

Instructor Guide

FDIC



FDIC Financial Education Curriculum



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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	<ul style="list-style-type: none"> • Introduction of instructor and materials 	<ul style="list-style-type: none"> • Everyone
10-11, 45	5	Pre-Test and/or What Do You Know?		<ul style="list-style-type: none"> • Everyone
12	5	Introduction to Checking Accounts	<ul style="list-style-type: none"> • Discussion of personal experiences with checking accounts 	<ul style="list-style-type: none"> • Those with or considering opening a checking account
13-16	5	Benefits of Checking Accounts	<ul style="list-style-type: none"> • Convenience, cost, better money management, safety • Activity 1: Comparing Costs 	<ul style="list-style-type: none"> • Those with or considering opening a checking account
17-25	20-30	Finding the Right Checking Account	<ul style="list-style-type: none"> • 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 	<ul style="list-style-type: none"> • Those considering opening a checking account or changing the type of account they have
26-28	10	Opening a Checking Account	<ul style="list-style-type: none"> • Opening and maintaining a checking account, documents needed to open a checking account, identity verification and checking history, check register 	<ul style="list-style-type: none"> • 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	<ul style="list-style-type: none"> • 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 	<ul style="list-style-type: none"> • Those with or considering opening a checking account
42	5	Wrap-Up		<ul style="list-style-type: none"> • Everyone
43-45	5	Post-Test and/or What Do You Know?		<ul style="list-style-type: none"> • Everyone
75-76	5	Evaluation Form		<ul style="list-style-type: none"> • 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	<ul style="list-style-type: none"> Introduction of instructor and materials 	<ul style="list-style-type: none"> Everyone
48-49, 74	5	Pre-Test and/or What Do You Know?		<ul style="list-style-type: none"> Everyone
50-54	15	Using Electronic Banking	<ul style="list-style-type: none"> 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 	<ul style="list-style-type: none"> 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	<ul style="list-style-type: none"> 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 	<ul style="list-style-type: none"> Anyone with a checking account or considering one
71	5	Wrap-Up		<ul style="list-style-type: none"> Everyone
72-74	5	Post-Test and/or What Do You Know?		<ul style="list-style-type: none"> Everyone
75-76	5	Evaluation Form		<ul style="list-style-type: none"> 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

5 minutes



Slide 2

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.



Review Participant Guide contents and organization with participants.

Checking In

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

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

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

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?

Instructor Notes

Presentation

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

Objectives: Part 1

- State the benefits of using a checking account
- Determine which checking account is best for you
- Identify the steps to open a checking account
- Add money to a checking account
- Withdraw money from a checking account
- Use an Automated Teller Machine (ATM)

Check It Out 3

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?

Before we begin, let us see what you know about checking accounts.

What Do You Know?

What do you know or want to learn about checking accounts?

Check It Out 4

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.

[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.
 - a. You can pay for things over time instead of all at once
 - b. Better money management**
 - c. Lower taxes
 - d. You can save money paying bills by check or online**

2. There are different types of checking accounts. Three common types are: (Select all that apply).
 - a. Free checking**
 - b. Interest-bearing checking**
 - c. Per-transaction fee checking
 - d. Electronic-only/ATM checking**

3. A “second chance” checking program is an account that:
 - a. Provides extra funds if you run out of money
 - b. The bank will offer you if you are unhappy with your existing checking account
 - c. Comes with an interest-free credit card
 - d. 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):
 - a. Name
 - b. Social Security Number**
 - c. Address
 - d. Driver’s license number**

5. Select all that apply. To withdraw money from your checking account, you can:
 - a. Use an ATM card at a machine**
 - b. Write a check out to “cash” and go to a teller**
 - c. Use a credit card
 - d. 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:
 - a. You have the check sent directly to a check-cashing location
 - b. You cannot withdraw it once you deposit the check
 - c. It waives the fee at a check-cashing store
 - d. Your check goes directly to your bank account and there is no risk of misplacing it**

7. You should balance your checking account at least:
- Every day
 - Every week
 - Every month**
 - Twice a year
8. Which **two** of these will best help you determine if a particular checking account is right for you?
- Ask the bank what the fees are, so you know if you can get a better deal elsewhere**
 - Find out if they have checks with your favorite team's logo on them
 - Ask about different services to see if the bank offers the ones you need**
 - 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:
- | | |
|---|----------|
| a. Provide some photo identification (ID) to the bank | 1. _____ |
| b. Learn as much as you can about different account options | 2. _____ |
| c. Determine your needs | 3. _____ |
| d. Make a deposit | 4. _____ |
| e. Select an account | 5. _____ |
- Answer: 1-c, 2-b, 3-e, 4-a, 5-d**
10. Select all that apply. In order to add money to a checking account, you might:
- Fill out a deposit slip and give your deposit to a teller**
 - Cash your paycheck and send your cash deposit through the mail
 - Write a check out for "cash"
 - Deposit cash at the ATM**

Instructor Notes

Presentation

5 minutes

*Slide 5*

Write participants responses on chart paper. Guide a brief discussion to understand the participants' experiences with and feelings about checking accounts.

Introduction to Checking Accounts

Your Experience

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

15 minutes

Benefits of Checking Accounts

- What are the benefits of having a checking account?
 - Convenience
 - Cost
 - Better money management
 - Safety

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Check It Out

Slide 6

Write participants' responses on chart paper. Click the space bar, right arrow, or mouse to display the benefits.

Convenience

- Quick and easy access to funds
- Immediate access to direct deposit funds
- Reduced risk of losing cash with use of checks and debit cards

FDIC Financial Education Curriculum
Check It Out

Slide 7

Participants can follow along on page 6 of their Participant Guide.

Cost

Check-cashing and Money Order Fees:

Check-cashing: $4 \times \$20 = \$80 \times 12 \text{ mo.} = \$960/\text{year}$

Money order: $12 \times \$5 = \$60/\text{year} + \$960 = \$1,020/\text{year}$

Checking Account Costs:

Money order: $12 \times \$5 = \$60/\text{year} + \$18 = \$78/\text{year}$

Total savings by using a checking account = **\$942**

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Check It Out

Slide 8

Click of the space bar, right arrow, or mouse to display each calculation and the savings as discussed.

Benefits of Checking Accounts

Four Key Benefits of Checking Accounts

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

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 ($\$20 \times 4 = \80) or \$960 a year ($\$80 \times 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 \times 12 = \60)

Instructor Notes

Presentation

- 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 \times 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

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



Answer any questions.

Activity 1: Costs of Checking Versus Not Checking

Complete Activity 1 in the Participant Guide.

1. Read each scenario.
2. Answer the questions provided.
3. Compare the costs.

Check It Out 1

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.

Instructor Notes

Presentation

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).**

Instructor Notes

Presentation

Now we will continue talking about the key benefits of checking accounts.

Better Money Management

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

Transactions are actions you perform with your account, including:

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

Maintaining a checking account (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

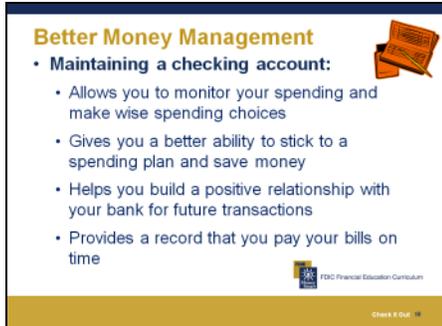
It is safer to use checks and debit cards than to carry large amounts of cash. Additionally, you can limit your financial loss if you report lost or stolen checks or debit cards to your bank as soon as possible.

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. 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.



Better Money Management

- **Maintaining a checking account:**
 - 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
 - Provides a record that you pay your bills on time

Check It Out 10

Slide 10

Explain why having a checking account helps you manage your money.



Safety

- **Limit your financial loss by reporting lost or stolen checks or debit cards to your bank as soon as possible**
- **Select an FDIC-insured financial institution**
 - Calculate your insurance coverage with the Electronic Deposit Insurance Estimator (EDIE): www.myfdicinsurance.gov

Check It Out 11

Slide 11



Answer any questions. Introduce the next topic.

Instructor Notes

Presentation

20-30 minutes



Slide 12



Refer participants to the *Determining Your Checking Account Needs* Worksheet on page 9 of their Participant Guide.

Finding the Right Checking Account

Steps to Finding the Right Checking Account

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

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

Instructor Notes

Presentation

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

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



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.

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

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Presentation

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.

Instructor Notes

Presentation

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?			

Instructor Notes	Presentation		
• 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

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



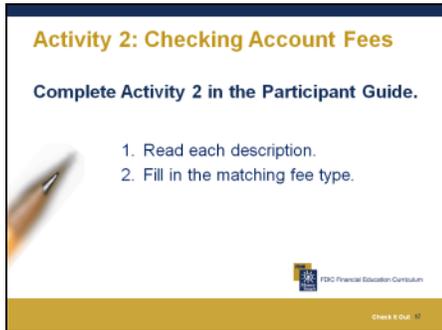
Slide 14

Explain the fees that banks charge.

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.

Instructor Notes

Presentation



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.

Activity 2: Checking Account Fees

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

Instructor Notes

Presentation

banking transactions.

Is a Checking Account Right For Me?

You may think a checking account is not right for you if you:

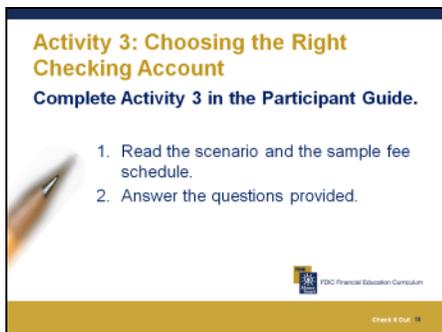
- Use cash to make purchases
- Have problems managing money, which leads to overdraft or NSF fees

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

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.



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.

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**

Instructor Notes

Presentation

- 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.

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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.



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.

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

10 minutes

Requirements for Opening a Checking Account

- To open an account, you will be asked for:
 - Photo identification (ID)
 - Your Social Security Number (SSN) or Individual Taxpayer Identification Number (ITIN)
 - Your opening deposit

FDIC Financial Education Curriculum
Check It Out

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*.

Opening a Checking Account

Requirements for Opening a Checking Account

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

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.

ID Verification and Checking History

- Identity verification protects you!
- The bank may check your banking and credit histories.
- If unable to open an account, ask about “second chance” checking programs.

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Check It Out

Slide 18

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Presentation



Answer any questions. Introduce the next topic.

- 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

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:

Check Register

- Use a check register to keep track of the money you put into and take out of your account.

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

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Refer participants to the Check Register on page 18 of their Participant Guide.

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

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.

Check Register

- **Record:**
 - 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

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Presentation

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.

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



Answer any questions. Introduce the next topic.

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

15 minutes

Using Money in Your Checking Account

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

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

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.

Cash Deposit

- **When making a cash deposit with a deposit slip:**
 - Make sure the deposit slip has your correct account and address information
 - Write in the transaction date
 - Write in the total cash amount
 - Give the teller your deposit slip and cash

Check It Out 11

Slide 21

Refer participants to *Using Money in Your Checking Account* on page 19 of their Participant Guide.

Activity 4: Filling Out a Deposit Slip

Complete Activity 4 in the Participant Guide.

1. Fill out the sample deposit slip.
2. Record the transaction in your check register.

Check It Out 12

Slide 22

Direct participants to *Activity 4: Filling Out a Deposit Slip* on page 21 of their

Instructor Notes **Presentation**

Participant Guide. Have participants fill out the deposit slip and add the entry to their practice check register.

Activity 4: Filling Out a Deposit Slip

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

Slide 23
 Display the correct entries so participants can check their work.



Answer any questions. Introduce the next topic.

Your Name _____ **Deposit Ticket**

Address _____

City, State, Zip _____ *00002215607*

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

Cash	30	00
Checks		
Total	30	00
Less Cash Received		
Total Deposit	30	00

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

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

Check Deposit with a Deposit Slip

- Sign, or endorse, the back of the check to deposit or cash a check
- Write “For Deposit Only” if depositing the check
- Fill out deposit slip

Slide 24
 Explain the effect of writing “For

Instructor Notes

Presentation

Deposit Only.”

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

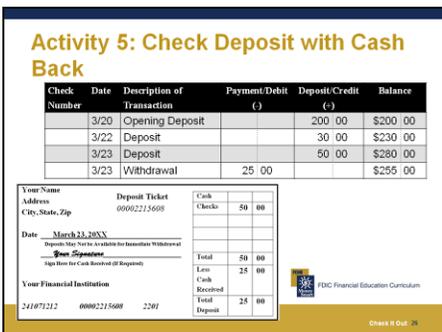
On March 23rd, you decide to deposit a \$50 check and get \$25 in cash back. Fill in the deposit slip to make your cash deposit. Note: when receiving cash back you must sign the deposit slip.



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.

Your Name	Deposit Ticket	Cash		
Address		Checks	50	00
City, State, Zip	00002215608			
Date <u>March 23, 20XX</u>				
Deposits May Not be Available for Immediate Withdrawal		Total	50	00
<u>Your Signature</u>		Less Cash Received	25	00
Sign Here for Cash Received (If Required)		Total Deposit	25	00
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

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Slide 26
 Display the correct entries so participants can check their work.

Presentation

- 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.**



Answer any questions. Introduce the next topic.

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.

Instructor Notes

Presentation

Direct Deposit

- **Direct deposit:**
 - Is a safe way to receive money
 - Is a convenient and cost effective way to deposit and cash checks
 - Is an easy and convenient way to access your money
 - Is predictable and dependable



Check It Out

Slide 27

Describe the benefits of direct deposit.

Direct Deposit

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

You 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/ 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, or call **1 (800) 333-1795**.

Automated Teller Machine

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.

Automated Teller Machine

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




Check It Out

Slide 28

Explain what an ATM is and how it is used. Click the space bar, right arrow,

Instructor Notes

or mouse to show each part of the ATM as you describe it.

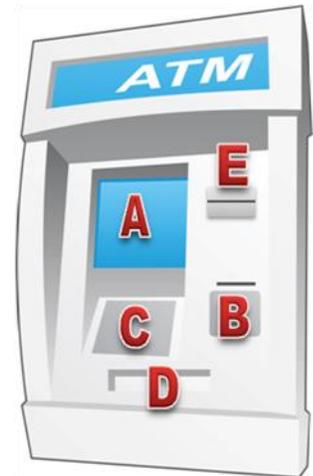
Presentation

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:

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



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

ATM Deposits

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

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

ATM Deposits

- Fill out the deposit slip or envelope, if required
- Insert your ATM card as directed
- Follow the prompts to deposit your money
- Do not forget your card!



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Check It Out 29

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.

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:
 - a. Enter your PIN.

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- b. Select “Deposit” from the touch screen menu or the appropriate button to the side of the screen.
- c. Use the keypad to enter the amount you are depositing.
- d. 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.
- e. 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.



Answer any questions. Introduce the next topic.

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

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



Refer participants to *Ways to Take Money Out of Your Account* on page 23 of their Participant Guide.

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.

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



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Check It Out

Instructor Notes

Slide 30

Explain what a check is and identify the three steps to writing a check.



Give participants an opportunity to respond to the question.

Step 1: Make Sure You Have Enough Money

- Record every deposit and withdrawal in your check register
- Verify the account balance is accurate

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Step 2: Complete the Check

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

YOUR NAME 68175-2031 0195
Address
City, State, ZIP
Pay to the order of
Your Financial Institution
101242896 654895999 3288

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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

Presentation

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

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

To write the check, you will need to fill in:

- The date.** Be sure to write the complete date, including the month, day, and year (e.g., February 26, 20XX).
- 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.
- The dollar amount of the check in numbers** (e.g., \$19.75).
- 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.
- The memo section.** Writing in this area is optional. You can use it

Instructor Notes

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.

Presentation

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	\$	<input type="text"/>
Dollars		
Your Financial Institution		
For		
⑆01242896⑆ 654859699 • 3266		

Keep these tips in mind when writing checks:

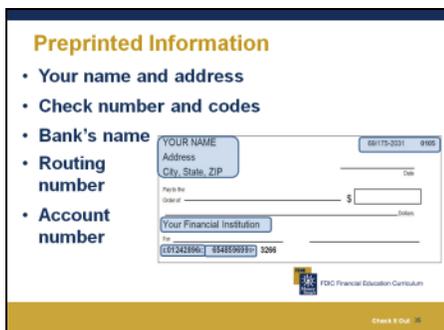
- Write in black or blue ink.
- Write clearly.
- Remember to record each check you write in your check register.

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

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.



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Use the space bar, right arrow, or mouse to click through the slide and display each area of preprinted information as you describe it.

Do NOT have your Social Security or driver's license number preprinted on your checks because of the risk of identity theft.

Instructor Notes

Presentation

Activity 6: Writing a Check

Activity 6: Writing a Check

Complete Activity 6 in the Participant Guide.

1. Fill out the sample check.
2. Record the transaction in your check register.



FDC Financial Education Curriculum

Check It Out

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.

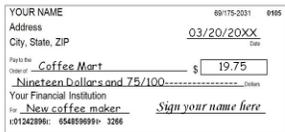
Now we are going to continue with our scenario and write a check and record it in the practice check register.

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.

Activity 6: Writing a Check



FDC Financial Education Curriculum

Check It Out

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Display the correct entry so participants can check their work.

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	
For	coffeemaker	
i: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

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

Step 3: Record the Transaction

Check Number	Date	Description of Transaction	Payment/Debit (-)	Deposit/Credit (+)	Balance
	3/20	Opening Deposit		200 00	\$200 00
	3/22	Deposit		30 00	\$230 00
	3/23	Deposit		50 00	\$280 00
	3/23	Withdrawal	25 00		\$255 00
105	3/26	Coffee Mart	19 75		\$235 25

FDC Financial Education Curriculum

Check It Out

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Instructor Notes

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.

Writing a Check for Cash

- Write “Cash” or your name on the “Pay to the Order Of” line

FDIC Financial Education Curriculum

Slide 37

Withdrawing Money from an ATM

1. Insert your ATM card
2. Follow the prompts on the screen
3. Take your money and ATM card (if applicable)

If using another bank’s ATM, be aware of the fees your bank and the other bank charges.

FDIC Financial Education Curriculum

Slide 38

Explain how to withdraw money from an ATM.

Presentation

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

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

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:
 - a. Enter your PIN.
 - b. Select “Withdrawal” (or “Withdraw”) from the touch screen menu or the appropriate button to the side of the screen.
 - c. Use the keypad to enter the desired withdrawal amount. Most ATMs give funds in multiples of \$10 or \$20.
 - d. Retrieve your money from the cash slot.
 - e. The ATM prompt may ask if you want to complete another

Instructor Notes

Presentation

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

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.

Instructor Notes**Presentation**

Answer any questions.

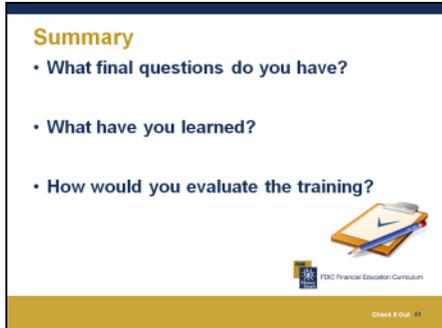
What questions do you have about withdrawing money from, or taking money out of, your account?

Let us review what you have learned today.

Instructor Notes

Presentation

10 minutes



Summary

- What final questions do you have?
- What have you learned?
- How would you evaluate the training?

Check It Out 39

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Answer any final questions. Have participants complete the Post-Test and/or What Do You Know? form along with the evaluation form.



Part 1 Conclusion

- You learned about:
 - The benefits of having a checking account instead of using a check-cashing service
 - The types of checking accounts available
 - How to open a checking account
 - How to write checks
 - How to use ATM and debit cards
 - How to make deposits and withdrawals
 - How to keep accurate records

Check It Out 40

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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.

Part 1 Wrap Up

Summary and Post-Test

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

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.
 - a. You can access and use your money at any time with a check, ATM card, or debit card
 - b. It costs less than other services (e.g., cash-checking service)
 - c. Your money is insured
 - d. Your transactions are recorded for better money management
 - e. **All of the above**

2. True or false? You do not need a checking account to have a debit or ATM card.
 - a. True; debit and ATM cards always work like gift cards at a store—they already have funds prepaid
 - b. True; debit cards are like credit cards, and you can buy now and pay later
 - c. **False; what you buy with a debit card or withdraw from the bank with an ATM card is taken directly from your checking account**
 - d. 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.
 - a. **Direct deposit**
 - b. **In-person or ATM deposit**
 - c. **By mail**
 - d. At any merchant/store

4. What is the first thing you should do before withdrawing money from your checking account?
 - a. **Make sure you have enough money in your account**
 - b. Complete or fill out the check correctly
 - c. Record the transaction in your check register
 - d. Know your debit card PIN

5. Which **two** of these will best help you determine if a particular checking account is right for you?
 - a. **Ask the bank what the fees are so you know if you can get a better deal elsewhere.**
 - b. Find out if they have checks with your favorite team's logo on them.
 - c. **Ask about different services to see if the bank offers the ones you need.**
 - d. The bank allows you to negotiate monthly ATM fees.

6. 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:
 - a. Just make it \$35 in your check register
 - b. **Call the bank**
 - c. **Check your deposit receipt**
 - d. Add \$5 somewhere in your check register

7. Why should you reconcile your checking account at least once a month?
 - a. It keeps you busy
 - b. You have to transfer money from your check register to your checking account
 - c. You will keep better track of your spending and are less likely to overdraw your account**
 - d. It is a bank policy

8. When using an ATM:
 - a. You can deposit or withdraw money into/from your checking or savings account
 - b. You can transfer money between your checking and savings account
 - c. You must have a PIN to deposit/withdraw money
 - d. All of the above**

9. Which **two** of the following will help you determine if a particular checking account is right for you?
 - a. Ask the bank what the fees are so you know if you can pay them.**
 - b. Find out if they have checks with your favorite team's logo on them.
 - c. Ask about different services to see if the bank offers the ones you need.**
 - d. The bank allows you to negotiate monthly service charges.

10. When you open a checking account, one step you will most likely have to follow is to:
 - a. Provide some photo ID to the bank**
 - b. Pay an application fee
 - c. Provide your work history for the last 10 years
 - d. 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			
	Strongly Disagree	Disagree	Agree	Strongly Agree	Strongly Disagree	Disagree	Agree	Strongly Agree
I can:								
1. State the benefits of using a checking account	1	2	3	4	1	2	3	4
2. Determine which checking account is best for me	1	2	3	4	1	2	3	4
3. Identify the steps involved in opening a checking account	1	2	3	4	1	2	3	4
4. Add money to a checking account	1	2	3	4	1	2	3	4
5. Withdraw money from a checking account	1	2	3	4	1	2	3	4
6. Use an ATM	1	2	3	4	1	2	3	4

Instructor Notes

Presentation

15 minutes

Objectives: Part 2

- Explain overdraft fees and how they affect your checking account
- Reconcile a check register with a bank statement
- Describe how to manage a checking account wisely

Objectives: Part 2

- List four types of electronic banking services
- Explain how debit cards are linked to checking accounts
- Record fees and transactions in your check register

Slides 41–42

What Do You Know?

What do you know or want to learn about checking accounts?

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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.

Part 2: Using and Maintaining a Checking Account

Objectives

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

[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

Instructor Notes**Presentation**

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:
 - a. Electronic bill pay
 - b. Using special applications or text messages on your cell phone or personal digital assistant (PDA) to access your accounts
 - c. Calling the bank on the phone**
 - d. Debit/ATM card transactions

2. A debit card is:
 - a. 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**
 - b. The same as a credit card—buy now, pay later—but you can use your checking account with it
 - c. Similar to a gift card from a retail store, since you buy the debit card and replenish the funds once a month
 - d. Only used to get cash from an ATM if you do not have a checking account from which to withdraw funds

3. Services you may be able to access when you do banking online include:
 - a. Debit card replacement and check ordering
 - b. Money transfers, deposits, and withdrawals between accounts
 - c. Electronic statements and alerts
 - d. All of the above**

4. *Mobile banking* allows you to:
 - a. Use your computer to complete banking transactions
 - b. Use your cell phone to access or receive account information**
 - c. Travel from bank to bank to complete transactions
 - d. 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.
 - a. Keep it up-to-date**
 - b. Account for any differences between your statement and your check register**
 - c. Compare your checking and savings account balances
 - d. Determine which checks have cleared**

6. When you take more money out of your account than you have in it, that is called:
 - a. A debit transaction
 - b. Balancing your account
 - c. An overdraft**
 - d. A monthly service fee

7. The best way to keep from overdrawing your account or writing “bad checks” is to:
 - a. Only write one check per month
 - b. Not use your ATM and a checkbook at the same time
 - c. Record all of your transactions**
 - d. Use online banking and bill payment services

8. Which **two** of the following overdraft coverage options might be offered by a bank?
 - a. Ability to link a savings account to a checking account**
 - b. Prepaying for overdrafts
 - c. Charging overdraft fees to your credit card
 - d. Flat-fee overdraft programs**

9. Overdraft programs are:
 - a. Free at all banks
 - b. Programs that banks offer in the event you overdraw your account**
 - c. Required by law for bank customers to purchase
 - d. 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?
 - a. You could be charged costly overdraft fees if you do not record transactions and monitor your checking account balance
 - b. You should reconcile your checking account weekly.**

Instructor Notes

Presentation

15 minutes

Electronic Banking

- **Electronic banking includes:**
 - ATM and transactions
 - Automatic bill pay
 - Online bill pay
 - Cell phone banking

FDIC Financial Education Curriculum
Check It Out 44

Slide 44

Refer participants to *Using Electronic Banking* on page 6 of their *Participant Guide*.

Using Electronic Banking

Overview

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

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.

Debit Cards

- **With a debit card, you can:**
 - Withdraw cash from an ATM
 - Make purchases at retail locations
- **You must have a Personal Identification Number (PIN) to complete electronic debit card transactions.**

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Check It Out 45

Slide 45

Explain what a debit card is and how it differs from a credit card.

Instructor Notes

Presentation

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

Instructor Notes

Presentation



Refer participants to the *Credit Cards and Debit Cards* table on page 7 of their Participant Guide.

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	<ul style="list-style-type: none"> Buy now, pay now. 	<ul style="list-style-type: none"> Buy now, pay later.
Interest Charges	<ul style="list-style-type: none"> No charges apply as funds are automatically debited from your checking account. 	<ul style="list-style-type: none"> Charges will apply if you carry a balance or your card offers no grace period (time to repay without incurring interest charges).
Fees	<ul style="list-style-type: none"> Fees on certain transactions (e.g., an ATM fee charged for withdrawing funds from an ATM not operated by the financial institution that issued your card). Potentially costly fees if you try to spend more money than you have available in your account. 	<ul style="list-style-type: none"> Fees and penalties can be imposed if payments are not timely. Some cards also have annual fees. Not all cards offer grace periods (time to repay without incurring interest charges).
Other Potential Benefits	<ul style="list-style-type: none"> Easier and faster than writing a check. No risk of losing cash that you cannot replace. Some cards may offer freebies or rebates. As long as you do not overdraw your account, debit cards are a good way to pay for purchases without borrowing money and paying interest. 	<ul style="list-style-type: none"> Freebies sometimes offered (e.g., cash rebates, bonus points, or travel deals). You can withhold payment on charges in dispute. Purchase protections offered by some cards for faulty goods. If you are careful about how you manage your credit card, especially by paying your bill on time, your credit score may go up and you may qualify for lower interest rates on loans.
Other Potential Concerns	<ul style="list-style-type: none"> Usually there are no protections against faulty goods and services. You need another way to pay for unexpected emergencies (e.g., a car repair) if you do not have enough money in your bank accounts. 	<ul style="list-style-type: none"> Over-spending can occur, since the credit limit may be higher than you can afford. If you do not pay your card balance in full each month, or your card does not have an interest-free grace period, you will pay interest. This can be costly, especially if you only pay at or

Instructor Notes

Presentation

		near the minimum amount due each month.
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Automatic Bill Payment

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

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.

Slide 46

Slide 46

Instructor Notes

Presentation

Cell Phone (Mobile) Banking

Cell Phone (Mobile) Banking

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



FDC Financial Education Curriculum

Check It Out 47

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

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)
- 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



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.

For more information on protecting yourself against identity theft, see page 8 of your Participant Guide.

Instructor Notes

Presentation

20-30 minutes

Steps to Keeping Accurate Account Records

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

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Check It Out 48

Slide 48

ATM Receipts

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

TOTAL	\$200.00
TERMINAL FEE	\$1.00
DATE	01/24/12
TIME	16:52
TRANSACTION	WITHDRAWAL CHECKING
	92465135846
CARD NUMBER	*****3355
AVAILABLE	\$1039.54
99 E. RIVER RD	
CITY	ST
YOUR FINANCIAL INSTITUTION	

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Check It Out 49

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.

Accurately Recording Account Activity

Steps to Keeping Accurate Account Records

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

To keep an accurate record 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

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

Instructor Notes

Presentation

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:

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

Instructor Notes

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.

Record All Transactions

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

Check It Out 11

Slide 52
Display the correct entry so participants can check their work.

Presentation

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

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:



Explain where to find interest that the bank applies to an interest-bearing checking account. Have participants record the fee in their check register

Instructor Notes **Presentation**

Record Interest and Fees

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

FIDC Financial Education Curriculum

Slide 53
 Display the correct entry so participants can check their work.

- 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

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 Statement

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

FIDC Financial Education Curriculum

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.

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

Instructor Notes

Presentation

5. A list of all transactions by date
6. A list of all cashed checks in numerical order by check number; some banks do not provide this
7. Statement summary, including fees and charges (if any)

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

Reconciling Your Checking Account

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.



Slide 55

Instructor Notes

Presentation

- 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:

- Compare your check register with the monthly statement. Put a small check mark (✓) beside each item in your check register that matches an item on your statement.
- Are there any items that are listed on the monthly account statement that do not appear on the check register? If so, which one(s)?
Answer: Yes. The \$25 withdrawal is missing on the check register.
- Add the missing transactions to your check register below the last transaction.
- Calculate the balance by adding deposits or subtracting withdrawals from your check register balance.
- What is the new balance in your check register? **Answer: \$80.25.**
- 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.

Instructor Notes

Presentation

Checking Account Monthly Statement

Y	Your Bank							Your Name
	1212 Y Street Somewhere, US 00001							4321 Second Street Somewhere, US 00001 Account Number 543685321454
Summary of Account Activity								
For period ending		3/20/20XX						
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		
						Ending Balance	80.25	
Cleared Checks		Amount						
Check #								
105		19.75						
Summary								
<i>Previous Balance</i>	<i>Total Deposits</i>	<i>Total Withdr.</i>	<i>No. of Checks</i>	<i>No. ATM Transactions</i>	<i>No. of Deposits</i>	<i>Service Charge</i>	<i>New Balance</i>	
\$200.00	\$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

Instructor Notes

Presentation

Activity 3: Complete the Checking Account Reconciliation Form

Activity 3: Checking Account Reconciliation Form
 Complete Activity 3 in the Participant Guide.

1. Use the checking account reconciliation form to reconcile your check register with your monthly account statement.
2. Follow the directions listed in your Participant Guide.




Check It Out

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

Activity 3: Checking 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	



Check It Out

Activity 3: Checking Account Reconciliation Form

Step 4	
Account balance	\$75.25
Add deposits outstanding (Step 2)	\$80.00
Total	\$155.25
Subtract withdrawals outstanding (Step 3)	0
Balance	\$155.25

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



Check It Out

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.**

Instructor Notes

Presentation

Checking Account Monthly Statement

Y	Your Bank			Your Name			
	1212 Y Street Somewhere, US 00001			4321 Second Street Somewhere, US 00001 Account Number 543685321454			
Summary of Account Activity							
For period ending		3/20/20XX					
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			
Ending Balance				75.25			
Cleared Checks		Amount					
Check #							
105		19.75					
Summary							
<i>Previous Balance</i>	<i>Total Deposits</i>	<i>Total Withdr.</i>	<i>No. of Checks</i>	<i>No. ATM Transactions</i>	<i>No. of Deposits</i>	<i>Service Charge</i>	<i>New Balance</i>
\$200.00	\$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

Instructor Notes

Presentation

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.

Instructor Notes

Presentation

Correcting Errors on Your Statement

Correcting Errors

- Call, write, or visit your bank as soon as you find an error on your bank statement
- Follow up with a letter detailing the error, if applicable
- Notify the bank of error no later than 60 days after the date of the statement



Check It Out 60

Slide 60

Describe how to correct errors.

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

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



Answer any questions. Introduce the next topic.

Overdraft Fees

- **Overdraft fees:**
 - Charged when you spend more money than you have in your account
- **Non-Sufficient Funds (NSF) fees:**
 - Occur when a bank returns a check or other item unpaid because you do not have sufficient funds in your account to cover it



Check It Out 61

Slide 61

Explain what overdraft means and what overdraft fees are. Remain on this slide and continue.

Instructor Notes

Presentation

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

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.

Opt-In Rule for Some ATM/Debit Card Transactions

- **New opt-in rule: the bank will ask you how to handle ATM and point of sale debit card transactions that would overdraw your account**
 - By default, you are “opted-out.”
 - If you opt-in to an overdraft program, the bank will charge a fee to cover transactions.
 - You can change your mind.

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Check It Out 62

Sample Opt-In Notice

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

.....

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

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

Printed Name: _____

Date: _____

(Account Number): _____)

FDIC Financial Education Curriculum

Check It Out 63

Other Types of Overdrafts

- **The Overdraft Opt-in Rule does not apply to other types of overdraft transactions, such as:**
 - Checks
 - Automatic (scheduled) bill payments (e.g., online bill-pay and recurring charges billed to a debit card)

FDIC Financial Education Curriculum

Check It Out 64

Slides 62-64

Instructor Notes

Presentation

“Bad Checks”

- **Writing bad checks can have very serious consequences for you:**
 - Fees of \$30 or more
 - Your bank can close your account and report negative information to credit bureaus
 - The check might be turned over to a collections agency
 - Knowingly writing a bad check is a crime in every state

FDIC Financial Education Curriculum

Check It Out

Slide 65

Remind participants of the importance of keeping an accurate checking account balance.

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

Instructor Notes

Presentation



Refer participants to the Overdraft Protection Comparison Chart beginning on page 18 of their Participant Guide.

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?	<ul style="list-style-type: none"> • You must request this. 	<ul style="list-style-type: none"> • You may be automatically enrolled, except for certain ATM and POS debit card transactions.
Does the program cover ATM and POS debit card usage?	<ul style="list-style-type: none"> • Generally, yes; but refer to your account disclosure. 	<ul style="list-style-type: none"> • You must “opt-in” for coverage.
Are There Any Fees?	<ul style="list-style-type: none"> • 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. 	<ul style="list-style-type: none"> • 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?	<ul style="list-style-type: none"> • You must have a savings account, overdraft line of credit, or credit card that can cover the overdraft. 	<ul style="list-style-type: none"> • No.
Must the Bank Pay Overdraft Items?	<ul style="list-style-type: none"> • Yes, if you have sufficient funds in your savings account or available under your line of credit. 	<ul style="list-style-type: none"> • No. Bank is not obligated to pay an overdraft; so, bank decides whether to pay overdraft items.
Potential benefits	<ul style="list-style-type: none"> • Linking to a savings account or credit line may be the least costly way to 	<ul style="list-style-type: none"> • Saves cost and embarrassment of fees from merchant for bad check if

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	handle overdrafts. <ul style="list-style-type: none"> Saves the cost of additional charges from returned checks. 	bank honors item.
Potential risks?	<ul style="list-style-type: none"> Linking to a credit card may result in costly cash advance fees and higher interest rates and a never-ending cycle of debt. 	<ul style="list-style-type: none"> Overdraft fees add up quickly.

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

Example Overdraft Scenario

Overdraft Scenario

- Lisa spent \$150. She only had \$125 in her account. She was charged a \$30 overdraft fee.
- How much did Lisa overdraw her account?
 $\$25 + \$30 \text{ fee} = \$55$
- She gets paid in 3 days and is charged \$5/day she is overdrawn. How much will she be overdrawn? $3 \times \$5 = \$15 + \$55 = \70
- When Lisa receives her paycheck for \$865, what will her new balance be? $\$865 - \$70 = \$795$

Check It Out

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.



Answer any questions. Introduce the next topic.

Instructor Notes

Presentation

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

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.



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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

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?



Answer any questions.

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10 minutes

Summary

- What final questions do you have?
- What have you learned?
- How would you evaluate the training?

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Answer any final questions. Have participants complete the Post-Test and/or What Do You Know? form along with the evaluation form.

Conclusion

- **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

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Review what was covered in the module and ensure participants' expectations, questions, and concerns have all been covered.

Part 2 Wrap Up

Summary and Post-Test

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

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?
 - a. Cell phones
 - b. Computers
 - c. ATM or debt cards
 - d. **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?
 - a. **Withdrawal amount**
 - b. Interest earned
 - c. **ATM fees, if applicable**
 - d. Monthly or annual account fees

3. You can use a debit card for which of the following?
 - a. Purchases
 - b. Withdrawals
 - c. Money transfers
 - d. Deposits
 - e. **All of the above**

4. *Mobile banking* allows you to:
 - a. Use your computer to complete banking transactions
 - b. **Use your cell phone to access or receive account information**
 - c. Travel from bank to bank to complete transactions
 - d. **Make purchases or payments with your cell phone**

5. The **best** way to keep from overdrawing your account or writing “bad checks” is to:
 - c. Only write one check per month.
 - d. Not use your ATM and a checkbook at the same time.
 - e. **Record all of your transactions.**
 - a. Use online banking and bill payment services.

6. Match the definition with the correct term.
Balancing: ____ a. Determining the difference between your checking account statement and checkbook register
Reconciling: ____ b. Recording all transactions and maintaining totals so you always know how much money is in your account

7. When you take more money out of your account than you have in it, that is called:
 - a. A debit transaction
 - b. Balancing your account
 - c. An overdraft**
 - d. A monthly service fee

8. You can **best** avoid any overdraft fees by:
 - a. Having a checking account
 - b. Keeping accurate account balance records**
 - c. Depositing money quickly before the bank notices your account is overdrawn
 - d. Opting-in to an overdraft discount program

9. Which of the following overdraft program options might be offered by a bank? Select all that apply.
 - a. A per-item overdraft fee**
 - b. Prepaying for overdrafts
 - c. Ability to link a savings account to a checking account**
 - d. Flat-fee overdraft programs**

10. Overdraft programs are:
 - a. Free of charge to you at banks
 - b. Programs that banks offer in the event you overdraw your account**
 - c. Required by law for bank customers to purchase
 - d. 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			
	Strongly Disagree	Disagree	Agree	Strongly Agree	Strongly Disagree	Disagree	Agree	Strongly Agree
I can:								
1. List four types of electronic banking services	1	2	3	4	1	2	3	4
2. Explain how debit cards are linked to checking accounts	1	2	3	4	1	2	3	4
3. Record fees and transactions in my check register	1	2	3	4	1	2	3	4
4. Explain overdraft fees and how they affect my checking account	1	2	3	4	1	2	3	4
5. Reconcile a check register with a bank statement	1	2	3	4	1	2	3	4
6. Describe how to manage a checking account wisely	1	2	3	4	1	2	3	4

What was the most useful part of the training?

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

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

Division of Supervision & Consumer Protection

2345 Grand Boulevard, Suite 1200

Kansas City, Missouri 64108

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

Email: 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

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

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

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/

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.