

Stretching Your Dollars: Choosing Your Bank¹

Mary N. Harrison²



If you have an income and pay bills you will find a checking account beneficial. Each financial institution provides several types of accounts to fit the needs of different people. Compare the services each offers and the fees or costs for each type of account.

Account Options

Some accounts are designed for people who do not have much money and write very few checks each month. There is usually a small fee for maintaining the account, processing your checks and providing monthly statements. Some of these accounts allow you to write a specified number of checks (for example, 10) monthly without any additional charge. If more checks are written, the bank will charge a stated fee (for example, \$.50) for each additional check written. Other banks may have a lower monthly fee and charge for each check processed. Some financial institutions offer accounts that have very low service fees if all banking is done online or through the ATM. A fee is charged if a teller is used.

Most financial institutions require a minimum amount of money to be kept on deposit as a "balance." It may be as low as one hundred dollars or it may be much higher.

Other accounts are designed for people who write many checks and/or have more financial transactions. The fees and terms will be different. If you keep several thousand dollars on deposit, have CD's (Certificates of Deposit) with the bank, and possibly a safety deposit box, you may not be charged a monthly fee and are allowed to write as many checks as you wish without an additional charge. You may even be paid interest on your bank balance.

Checks

Checks are used to pay bills and get cash. Most financial institutions require depositors to purchase their blank checks. These may be bought through the bank. However, when permitted, checks may be ordered from independent printers for a lower price.

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 2. Written by Mary N. Harrison, professor, Consumer Education; reviewed by Jo Turner, professor, Family and Consumer Economics, Department of Family, Youth and Community Sciences, Cooperative Extension Service, Institute of Food and Agricultural Sciences, University of Florida, Gainesville FL 32611.

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Other Benefits

Other considerations include:

- Lower fees for those who have their monthly or weekly checks deposited directly into their accounts.
- Free checking accounts for senior citizens (usually age 55 or above). Some financial institutions provide checks free for senior depositors and allow them to maintain a lower bank balance.
- Money orders and certified checks for lower prices than non-depositors.
- ATM and/or debit card for 24-hour access to your account.
- A credit card for no annual fee, or lower fee to depositors.
- Ease of cashing checks written on other banks without paying a fee. Without a bank account it is sometimes difficult to cash a check paid to you.
- Automatic payment of designated bills. Some financial institutions will automatically pay bills such as house or car payment or your utility bill from your account without a charge.

Choosing Your Financial Institution

Choose the financial institution and type of account that best meets your needs. Consider the:

- location of financial institution. Is it easy to get to the facility?
- hours the institution is open for service. Is it open on Saturdays, or in the afternoon?
- type of accounts offered and their costs. Costs and services vary greatly.
- type of checks used. Some institutions use checks that provide carbon copies and do not return original checks with the bank statements. Others return canceled checks with the bank statement.

Remember

- When using your bank account you must check your bank statement carefully when you receive it.
- You must keep account records so you do not overdraw your account. A "bounced check" is costly. The store and the bank will both charge a sizable fee. This is in addition to the face value of the check. (Also, it is illegal to give a worthless check. You can be prosecuted.)
- Bank statements are a good record of your expenditures. They are beneficial at tax time and in billing disputes.
- A well-maintained bank account will help you establish credit if or when it is needed.