"As far as setting up a [bank] account, the earlier the better ... that way, you can use debit instead of credit ... you know if you only have $150 in your account, you won’t be as tempted to charge things because you know that is your “real” money in your account." *Tanya, Young Adult/Recent College Graduate

**TERRI’S STORY**

Terri had a summer job as a day camp counselor. If Terri earned $2,100 from this first summer job paid in seven $300 checks, how would banking have made a difference for Terri? Check cashing fees on each $300 check would cost about 3% or $9 each on average. This would be $63 Terri would have paid over the summer just to get her own earnings!

*Reminder: Complete Plan2Achieve: Why Bank? How to Bank? if have not yet.

**WHAT SHOULD YOU CONSIDER IN CHOOSING A BANK ACCOUNT?**

1. **FDIC Insurance**
   
   If you are looking for the most SECURE account, do NOT forget to look for an account that is FDIC insured (see page 25).

2. **Fees**
   
   Fees can add up. Be sure to choose an account that has low fees. Look closely at fees a bank may charge for each service you use or for keeping just a small amount of money in your account (i.e. going below a **minimum balance**).  

3. **Convenience**
   
   For a young adult that might have many different locations where they bank, convenience can be especially important. Having a bank that is convenient or has convenient ATM locations can help you to reduce fees.

4. **Interest or Incentives**
   
   Some banks offer **interest** or incentives with accounts. These are generally small but any free money is good money! Be sure to balance the costs of any fees with the benefit of interest and one time incentives.

**CONSIDER STARTING WITH SAVINGS TO BUILD YOUR BANKING EXPERIENCE!**
Did You Know?

If you are looking for a way to keep your money safe, then an FDIC insured account may be for you. The FDIC or Federal Depository Insurance Corporation is an independent organization that was founded in 1933 just to protect the funds of bank customers like you. When you go to the bank, talk to the banker about FDIC insured accounts.

DEAR DICTIONARY

You will need to know each of these terms when opening & using your bank account.

**Interest** = a small amount of extra money the bank pays you just for keeping your money there

**Minimum** = the least amount of money you can keep in your account

**Custodian** = a responsible adult who jointly owns your account with you

**Signature Card** = a legal document that you sign when opening a bank account – used to show your identify

**Balance (noun)** = the amount of money in your account

**Minimum Balance** = the least amount of money to keep in your account to avoid fees

**Deposit** = to put money IN your bank account

**Withdraw** = to take money OUT of your bank account

Consider Account Safety: Keep all important personal identification, bank documents, & account information private and secure. If you have a debit card, keep your password private & not obvious to others (ie. your birthday). Do not store your password with your debit card!

ONLY ACCEPT CHECKS OR FUNDS FROM TRUSTED SOURCES!

SEE PAGE 62 FOR MORE INFORMATION!
HOW DO YOU OPEN A SAVINGS ACCOUNT?

Opening Account Simulation

You are getting your first job and you would like to open a savings account so you can safely deposit your earnings and so you can earn extra money in the form of interest. You have $20 to deposit.

CHOOSING YOUR FINANCIAL INSTITUTION

1) Look for an account that has a low minimum and no fees.
2) Consider whether or not the account requires a custodian on the account with you.
3) Select a bank or financial institution that is convenient for you.
4) Choose an account that is FDIC insured.

The application process varies between various banks and financial institutions. Here is some of the basic information that many institutions ask for.

OPENING YOUR ACCOUNT

1) You will need to complete an application form.
2) You will be asked to share information about yourself which will likely include some or all of the following items: your name, your address, your social security number, your drivers license or state ID number (or sometimes school ID number), the ID issue date and expiration date, your email, your phone number, your cell phone number, your birth date, etc.
3) You may need to have a custodian (or responsible adult) on your account as a joint owner if you are under 18. (Non-custodial accounts are available at some banks in some states. Shop around if you feel it would be best to have your own account!)
4) You generally will need to bring your identification* such as your social security card, driver’s license or state ID (or sometimes school ID) as required to the bank or financial institution. (Sometimes a piece of mail is required for proof of address.)
5) You may need to record the amount you will be depositing, and you will need to provide the deposit. In the case of this simulation, $20 is needed.
6) You will need to sign your application. If you are required to have a custodian on your account, your custodian will also need to sign the application.
7) You (and your custodian if on the account) will need to complete a signature card.
8) Be sure to keep funds in your account to keep your account active. Make regular deposits to build your savings!

*See page 63 for help if you are missing any of these documents.
**SAMPLE APPLICATION FORM (ACTUAL FORMS WILL VARY)**

Use this form to practice opening an account. Use the sample information in the State ID at right and social security card below. You may use your name but do NOT use any other identifying or private information on this sample form.

**Account Number:** 2345678901 (to be completed by bank)  
**Account Type:** Savings (to be completed by bank)

<table>
<thead>
<tr>
<th>First: Student Name</th>
<th>Last: Student Name</th>
<th>MI:</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Address: 120 State St.</th>
<th>City, State: Montpelier, VT</th>
<th>Address Since: mm / yyyy</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Social Security Number: 000 00 000</th>
<th>Drivers License #: State ID #: 12345678</th>
<th>State Issued: VT</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>ID Issue Date: mm / dd / yyyy</th>
<th>ID Expiration Date: mm / dd / yyyy</th>
<th>Birth Date: mm / dd / yyyy</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Email Address:</th>
<th>Employer: Student</th>
<th>Occupation: Student</th>
</tr>
</thead>
<tbody>
<tr>
<td>Do not complete for this simulation</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Employer Address: NA</th>
<th>Employer State: NA</th>
<th>Cell Phone:</th>
</tr>
</thead>
<tbody>
<tr>
<td>Do not complete for this simulation</td>
<td></td>
<td>Do not complete for this simulation</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Business Phone:</th>
<th>Home Phone:</th>
<th>Married/Unmarried/Separated</th>
</tr>
</thead>
<tbody>
<tr>
<td>Do not complete for this simulation</td>
<td>Do not complete for this simulation</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Opening Balance</th>
<th>Transfer/Check/Cash</th>
<th>Type of Account:</th>
</tr>
</thead>
<tbody>
<tr>
<td>$20.00</td>
<td>Savings</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Your Signature</th>
<th>Date</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Joint Owner #1 Signature (Custodian)</th>
<th>Date</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
</tr>
</tbody>
</table>
HOW DO YOU MAKE A DEPOSIT AT YOUR BANK?

Making a Deposit

You are working at your first job. You have both your $100.50 paycheck as well as $10 cash that a friend paid you back to deposit. What do you do?

- Bring proper identification. You will be asked for this when you return your deposit ticket.
- Get a form called a DEPOSIT TICKET or DEPOSIT SLIP.
- The deposit ticket has a place for your name and account number as well as a place to write the date.
- Fill in the date, your name and an account number (#2345678901 for now).
- Remember - you had $10 cash and a $100.50 paycheck to deposit.
- Write in that you have $10.00 in cash. (This goes just to the right of where “Cash” is listed. Notice that there is a wide column for dollars and a skinny column for cents.)
- Now, write the $100.50 amount in the column to the right of where it says “List Checks Singly” & $0.00 where it says “Totals from the Other Side”.
- Now, add up your subtotal: $10.00 + $100.50 + $0.00 = $110.50
- Next, let’s say you would like $5 back in cash. Write in the $5 cash back in the correct location – this would go to the right of “Less Cash Received”.
- Subtract $5 from Subtotal to get your Total. This is the amount you will deposit and should be $105.50.
- Provide the bank teller with your deposit ticket, check, cash and your ID.
- The teller will provide you with a receipt.

Deposit Ticket

Your Name: John Doe

Date________________________

DEPOSITS MAY NOT BE AVAILABLE FOR IMMEDIATE WITHDRAWAL

______________________________

SIGN HERE FOR CASH RECEIVED (IF REQUIRED)

YOUR BANK NAME
CITY, STATE

:0987654321: 2345678901

CASH 10 00

LIST CHECKS SINGLY 100 50

TOTAL FROM OTHER SIDE 0 00

SUBTOTAL 110 50

LESS CASH RECEIVED 5 00

TOTAL 105 50

CHECKS AND OTHER ITEMS ARE RESERVED FOR DEPOSIT SUBJECT TO THE PROVISIONS OF THE UNIFORM COMMERCIAL CODE OR ANY APPLICABLE COLLECTION AGREEMENT.
HOW DO YOU MAKE A WITHDRAWAL AT YOUR BANK?

Making a Withdrawal
You need $20 now to pay a fee at school.
What do you do? How can you get money out of your account?

1) Get a form called a **WITHDRAWALTICKET OR SLIP**.
2) Fill in the date, your name, address and account number (from page 54).
3) Record the amount you would like to withdraw, $20.00, both written out (Twenty & 00/100) on the line below as noted and as a number ($20.00) in the box with the $ symbol. (Do not leave extra space.)
4) Sign the withdrawal slip where “signature” is noted.
5) Bring proper identification as you will be asked to share this.
6) Always complete all information clearly and in ink.

---

**WITHDRAW**

Customer Name: John Doe  
Customer Address: 120 State St. Montpelier VT

Twenty dollars and 00/100 cents  
Deduct above sum from my savings account on deposit with  

John Doe  
Signature

**BANK LOGO**

Bank Address  
City, State

---

**CHECK OUT THIS SAMPLE SAVINGS ACCOUNT STATEMENT!**

---

**SAMPLE SAVINGS ACCOUNT STATEMENT**

---

**ACCOUNT NUMBER 2345678901**

---

**SUMMARY**

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GRADUATING TO CHECKING
Most students find it best to start with savings BUT after you gain experience with banking and need to make more payments you may want to graduate to checking. Checking is a BIG responsibility. Be sure you are ready and KEEP YOUR ACCOUNT POSITIVE!

“Think about starting out with a [student] checking account because it is free and you don’t have to pay a lot of the fees that people usually pay.”
CHRISTIE, YOUNG ADULT

USE TECHNOLOGY TO KEEP YOUR ACCOUNT POSITIVE!

1. Use your phone or computer to go online to check your balance BEFORE you make any large purchases.
2. Arrange a text or email alert to occur when your balance dips below a certain level (or an amount of funds that you set).
3. Open a linked saving and checking account so that if funds in your checking account drop too low, your bank will pull funds from your savings account.

DEAR DICTIONARY
Non-sufficient funds = when the funds in your bank account do not cover the amount of a charge (check, debit card transaction, etc.)
Overdraft Protection = a loan from a financial institution to allow coverage in the case that you have non-sufficient funds. However, you will have to pay the loan back plus fees.

AVERAGE OVERDRAFT OR NON-SUFFICIENT FUNDS (NSF) FEES ARE $27-$30! (YOU MAY BE CHARGED EVEN IF YOU JUST SPEND A FEW DOLLARS!) KEEP YOUR ACCOUNT BALANCED!

LEAVING A BANK ACCOUNT WITH FUNDS OWED CAN LEAD TO BEING TRACKED OR PLACED ON CHEXSYSTEMS. THIS MAY PREVENT YOU FROM BEING ABLE TO BANK AGAIN. BE SURE TO KEEP YOUR ACCOUNT BALANCED!
“It is very important to have a [checking account] and it’s very important to keep money in there. While I was at college, you know you overspend and sometimes you write a check and you don’t have the money, you know non-sufficient funds. You definitely don’t want to do that because...they are reporting that across the board...to the point where you may go out and you might not be able to write another check or you might be denied for something simply because you are not keeping up with your checking account. It’s very important to keep a positive [balance], meaning money, in your checking account.” Tamika, Young Adult

HOW DO YOU BALANCE A CHECKING ACCOUNT?

Making a Deposit

Remember how you signed or endorsed your paycheck in the Chapter 2 – Your First Paycheck? Now, let’s imagine you had a checking account to deposit that paycheck in.

1) Turn to the deposit slip below. Notice this has a place for your name, account number and other information as well as a place to write the date. Fill in the date and then look for a table where you would record the amount you are depositing.

2) Remember - you had $105.35 to deposit. Write this in the column to the right where it says “List Checks Singly”. Notice that there is a wide column for dollars and a skinny column for cents.

3) Write in that you have $0 in cash and 0$ in totals from the other side. (These go just to the right of where “cash” and the “Total from Other Side” are listed.)

4) Now, add up your subtotal: $0 + $105.35 = $105.35

5) Next, let’s say you would like $4 back in cash. Write in the $4 cash back in the correct location – this would go to the right of “Less Cash Received”.

6) Subtract $4 from $105.35 to get your total. This is the amount you will deposit and should be $101.35.
Making a Deposit - Balancing

1) Every time you make a deposit or write a check you should record this in your check register. This is a table that is used to record all your account activity.

2) Let’s try it. Write down your deposit. Find the column that says “Description of Transaction”. (This just means a description of what you did). Write the words “Deposit Paycheck” on the first line under the “Description of Transaction” column. Write the date to the left of this under the “date” column.

3) Find the column that is called “Deposits or Credits”. Write down the amount of the deposit, $101.35, in that column in the same row that you wrote “Deposit Paycheck”.

4) Notice that there is a column to the right of the deposit column that says “Balance” at the top. This is the column where you will add up how much money you have in your account. You can see that $100 is written under the word “Balance”. This means you still had $100 left from last month.

5) Add the $100 to the amount of your deposit - $101.35 - to get your balance TODAY. This is $201.35. Write this in the “Balance” column on the same row where you wrote your deposit.

### RECORD ALL CHARGES OR CREDITS THAT AFFECT YOUR ACCOUNT

<table>
<thead>
<tr>
<th>Number</th>
<th>Date</th>
<th>Description of Transaction</th>
<th>Payment/Debt</th>
<th>Fee (If Any)</th>
<th>Deposit/Credit</th>
<th>Balance</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td>Deposit Paycheck</td>
<td>$</td>
<td>$101.35</td>
<td>$201.35</td>
<td>$201.35</td>
</tr>
</tbody>
</table>

### DEAR DICTIONARY: BALANCING DEFINITIONS

**TO BALANCE** = TO MATCH THE BANK ACTIVITIES IN YOUR RECORDS (CHECKS WRITTEN, DEPOSITS, WITHDRAWALS, FEES, ETC.) WITH THE ACTIVITIES IN YOUR MONTHLY STATEMENT

**TO OVERDRAW OR TO BOUNCE A CHECK** = TO WRITE A CHECK OR MAKE A PAYMENT WHEN THERE IS NOT ENOUGH MONEY IN YOUR ACCOUNT TO COVER THE CHECK OR PAYMENT

**CHECK REGISTER** = THE FORM INCLUDED IN YOUR CHECK BOOK FOR YOU TO RECORD ALL OF YOUR ACCOUNT ACTIVITY ON

**BANK STATEMENT** = A RECORD OF ALL OF YOUR ACCOUNT ACTIVITY PROVIDED BY YOUR BANK
Writing a Check

1. Writing a check is very simple. First, let’s review what information is on the check. There is a place where your name, your account number and the bank’s transit number will be written so that they can find your account.

2. There are also several blanks for you to complete. There is a blank for the date – please fill this in with today’s date.

3. Next, there is a blank that says “Pay to the Order of” – this is where you write down who you are paying. Let’s say you are paying “Cellular Company”. Write “Cellular Company” in the line next to the words “Pay to the Order of”.

4. Next, find a blank rectangle with a dollar sign. This is where you write the amount of your check. Let’s say you owe the “Cellular Company” $20.35. Write in this amount using numbers. (Fill in as close to left as possible.)

5. Now, find a blank line with the WORD “Dollars”. This is where you write your amount in words so there is no confusion about the amount due to handwriting. (Write $20.35 using words as close to the left as possible.) Many people write this as “Twenty Dollars” and then the number 35 over 100 for cents (or hundredths of a dollar). This looks like 35/100.

6. Next, there is a blank that is for you to write a note to help you remember what the check was for. Write “May Bill” on this line.

7. Lastly, there is a blank space for you to write your signature just like when you endorsed the check. Sign your name on this line.

8. Now, you are not done yet. Where would you need to record this check? That is right. You need to record this on your check register.
Writing a Check – Check Register

1) You need to record every check you write on your check register (below). Doing this allows you to confirm that you have enough money in your account and to check your balance throughout the month.

2) Find the next row on your register – directly below where you wrote “Deposit”. Write “Cellular Company” under the “Description of Transaction” column and write the date you wrote on the check under the “date” column.

3) Then find the column that says “Payments” or “Debits” (because you are writing a check now and taking money OUT of your account by doing this). Write the amount, $20.35, in this column.

4) Now go to the “Balance” column. SUBTRACT $20.35 (because we are taking money out of your account to pay the check) from your previous balance (or the balance before). Your previous balance was $201.35.

5) Now what is your balance? That is right - $181.00. Write $181.00 in the “Balance” column.
Let’s say that you got $20 in cash at your local ATM (see receipt below). This ATM is NOT with your bank so you were charged $3 for this service. Do you need to record this? Absolutely! One mistake that many young adults make is that they fail to record small debit card transactions, ATM withdrawals or fees. When you have a small amount of money in your account or are living on a limited income, even forgetting small items can disrupt your account balance. Be sure to record ALL ATM transactions, fees or debit card charges. How do you do this? Let’s try this for the $20 withdrawal from the ATM with a $3 charge.

2) On your check register (page 35), write “ATM Withdrawal” under the “Description of Transaction” column and include the date.

3) Next, write down the $20 amount for the charge. Which column do you put this under? That’s right – write this under the “Debit/ Payment” column.

4) What do you need to do next? Subtract the $20 from your balance to get a current balance. Your previous balance was $181.00. What is the current balance? The balance is $\_161.00\_.

5) Finally, don’t forget the $3 charge. Include the date and the description – “Fee” under “Transaction Description”. Then include the amount under the “Debit” column. Finally, subtract the $3 from the balance to get a final balance of $\_158.00\_.

“At some banks advertise free checking, it’s not [always] true... there are sometimes] hidden fees so just do your research. Go talk to some representatives at some banks and see what account is best for you.”

Debbie, Recent College Graduate/Graduate Student
CHAPTER FOUR: BANK ON IT

Balancing Your Account - Final Balance

Now for the last step... Take the bank statement that you may have accessed online or received in the mail. Review this and compare it to your final Check Register for the month. You should come to the same final balance and all of your transactions should be listed.

1) Remember to check your check register (page 35) with your bank statement to ensure that everything is recorded correctly each month.
2) If you have any differences with this statement, recheck your records. If you cannot find your error, bring your records and your statement in to review with your personal banker (your instructor) to discuss the problem.
3) If everything matches ...Congratulations!
You have balanced your checking account!
Question: When you put money into your checking account, this is called making a **deposit**.

Question: When you take money out of your bank account, this is called making a **withdrawal**.

Question: When you check a banking activity to make sure it is recorded correctly in your checking account, this is called **balancing your checking account**.

Question: If you write a check and do not have enough money in your checking account, this is called **bouncing a check** or **overdrawing** your account.

“For savings, my personal advice is... have it separate from your checking account [so you can’t transfer balances really easily]. Make sure that you are at least putting something away each month... discipline yourself that that is your separate emergency savings and that you are not going to draw from that on a regular basis.”

Debbie, Young Adult