Monthly Fee | | -5.00 | | |  | | 80.25 | |  | **Cleared Checks**  **Check #**  105 | | **Amount**  19.75 | | | **Ending Balance 80.25** | | | | **Summary**  *Previous Total Total No. of No. ATM No. of Service New*  *Balance Deposits Withdr. Checks Transactions Deposits Charge Balance*  $200.00 $30 $125 1 1 1 $5.00 $80.25 | | | | | | | | |   **Check Register**   |  |  |  |  |  |  |  |  |  |  | | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | | Check Number | Date | Description of Transaction | Payment/Debit  (-) | | Deposit/Credit  (+) | | | Balance | | |  | 2/20 | Previous Balance |  |  |  |  | $200 | | 00 | | 105 | 2/26 | Coffee Mart | 19 | 75✓ |  |  | $180 | | 25 | |  | 3/12 | Withdrawal | 100 | 00✓ |  |  | $80 | | 25 | |  | 3/19 | Deposit |  |  | ✓30 | 00 | $110 | | 25 | |  | 3/20 | Monthly fee | 5 | 00✓ |  |  | $105 | | 25 | |  |  |  |  |  |  |  |  | |  | | | | |
|  | **Activity 3: Complete the Checking Account Reconciliation Form** | | |
| *Slide 57*  *Refer participants to Activity 3: Checking Account Reconciliation Form beginning on page 15 of their Participant Guide.* *Give participants an opportunity to enter each step correctly*  *Slide 58-59*  *Display the correct entries so participants can check their work.* | In this activity, you are going to 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:** 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.  **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 $30 and $50 deposits are** **missing from the account statement. This is likely because they were not processed prior to the printing of this statement.**  **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 in the previous activity.  **Step 4:** Complete the reconciliation form.   * Enter the account balance listed on the monthly checking account statement. **($75.25)** * Add the total of deposits outstanding from Step 2. **($80.00)** * Calculate the total. **($155.25)** * Subtract the total of withdrawals outstanding from Step 3. **($0)** * Calculate the final total or balance. **($155.25)**   Does this equal the balance in your check register? **Answer: Yes.** | | |
| **Checking Account Monthly Statement**   |  |  |  |  |  |  |  |  |  | | --- | --- | --- | --- | --- | --- | --- | --- | --- | | Your Bank  Y  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**  **Amount** | | **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 | |  | **Cleared Checks**  **Check #**  105 | | **Amount**  19.75 | | | **Ending Balance 75.25** | | | | **Summary**  *Previous Total Total No. of No. ATM No. of Service New*  *Balance Deposits Withdr. Checks Transactions Deposits Charge Balance*  $200.00 $0 $100 1 1 0 $5.00 $75.25 | | | | | | | | |   **Check Register**   |  |  |  |  |  |  |  |  |  |  | | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | | Check Number | Date | Description of Transaction | Payment/Debit  (-) | | Deposit/Credit  (+) | | | Balance | | |  | 2/20 | Previous Balance |  |  |  |  | $200 | | 00 | | 105 | 2/26 | Coffee Mart | 19 | 75✓ |  |  | $180 | | 25 | |  | 3/12 | Withdrawal | 100 | 00✓ |  |  | $80 | | 25 | |  | 3/19 | Deposit |  |  | 30 | 00 | $110 | | 25 | |  | 3/19 | Deposit |  |  | 50 | 00 | $160 | | 25 | |  | 3/20 | Monthly fee | 5 | 00✓ |  |  | $155 | | 25 |   **Account Reconciliation Form**   |  |  |  |  | | --- | --- | --- | --- | | **Step 2**  **List and total all outstanding deposits** | | **Step 3**  **List and total all outstanding withdrawals or debits** | | | **Date** | **Amount** | **Date** | **Amount** | | 3/19/20XX | $30.00 |  |  | | 3/19/20XX | $50.00 |  |  | |  |  |  |  | | **Total** | $80.00 | **Total** |  |  |  |  | | --- | --- | | **Step 4** | | | **Account balance** | $75.25 | | **Add outstanding deposits (Step 2)** | $80.00 | | **Total** | $155.25 | | **Subtract outstanding withdrawals (Step 3)** | 0 | | **Balance** | $155.25 | | \*This balance should agree with the balance in your check register. | | | | | |
| *Answer any questions. Introduce the next topic.* | What questions do you have about reconciling a checking account?  Sometimes, when you reconcile your checking account, you find errors on your statement—either transactions you did not make (or transactions in the wrong amounts), incorrect deposits, or other incorrect information. We will talk about how to correct these. | | |
|  | **Correcting Errors on Your Statement** | | |
| *Slide 60*  *Describe how to correct errors.*  *Answer any questions. Introduce the next topic.* | Call, write, or visit your bank as soon as you find an error on your bank statement. If you call or visit your bank, it is a good idea to 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   The bank must receive notice of the error no later than 60 days after the date of the statement.  What questions do you have about correcting errors on your account statement?  We have discussed the importance of monitoring transactions and reconciling your checking register with your account statement so that you can avoid costly overdraft fees. We will talk more about those fees now. | | |
|  | **Overdraft Fees** | | |
| *Slide 61*  *Explain what overdraft means and what overdraft fees are. Remain on this slide and continue.* | An *overdraft* occurs when you do not have enough money in your account to cover a transaction, or in other words, you try to withdraw more money from your checking account than you actually have available to spend.  Assume you have $10 in your account. The phone company electronically debits your $50 bill from your checking account as you asked them to do every month. If you have an overdraft program linked to your account, your bank would pay the bill and charge you an *overdraft fee*—perhaps around $35.  If you do not have an overdraft program linked to your account and you overdraw your account, the bank would decline the payment (or return a check, when applicable) to the phone company. The bank and the phone company may charge you a *non-sufficient funds (NSF)* or *returned item fee*, which could range from $15–50.  Either way your balance would fall below $0, and you would overdraw your account. This can happen very easily if you do not reconcile your checking account or pay attention to what you spend.  If this happens to you, you will need to make a deposit into your account to replace the amount you withdrew, plus cover fees to bring your balance positive again. Do so as quickly as possible, as the bank might charge you interest or additional fees the longer your account balance is negative. | | |
|  | **Opt-In Rule for Some ATM/Debit Card Transactions** | | |
| *Slides 62-64*  *Slide 65*  *Remind participants of the importance of keeping an accurate checking account balance.*  *Refer participants to the Overdraft Protection Comparison Chart beginning on page 18 of their Participant Guide.* | 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.   If you opt-in to a bank’s overdraft program, the bank can charge you a fee – perhaps $30 or more – to process point-of-sale (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 withdrawal or purchase. You will not be charged 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, such as for checks or for bills you automatically pay through your debit card every month.  **Check Overdrafts: “Bad Checks” & “Bounced Checks”**  If you write a check without enough money in your account to cover the check, 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 and look for and correct any incorrect or missing information.   If your bank was the source of an error in your check report, the bank must contact the check reporting service 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 involving 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).  **Bank Overdraft Programs**  Overdrawing your account can be very expensive. The best way to avoid significant overdraft and NSF fees is to remember to keep good records, and check how much money you have in your checking account before making withdrawals or purchases.  Still, it can be a good idea to take time to learn what options you have to handle the (hopefully) rare situation when you spend more than you have in your account. Options 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, although you may 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. You will pay interest on any balance you carry and you may 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 for which you either pay a monthly fee or a per-item charge (which could be $35 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.   Here is some information to help you compare two types of overdraft programs. | | |
| |  |  |  | | --- | --- | --- | |  | **Lines of Credit & Linked Savings Accounts** | **Per-Item Overdraft Programs** | | **How Do I Enroll?** | * You must request this. | * You may be automatically enrolled, except for certain ATM and POS debit card transactions. | | **Does the program cover ATM and POS debit card usage?** | * Generally, yes; but refer to your account disclosure. | * You must “opt-in” for coverage. | | **Are There Any Fees?** | * Possibly a small transfer fee for linked savings. * Interest plus other potential fees for overdraft lines of credit. * Cash advance fees, plus interest at the cash advance rate, if using a credit card. | * Per-item overdraft fee if the bank honors the transaction. * NSF fee if the bank does not honor the transaction. * Possibly daily fees for every day your balance is negative. * Possible interest. | | **Do I Have to Have Another Account with the Bank?** | * You must have a savings account, overdraft line of credit, or credit card that can cover the overdraft. | * No. | | **Must the Bank Pay Overdraft Items?** | * Yes, if you have sufficient funds in your savings account or available under your line of credit. | * No. Bank is not obligated to pay an overdraft; so, bank decides whether to pay overdraft items. | | **Potential benefits** | * Linking to a savings account or credit line may be the least costly way to handle overdrafts. * Saves the cost of additional charges from returned checks. | * Saves cost and embarrassment of fees from merchant for bad check if bank honors item. | | **Potential risks?** | * Linking to a credit card may result in costly cash advance fees and higher interest rates and a never-ending cycle of debt. | * Overdraft fees add up quickly. | | | | |
|  | Be careful and do not regularly rely on overdraft plans. These can be costly. | | |
|  | **Example Overdraft Scenario** | | |
| *Slide 66*  *Read the scenario and ask the questions. Then allow participants to respond to each question before clicking the space bar, right arrow, or mouse to display the correct answers.*  *Answer any questions. Introduce the next topic.* | Lisa had a checking account. She opted into her bank’s standard fee-based overdraft program.  Lisa used her debit card when she went shopping for groceries and some personal and household items. The total came to $150. She forgot that she had recently made a mortgage payment and several utility payments, which left her with $125 in her checking account before she went shopping. Later, Lisa checked her account balance online and realized she had overdrawn her account and was charged a $30 overdraft fee.  By how much did Lisa overdraw her account? **Answer: $55.**  If Lisa gets paid in 3 days, and the bank charges her $5 a day for every day she is overdrawn, how much will she be overdrawn by the time her check is deposited?  **Answer: $70 (3 days x $5 = 15 + 25 + 30 overdraft fee = $70)**  When Lisa receives her paycheck for $865, what will her new balance be? **Answer: $795. She has to subtract the amount she is overdrawn and the overdraft fee from the amount of the deposit ($865 - $70).**  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 checkbook.  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** | | |
| *Slide 67* | Good account management is the best way to protect your hard-earned money. The best way to avoid overdraft fees is to manage your account so you do not overdraw it. 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, and to provide cushion for future purchases or withdrawals. Then you will avoid more fees. | | |
|  | **Final Words to the Wise** | | |
| *Answer any questions.* | 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   What final questions do you have? | | |
| **Instructor Notes** | | **Presentation** | |
|  | | Part 2 Wrap Up | |
| **10 minutes** | | **Summary and Post-Test** | |
| *Slide 68*  *Answer any final questions. Have participants complete the Post-Test and/or What Do You Know? form along with the evaluation form.* | | We have covered a lot of information today about using and maintaining your checking account.  Now let us see what you have learned by completing *[a short Post-Test on page 20 and 21 of your Participant Guide, and/or the “After the Training” column of the What Do You Know? form that you completed earlier]*.  Who would like to share one thing they learned from this training?  To improve the training, we need your feedback. Please complete the Evaluation Form beginning on page 25 of your Participant Guide. | |
|  | | **Part 2 Conclusion** | |
| *Slide 69*  *Review what was covered in the module and ensure participants’ expectations, questions, and concerns have all been covered.* | | Congratulations! You have completed Part 2 of the *Check It Out* module. You learned about:   * Electronic banking * Reconciling an account * Overdraft and line of credit programs * Debit cards and your checking account * How to manage your checking account wisely   Remember, using your checking account wisely can provide greater convenience, better money management, and safety; and it is less expensive than using check-cashing services. Great job on completing the *Check It Out* module! Thank you for participating. | |

# Part 2 Post-Test

**Now that you have gone through the course, see what you have learned.**

1. Electronic banking allows you to use which of the following to conduct various banking transactions or services?
   1. Cell phones
   2. Computers
   3. ATM or debt cards
   4. **All of the above**
2. If using an ATM to withdraw money, which of the following might you need to record in your check register?
   1. **Withdrawal amount**
   2. Interest earned
   3. **ATM fees, if applicable**
   4. Monthly or annual account fees
3. You can use a debit card for which of the following?
   1. Purchases
   2. Withdrawals
   3. Money transfers
   4. Deposits
   5. **All of the above**
4. *Mobile banking* allows you to:
   1. Use your computer to complete banking transactions
   2. **Use your cell phone to access or receive account information**
   3. Travel from bank to bank to complete transactions
   4. **Make purchases or payments with your cell phone**
5. The **best** way to keep from overdrawing your account or writing “bad checks” is to:
   1. Only write one check per month.
   2. Not use your ATM and a checkbook at the same time.
   3. **Record all of your transactions.**
   4. Use online banking and bill payment services.
6. Match the definition with the correct term.
   1. Determining the difference between your checking account statement and checkbook register
   2. Recording all transactions and maintaining totals so you always know how much money is in your account

Balancing: **\_\_\_\_**

Reconciling: **\_\_\_\_**

1. When you take more money out of your account than you have in it, that is called:
   1. A debit transaction
   2. Balancing your account
   3. **An overdraft**
   4. A monthly service fee
2. You can **best** avoid any overdraft fees by:
   1. Having a checking account
   2. **Keeping accurate account balance records**
   3. Depositing money quickly before the bank notices your account is overdrawn
   4. Opting-in to an overdraft discount program
3. Which of the following overdraft programoptions might be offered by a bank? Select all that apply.
4. **A per-item overdraft fee**
5. Prepaying for overdrafts
6. **Ability to link a savings account to a checking account**
7. **Flat-fee overdraft programs**
8. Overdraft programs are:
   1. Free of charge to you at banks
   2. **Programs that banks offer in the event you overdraw your account**
   3. Required by law for bank customers to purchase
   4. An account feature that you must pay for only in months when you do not keep a minimum balance in your account

What Do You Know? – Check It Out, Part 2

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

This form will allow you and the instructors to see what you know about checking accounts both before and after the training. Read each statement below. Please circle the number that shows how much you agree with each statement.

|  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- |
|  | **Before the Training** | | | | **After the Training** | | | |
| I can: | **Strongly Disagree** | **Disagree** | **Agree** | **Strongly Agree** | **Strongly Disagree** | **Disagree** | **Agree** | **Strongly Agree** | |
| 1. List four types of electronic banking services | **1** | **2** | **3** | **4** | **1** | **2** | **3** | **4** | |
| 1. Explain how debit cards are linked to checking accounts | **1** | **2** | **3** | **4** | **1** | **2** | **3** | **4** | |
| 1. Record fees and transactions in my check register | **1** | **2** | **3** | **4** | **1** | **2** | **3** | **4** | |
| 1. Explain overdraft fees and how they affect my checking account | **1** | **2** | **3** | **4** | **1** | **2** | **3** | **4** | |
| 1. Reconcile a check register with a bank statement | **1** | **2** | **3** | **4** | **1** | **2** | **3** | **4** | |
| 1. Describe how to manage a checking account wisely | **1** | **2** | **3** | **4** | **1** | **2** | **3** | **4** | |

Evaluation Form

This evaluation will enable you to assess your observations of the *Check It Out* module. Please indicate the degree to which you agree with each statement by circling the appropriate number.

|  |  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
| 1. Overall, I felt the module was: | **Strongly Disagree** | | **Disagree** | | **Neutral** | | **Agree** | | **Strongly Agree** | |
| [ ] Excellent |
| [ ] Very Good |
| [ ] Good |
| [ ] Fair |
| [ ] Poor |
| 1. I achieved the training objectives. | **1** | | **2** | | **3** | | **4** | | **5** | |
| 1. The instructions were clear and easy to follow. | **1** | | **2** | | **3** | | **4** | | **5** | |
| 1. The overheads were clear. | **1** | | **2** | | **3** | | **4** | | **5** | |
| 1. The overheads enhanced my learning. | **1** | | **2** | | **3** | | **4** | | **5** | |
| 1. The time allocation was correct for this module. | **1** | | **2** | | **3** | | **4** | | **5** | |
| 1. The module included sufficient examples and exercises so that I will be able to apply these new skills. | **1** | | **2** | | **3** | | **4** | | **5** | |
| 1. The instructor was knowledgeable and well-prepared. | **1** | | **2** | | **3** | | **4** | | **5** | |
| 1. The worksheets are valuable. | **1** | | **2** | | **3** | | **4** | | **5** | |
| 1. I will use the worksheets again. | **1** | | **2** | | **3** | | **4** | | **5** | |
| 1. The participants had ample opportunity to exchange experiences and ideas. | **1** | | **2** | | **3** | | **4** | | **5** | |
| 1. My knowledge/skill level of the subject matter before taking the module. 2. My knowledge/skill level of the subject matter upon completion of the module. | | **None Advanced** | | | | | | | | |
| **1** | | **2** | | **3** | | **4** | | **5** |
| **1** | | **2** | | **3** | | **4** | | **5** |
| 1. Name of Instructor:   Instructor Rating:  Please use the response scale and circle the appropriate number. | | **Response Scale:**  **5 Excellent**  **4 Very Good**  **3 Good**  **2 Fair**  **1 Poor** | | | | | | | | |
| Objectives were clear & attainable | | **1** | | **2** | | **3** | | **4** | | **5** |
| Made the subject understandable | | **1** | | **2** | | **3** | | **4** | | **5** |
| Encouraged questions | | **1** | | **2** | | **3** | | **4** | | **5** |
| Had technical knowledge | | **1** | | **2** | | **3** | | **4** | | **5** |

What was the most useful part of the training?

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What was the least useful part of the training and how could it be improved?

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Glossary

**Automated Teller Machine (ATM):** A computer terminal in 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 that lists 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](http://www.fdic.gov/consumer)

Division of Supervision & Consumer Protection

2345 Grand Boulevard, Suite 1200

Kansas City, Missouri 64108

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

Email: [consumeralerts@fdic.gov](mailto:consumeralerts@fdic.gov)

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](http://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 Trade Commission**

[www.ftc.gov/credit](http://www.ftc.gov/credit)

1-877-FTC-HELP (382-4357)

The FTC website offers practical information on a variety of consumer topics, including privacy, credit, and identity theft. The FTC also provides guidance and information on how to select a credit counselor.

**Go Direct**

[www.GoDirect.org](http://www.GoDirect.org)

1-800-333-1795

To quickly and easily sign up for direct deposit of your Social Security or other federal benefit payments, contact Go Direct, a campaign sponsored by the U.S. Department of the Treasury and the Federal Reserve Banks.

**Electronic Transfer Account**

[www.eta-find.gov/](http://www.eta-find.gov/)

1-888-382-3311

Generally anyone who receives (or represents someone who receives) one of the following Federal Government payments is eligible to receive his or her monthly payments electronically through an Electronic Transfer Account (ETA): Social Security, SSI, Veterans Benefits, Civil Service Wage Salary or Retirement Payments, Military Wage Salary or Retirement Payments, Railroad Retirement Board Payments, or Department of Labor (DOL)/Black Lung.