

Money TALKS

Should I Be Banking?

Taking Charge of Your Own Checking Account

At this point in your life you have probably begun wondering what you are going to do next: find a job, go to college, enlist, or buy a car. No matter where the “real world” takes you, one thing is certain: you will be taking on new privileges and responsibilities. Financial responsibility is sure to be one of these. What better way is there to get ready than to start today? Opening a checking account will let you in on one of these “real world” experiences.

Checking Account
Crossword Puzzle

Choosing Your
FINANCIAL INSTITUTION

Opening Your
Checking Account

Making a
WITHDRAWAL

Using My Debit Card
And More!



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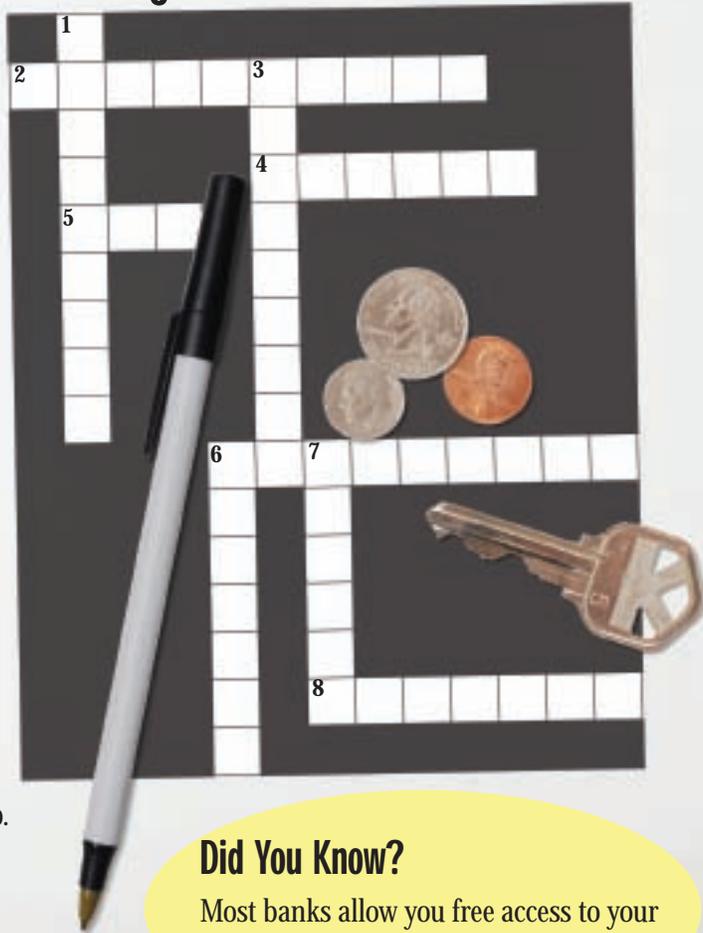
Checking Account Crossword Puzzle

You probably already know a little about checking accounts. Find out just how clued in you are and how much there is still to learn by completing this crossword puzzle. Even if you cannot fill it in fully now, by the end of this teen guide you will have all the answers.

Across

- 1) In order to open a checking account, you will need to fill out a _____ card, which is a contract between you and your financial institution.
- 3) You should _____ your account by finding the differences between your check register balance and your monthly bank account statement.
- 6) Whenever you put money into your checking account, you must fill out a _____ slip.
- 7) If you write a check for more money than you have in your account, your check will _____.

Checking Account Crossword



Did You Know?

Most banks allow you free access to your checking account online or by telephone.

Down

- 2) Taking money out of your account is a _____.
- 4) On your check register you enter the amount you deposited into your checking account under the Deposit or _____ column.
- 5) When using another institution's _____ machine, it is important to look for charges.
- 6) Besides writing a check, you can use a _____ to withdraw money from your checking account.
- 8) Before depositing a check into your checking account you must _____ the back of the check.

How did you do? You should know as much as possible about checking before you open an account.

Understanding checking account lingo and how these accounts work will help you decide if you are truly ready to have your own account.

(Answers on page 12.)

Choosing YOUR Financial Institution



Are you ready to open a checking account? If so, find the best financial institution for you. There are so many different places to pick from that it can be difficult to make a choice. One place to start is with your family and friends; find out where they bank and what they like and dislike about it. This information will provide you with a list of possible financial institutions and help you figure out what you want in a financial institution. However, no matter

what anyone else tells you, you need to decide for yourself which institution best fits your life. This means you will need to decide which one will give you the best deals and will be convenient for you to visit.

Many financial institutions offer free student checking or a free checking account if you use direct deposit (have your paycheck automatically deposited into your checking account). Others might offer you a free account if your parents have an account with them.

What's Important to Me



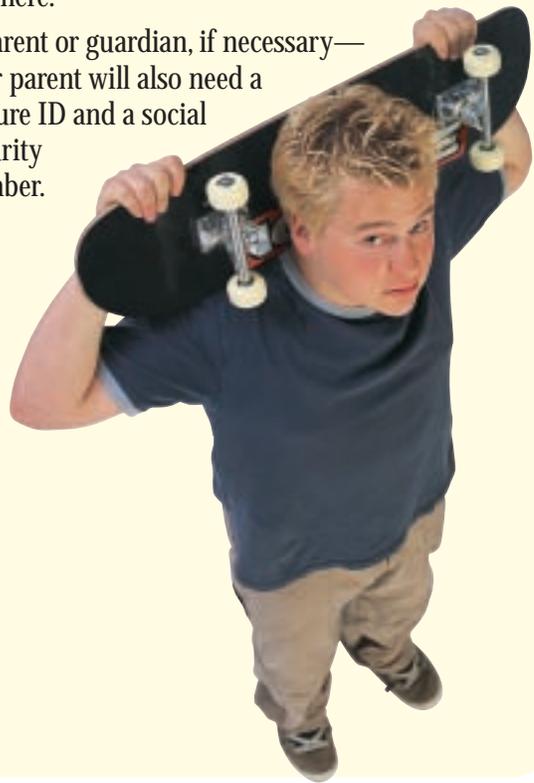
One concern is whether or not you need a parent's signature to open your account (which means that you will share access to your money with your parent). Most financial institutions require you to have a parent's signature to open a checking account if you are under the age of 18. However, there are a few institutions that may allow you to open a checking account by yourself, if you or your parent has a banking history with them.

Opening Your Checking Account

Once you have picked your financial institution, it is time to open your account. A bank representative will help you with this easy process. You will fill out a signature card, which is the contract between you and the financial institution. At this point, the financial institution may also run an account history check to see if you have had problems with credit or checking accounts in the past. When you go to open your account, be sure to bring:

- Picture ID—this can be your driver's license, student ID card, passport, etc.
- Social security number (Some financial institutions will accept other forms of government identification.)

- Money—some financial institutions will let you open a checking account with one dollar; others will require a minimum opening balance. Find out what your financial institution requires before you get there.
- A parent or guardian, if necessary—your parent will also need a picture ID and a social security number.



It is important to find out about service fees. You do not want money taken from your account without your being aware of it. So ask:

- How much the institution charges simply for having the account (*monthly service fee*)
- If there is a cost for writing checks (*per check fee*)
- If there is a limit to the number of checks that can be written without a fee
- What it costs to have checks made (*check printing fee*)
- If the institution charges for using an ATM (*ATM use fee*)
- If there is a charge for using teller services
- What it costs to stop payment on a check (*stop payment fee*)
- How much the institution charges if you bounce a check (*insufficient funds penalty*)
- If there are any other miscellaneous fees

Making a Deposit

To begin writing checks, you need to have money in your checking account, so it's important to know how to deposit money. You can deposit either cash or checks. If you are depositing cash, you need to fill out a deposit slip. Depositing a check requires a little more work; you must endorse it, which means signing your name on the back of the check:

- 1) Write "For Deposit Only" in the endorsement area (so that no one else can cash it).
- 2) Then sign your name on the back (exactly as it is written on the front).

Note: Protect your privacy. Do not write your account number on the back of the checks for deposit.

The next step is to fill out a deposit slip. Practice filling out the following deposit slip using your name, today's date, account number 9687459865, \$10.00 cash, a check for \$102.35, another check for \$78.05, and a third check for \$188.62. Draw a line through any blank spaces.

(continued on p. 6)



ENDORSE HERE

① *For deposit only*

② *Pat Taylor*

DO NOT WRITE, STAMP OR SIGN BELOW THIS LINE
RESERVED FOR FINANCIAL INSTITUTION ONLY

Pre-printed deposit slips may come with your checking account.

(For help completing a deposit slip, see page 11.)

<input style="width: 20px; height: 20px;" type="text"/> — <input style="width: 20px; height: 20px;" type="text"/>		Confidential		Checking Deposit	
ACCOUNT NUMBER		LIST CHECKS BY BANK NO.		DOLLARS	CENTS
Checking Deposit	NAME (PLEASE PRINT)	CURRENCY			
	ADDRESS	COIN			
	CITY STATE ZIP CODE	CHECKS			
	DATE				
		TOTAL OF CHECKS LISTED ON REVERSE SIDE			
		SUBTOTAL			
PLEASE SIGN IN TELLER'S PRESENCE FOR CASH RECEIVING.		◀ LESS CASH RECEIVED			
		TOTAL DEPOSIT	\$	<input style="width: 100px;" type="text"/>	

Making a Withdrawal

The three most common ways to withdraw money from your checking account are:

Visiting an ATM

To withdraw cash from an ATM machine, you need your ATM card and your PIN number. Insert your card into the ATM machine and use the keypad to give the machine the requested information. Remember to remove your cash, card, and receipt from the ATM when you are finished.

Using your debit card

If your financial institution has given you a debit card, you may also use it to make withdrawals. When you use your debit card at a store, you may be asked to enter your PIN number or you may have to sign a receipt.

Writing a check

Of course, you can always write a check. Writing a check is like signing a contract; it is important to understand all of the information and make sure it is correct. When you write a check, you need to be sure to fill it in completely. Notice that there are six blank lines on the sample check. For your check to be valid, you must write the correct information on each line. Fill out the sample check using the following directions:

- 1) Enter today's date.
- 2) Write who the check is to, in this case, fill in *DVDs Plus*.
- 3) Write the dollar amount of \$19.85 in numbers. (Sometimes this is a box.)
- 4) Write out the dollar amount of nineteen dollars and 85/100.
- 5) Write in "Juan's birthday present." This is optional, but it will help you to remember why you wrote the check.
- 6) Sign your name.

STOP PAYMENT



If you lose a check or have one stolen, you can call your financial institution and ask to stop payment on that check. When you call, the teller will ask for the check number, the date on which it was written, the amount for which it was written, and to whom it was written. This service will cost from \$5.00 to \$25.00 and is good for only six months. The fee for stopping checks can really add up, so keep your checks safe.

Pat Taylor PH: (555) 625-5432 51015 North Muddy Drive Boondocks, CA 90000	323 00-1234 5678
1 _____ 20_____	3 \$ <input style="width: 100px; height: 20px;" type="text"/>
2 PAY TO THE ORDER OF _____	4 _____ DOLLARS
YOUR FINANCIAL INSTITUTION ANYWHERE, MI 90000 (555) 654-3210	
5 _____	6 _____
@:123456789: 9887959885''923	

(See completed example on page 11.)

Making a Withdrawal

(cont.)

Updating Your Check Register

No matter how you make the withdrawal, you should immediately enter it into your check register. Forgetting to keep track of all of your withdrawals may result in bounced checks. Even if you are in a hurry, you will save yourself time and money later by recording your withdrawals in your check register immediately. Look at the sample register. (See page 6.) When you write a check:

- A) Fill in the first column with your check number, otherwise leave this line blank.
- B) Fill in the Date column.
- C) In the Description of Transaction column, fill in the type of withdrawal you made, unless you wrote a check. If you wrote a check, write the name of the person to whom you wrote the check.
- D) In the Payment/Debit(-) column, fill in the amount of your withdrawal. Also include any amount you were charged for using a foreign ATM machine or fee you were charged for using your debit card.
- E) Leave the Deposit/Credit(+) column blank.
- F) In the Balance column, subtract your Payment/Debit(-) amount and the Fee amount from the previous balance amount.

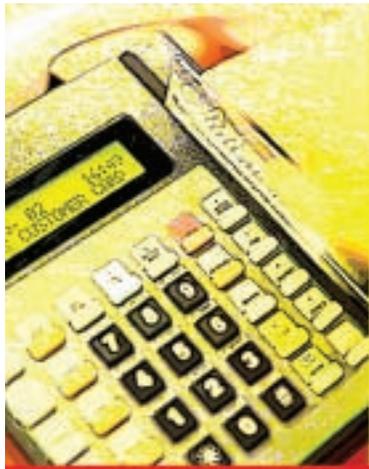
For the following situations, practice using the check register on page 6:

- Today you went to *DVDs Plus* and wrote check #323 for \$19.85.
- Today you used your debit card to buy \$10.00 worth of gas at Kelli's Gas Mart and were charged \$0.35 for using your debit card.
- Today you stopped by another institution's ATM machine and took out \$40.00. You were charged a \$4.00 fee for this transaction.



Bounced Checks Be Aware

If you write a check for an amount that is greater than the amount of money you have in your checking account, you will bounce a check. Your financial institution may charge you \$25.00 for a bounced check, and the merchant may charge you another \$25.00. As if this extra \$50.00 were not bad enough, too many bounced checks will damage your credit record and may result in your bank closing your checking account.



Using My Debit Card

A debit card may come with your checking account. A debit card looks similar to an ATM card or a credit card, but it doesn't work the same. In fact, not all debit cards are alike; each financial institution offers different features. Some charge a fee for making purchases with your debit card, but most don't. Be sure you know how your debit card works.

You can use your debit card at an ATM machine or at places of business. When you use your debit card, you are making a withdrawal from your checking account. Your debit card may have a VISA or MasterCard logo on it, but it is not the same as a credit card. You use your debit card to access money in your checking account for purchases anywhere that a credit card is accepted. The money will be immediately withdrawn from your checking account.

You will either be asked to sign a receipt or enter your PIN number when you use your debit card. For example, if you use your debit card at a gas pump that accepts ATM cards, you will be asked to enter your pin number into the key pad.

Is having a debit card good or bad? Only you can decide whether it will be best for you. Check out the pros and cons.

Debit Card Pros

- It is easier to use than filling out a check
- It is accepted more often than checks
- It does not provide your phone number, address, or driver's license number to the merchant
- If it is lost or stolen, you can easily inactivate it by making a telephone call

Debit Card Cons

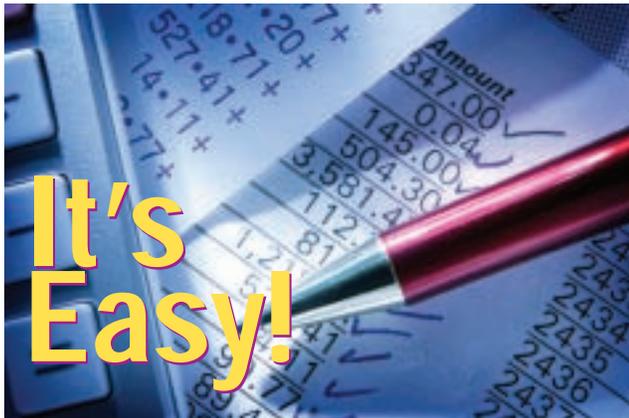
- People often forget to fill out their check register when they use their debit cards because they do not need to take out their checkbooks
- Merchants might charge you a fee for using it
- The money is taken out of your account immediately, whereas a check often takes a couple days to be processed
- If you use your overdraft line of credit, you will have to pay high fees and possibly interest
- If stolen, the card can be used to take money from your account

Remember to always:

- check the receipt amount before signing it
- keep your PIN number private
- have the phone number handy to report a missing or stolen debit card

If you think you want a debit card, be sure to ask your financial institution for a list of its related fees.

Reading Your Statement...



Each month your financial institution will send you a monthly account statement that lists all of your transactions from the past month. However, the account balance on the statement will probably be different than the one in your check register because you may have made additional transactions since your statement was mailed. It is a good idea to find the differences between your monthly account statement and your check register; this is called reconciling your account. Reconciling your account will help you keep a good record of your spending and help you find any errors that you or the financial institution may have made.

Make a Note: A checking account is a great responsibility. Your actions now will affect your ability to get credit later, so handle your checking account wisely!

Now that you know what a checking account is, the next thing is how to use it while avoiding fees. Take a few minutes and consider whether the following may have a service fee or are always free.

FEE
FREE

FEE or FREE: You Decide

- Making a cash deposit at the teller counter
- Receiving your checking account statement in the mail
- Asking for copies of checks you wrote
- Using your financial institution's ATM too much
- Bouncing a check
- Going to the ATM and getting a mini or full statement of your account
- Getting cash at the closest ATM—not at your financial institution's ATM
- Going below the minimum balance

Answers on page 6.

Disclaimer: To simplify information, trade names of products have been used. No endorsement of names or illustrated products is intended, nor is criticism implied of similar products that are not mentioned or illustrated.

Deposit Slip (from page 5)

Completed
EXAMPLES

[] [] [] [] [] [] — [] [] [] [] [] []		Confidential	Checking Deposit	
ACCOUNT NUMBER		LIST CHECKS BY BANK NO.	DOLLARS	CENTS
NAME (PLEASE PRINT)		CURRENCY	10	00
ADDRESS		COIN		
CITY STATE ZIP CODE		CHECKS	102	35
DATE			78	05
			188	62
		TOTAL OF CHECKS LISTED ON REVERSE SIDE		
		SUBTOTAL		
		◀ LESS CASH RECEIVED		
PLEASE SIGN IN TELLER'S PRESENCE FOR CASH RECEIVING.		TOTAL DEPOSIT	\$ 379.02	

Check (from page 8)

Pat Taylor 323
 PH: (555) 625-5432
 51015 North Muddy Drive
 Boondocks, CA 90000

TODAY'S DATE 20____ 00-1234 5678

PAY TO THE ORDER OF DVDs Plus \$19.85

Nineteen dollars and 85/100 DOLLARS

YOUR FINANCIAL INSTITUTION
 ANYWHERE, MI 90000 (555) 654-3210

Juan's birthday present Pat Taylor

⑆123456789⑆: 9887459885⑈323

Register (from page 6)

NUMBER	DATE	DESCRIPTION OF TRANSACTION	✓ TAX	AMOUNT OF PAYMENT DEBT OR FEE (-)		✓	AMOUNT OF DEPOSIT OR CREDIT(+)		BALANCE FORWARD
									50.00
	10/3	Paycheck for Sept.					379	02	379 02
									429 02
1209	10/3	DVD Plus Juan's birthday present		19	85				1985
									409 17
—	10/3	Kelli's gas mart		10	35				1035
									39882
—	10/3	ATM withdrawal		40	00				4000
									35882
		ATM fee		4	00				400
									35482



Check Writing Tips

- ❖ Always use permanent ink (preferably blue or black).
- ❖ Draw a wavy line through any blank spaces on your check so that no one else can add more information (such as an increased amount).
- ❖ If you fix a mistake on a check, write your initials right above the correction.
- ❖ If you need to rewrite a check, make a big X and write Void over the old one. Tear up or shred your voided check.
- ❖ Writing a check for a later date (post-dating) is illegal.
- ❖ Never give someone a blank check (a check that you have signed but on which you have not filled in the dollar amount).
- ❖ Always use a legible signature. Since your financial institution compares your signed checks with your signature card, it is harder to forge a legible signature than a scrawled one.

Get the Message

REMEMBER

Having a bank account means you don't have to use expensive check cashing services.

Not all bank fees are the same.
Shop around!



Answers to crossword puzzle: **Down:** 1) signature, 3) reconcile, 6) deposit, 7) bounce; **Across:** 2) withdrawal, 4) credit, 5) ATM, 6) debit card, 8) endorse

Money Talks...Should I Be Banking? is a series of three teen guides with accompanying leader's guides designed to assist teenagers in 1) identifying their banking needs and savings habits; 2) understanding the mechanics of using banking services; and 3) developing the skills to select the best financial institutions and accounts for their lifestyles. The topics and subject matter content are based on the results of a survey completed by teens. Comments regarding these teen and leader's guides can be addressed to: Consumer Economics Department, University of California, 135 Building C, Highlander Hall, University of California, Riverside, CA 92321. Authors: Katherine Wassenberg, freelance writer; Charles Go; Margaret Johns; Patti Wooten Swanson; Keith Nathaniel; Shirley Peterson; ODevelopment Team: the UCCE Money Talks Workgroup; Graphic Designer: Kerry Decker, UC Riverside. 2008



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