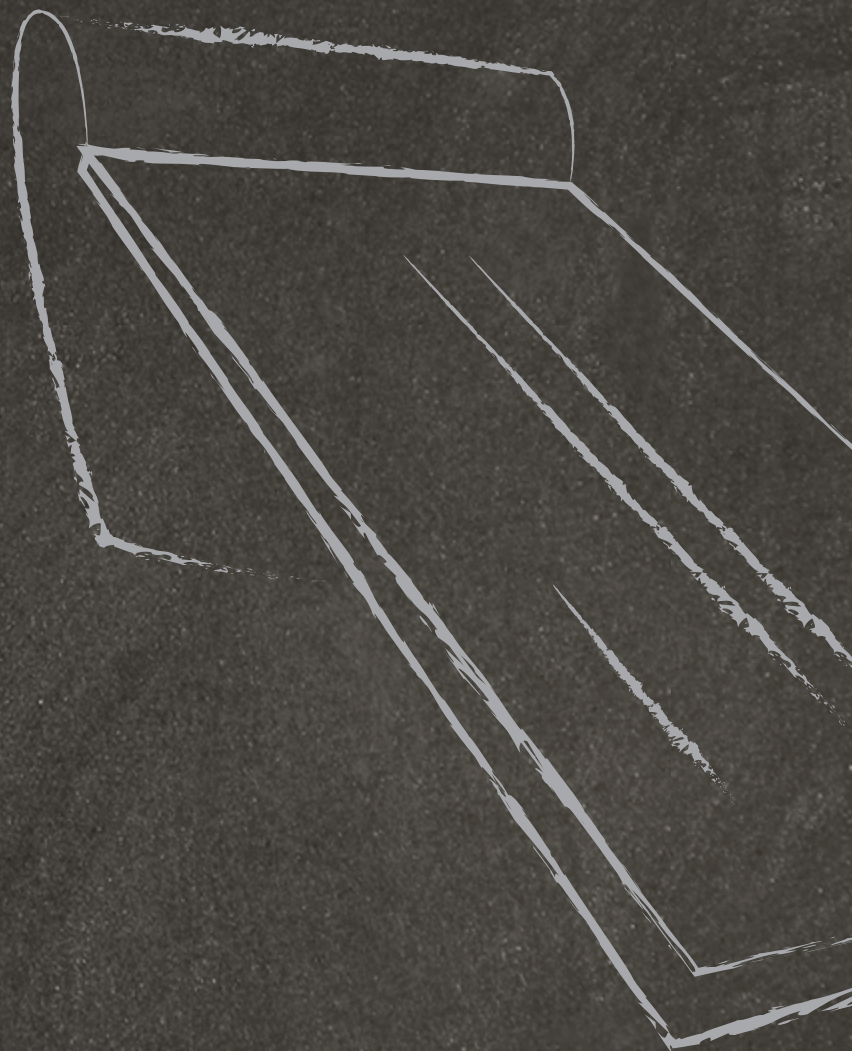


THE COMPLETE GUIDE

Checking Accounts

A comprehensive guide for
using a checking account



TRADER ON THE STREET

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Introduction

Isn't it true that the more money you have in your bank account, the better?

Most of us interact with our bank regularly in some fashion. As a result, it's critical to select a banking account that you're happy with and that meets your demands. When it comes to choosing the right checking account, we've compiled a list of things to keep in mind.

A checking account provides convenient access to funds, and maintaining a balance higher than the bare minimum can help you avoid monthly maintenance fees. On the other hand, a bloated checking account indicates that you are missing out on large savings or retirement account earnings.

Nearly half of all Americans pay exorbitant checking account fees. Therefore, many banks offer free checking accounts or the cost will be reduced if you keep a certain amount in your account.

This is only a starting point, and you may want to think more about it for your scenario. This guide discusses Checking Account fees and delves deeper into each category. The guide is worth reading if you're looking for a fresh account.



5 Things to Look for in a Checking Account

- No Monthly Fees
- No Minimum Balance Requirement
- No Limits on Number of Transactions
- Online & Mobile Access
- Free ATM Access

What is a Checking Account?

A checking account is a deposit account that facilitates withdrawals and deposits at a financial institution. Checking accounts, also known as demand accounts or transactional accounts, are highly liquid accounts that can be accessed through checks, automated teller machines, and electronic debits, among other methods. A checking account differs from other types of bank accounts in that it often allows unrestricted withdrawals and deposits, although savings accounts may have restrictions on both.

How Does it Work?

Checking accounts are so-called because they historically allowed you to write paper checks. A check is a financial instrument that can be used to transfer money from one person or business to another.

For example, if you borrow money from a friend, you can write them a check to pay it off. If you need to pay your electricity bill, you can also submit a check to the utility provider for your dues. The person or company to whom you write the check credits it to their bank account. Their bank processes the check, and the funds are transferred from your account to theirs.

However, a check isn't the only way to spend money using a checking account. You can also transfer money in and out of a checking account using the following methods:



Debit Card

Visa and MasterCard debit cards can be used to make the store and online purchases and make deposits and withdrawals at ATMs.



ATM Card

ATM cards can be used to deposit or withdraw money from ATMs, but they cannot be used to make transactions.



ACH Transfer (Automated Clearing House)

Electronic transfers allows you to plan deposits and withdrawals online, including bill payments, to and from your bank account.



Wire Transfer

Wire transfer allows you to deposit or withdraw significant amounts of money to and from other bank accounts in the United States and abroad.

How Does it Work? Continued

Direct deposit and mobile deposit are two options for checking accounts. You can automatically deposit money into your account by sharing your bank account information with Direct Deposit. For example, instead of receiving a paper check, you can have your paycheck or government benefits transferred directly to your account.

Take a photo of a paper check and deposit it into your bank account using a mobile check deposit. This function is useful as it eliminates the need to visit a branch or ATM to deposit the cheque. To deposit cash into your checking account, you still need to go to a branch or ATM.

How to Use a Checking Account

Signing up for a checking account is a good place to start learning how to use one. Yes, signing up is simple. You can do this in person at a local bank branch or online at the financial institution's website.

Deposits and withdrawals are the two basic functions of a checking account.

You have various options for making a deposit. Money can be placed in a checking account by electronic transfer, such as direct deposit, or using an ATM.

You can write a check, use an electronic debit or credit card, or request a withdrawal in person at a bank to make a withdrawal from your checking account. Online banking has made it easier than ever to pay with a checking account. You can go paperless by using electronic transfer instead of writing and mailing paper checks. Deposits, withdrawals, and transfers are all possible with smartphone banking apps.

Overall, whether for personal and corporate operations, a checking account is a valuable addition to your daily financial tools. Check out a few different accounts to find the account with the best terms and conditions.

Types of Checking Accounts

1 Money Market or Interest Checking

Interest checking accounts are similar to regular checking accounts, except you can earn interest on your balance. While there is no set minimum amount to open interest checking accounts, the interest rate you earn may change depending on the account balance you hold at some institutions. Yes, many credit unions have competitive interest rates on checking accounts.

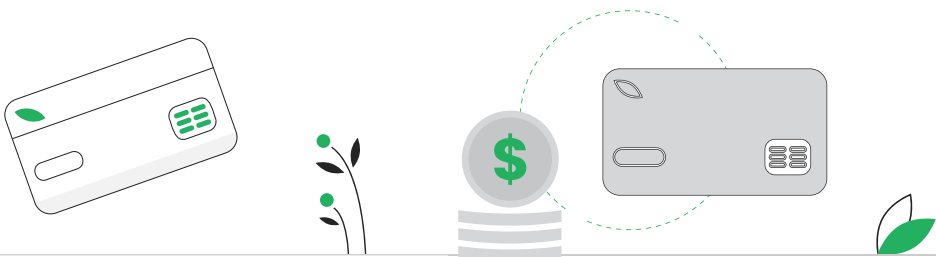
The interest rate is usually lower than what you'd get from a high-yield savings account or certificate of deposit. On the other hand, these accounts provide an easy way to grow your money while writing checks and making payments.

It's worth noting that some interest-bearing checking accounts are also known as high-yield checking accounts or rewards checking accounts, each of which has a different meaning.

2 Basic Checking

A regular checking account is a simple checking account that allows you to pay bills, write checks, and make payments with a debit card. To avoid paying maintenance fees, this type of account may have minimum balance restrictions, meaning you must maintain a specific balance daily or monthly. There may also be a minimum deposit required to start a regular checking account.

Standard checks are usually not accompanied by any extra frills. The most common features include unrestricted check-writing, debit card access, and online and mobile banking access to manage your money.



Types of Checking Accounts Continued

3 Rewards Checking

Rewards checking accounts may or may not pay interest, but they do provide you with the opportunity to collect points for your purchases. When you shop, pay bills, or make direct deposits into your account each month, you can receive the same number of points or a certain percentage of cashback as a rewards credit card.

Standard or interest-bearing checking accounts are more common than these accounts. Rewards checking will be worthwhile as any required minimums, as well as the rate at which rewards are earned, can vary.

Depending on the bank, you can usually redeem your rewards in a variety of ways. If you receive cashback on a debit card transaction, for example, your cash rewards may be automatically paid into your checking or linked savings account. However, when you earn points, you may be able to exchange them for cash, gift cards, products, or travel.

4 Senior Checking

Senior checking accounts are created for senior banking customers, and they may have age restrictions compared to student and teen checking accounts. To open one of these accounts, you must be 55 or older.

Free premium checks, personal debit cards, fee waivers, and higher interest rates on savings accounts are just some of the benefits senior checking accounts can provide. As an added benefit, some senior checking accounts pay interest or quarterly dividends.

Types of Checking Accounts Continued

5 Student Checking

Student checking accounts are for students who have never used a checking account before. To be eligible for these accounts, you must be between 18 and 65. For example, teen checking accounts are most often created for children ages 13 to 17, while student checking accounts are typically created for students ages 17 to 24.

The most important advantage of student and teen checking accounts is that they often have little or no fees. If they charge a monthly fee, they usually make it easy to avoid this by keeping a low minimum balance or setting up monthly direct transfers.

6 Second Chance Checking

Second chance checking accounts are unusual bank accounts designed for people who have previously struggled to manage a checking account. This type of account is usually suitable for people who have a negative checking history with ChexSystems on file. ChexSystems collects data on banking transactions such as bounced checks and unpaid charges.

If you can't get authorized to a traditional bank account, these checking accounts can be a great way to get back in the habit of using checks. They may charge higher fees than traditional checking accounts, but they can provide you with all the same benefits, such as check writing and debit card access. If you can use a second chance account responsibly, you may be able to qualify for a normal account in the future.

Types of Checking Accounts Continued

7 Checkless Checking

Another type of alternative checking account is a checkless checking account. As the name implies, these accounts do not allow you to write checks; All transactions must be completed using Debit Card, Mobile Banking, or Online.

This type of account may appeal to you if you rarely write checks or have a significant amount in your checking account.

8 Business/Commercial Checking

Companies use business checking accounts, and as a result, the firm owns them. This means that any account transaction must be approved by the owner of the company or a person authorized by the owner.

What is a Trust Checking Account?

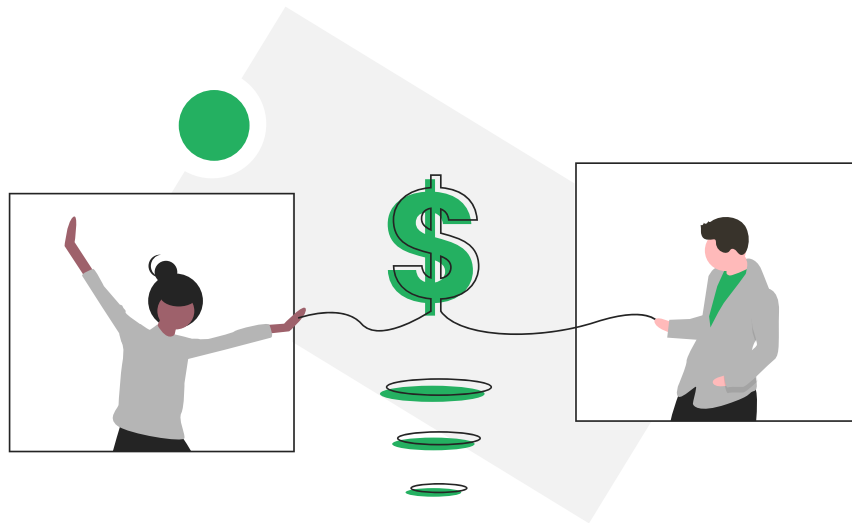
Unless you are a trustee or a trust beneficiary, this form of checking account will not come on your radar. A trustee manages the assets of the account in any type of trust account for the benefit of another person or organization. The trustee is usually a family member, an attorney, or an accountant who has agreed to manage the account.

A trust usually needs to have its bank account, which allows the trustee to pay bills, pay beneficiaries (as specified in the trust agreement), and manage the trust's assets. Before a trust checking account can be opened, the trust must be established, and only the chosen trustee can open a bank account on behalf of the trust. A trust agreement may contain rules regarding trust checking accounts, such as requiring the trust to use a specific bank. Before opening an account, make sure you have read the trust agreement and followed any rules.

What is a Joint Checking Account?

A joint account is a bank account shared by two or more individuals, usually family members or business partners. A joint checking account works similarly to a regular checking account, except that each identified account holder can contribute to and use the funds.

Couples (married and unmarried; see Managing Money as a Couple), parents and teens, and adult children helping older parents with their finances can benefit from these accounts. Since everyone has access to the funds in the account, it is important to set clear expectations from the beginning to avoid difficulties and overdrawing from the account.



Checking Account Fees

Yes, bank savings accounts offer lower costs because they are easier for banks to operate, and they pay a lower rate of interest. According to industry data, most bank savings accounts pay around 0.08 percent. The expense of fees, especially checking account charges, is one of the top concerns among banking customers. Checking accounts are the most widely used banking financial tool.

The good news is that bank checking account fees can often be eliminated if account holders meet certain criteria, such as using their debit card regularly or maintaining an account balance above a certain amount of assets. Here's a rundown of the most typical checking account fees, as well as an estimate of how much they typically cost:

Checking Account Fees Continued

- **Checking Account Fees**

These fees cover the cost of keeping your checking account in good standing. This fee is often charged by banks and ranges between \$5 and \$15 each month.

- **Minimum Balance Fee**

Banks want to make it worthwhile to offer you a checking account, which is why many have minimum account requirements. Some banks charge fees for low balances, while others do not. At \$25 per transaction, these are among the most expensive bank fees.

- **Banking Overdraft Fee**

Overdraft charges are a major hassle for bank customers who overdraw from their account (it causes negative balances as a result of payments and charges more than what is in the account). At about \$35 per overdraft, bank overdraft costs are the highest of all bank expenses.

- **Refunded Deposit Fee**

When a bank customer deposits a bounced check, the bank will almost certainly charge the consumer a returned deposit fee to offset the cost of managing the absent funds. Customers pay about \$15 per deposit in these costs.

- **Paper Statement Fee**

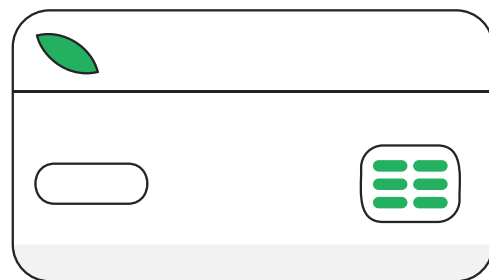
Customers with checking accounts who want paper details every month may be charged by the bank a fee to make paper statements and cover the cost of shipping. This fee will likely cost between \$2 and \$5 each month.

- **ATM Fee**

This fee covers the bank's ongoing costs for automated teller machines, as well as per-transaction fees. Many banks do not charge a fee when customers use a bank's ATM, but external banks always do. An outside bank-owned ATM will cost you between \$2 and \$4. Non-bank ATMs charge a high fee, often up to \$10 per transaction.

- **Foreign Transaction Fees**

Banks charge foreign travelers a fee for ATM withdrawals, which is typical \$5 per transaction. Requesting that banks waive some of the costs is usually worthwhile. Because of competition from online banks and credit unions, banks want to keep your business, so the chances of your fees being waived are high.



How to Open a Checking Account

1. Select Your Bank

Choose whether you want to use a bank or credit union.

2. Go To The Bank

There is no need to make an appointment if you go within their office hours.

3. Talk With A Banker

Inform them that you want to open a checking account. This usually happens at a desk or in one of the managers' offices. If you ask someone for help, including a bank teller, they will refer you to the appropriate person.

4. Have Cash and Your ID.

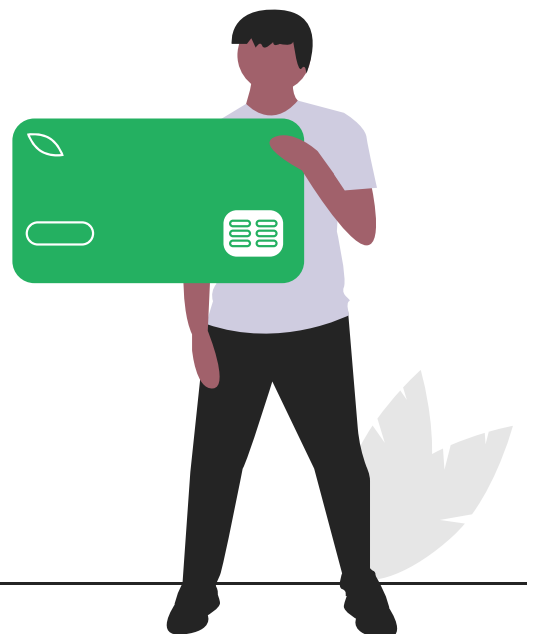
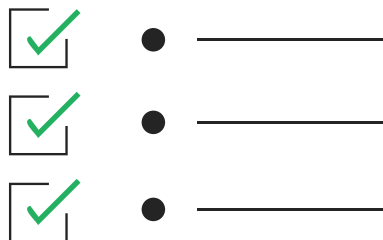
Bring cash (usually \$100) and identification for your initial deposit. You should contact us ahead of time or check their website to see if there are any other items you need to bring, as well as the amount of cash needed to start an account.

5. Option To Open a Savings Account

They may ask if you want to start a savings account. Sure! Discuss the facts with your banker and, if it makes sense to you, open one. However, many banks no longer offer competitive interest rates on your funds. So, if you are interested in doing so, we suggest looking at some of the online banks.

6. Order Checks

Along with opening the account, a minimum number of checks should be provided free of charge. You may be asked to choose a color and font for your name on the check. In the meantime, you should receive temporary checks in discreet packaging that you can use until your checkbook arrives in the mail.



How to Open a Checking Account Continued

7. Get a Debit Card

If you're asked if you'd like a debit card, say yes! Debit cards make it easy to access your account if you need to make cash withdrawals or transactions. Using it to deposit money at an ATM or get your account information from a teller can speed up your banking experience.

You will most likely have to wait for the debit card to arrive in the mail, although some banks will print one for you on the spot.

A four-digit Personal Identification Number appears on all Debit Cards (PINs). When you open an account or receive your debit card in the mail, you will be asked to select a PIN.

8. Leave the Bank With the Following

- Your routing number and checking account number.
- Temporary checks.
- When you should expect to receive your checkbook and/or debit card.
- Instructions for creating your PIN or Personal Identification Number for your Debit Card
- Instructions on how to open a checking account or access it online.



Conclusion

If you're looking for a checking account, you have several options. One of the first decisions you will need to make is whether you want to create an account with an internet bank or a traditional bank. Overall, online banks offer benefits such as low cost, high-interest rates, convenience, and free ATM access to a wide network of ATMs. The fact that online banks don't offer in-person assistance is probably the biggest disadvantage, as you have to navigate the touch-tone menu to reach a live person.

Yes, many consumers still prefer online accounts, especially now that most banks offer powerful apps that make it easy to deposit, withdraw and transfer funds. If you are concerned about online security, reputable online banks that use current security measures are just as secure as traditional banks. Search the bank name + security (eg, associate + security) and learn how it protects your information. You should be directed to the bank's security center as a result of the search.

Once you decide whether you want to create an account with an online bank or a traditional bank, you can begin to evaluate your options, such as account type (such as student checking or joint checking), minimum balance requirements, monthly maintenance cost, and so on. If you have any questions, don't hesitate to contact a bank representative in person (at a local branch), via online chat (if available), or by calling the bank's customer service phone line.

