

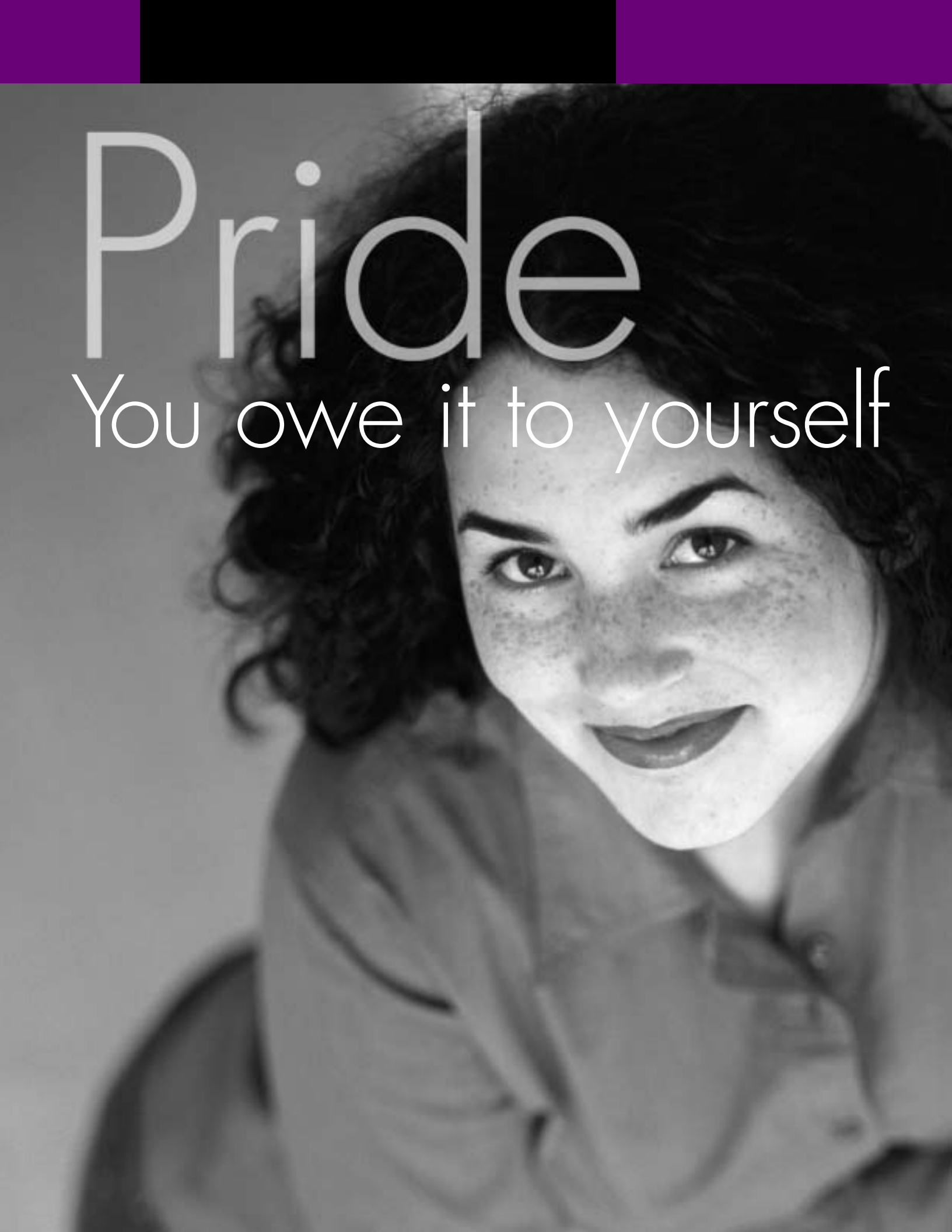


Checks & Balances

How to Open & Manage a Checking Account

Consumer Credit 
Counseling Service ™

you owe it to yourself



Pride

You owe it to yourself

Checks & Balances

Consumer Credit Counseling Service (CCCS), a non-profit agency, has been the trusted resource for individuals and families experiencing financial crises for over thirty-seven years. CCCS provides free, confidential budget and financial counseling, community-wide education and outreach programs including comprehensive housing counseling, and debt management programs for consumers who are overextended.

This workbook has been designed to teach you how to make the most of your checking account. In this workbook you will learn:

- The benefits of a checking account.
- How to open a checking account.
- How to make a deposit.
- How to endorse checks.
- How to use a check register.
- How to use an Automated Teller Machine (ATM) and Debit Cards.
- How to write a check.
- How to read your monthly statement.
- How to balance your checkbook.
- What happens if you bounce a check.

The Benefits of a Checking Account

A checking account is a very convenient tool for managing your money. With it you can pay bills, purchase items and withdraw funds as needed.

Benefits of checking accounts include:

- Safety – Safer than carrying cash.
- Credit Reference - Demonstrating financial responsibility with

your checking account may help to get you approved for a credit card or loan in the future.

- Tracking – Keep track of where your money goes.
- Convenience - Purchase groceries, gasoline and other essentials.
- Cost – Cheaper than money orders.

With 24-hour access by ATM, telephone and Internet, using a checking account is easier than ever.

How To Open A Checking Account

There are a wide variety of checking accounts available from banks and credit unions. A share draft account at a credit union functions much like a checking account at a bank. Many financial institutions offer free checking, however, additional services may be available for a fee. To get the most for your money, ask questions to find the account that best fits your needs.

You will need the following items to open your account:

- Identification
- Money

An account officer will help you open your account. You will be asked to fill out an application and complete a signature card. Signature cards are used to make sure that the signature on all checks and withdrawal slips is yours to prevent someone else from withdrawing funds from your account.

You will be given starter checks to use and you can use counter deposit slips until you receive your personalized ones.

Your first set of checks will cost between \$10 and \$25, which can be automatically deducted from your first deposit.

TIP

Account Denials

Taking good care of your checking account is important. If you have ever had a problem with a checking account in the past, such as having an account closed for non-sufficient funds, you may be denied an account. An account screening company such as CheckSystems keeps such information on file for

five years. CheckSystems reports on your financial institution history just as Equifax reports on your credit history. If you believe that incorrect information is the basis for your denial, you have a right to dispute it through the check screening company.

The following steps can be taken if you have been denied a checking account and want to correct the situation.

- Pay the outstanding balance on your old account.
- Provide proof that you have made such payment to your new financial institution.



Discuss your situation with a Certified Consumer Credit Counselor by contacting Consumer Credit Counseling Service toll-free at 1-800-251-CCCS.

Depositing Money Into Your Checking Account

When you are depositing money into your checking account, you must fill out a form called a deposit slip. Your personalized deposit slips are located in your checkbook behind your checks.

Date: Fill in the date you are depositing the money.

Cash: Add all the cash you are depositing and put the total here.

Check Entry Area: This is where you write the amounts of the checks you are depositing. Each check amount is written on its own line.

Total From Other Side: If you run out of room on the front, the back also has a place to list your checks. Here is where you will list the total from the other side.

Sub Total: You will add all the cash and check amounts together and enter that amount here.

Less Cash Received: If you want to receive cash back at the time of your deposit you will complete this line with the amount you wish to receive.

Net Deposit: Subtract the amount Cash Received, line 6, from your Sub Total, line 5, and this is your Net Deposit.

Sign Here: If you are receiving cash back you will need to sign your name here.

Some financial institutions put a “hold” on check deposits, with a longer hold on out-of-state checks. Check with your financial institution for their policy regarding check deposits. A “hold” on a deposited check means that the funds are not available during the “hold” period.

You may only write checks or make withdrawals when there is money in your account. Therefore, it is important to make regular deposits into your account. You may deposit cash or checks into your account. Having your employer directly deposit your payroll check into your checking account has many benefits:

- There are no checks to be lost or stolen.
- Funds are available the day the check is issued.
- You may receive free or lower-cost checking for having direct deposit.
- If the regular payday falls on a weekend or holiday many employers will deposit your check a day early.

DEPOSIT TICKET			00-1234 0000	CASH
Chet King 1234 Main Street Anytown, State 12345				
DATE _____	SIGN HERE FOR CASH RECEIVED _____		TOTAL FROM OTHER SIDE	
			SUB TOTAL	
			LESS CASH RECEIVED	
I:000052634:I	12345678II	0123	\$	

Using an Automated Teller Machine and Debit Cards

Automated Teller Machines (ATMs) are generally located outside financial institutions, grocery stores, inside malls and convenience stores. ATMs allow you to withdraw money, make deposits and even check your account balance.

Another type of ATM card is a debit card, also referred to as check card, which works the same way as an ATM card except it is also used to make purchases such as groceries, gasoline, prescriptions, etc. Some stores will even offer you a "cash back" option when you use your debit card to make purchases. Check with your financial institution for associated fees. It's that easy.

The following questions should be asked before receiving your ATM or debit card:

- How much money am I responsible for if my card is stolen or lost?
- Am I charged any fees for using my debit card?
- How much money can I withdraw on my debit card per day? Per month? What are the limits?
- Do I have the same purchase protections (safety) with my debit card that I have with a credit card?
- Can I get my picture on my card?
- If my card is lost or stolen and money is taken out of my account, how soon will it be replaced by the bank?

When you use an ATM machine owned by another financial institution you may be subjected to additional fees, one fee

charged by the ATM you used and once by your own financial institution, usually between \$1.00 and \$2.50. This can add up over the course of a year. Be sure to write down all transaction and associated fees so you do not overdraw your account.

To access your account through an ATM you will need a Personal Identification Number (PIN). Your financial institution may assign this number to you or allow you to choose your own. Do not write your PIN on your card or keep it in the same place as your card. Anyone who has both your ATM card and your PIN can withdraw money from your account.

To use an ATM all you need to do is follow these four easy steps:

1. Insert your ATM card into the card slot on the machine.
2. Enter your PIN.
3. Follow the directions on the screen.
4. Be sure to retrieve your ATM card from the machine before leaving.

CONSUMER AWARENESS

What If Your Debit Card Is Stolen?

If you think your ATM or Debit card is lost or stolen, report it immediately to avoid fees or charges!



Don't forget to keep your receipts and enter the transactions into your check register, the money comes directly out of your checking account when the transaction takes place.

How To Write a Check

A check is a piece of paper that represents money drawn against deposited funds, to pay a specified amount of money to a specific person or business upon demand. After you have some practice, writing checks is easy. There are six steps to writing a check. Using a non-erasable ballpoint pen, complete the following steps:

Date: Write in the date you are writing the check.

Pay to the order of: Write the name of the person or company to whom you are writing the check to.

Chet King 123 Main Street Anytown, ST 12345		123 00-345/100
Date <u>2/18/02</u>		
Pay to the order of <u>Super Saver</u>	\$ 111.79	
<u>One Hundred Eleven & ⁷⁹/₁₀₀</u> Dollars		
For: <u>Groceries</u>	<u>Chet King</u>	
1:000052634:1 12345678 0123		

CONSUMER AWARENESS

What If Your Checks Are Stolen?

If your checks are stolen, your account may need to be closed and a new one opened. It is important to call your financial institution and report it immediately.

\$ Amount: Write the amount of the check in numbers.

Dollars: Starting at the left side, in words, write the dollar amount and the cents as a fraction. Draw a line through the remaining space.

Memo: This is where you indicate what the payment is for and if you are paying a bill you may also want to write your account number.

Signature: Sign your check just as it appears on the top of the check.

Enter the check information into your check register. Those instructions are just ahead.



How To Read Your Monthly Statement

- The name and address on the account.
- The period of time the statement covers.
- Account Number.
- The amount you had in your checking account at the beginning of the statement period.
- The amount of money you withdrew from the account during the statement period.
- The total amount you deposited into your account during the statement period.
- The amount of money left in your account at the end of the statement period.
- A listing of deposits and withdrawals, except for checks, processed during the statement period.
- A listing of all checks processed during the statement period.

STATEMENT OF ACCOUNT			
Chet King 1234 Main Street Anytown, State 12345		Statement Period From: 09/25/02 To: 10/25/02	
		ACCOUNT NUMBER: 123-456-789-0	
Beginning Balance	Total Withdrawals	Total Deposits	Ending Balance
\$345.23	\$1,742.82	\$1,598.68	\$201.09
Date	Withdrawals	Deposits	Transaction Description
09/26	11.26		POS
09/29	46.21		POS
10/01		799.34	Direct Deposit
10/03	42.50		ATM Withdrawal
10/05	20.00		ATM Withdrawal
10/09	17.26		POS
10/12	98.69		POS
10/14	4.62		POS
10/14	22.50		ATM Withdrawal
10/14		799.34	Direct Deposit
10/17	10.00		POS
10/19	123.50		ATM Withdrawal
10/22	45.44		POS
10/24	16.94		POS
10/24	15.00		POS
Date	Check Number	Amount	
10/04	1001	690.00	
10/06	1001	43.37	
10/08	1002	105.65	
10/13	1003	39.62	
10/19	1004	249.35	
10/19	1005	101.52	
10/22	1006	96.86	

How To Balance Your Checkbook

Look at your statement and find the first check number. Verify that the amount the check was written for is the same as the amount the financial institution paid it for. If the amounts are the same, place a check mark in the Code column of your check register for the corresponding check entry. Do this for every check listed on your statement.

Next, locate your deposits on your statement. Verify that the amount written in as a deposit is the same amount the financial institution credited to your account and place a check mark in the Code column of your check register. If your financial institution pays interest on your account you will need to add that amount to your deposits in your check register.

Now locate all withdrawals such as ATM withdrawals, debit card payments or fees. On the reconciliation form, located on the back of your statement, list your deposits and withdrawals that are written in your check register, but are not listed on your statement.

In the appropriate fields, fill in your deposit total, withdrawal total and your ending balance located on the front of the statement.

Add your deposits to your ending balance, then subtract your withdrawals. The balance of your checkbook should match your statements ending balance.

If you are having difficulty balancing your checkbook:

- Compare withdrawal and deposit amounts in your check register with your statement.
- Be sure that you subtract all fees and add all interest to your balance.
- Check all additions and subtractions in your check register.

If you are unable to locate the discrepancies, contact your financial institution. Their customer service telephone number can be found on the front of your statement.

What Happens When You Bounce a Check

Your checking account balance represents how much money you have in your checking account. Writing a check when you do not have enough money in your account is illegal. These checks are referred to as non-sufficient fund (NSF) or bounced checks.

When this check is presented to the financial institution and you do not have enough money to cover it, several things happen:

- The financial institution tells the person you wrote the check to that it has bounced. Many companies will add an NSF fee.

- Your financial institution charges an NSF fee, ranging from \$15 to \$50.

In addition, since this is illegal, your financial institution may close your account and the District Attorney may prosecute you. Penalties may include a fine up to \$10,000 or imprisonment up to 10 years, or both.

800-251-CCCS

www.cccsinc.org



Checking Account Quiz

What causes a check to bounce?

- The check is made of rubber
- There is not enough money to cover the check in the account holder's account
- The interest rate was too high
- The last deposit was too much money

How often should you receive a statement for your account?

- Daily
- Weekly
- Monthly
- Annually

What is a PIN?

- Particular Institution Number
- Partial Information Number
- Personal Identification Number
- Practical Identifying Number

What is an ATM?

- Automated Telepathy Machine
- Animated Tool Machine
- Application Trial Machine
- Automated Teller Machine

To make a deposit is to:

- Write a check
- Endorse a check
- Put money into your account
- Use an ATM

The safest way to ensure that a check is only deposited into your account is by using what type of endorsement?

- Blank Endorsement
- Special Endorsement
- Restrictive Endorsement
- All of the above

To open a checking account you will need:

- A job
- Identification
- A credit card
- A car

To endorse a check is to:

- Sign the back of a check that is made out to you
- Rip it up
- Deposit it into your account
- None of the above

Immediately following writing a check you should always:

- Throw it in the trash
- Log it in your Check Register
- Make a deposit to your checking account
- None of the above

An Automated Teller Machine is available:

- 24-hours a day
- During regular business hours
- From dawn until dusk
- Only when your financial institution is closed

What steps should you take if you wish to open a checking account and were denied? (Check all that apply)

- Pay the outstanding balance on your old account
- Cry
- Provide proof of payment to your new financial institution
- Contact Consumer Credit Counseling Service at 1-800-251-CCCS to discuss your financial situation with a Certified Consumer Credit Counselor

Glossary

account - Money deposited for checking, savings, or brokerage use in a bank or financial institution.

account statement - The record of transactions and their effect on account balances over a specified period of time, for a given account.

Automated Teller Machine (ATM) – ATMs are machines that provide many of the same services as your financial institution. Many own ATMs to provide convenient service to their customers. There are fees attached to using an ATM.

balance - The amount of money in an account, equal to the net of withdrawals and deposits at that point in time for that account.

financial institution - An organization, usually a corporation, chartered by a state or federal government, which does most or all of the following: receives deposits, pays interest on them, makes loans, invests in securities, and collects checks.

bounced check - A check which a financial institution returns, not payable because there is not enough money in the account to cover it.

check - A piece of paper that promises the payee to be paid by you out of deposited funds to that specific person upon demand.

checkbook - A booklet of blank checks that enable an account holder to draw or pay money from his/her checking account.

checking account - An account which allows the holder to write checks against deposited funds.

credit union - A cooperative, chartered by a state or federal government, which is member-owned. Credit Unions serve groups that share something in common, such as where they work, live, or go to church. They are not-for-profit

institutions, and exist to provide a safe, convenient place for members to save money and get loans at rates lower than other commercial rates.

deposit – To put money into an account.

endorse – When you sign the back of a check that is made out to you in order to release funds.

Federal Deposit Insurance Corporation (FDIC) - A federal agency that insures deposits in financial institutions and savings institutions up to \$100,000. Check out their web site at www.fdic.gov.

financial institution - A place which collects funds from the public and places them in financial assets, such as deposits, loans, and bonds.

hold – The number of days a financial institution will hold a check before putting the funds into your account.

money - Legal tender, cash.

monthly statement – An account summary mailed monthly to the account holder.

National Credit Union Administration (NCUA) - A federal agency that insures deposits in credit unions up to \$100,000. Visit their website at www.ncua.gov.

non-sufficient funds (NSF) – A term meaning that the amount of money in your account is less than the amount you would like to withdraw.

overdrawn – When more is withdrawn from an account than the existing balance.

personal identification number (PIN) – Your password to your account.

savings account - A deposit account at a financial institution or savings and loan which pays interest.

withdrawal - Removal of funds from a place of deposit.



Freedom

Consumer Credit 
Counseling Service 

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