



Society of

St. Vincent de Paul

NORTH TEXAS

Checking 101

A checking account is a valuable resource in handling your finances. Below is valuable information to be aware of when handling your checking account.

- Be sure to choose a checking account that has a small or no monthly fee. This fee will come out of your money each month. Also look for the other possible fees that may be charged such as a fee for over drawing your account which usually is \$30-40 per transaction.
- Most banks/credit unions offer overdraft protection and courtesy pay. It is important to understand how each of these work.
 1. **Overdraft Protection** - money to pay an item will be taken from your savings account to cover the item being presented for collection to your checking account. Most financial institutions charge a fee of \$5-7 to transfer your money to the checking account each time this happens. It is cheaper than the overdraft fee. However, keep in mind this is your money that is being used to transfer when you can do it for free if you are watching your account and being sure that you have the funds to for pay the items being presented to your checking account.
 2. **Courtesy Pay** - financial institutions will allow you to over draw your account but each time that happens you will be charged \$30-\$40. For example, if you have five items presented for payment to your checking account but you do not have the funds to pay those items, the fees charged to you would be \$150-\$200. You must pay these fees to the financial institution because they have paid the items for you.

Keeping track of the money that is in your account is not difficult. If you monitor your account regularly you will not lose money to these fees. Financial institutions offers free resources to you such as online banking. Online banking allows you to monitor your account without incurring fees. If you use this free resource to keep track of your money you can successfully manage your account.

Track your expenses each time you spend money. This can be done by using a free ledger that financial institutions provide. The bank/credit union does not know how you are spending your money each day until the item is presented to them for payment.

1. Start with the balance you deposit in the account and subtract the amount that you spend, including bills you pay from your account and the amount you deposit. Use online banking to ensure each of the items you purchased have cleared your account. Online banking is an important resource to ensure each of your purchases have posted to your account.

Check No.	Date	Description	Deposit Amount		Withdrawal Amount		Balance	
	1/1	Starting balance					560	25
231	1/5	HomeCo. - blender			47	52	512	73
Dbt cd	1/9	Green Market			72	91	439	82
Deposit	1/12	Paycheck	854	26			1294	08

2. When viewing your available balance do not assume you have money to spend. This is where trouble arises. Remember the financial institution does not know how you are spending your money until the item has been presented to them for payment. For example, the phone bill is set to be paid on the 15th of each month. When you view your account on the 15th you assume the amount has already been withdrawn from your account so you spend \$150 not realizing the money was needed to cover the phone bill which has not yet been paid. When the payment for your phone bill is presented to the financial institution later that night you will get charged a fee because the money was not in your account.
3. Each time you view your account online be sure to verify the items you have purchased or bills you have paid have actually posted to your account and been deducted from your available balance. To use the ledge correctly subtract the amount each time you write a check, use your debit card or withdraw money.

One way of looking at banking is that it is a wonderful place to keep your money safe and secure. The goal is to pay as little as possible of your hard-earned money in fees to financial institutions. MORE MONEY FOR YOU IF IT DOESN'T GO TO FINANCIAL INSTITUTIONS IN FEES.

Definitions

- **Bank** – A financial institution that is for profit. The bank will use the money made in fees and profits to pay their shareholders.
- **Credit Union** – A not for profit institution. You are a member of the credit union and as such you have a say in how your money is spent by attending the shareholder meetings. Credit unions work for you so they will pass this on by reducing fees, offering great rates on loans or on interest earned.