



MONEY SMART

Supplement for Instructors/Trainers

Toolkit for Helping Youth Select Bank Accounts

This supplement to Money Smart's Bank Checklist provides additional information to help you teach youth about the importance of comparing services and fees when selecting a bank account.



March 2019

CONTENTS

Background	2
Getting Started	3
Bank Information	3
Accounts	5
Checking Accounts	6
Overdraft Programs	9
Savings Accounts.....	11
ATM Cards	12
Debit Cards	13
Mobile/Online Banking	14
Total Monthly Costs	15
Total Annual Costs	15
Money Smart for Young People - Bank Checklist	16
Decisions, Decisions: A Case Study	17
Resources	24
Educational Resources Specific to Checking Accounts	24
Comprehensive Financial Education Resources	24
Account Templates and Standards	25

Having a bank account is an important step in securing your financial well-being. Bank accounts keep your money safe from theft, loss, and fire. Bank accounts help you to access your paycheck quickly and easily. Using direct deposit, for example, means you have quicker access to your money because funds that are electronically deposited are available sooner than if you deposited a check. Having a banking relationship is almost always cheaper than using other businesses to cash your check. A bank account provides security. The Federal Deposit Insurance Corporation (FDIC) insures deposits up to the maximum amount allowed by law. This means that the FDIC will return their money to customers in the rare event a bank fails.

The Bank Checklist found in *Money Smart* provides an easy way to compare the costs and services of accounts at up to three financial institutions. The information included in this supplement provides *Money Smart* instructors and trainers with additional information to help individuals use the Bank Checklist to select safe, affordable accounts.

This supplement was designed particularly to empower young people to confidently enter into a banking relationship that meets their needs. It explains each item on the checklist and important questions to ask. The Resources section provides links to educational resources related to checking and savings accounts, financial education, and account templates and standards that also may be useful to instructors and trainers. A case study and sample completed checklists are included at the end of the document.

We hope you find this to be a helpful resource as you prepare to deliver training or work with an individual one-on-one. While it was developed to complement the youth curricula, the information can be helpful to people of all ages.

Background

Research shows that an individual is most likely to open a checking or savings account for the first time for a job-related reason. For example, a person will open their first account when they get their first job or start a new job in order to deposit their paycheck. These scenarios present a good opportunity for an individual to select an account and start a banking relationship.

But if a person has never owned an account, how do they know which one is right for them? If they have had an account in the past, but want to get a new one, what factors should they consider? Should they open an account at the bank closest to their home, school, or work? Should they ask their friends or parents where they bank? Selecting an account can seem overwhelming because there are many factors to consider. The material in this supplement will help customers, especially young adults, understand and compare features and fees across several different accounts.

Getting Started

Before completing the Bank Checklist, encourage your audience to think about their day-to-day lives and how they like to handle their money. You may want to ask the following questions:

- Will you receive a fixed paycheck on a regular basis or will the amount and frequency of your income vary?
- Do you prefer to pay for purchases using cash, credit cards, debit cards, paper checks, or online?
- Is it your financial goal to set aside money regularly for savings?
- What do you need or want from an account based on how you plan to handle your money?

Bank Information

The first section of the Bank Checklist asks your audience to think about a bank in general, even before considering the accounts and associated fees. This section helps them think about the range of services that they might need, as well as the convenience of the bank's location.

		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)?			
	Does the bank have any special programs for students?			

Does the bank offer the services I need?

To determine if a bank offers the services that you need, you may want to ask the following questions:

- Does the bank offer mobile or online services that allow you to check your account balances online with a computer or phone?
- Can you transfer money between your accounts? If so, how?
- Can you pay your bills online with a computer or phone?
- What are the costs for money orders, wire transfers, and other services?
- Does the bank offer free deposits and withdrawals at a branch or ATM?
- Does the bank offer direct deposit? What benefits come with that?
- Does the bank cash checks and accept cash deposits for the accounts you are considering?

- Does the bank offer a range of products you may want in the future, such as small loans or credit cards?
- Can you open both a checking and a savings account at the bank? Can you transfer money between the accounts to help manage the balances and avoid overdraft fees, if they apply?

Convenient branches and ATMs?

Convenience is a major factor in selecting a bank. In making your choices you can weigh the convenience of branches and ATMs as well as any fees or costs. For example, your questions can include:

- Is there a branch or ATM near your home, school, and/or work?
- Is the bank part of an ATM network that will allow you to withdraw funds free-of-charge in convenient locations within its network?
- How much does it cost to use out-of-network ATMs?
- Does the account entitle you to free customer service assistance, including live customer support in a branch, over the phone, or online?

Bank Hours?

Is the bank open when you need it to be? If not, how else can you access your account? How can you communicate with your bank if you are unable to go into the branch while it is open (e.g., a secure email service via the bank's website)?

Do employees speak my language?

Does the branch have staff that can speak your preferred language? In person? On the phone? With a TTY?

Is it insured by FDIC/NCUA?

The FDIC insures each depositor to at least \$250,000 per insured bank if the bank fails. The NCUA provides similar coverage at insured credit unions.

To verify whether the FDIC insures a specific bank or savings association:

- Call the FDIC toll-free at 1-877-275-3342
- Use FDIC's "Bank Find" at <http://research.fdic.gov/bankfind/>

To verify whether the NCUA insures a specific credit union:

- Call the NCUA toll-free at 1-800-755-1030
- Use NCUA's "Research a Credit Union" at <http://mapping.ncua.gov/ResearchCreditUnion.aspx>.

Does the bank have any special programs for students? Many banks offer accounts geared to students that require less money to open and charge lower fees than their other accounts. They may also offer special incentives to students. Incentives can be

appealing, but with all the information on cost and features, you can determine whether a student account is right for you. For example, does the account provide key desired features, such as mobile or online banking?

Does the bank provide access to its products and services for customers with disabilities? If applicable, you may want to ask how the bank complies with the Americans with Disabilities Act standards. Are the facilities barrier-free and are parking spaces, ATMs, walkways, entrances and lobbies accessible to all? Are teller counters and safe deposit vaults accessible? What assistance is offered to deaf and hard of hearing customers? Does the bank accept relay calls for customer service requests? What accommodations are provided for customers who are blind and for customers with communication disorders? Are the bank’s mobile or online banking services accessible?

Accounts

This section of the Bank Checklist covers the requirements for opening an account at a financial institution and walks through the common characteristics and costs associated with the following types of accounts and services: checking accounts, overdraft programs, savings accounts, ATM cards, debit cards, and mobile or online banking.

		Bank Name/ Account Type	Bank Name/ Account Type	Bank Name/ Account Type
Accounts	Requirements for opening account?			

Requirements for opening an account? The requirements to open an account can vary from bank to bank, so checking with each bank about their specific requirements is recommended.

If you are considering opening an account at a credit union, be sure to check their membership requirements to ensure that you are eligible to open an account with them.

- **Identification.** At a minimum, a bank will request your name, address, date of birth, and social security number (SSN) or Individual Taxpayer Identification Number (ITIN). They will also need to verify you are who you say you are, often by looking at your photo ID (such as your school ID, state-issued ID card, driver’s license, passport, Matrícula Consular, or resident alien card).
- **Account History Reports.** Banks and credit unions likely access a consumer report from a third-party provider, such as ChexSystems, to help decide whether to open your account. This type of report can help the financial institution determine if you previously had a checking account closed because you frequently overdraw your account or bounced a lot of checks. Some banks and credit unions allow customers to open an account even if they have had problems in the past, unless that person has committed fraud. For example, a bank may decline to open an account for someone who has knowingly written a check that will overdraw the account with no intention of paying it back or has changed the payee or amount of a check for their benefit.

- **Co-owner or Custodian.** Some banks require customers under a certain age to have a custodian (i.e., a parent or guardian) co-own the account. Others will allow anyone over a certain age to open an account in their own name without a co-owner.

Checking Accounts

Having an account at a financial institution can make it easier (and less costly) to handle everyday financial needs that range from paying for groceries to depositing a paycheck, and there are many products to choose from. However, to get the one that is best for you, it is important to understand and compare key factors including:

- Limitations of your responsibility for unauthorized transactions
- Differences in fees and costs
- Account access, such as debit cards, checks and mobile and online banking
- Overdraft and insufficient funds fees and how the bank helps you prevent surprise costs

Checking accounts are among the most popular banking products. Checking accounts generally offer the safety of federal deposit insurance and protections in the event of a fraudulent withdrawal from your account. For example, your liability for an unauthorized transaction from your checking account is generally limited to \$50 if you notify the financial institution right away (e.g., after you lose your debit card or notice a problem with your account). Having an account at a federally insured financial institution also can be helpful if you need to borrow money at some point in the future because you will have an existing relationship with a bank.

Checking accounts can differ with respect to their features and costs, and it is important to consider these differences when selecting an account. Fortunately, financial institutions that offer checking accounts are required to make standard disclosures about those accounts that can help you comparison shop. It is important to shop for an affordable account and to consider all of the costs and fees that may apply. You can ask for a paper copy of each bank's fee schedule to help you compare the costs of different accounts you are considering.

As the name implies, a checking account typically allows you to write checks in order to draw on the funds in your account. Most checking accounts come with debit card access. A debit card looks like a credit card, but unlike a credit card that allows you to borrow money, debit cards give you access to money that is in your checking account—for example, by making a withdrawal from an ATM machine, using the debit card to make retail purchases, or permitting you to pay bills directly from your account. For many customers, the convenience of debit card access is an important feature in selecting a checking account.

Some banks offer “checkless” checking accounts. These accounts work like a traditional checking account, but you can only access funds using a debit card or mobile phone app or through the bank's website—not by writing paper checks. These types of accounts can be less costly than traditional checking accounts.

For any type of checking account, understand how will be handled and whether that differs for your debit card, check and online recurring bill payments. Some programs allow you to overdraw the funds in your account, but they typically charge a fee for each overdraft, and this can be costly. Also, if you authorize a utility company, lender, or other business to obtain funds directly from your account, and do not have enough funds in your account to cover the withdrawal, it could get expensive. If the withdrawal exceeds your available balance, you could be charged fees by the company trying to get paid, the bank, or both.

		Bank Name/ Account Type	Bank Name/ Account Type	Bank Name/ Account Type
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?			

Minimum opening balance? The amount that you must initially deposit into an account will vary by bank. Some accounts require a relatively low initial opening amount—for example, \$25.

Minimum monthly balance? Most banks require you to keep a minimum balance in your account throughout the monthly cycle. If you don't maintain that minimum amount, you may be charged a fee. Knowing when your monthly account cycle begins and ends, and the minimum balance requirements, can help you avoid fees.

Be sure to ask how the bank calculates the minimum monthly balance. Some banks calculate the average daily balance, while others may require you to maintain the minimum balance at all times.

The amount of the minimum balance can vary, so it is important to shop around and compare products. Some institutions charge relatively low fees (e.g., \$5) for falling below the minimum balance; others will waive those fees. If you are unsure that you will be able to keep the minimum balance, be sure to ask about the amount of the fee for falling below the balance. This can be an important factor in your decision. On the other hand, if you believe that you will be able to keep the minimum balance at all times, the fee is a less important consideration.

Fees? Before opening an account, it is important to understand all fees associated with it and what triggers a fee. Typical fees may include:

- Monthly fees for maintaining the account;
- Fee for falling below the minimum monthly balance;
- Inactivity fee for not making a deposit into or withdrawal from the account for the period of time specified by the bank, such as a year;

- Overdraft fees for spending more money than you have in the account; and
- Non-sufficient funds (NSF) fees, also called a “bounced check fee,” if you write a check when there aren’t adequate funds in your account to cover the transaction.

Many accounts designed for young people either charge no or lower fees than regular accounts, but it is still important that you know the types of fees you may be charged, the likely amount of those fees, especially NSF and overdraft fees, and how to avoid them if possible.

Fee waiver available? Some banks will waive fees for customers that meet certain conditions, such as making at least one monthly direct deposit, online bill pay, or debit card purchase. This can be a way to save money by avoiding fees.

Check with the bank to determine whether it offers fee waivers and how to qualify for a waiver.

Number of withdrawals per month without a fee? Be sure to ask if there is a limit on the number of free withdrawals you can make without being charged a fee and how much it costs for each additional withdrawal.

Most banks will not charge a fee to withdraw your funds at a branch or branded ATM. Still, there may be fees to use ATM and debit cards at other institutions’ ATMs. Some banks allow a certain number of free withdrawals (either in person at the bank, via an ATM, or electronically), but will charge a fee for any withdrawals made above that amount. (This is the case with certain savings accounts.)

Earns interest? Many banks pay interest on funds held in a checking account, but the amount of interest will vary. The amount of interest paid is a percent of the amount of funds in the account. In the past year, the average interest paid on checking accounts was less than one percent—a very small amount.

If you find a checking account product that pays a considerably higher rate of interest, check what you must do to earn the rate. For example, a special interest rate may require 12 or more debit card transactions each month. Be sure you are likely to meet any requirements based on how you normally handle your money.

Deposit hold times? Each financial institution has its own policies regarding how quickly deposited funds will be available for withdrawal. The amount of time that a bank holds a deposit can depend on the type of deposit and your relationship with the bank. Banks *may* give immediate availability for customers who cash government checks, payroll checks, and checks drawn on the same bank, provided you are a customer with an established relationship at the bank. Established customers may also have access to funds from other deposits the same day or next day.

Be sure to ask to see the bank’s Funds Availability Schedule to understand how quickly you will be able to access your funds after you deposit a check. You can even ask a bank employee how soon you can access funds from a check you deposited.

It's important to understand this feature to ensure you have funds available to make payments when you need to.

Overdraft Programs

If you want to save money on account services and stay in control of your finances, it is important to be mindful of the balance in your bank account to ensure that you have enough money to cover any transactions. If you don't know the amount in your account, you may accidentally overdraw your account and be charged fees. For example, if you elect an "overdraft" program, you will be charged a fee for the bank to cover the overdrawn amount. You may also be charged a fee for having "insufficient funds" (called NSF fees) in addition to or instead of the overdraft program fee. Some types of accounts may offer opportunities to avoid or significantly limit these fees.

You can overdraw your account by:

- Making an ATM withdrawal for more money than is in your account;
- Making a Point of Sale (POS) debit card purchase (such as swipe your card at a check-out counter) for more money than is in your account;
- Writing a check for more money than is in your account; or
- Authorizing a vendor, such as a phone company, to withdraw money from your account (perhaps to pay a bill) and you don't have adequate funds to cover the full amount.

Here are some considerations:

- **ATM and Point-of-Sale (POS) Debit Card Purchases.** Under federal rules, bank customers have a choice whether to "opt-in" to an overdraft program that is offered by a bank for overdrafts caused by ATM and everyday debit card transactions.
 - 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. The bank will not charge you a fee if the transaction is declined.
 - If you **do** opt-in to the overdraft program, the bank may honor an ATM or everyday debit card transaction that exceeds your account balance. Expect the bank to charge you a fee to process the transaction(s). These fees can be expensive, even exceeding the amount of the original transaction. For example, a \$5 purchase could wind up costing you \$35 or more once overdraft fees are assessed.
- **Checks and Other Transaction Accounts Payments.** A bank can choose whether to "pay" (cover) an overdraft caused by a paper check or other transaction (e.g., direct bill pay). If the bank covers the transaction, expect it to charge you an overdraft fee.

Even if the bank does not cover the transaction, it may charge an NSF fee and the merchant may also charge you a returned check fee. These fees vary, but can be very costly (e.g., \$30 or more).

You can avoid overdraft fees and related costs and stay in control of your account using several strategies. The first strategy is to decline to opt-in to the overdraft feature and to plan only to complete transactions that are covered by your balance in the bank. The second strategy, which can be combined with the first one, is to keep an up-to-date record of your account balance and the scheduled transactions to come. Something as simple as a paper-based log or an app on a smartphone can help. You could also review your account activity frequently online through your bank’s website. In addition, many banks offer services that send you a text or e-mail alert when your balance falls below a certain dollar amount.

You can also avoid both overdraft and NSF fees by opening and using a “checkless” checking account or a bank-offered prepaid card that does not permit overdrafts or charge fees for insufficient funds.

		Bank Name/ Account Type	Bank Name/ Account Type	Bank Name/ Account Type
Overdraft Programs	Low balance alerts offered?			
	Overdraft fees?			
	Link to a savings account to cover overdrafts?			
	Opt-out options?			

Low-balance alerts offered? Will the bank let you know via text message or email if your account falls below a particular balance so you can reduce the risk of being charged a fee for overdrawing your account?

Overdraft fees? Overdraft fees vary, but they can be high (e.g., \$30 or more per overdraft). You have the choice about whether you “opt in” to the overdraft program as described above. If you expect to have a low balance from time to time, it is important to find out more information about overdraft fees: Under what circumstances can you be charged an overdraft fee? How much is the fee? Is there any way to waive the fee? And remember: You can avoid overdraft fees either by keeping careful track of your available balance or by choosing and using an account that does not give you the ability to withdraw more than your available balance, such as a “checkless” checking account.

Link to a savings account to cover overdrafts? You can also avoid overdraft fees if your bank allows you to link your checking account to your savings account. If so, funds from your savings account will be used to cover an overdraft from your checking account. Ask your bank if there is a fee to transfer funds between accounts (i.e., a transfer fee). The transfer fee may be considerably lower than an overdraft fee.

Opt-out options? Can you opt out of potentially incurring an overdraft fee for checks or other transactions that are not covered under the overdraft opt-in rule discussed above?

Savings Accounts

A savings account is one of the simplest types of bank accounts available to consumers, allowing them to store cash securely and potentially earn interest on the money. While checking accounts are designed for you to use to pay bills and make everyday purchases, savings accounts are designed to encourage savings, typically by paying a higher interest rate than a checking account and allowing no more than six withdrawals per month.

Checking and savings accounts have some similarities as well. For example, a savings account is likely to have minimum opening and monthly balance requirements and may involve fees.

		Bank Name/ Account Type	Bank Name/ Account Type	Bank Name/ Account Type
Savings accounts	Minimum opening balance?			
	Minimum monthly balance?			
	Annual percentage yield (APY)?			
	Fees?			
	Fee waivers available?			
	Withdrawal limits per month?			
	Services available?			

Minimum opening balance? The amount that you must initially deposit into an account will vary by bank. Some accounts require a relatively low initial opening amount—for example, \$25.

Minimum monthly balance? Most banks require you to keep a minimum balance in your account throughout the monthly cycle. If you don't maintain that minimum amount, you may be charged a fee. Knowing when your monthly account cycle begins and ends, and the minimum balance requirements, can help you avoid fees.

To understand the minimum monthly balance requirements, confirm how the bank calculates it. Some banks calculate the average daily balance, while others may require you to maintain the minimum balance at all times.

The amount of the minimum balance can vary, so your costs might be reduced if you shop around and compare products. Some institutions charge relatively low fees (e.g., \$5) for falling below the minimum balance; others will waive those fees. If you are unsure that you will be able to keep the minimum balance, ask about the size of the fee for falling below the balance. This can be an important factor in your decision. On the other hand, if you believe that you will be able to keep the minimum balance at all times, the fee can be a less important consideration.

Annual percentage yield (APY)? The higher the APY, the more money you'll earn on funds held in your savings account.

Fees? Before opening an account, you can do research to understand all fees associated with it and what triggers a fee. (An example of how to review and calculate account fees is included at the end of the Bank Checklist.)

Typical fees include:

- Monthly fees for maintaining the account;
- Fee for falling below the minimum monthly balance; and
- Inactivity fee.

Many accounts designed for young people either charge no or lower fees than regular accounts, but it is still important that you know the types of fees you may be charged, the likely amount of those fees, and how to avoid them if possible.

Fee waivers available? Some banks will waive fees for customers that meet certain conditions, such as making at least one monthly direct deposit, online bill pay, or debit card purchase. This can be a way to save money by avoiding fees.

Check with the bank to determine whether it offers fee waivers and what you must do in order to qualify for a waiver.

Withdrawal limits per month? Unlike checking accounts, savings accounts are not set up for frequent withdrawals. Be sure to find out from your bank how many withdrawals you can make each month without paying a fee.

Services available? Are there any additional services provided to savers, such as free- or low-cost notary services and bank checks?

ATM Cards

An ATM card looks like a credit card, but it can only be used to make deposits and withdrawals at an automated teller machine (ATM). The ATM card is linked to a customer’s savings or checking account and withdrawals are deducted directly from the linked account.

		Bank Name/ Account Type	Bank Name/ Account Type	Bank Name/ Account Type
ATM Cards	Fees?			
	Fee waivers available?			
	Location/number of ATMs?			

Fees? Generally, a bank will allow you to withdraw funds at their own ATMs free of charge. A bank may also be part of a larger, no-fee ATM network, and will allow free and unrestricted use of in-network ATMs. If you use an ATM outside of the bank’s network (a “foreign ATM”), however, you may be charged a fee. Banks’ policies regarding ATMs vary, so comparing bank ATM fees, in-network locations and restrictions can help you find the bank that works best for you and your circumstances.

Fee waivers available? You can find out if your bank charges fees for ATM use, and under what circumstances, if any, your bank waives part or all of those fees.

Location/number of ATMs? When shopping for a bank, the number and location of the bank’s ATMs can affect your access and costs. Is there a machine near your home, work, or school? Will you be able to conveniently use an in-network ATM? If there are no in-network machines near you, will you have to pay a fee to use an out-of-network ATM? Consider whether the bank’s ATMs allow you to make deposits or if they only allow you to withdraw cash.

Debit Cards

A debit card, also known as a bank or check card, can be used instead of cash to make purchases using the funds in your bank account. Some retailers allow you to get cash back when you make a purchase using a debit card. In many cases, debit cards can be used to access or deposit funds at an ATM machine.

		Bank Name/ Account Type	Bank Name/ Account Type	Bank Name/ Account Type
Debit cards	Fees?			
	Fee waivers available?			
	Rebates or bonuses for use?			
	Location/number of ATMs?			
	Debit card transactions requirements or limits?			

Fees? Does the bank charge you a fee when you use a debit card? How much is the fee? Is the fee charged per transaction?

Fee waivers available? If your bank charges a fee for debit card use, under what circumstances, if any, will your bank waive part or all of those fees?

Rebates or bonuses for use? Some banks and merchants offer rebates and bonuses if you use your debit card for certain transactions or at certain places of business. These types of incentives can be appealing, but can sometimes cost you more in the end, so ask yourself if the offer, and the purchase, is right for you.

Location/number of ATMs? Can you use your debit card at an ATM? If so, are there ATMs in convenient locations?

Debit card transactions requirements or limits? Ask if there is a daily maximum on the amount of money you can take out of your account using a debit card.

Mobile/Online Banking

More and more banks are offering mobile or online banking services. Online banking refers to using a computer to access the bank’s website to perform transactions, such as reviewing account balances, paying bills, or transferring funds between accounts. Mobile banking services refers to performing these same account transactions using a smart-phone or tablet computer to access the account via the bank’s app. These services allow customers to access their accounts 24 hours a day from almost any location.

		Bank Name/ Account Type	Bank Name/ Account Type	Bank Name/ Account Type
Mobile/ online banking	Is it available?			
	Transaction types and limits?			
	Fees?			
	Fee waivers available?			
	Online bill pay?			
	Other Information?			

Is it available? If mobile or online banking services interest you, ask if they are available. If you don’t have easy access to a brick and mortar bank branch, mobile or online banking will allow you to make transactions and check balances from your phone or computer.

Transaction types and limits? The mobile or online services offered will vary from bank to bank. At some banks, you may be able to move money between accounts or pay your bills this way. You also may be able to use your smartphone to pay for goods and services at a point of sale or to transfer money from your account to someone else’s. In some cases, you can use your smartphone to take a photo of a check and deposit it electronically into your account.

Fees? Does the bank charge fees for its mobile or online services? If so, how much?

Fee waivers available? If your bank charges a fee for mobile or online services, find out under what circumstances, if any, your bank will waive part or all of those fees. For example, some banks do not charge for direct deposit or bill pay transactions.

Online bill pay? Does the bank allow you to pay your bills online (e.g., utility bills, credit card bills, phone bills)? If so, is there a fee? Typically, there is not.

Other Information

There are a number of additional banking services that may be important to you. Before opening an account, you can find out if a particular bank offers those services and at what cost. For example:

- Does the bank offer low-cost money orders? For example, the U.S. Postal Service offers money orders to send up to \$1000 for fees ranging from \$1.20 - \$1.60.

- Does the bank offer international wire transfers at a competitive price (e.g., \$5.00 - \$20.00 depending on the country)?
- Does the bank alert you when, for example, a large transaction posts to your account or when your balance drops below a specific amount?
- Does the bank offer credit-building products, such as secured credit cards or personal loans?
- Does the bank offer free monthly statements (including paper copies)?

Total Monthly Costs

Once you have identified all of the costs and fees associated with a particular bank product, it is time to add up the estimated monthly costs of the account(s) using the Bank Checklist. Include any standard monthly fees, as well as any fees that you expect to incur based on how you plan to use the account (such as fees for using ATMs that are not in the bank’s network).

Compare the total monthly costs to your monthly income and consider how these costs might impact your monthly budget.

Total Annual Costs

Multiply the total monthly costs by 12 to determine what your annual costs are likely to be for each account. A few dollars’ difference on a monthly basis may seem small, but added up over the course of the year, these costs can become significant.

	Bank Name/ Account Type	Bank Name/ Account Type	Bank Name/ Account Type
Total Monthly Costs			
Total Annual Costs			

Money Smart for Young People - Bank Checklist

Bank 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)?			
	Does the bank have any special programs for students?			
Accounts	Requirements for opening account?			
Checking Accounts	Minimum opening balance?			
	Minimum monthly balance?			
	Fees?			
	Fee waivers available?			
	Number of withdrawals per month without a fee?			
	Earns interest?			
	Deposit hold times?			
Overdraft Programs	Low balance alerts offered?			
	Overdraft fees?			
	Link to a savings account to cover overdrafts?			
	Opt-out options?			
Savings accounts	Minimum opening balance?			
	Minimum monthly balance?			
	Annual percentage yield (APY)?			
	Fees?			
	Fee waivers available?			
	Withdrawal limits per month?			
	Services available?			
ATM Cards	Fees?			
	Fee waivers available?			
	Location/number of ATMs?			
Debit cards	Fees?			
	Fee waivers available?			
	Rebates or bonuses for use?			
	Location/number of ATMs?			
	Debit card transactions requirements or limits?			
Mobile/online banking	Is it available?			
	Transaction types and limits?			
	Fees?			
	Fee waivers available?			
	Online bill pay?			
	Other Information?			
Total Monthly Costs				
Total Annual Costs				

Decisions, Decisions: A Case Study

Getting Started: Damita and Darien, 16-year old twins, have been offered their first summer jobs. Damita will work at Benny's Big Burger and Darien got a job at a local swimming pool as a lifeguard. As a condition of employment, Darien must have his earnings deposited directly to a checking or savings account. Damita will receive a physical check.

Each twin's net, or take-home, pay will be \$1,000 per month. Damita wants to save to attend culinary school when she graduates high school next year. Darien plans to pay for soccer lessons during the summer, but would like to build a small savings fund. Damita's goal is to save \$800 each month and spend \$200. Darien's soccer lessons will cost \$500 each month. He wants to save \$200 and use the remaining \$300 as spending money.

Bank Information: Before starting their jobs, the twins begin their search for a financial institution. They remembered their math teacher showing them the Bank Checklist from the FDIC's *Money Smart* curriculum and decided to use it. They research nearby banks and credit unions. Before an institution goes on their checklist, they make sure that the bank or credit union provides the basic services they want. Both Damita and Darien have smartphones and are especially interested in mobile or online banking, so they rule out any institution that does not offer these services.

Although their preference is to bank online and via their smartphones, they make sure that they will have convenient access to branches and bank ATMs. Damita and Darien agree that paying fees to access their money at out-of-network (i.e., ATMs not in their bank's network) ATMs is something to avoid!

After looking at the locations, hours, and ATMs of local banks and credit unions, the twins decide to review Hometown Bank, MyTown Bank, and Bank of OurTown on their checklist. They work together to complete the checklist.

The banks being reviewed offer student accounts that require lower opening and minimum monthly balances, and charge lower monthly maintenance fees. In addition to lower balances and fees, Hometown Bank offers special incentives for their student savings accounts.

Account Information. The twins learn that the banks will allow them to open savings accounts in their own name without a co-owner. A custodian (i.e., a parent or guardian) is required to open a checking account at Hometown Bank and MyTown Bank, while the Bank of OurTown allows anyone over the age of 14 to open a checking account in his/her own name. Damita and Darien both have ID cards issued by their local school district, which satisfies the identification requirements of each institution.

Damita plans to deposit the full amount of her paycheck into a savings account and take out a small amount using an ATM. She thinks a savings account will meet her needs. Darien wants to explore both types of accounts.

Checking Account. The Hometown Bank and MyTown Bank require a \$5 minimum deposit to open a checking account and Bank of OurTown requires \$1. The minimum balance requirement for the Hometown Bank and MyTown Bank is also \$5 and their monthly fee for not maintaining the minimum balance is \$10. Bank of OurTown's monthly minimum requirement is higher at \$25, and has a \$20 maintenance fee. Bank of OurTown's fee can be waived if there is at least one direct deposit made each month. Since Darien's payroll checks will be deposited directly to his account, he is certain that he'll never have to pay a fee. Damita reminds him that this is a summer job and he might not be able to rely on the fee waiver after the summer. Since Damita plans to open a savings account only, she needn't worry.

All three institutions allow unlimited withdrawals from their checking accounts, and pay interest. Bank of OurTown's rate is slightly higher. The deposit hold times are three days for Hometown Bank and MyTown Bank. At Bank of OurTown, payroll deposits are immediately available and other deposits are subject to a three-day hold.

Overdraft Programs. As the twins complete the overdraft section of the Bank Checklist, they see the importance of maintaining up-to-date account records. Hometown Bank's overdraft fee is \$33 and MyTown Bank's is \$30. Bank of OurTown charges \$28. They look at each institution's "opt-in" (coverage of debit card and ATM transactions when funds in account fall short for a fee) program. Since Darien is leaning toward a checking account with a debit card, he quickly decides that he will not opt-in when he learns that anytime he swipes his card, the charge will be honored if he has insufficient funds to cover the charge and he will be assessed an NSF fee.

If they write a check for more money than is in their account, the bank is likely to charge an NSF fee. And, they may be charged a "bounced check" fee from the payee for whom they wrote the check. To manage their accounts, they decide that they will take advantage of the low-balance text alerts and the ability to transfer money between their individual savings and checking accounts offered at each institution.

Savings. Damita and Darien find that they can open a savings account with a minimum deposit of \$10 at Hometown Bank, and \$5 at MyTown Bank, and that Bank of OurTown does not have a required minimum opening balance. Damita is interested in learning more about Hometown Bank's youth savings accounts, which offers an initial deposit match of up to \$25 and another \$50 when the balance reaches \$100. After all, she has \$35 saved from gifts. If she chooses this account, she will have \$60 and be well on her way to getting another \$50. She sees the money growing already! The minimum monthly balances are also low: \$10 at Hometown Bank, \$5 at MyTown Bank, and \$0 at Bank of OurTown. Hometown Bank's interest rate is higher than the other two at .50% APY. Each institution charges \$5 if the account balance drops below the stated minimum.

ATM, Debit Cards, and Mobile or online Banking. Free in-network ATMs are easily accessible for all three institutions. The fees for out-of-network ATMs range from \$2 to \$4 per transaction and cannot be waived. No-fee debit cards are also available from all three institutions. If the twins use their debit cards at a merchant, they can get cash back without incurring a fee, and avoid going to an ATM. Each financial institution caps debit card transactions at \$200 per day for student accounts.

Since Damita and Darien only include financial institutions that offer mobile or online banking on their Bank Checklist, all three institutions offer online bill payment, mobile check deposits, and the ability to check balances for no fees. Being able to take a picture of her check and deposit it into her account is especially important to Damita. She doesn't want to spend her Saturday morning going to a bank to deposit a check.

Making a Choice Based on Best and Worst Case Scenarios. After they complete the Bank Checklist, the twins add up the “best-case” monthly and annual costs of maintaining both a checking and savings account at each of the institutions. Assuming they always meet the minimum balance requirements and use only in-network ATMs, they will be able to take advantage of each of the bank’s savings and checking accounts for free.

Damita and Darien also understand that sometimes the unexpected happens, so they look at some “worst-case” scenarios before they make their final selections. They include all monthly fees and two out-of-network (used an ATM not in the bank’s network) ATMs fees each month. The fees increase to as much as \$360 per year. Then, they decide to add two NSF fees to their review.

Annual Cost	Hometown Bank	MyTown Bank	Bank of OurTown
No Fees – Best Case (See page 22.)	\$0	\$0	\$0
Monthly Fees (See page 23.)	\$180	\$180	\$264
Monthly Fees incurred and with 2 monthly out-of-network ATM fees (See page 24.)	\$252	\$228	\$360
Monthly Fees with 2 NSF and 2 monthly out-of-network fees (See page 25.)	\$318	\$288	\$416

After looking at the best- and worst-case scenarios, the twins realize two things. First, shopping for a financial relationship is personal. There is no one-size-fits-all account. Second, by calculating several scenarios—from the best-case to the worst-case—they have a better appreciation of how their choices, such as using an out-of-network ATM and maintaining accurate records, affect the cost to maintain an account.

Damita decides that opening a savings account at Hometown Bank is ideal. She will deposit her check via mobile deposit and keep a careful watch on the number of withdrawals each month. She is confident that she'll be able to stay within the bank's guidelines which reflect the federal regulation that allows no more than six monthly withdrawals from a savings account. And, the offer of \$75 in matching funds is too good to pass up.

Darien decides that he will open both a checking and savings account at Bank of OurTown. Now that he has a good understanding of the fees, he will be very careful to avoid them. He will have his payroll deposited to the checking account and transfer funds to his savings account online immediately after he is paid to be sure he makes his savings goal. Tracking balances will be important and he will use the mobile app to help avoid fees.

Bank Checklist - Best Case Scenario¹

*If the financial institution is a credit union, be sure you are eligible to join.

		Bank Name/ Account Type Hometown Bank	Bank Name/ Account Type MyTown Bank	Bank Name/ Account Type Bank of Our Town
Bank Information	Does the bank offer the services I need?	Yes	Yes	Yes
	Convenient branches and ATMs?	Good	Excellent	Excellent
	Bank hours?	8-5 (Sat 9-1)	9-6	9-5
	Do employees speak my language?	Yes	Yes	Yes
	Is it insured by FDIC/National Credit Union Administration (NCUA)?	Yes	Yes	Yes
	Does the bank have any special programs for students?	Yes	Yes	Yes
Accounts	Requirements for opening account?	Custodial	Custodial	Non-Custodial
Checking Accounts	Minimum opening balance?	5	5	1
	Minimum monthly balance?	5	5	25
	Fees?	10	10	20
	Fee waivers available?	Yes	No	Yes
	Number of withdrawals per month without a fee?	Unlimited	Unlimited	Unlimited
	Earns interest?	.10%	.10%	.30%
	Deposit hold times?	3 days	3 days	Payroll – 0 days Other – 3 days
Overdraft Programs	Low balance alerts offered?	Yes	Yes	Yes
	Overdraft fees?	33	30	28
	Link to a savings account to cover overdrafts?	Yes	Yes	Yes
	Opt-out options?	Yes	Yes	Yes
Savings accounts	Minimum opening balance?	10	5	0
	Minimum monthly balance?	10	5	0
	Annual percentage yield (APY)?	.50%	.10%	.10%
	Fees?	\$5	\$5	\$2
	Fee waivers available?	Yes	Yes	Yes
	Withdrawal limits per month?	6	6	6
	Services available?	Yes	Yes	Yes
ATM Cards	Fees?	\$0/\$3	\$0/\$2	\$0/\$4
	Fee waivers available?	Yes	Yes	Yes
	Location/number of ATMs?	Good	Excellent	Excellent
Debit cards	Fees?	None	None	None
	Fee waivers available?	NA	NA	NA
	Rebates or bonuses for use?	Limited	Limited	Limited
	Location/number of ATMs?	Good	Excellent	Excellent
	Debit card transactions requirements or limits?	\$200 Daily	\$200 Daily	\$200 Daily
Mobile/online banking	Is it available?	Yes	Yes	Yes
	Transaction types and limits?	Mobile Deposit	Mobile Deposit	None
	Fees?	None	None	None
	Fee waivers available?	NA	NA	NA
	Online bill pay?	Yes	Yes	Yes
	Other Information?	\$25/\$50 match		
Total Monthly Costs		0	0	0
Total Annual Costs		0	0	0

¹ Fees are stated on a monthly basis

Bank Checklist - Monthly Fees Scenario

*If the financial institution is a credit union, be sure you are eligible to join.

		Bank Name/ Account Type Hometown Bank	Bank Name/ Account Type MyTown Bank	Bank Name/ Account Type Bank of Our Town
Bank Information	Does the bank offer the services I need?	Yes	Yes	Yes
	Convenient branches and ATMs?	Good	Excellent	Excellent
	Bank hours?	8-5 (Sat 9-1)	9-6	9-5
	Do employees speak my language?	Yes	Yes	Yes
	Is it insured by FDIC/National Credit Union Administration (NCUA)?	Yes	Yes	Yes
	Does the bank have any special programs for students?	Yes	Yes	Yes
Accounts	Requirements for opening account?	Custodial	Custodial	Non-Custodial
Checking Accounts	Minimum opening balance?	5	5	1
	Minimum monthly balance?	5	5	25
	Fees?	10	10	20
	Fee waivers available?	Yes	No	Yes
	Number of withdrawals per month without a fee?	Unlimited	Unlimited	Unlimited
	Earns interest?	.10%	.10%	.30%
	Deposit hold times?	3 days	3 days	Payroll – 0 days Other – 3 days
Overdraft Programs	Low balance alerts offered?	Yes	Yes	Yes
	Overdraft fees?	33	30	28
	Link to a savings account to cover overdrafts?	Yes	Yes	Yes
	Opt-out options?	Yes	Yes	Yes
Savings accounts	Minimum opening balance?	10	5	0
	Minimum monthly balance?	10	5	0
	Annual percentage yield (APY)?	.50%	.10%	.10%
	Fees?	\$5	\$5	\$2
	Fee waivers available?	Yes	Yes	Yes
	Withdrawal limits per month?	6	6	6
	Services available?	Yes	Yes	Yes
ATM Cards	Fees?	\$0/\$3	\$0/\$2	\$0/\$4
	Fee waivers available?	Yes	Yes	Yes
	Location/number of ATMs?	Good	Excellent	Excellent
Debit cards	Fees?	None	None	None
	Fee waivers available?	NA	NA	NA
	Rebates or bonuses for use?	Limited	Limited	Limited
	Location/number of ATMs?	Good	Excellent	Excellent
	Debit card transactions requirements or limits?	\$200 Daily	\$200 Daily	\$200 Daily
Mobile/ online banking	Is it available?	Yes	Yes	Yes
	Transaction types and limits?	Mobile Deposit	Mobile Deposit	None
	Fees?	None	None	None
	Fee waivers available?	NA	NA	NA
	Online bill pay?	Yes	Yes	Yes
	Other Information?	\$25/\$50 match		
Total Monthly Costs		15	15	22
Total Annual Costs		180	180	264

Bank Checklist - Monthly Fees with ATM Charges Scenario

*If the financial institution is a credit union, be sure you are eligible to join.

		Bank Name/ Account Type Hometown Bank	Bank Name/ Account Type MyTown Bank	Bank Name/ Account Type Bank of Our Town
Bank Information	Does the bank offer the services I need?	Yes	Yes	Yes
	Convenient branches and ATMs?	Good	Excellent	Excellent
	Bank hours?	8-5 (Sat 9-1)	9-6	9-5
	Do employees speak my language?	Yes	Yes	Yes
	Is it insured by FDIC/National Credit Union Administration (NCUA)?	Yes	Yes	Yes
	Does the bank have any special programs for students?	Yes	Yes	Yes
Accounts	Requirements for opening account?	Custodial	Custodial	Non-Custodial
Checking Accounts	Minimum opening balance?	5	5	1
	Minimum monthly balance?	5	5	25
	Fees?	10	10	20
	Fee waivers available?	Yes	No	Yes
	Number of withdrawals per month without a fee?	Unlimited	Unlimited	Unlimited
	Earns interest?	.10%	.10%	.30%
	Deposit hold times?	3 days	3 days	Payroll – 0 days Other – 3 days
Overdraft Programs	Low balance alerts offered?	Yes	Yes	Yes
	Overdraft fees?	33	30	28
	Link to a savings account to cover overdrafts?	Yes	Yes	Yes
	Opt-out options?	Yes	Yes	Yes
Savings accounts	Minimum opening balance?	10	5	0
	Minimum monthly balance?	10	5	0
	Annual percentage yield (APY)?	.50%	.10%	.10%
	Fees?	\$5	\$5	\$2
	Fee waivers available?	Yes	Yes	Yes
	Withdrawal limits per month?	6	6	6
	Services available?	Yes	Yes	Yes
ATM Cards	Fees?	\$0/\$3	\$0/\$2	\$0/\$4
	Fee waivers available?	Yes	Yes	Yes
	Location/number of ATMs?	Good	Excellent	Excellent
Debit cards	Fees?	None	None	None
	Fee waivers available?	NA	NA	NA
	Rebates or bonuses for use?	Limited	Limited	Limited
	Location/number of ATMs?	Good	Excellent	Excellent
	Debit card transactions requirements or limits?	\$200 Daily	\$200 Daily	\$200 Daily
Mobile/online banking	Is it available?	Yes	Yes	Yes
	Transaction types and limits?	Mobile Deposit	Mobile Deposit	None
	Fees?	None	None	None
	Fee waivers available?	NA	NA	NA
	Online bill pay?	Yes	Yes	Yes
	Other Information?	\$25/\$50 match		
Total Monthly Costs		21	19	30
Total Annual Costs		252	228	360

Bank Checklist - Monthly Fees with ATM Charges Scenario and 2 Annual NSF Charges

*If the financial institution is a credit union, be sure you are eligible to join.

		Bank Name/ Account Type Hometown Bank	Bank Name/ Account Type MyTown Bank	Bank Name/ Account Type Bank of Our Town
Bank Information	Does the bank offer the services I need?	Yes	Yes	Yes
	Convenient branches and ATMs?	Good	Excellent	Excellent
	Bank hours?	8-5 (Sat 9-1)	9-6	9-5
	Do employees speak my language?	Yes	Yes	Yes
	Is it insured by FDIC/National Credit Union Administration (NCUA)?	Yes	Yes	Yes
	Does the bank have any special programs for students?	Yes	Yes	Yes
Accounts	Requirements for opening account?	Custodial	Custodial	Non-Custodial
Checking Accounts	Minimum opening balance?	5	5	1
	Minimum monthly balance?	5	5	25
	Fees?	10	10	20
	Fee waivers available?	Yes	No	Yes
	Number of withdrawals per month without a fee?	Unlimited	Unlimited	Unlimited
	Earns interest?	.10%	.10%	.30%
	Deposit hold times?	3 days	3 days	Payroll – 0 days Other – 3 days
Overdraft Programs	Low balance alerts offered?	Yes	Yes	Yes
	Overdraft fees?	33	30	28
	Link to a savings account to cover overdrafts?	Yes	Yes	Yes
	Opt-out options?	Yes	Yes	Yes
Savings accounts	Minimum opening balance?	10	5	0
	Minimum monthly balance?	10	5	0
	Annual percentage yield (APY)?	.50%	.10%	.10%
	Fees?	\$5	\$5	\$2
	Fee waivers available?	Yes	Yes	Yes
	Withdrawal limits per month?	6	6	6
	Services available?	Yes	Yes	Yes
ATM Cards	Fees?	\$0/\$3	\$0/\$2	\$0/\$4
	Fee waivers available?	Yes	Yes	Yes
	Location/number of ATMs?	Good	Excellent	Excellent
Debit cards	Fees?	None	None	None
	Fee waivers available?	NA	NA	NA
	Rebates or bonuses for use?	Limited	Limited	Limited
	Location/number of ATMs?	Good	Excellent	Excellent
	Debit card transactions requirements or limits?	\$200 Daily	\$200 Daily	\$200 Daily
Mobile/ online banking	Is it available?	Yes	Yes	Yes
	Transaction types and limits?	Mobile Deposit	Mobile Deposit	None
	Fees?	None	None	None
	Fee waivers available?	NA	NA	NA
	Online bill pay?	Yes	Yes	Yes
	Other Information?	\$25/\$50 match		
Total Monthly Costs		21	19	30
Total Annual Costs		252+66=318	228+60=288	360+56=416

Resources

There are a number of free resources to help consumers select and maintain safe and low-cost accounts, including:

Educational Resources Specific to Checking Accounts

- *Money Smart's* Bank Checklist provides a list of questions that a person can use to help select an account that meets their needs. You can find the checklist in the *Money Smart* curricula and in this supplement.
- CFPB's "Consumer Guide to Selecting a Lower-Risk Account" provides tips for finding and choosing a checking or prepaid account.
- Guidance on how to avoid costly overdrafts and fees includes:
 - FDIC's "Your Guide to Preventing and Managing Overdraft Fees"
- *FDIC Consumer News* includes practical guidance on how to become a smarter, safer user of financial services. Articles include:
 - "Checking Accounts: More Questions to Ask"
 - "What's the Right Account for Your Everyday Banking Needs?"
- Having trouble opening or managing accounts?
 - "Have You Bounced Yourself Out of a Checking Account?" (from *FDIC Consumer News*)
 - "You've Been Turned Down for a Checking or Savings Account. Now What?" (from *FDIC Consumer News*)
 - "Protecting Yourself from Overdraft and Bounced-check Fees" (from the Federal Reserve Board of Governors)
 - "Consumer Guide to Checking Account Denials" (from the Consumer Financial Protection Bureau (CFPB))

Comprehensive Financial Education Resources

- FDIC's *Money Smart* – Educational resources to help people – from those just starting out, just starting over, or who are somewhere in between – learn how to create a positive banking relationship and boost their money skills. Curricula are available for all ages and in formats to teach to others and for consumers to complete on their own using a computer.
- [MyMoney.GOV](https://www.mymoney.gov/) – A one-stop resource for financial education material provided by more than 20 Federal entities. The site includes MyMoney Five, the five key building blocks for managing and growing your money.

Account Templates and Standards

- FDIC Model Safe Accounts Template – This template provides insured institutions with guidelines for offering cost-effective transactional and savings accounts that are safe and affordable for consumers.
- Cities for Financial Empowerment Fund (CFE) Bank On National Account Standards – Identifies critical product features for appropriate bank or credit union accounts, making it easier for Bank On coalitions to connect consumers to accounts that meet their needs.
- CFPB’s Safe Student Account Toolkit helps colleges and universities select college-sponsored financial accounts to meet their students’ needs.



www.fdic.gov/moneysmart

FDIC-019-2019