

Check It Out



FDIC Financial Education Curriculum

Welcome



- 1. Agenda**
- 2. Ground Rules**
- 3. Introductions**



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Objectives: Part 1

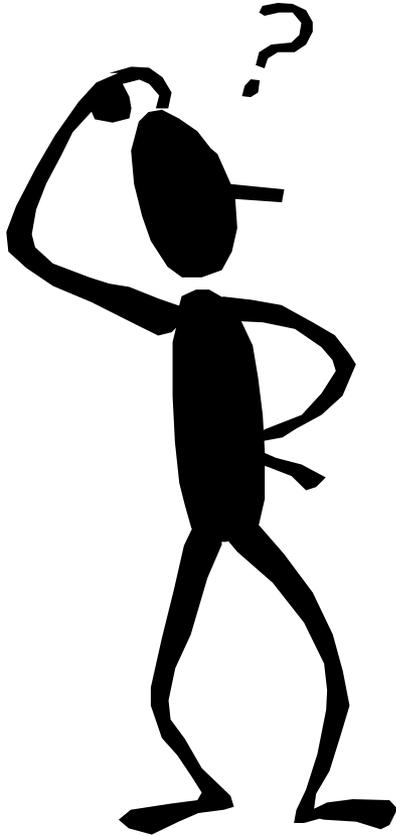


- **State the benefits of using a checking account**
- **Determine which checking account is best for you**
- **Identify the steps to open a checking account**
- **Add money to a checking account**
- **Withdraw money from a checking account**
- **Use an Automated Teller Machine (ATM)**



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What Do You Know?



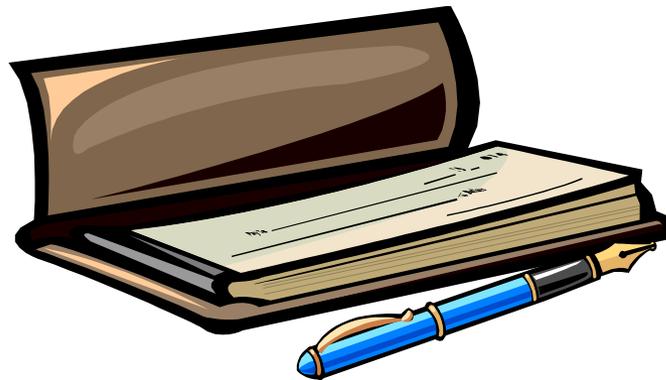
What do you know or want to learn about checking accounts?



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Your Experience

- **Have you ever had a checking account?**
- **What comes to mind when you think about checking accounts?**



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Benefits of Checking Accounts

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



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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**



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Cost



Check-cashing and Money Order Fees:

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

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

Checking Account Costs:

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

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



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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.



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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



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Safety

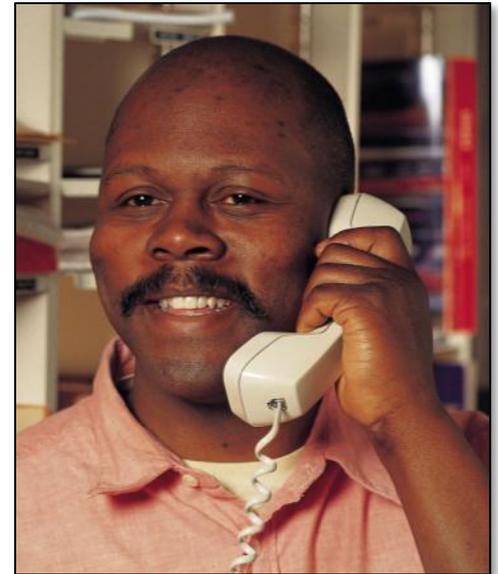
- **Limit your financial loss by reporting lost or stolen checks or debit cards to your bank as soon as possible**
- **Select an FDIC-insured financial institution**
 - Calculate your insurance coverage with the Electronic Deposit Insurance Estimator (EDIE): www.myfdicinsurance.gov



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Finding the Right Checking Account

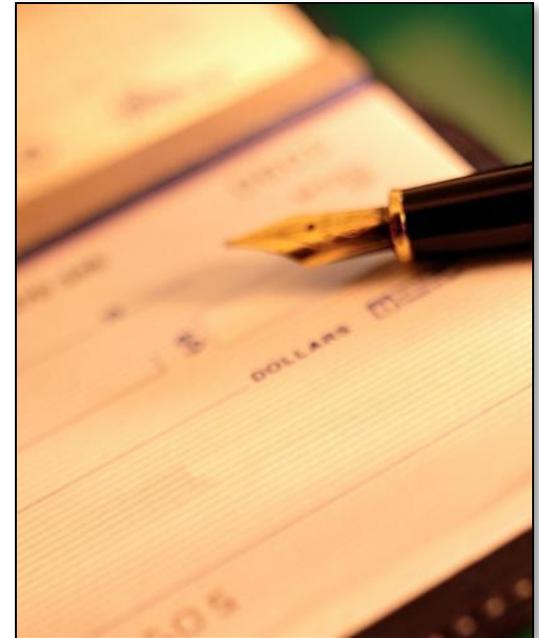
- **Get recommendations**
- **Determine your checking account needs**
- **Compare accounts and fees charged**



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Types of Checking Accounts

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



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Fee Schedule

- **A fee schedule may include:**

- Monthly service fees
- Minimum balance fees
- ATM user fees
- Overdraft or non-sufficient funds (NSF) fees
- Stop payment fees



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Activity 2: Checking Account Fees

Complete Activity 2 in the Participant Guide.

1. Read each description.
2. Fill in the matching fee type.



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Activity 3: Choosing the Right Checking Account

Complete Activity 3 in the Participant Guide.

1. Read the scenario and the sample fee schedule.
2. Answer the questions provided.



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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



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ID Verification and Checking History

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



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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 |
|--------------|------|----------------------------|-------------------|--------------------|---------|
| | | | | | |
| | | | | | |
| | | | | | |
| | | | | | |
| | | | | | |
| | | | | | |



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 |



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



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.



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Activity 4: Filling Out a Deposit Slip

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

| 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 |



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Check Deposit with a Deposit Slip

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



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Activity 5: Check Deposit with Cash Back

Complete Activity 5 in the Participant Guide.

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



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Activity 5: Check Deposit with Cash Back

| 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 |

| | | | |
|--|-----------------------|-----------------------|--|
| Your Name | | Deposit Ticket | |
| Address | | 00002215608 | |
| City, State, Zip | | | |
| Date | <u>March 23, 20XX</u> | | |
| Deposits May Not be Available for Immediate Withdrawal | | | |
| <u><i>Your Signature</i></u> | | | |
| Sign Here for Cash Received (If Required) | | | |
| Your Financial Institution | | | |
| 241071212 | 00002215608 | 2201 | |

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



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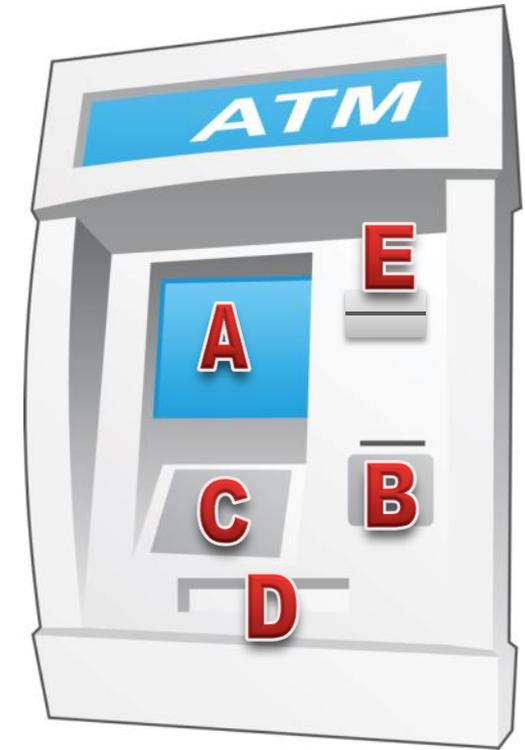
Direct Deposit

- **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



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



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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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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



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 | 69/175-2031 | 0105 |
| Address | | |
| City, State, ZIP | | Date |
| Pay to the Order of | \$ | |
| | | Dollars |
| Your Financial Institution | | |
| For | | |
| I:01242896I: 654859699II* 3266 | | |



Preprinted Information

- Your name and address
- Check number and codes
- Bank's name
- Routing number
- Account number

The diagram shows a check with the following fields highlighted in blue boxes:

- YOUR NAME** (Payee name)
- Address** (Payee address)
- City, State, ZIP** (Payee location)
- 69/175-2031 0105** (Check number and MICR line)
- Pay to the Order of** (Payee name)
- \$** (Dollar sign)
- Your Financial Institution** (Bank name)
- For** (Purpose of payment)
- ⑆01242896⑆ 654859699⑆ 3266** (MICR line)



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.



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Activity 6: Writing a Check

| | | |
|---|-------------|----------------------------|
| YOUR NAME | 69/175-2031 | 0105 |
| Address | | <u>03/20/20XX</u> |
| City, State, ZIP | | Date |
| Pay to the Order of <u>Coffee Mart</u> | \$ | <u>19.75</u> |
| <u>Nineteen Dollars and 75/100</u> | | Dollars |
| Your Financial Institution | | <u>Sign your name here</u> |
| For <u>New coffee maker</u> | | |
| I:01242896I: 654859699II* 3266 | | |



Step 3: Record the Transaction

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



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Writing a Check for Cash

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

| | | |
|--|-----------------------------|------------------------------------|
| YOUR NAME | 69/175-2031 | 0105 |
| Address | | |
| City, State, ZIP | <u>03/20/20XX</u> | Date |
| Pay to the Order of <u>Cash</u> | \$ | <input type="text" value="40.00"/> |
| <u>Forty Dollars and 00/100</u> -----Dollars | | |
| Your Financial Institution | | |
| For _____ | <u>Sign your name here.</u> | |
| ⑆01242896⑆ 654859699⑆ 3266 | | |



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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.



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Summary

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



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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



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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**



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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**



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What Do You Know?



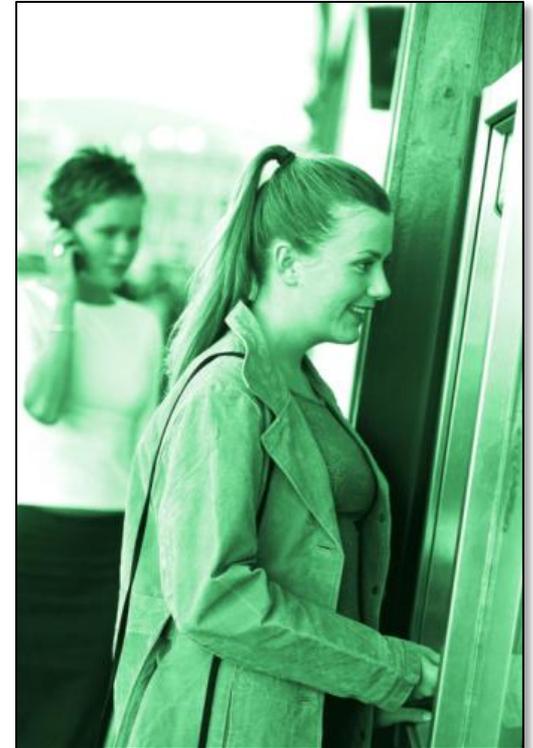
What do you know or want to learn about checking accounts?



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Electronic Banking

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



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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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Automatic and Online Bill Payment

- ***Automatic bill payment*** transfers money electronically from your account to pay your bills automatically.
- ***Online bill payment*** allows you to designate when bills are paid from your account each month.



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



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Steps to Keeping Accurate Account Records

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



ATM Receipts

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

| | |
|----------------------------|-----------|
| TOTAL | \$200.00 |
| TERMINAL FEE | \$1.00 |
| | |
| DATE | TIME |
| 01/24/12 | 16:52 |
| TRANSACTION | |
| WITHDRAWAL CHECKING | |
| 92465135846 | |
| | |
| CARD NUMBER | |
| *****5355 | |
| AVAILABLE | \$1039.54 |
| | |
| 99 E. RIVER RD | |
| CITY | ST |
| | |
| YOUR FINANCIAL INSTITUTION | |



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Record All Transactions in Your Check Register

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



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Activity 1: Record Transactions in Your Check Register

Complete Activity 1 in the Participant Guide.

1. Record the transactions in your check register.



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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 |
| | | | | | |



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 |



Checking Account Statement

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

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



Reconciling Your Checking Account

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



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Activity 2: Reconcile Your Check Register

Complete Activity 2 in the Participant Guide.

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



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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.



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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 | |



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. | |



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**



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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



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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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]: _____]



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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)



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“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



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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? $\$865 - \$70 = \$795$



Avoiding Overdraft Fees

- **Keep your check register updated**
- **Pay attention to electronic transactions**
- **Remember to record automatic payments and checks**
- **Keep track of your account balance**
- **Review your statements monthly**



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Summary

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



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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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