



When making purchases at the supermarket, department store, or pharmacy, you can use a debit card or automated teller machine (ATM) card instead of carrying cash or writing checks. It is the same as using cash, but safer and more convenient. Also, with an ATM card you have access to your money from cash machines around the world!

Convenience

Saving for your children's college education is the most important thing you can do to help them secure a bright future! Banks and credit unions offer options for financing a college education – and savings accounts to help you make that goal a reality.

Education



You may be spending a lot of money every year cashing checks or buying money orders to pay your bills. A checking or savings account will help you better control your budget and will allow you to pay bills directly without having to use money orders.

Money



Protect your family's future and well-being! Open a bank or credit union account. There are people ready to help you, and a bank account comes with many other benefits.

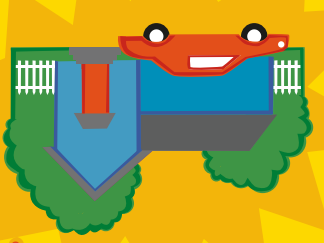
Carrying cash on payday or keeping large amounts of money at home can make you a target for robbery and assault.

Safety



Banks and credit unions make loans for cars, homes, and many other items – but first, you have to establish credit. Opening a checking or savings account is the first step to establishing credit and making the dream of owning a home come true.

Credit



Why open a checking or savings account?

Read other brochures in this series:

- 1 Identification Needed for an Account
- 2 Credit, Debit, and ATM Cards
- 3 Sending Money Back Home
- 4 Reduce Your Taxes
- 5 Using Credit Cards
- 6 Car Loans
- 7 Avoiding Dangerous Loans
- 8 How to Buy a Home

To download all of the brochures in this series, log onto www.appleseeds.net

Helpful Information:

Federal Trade Commission
Consumer help line: 1-877-382-4357.
Identity theft line: 1-877-438-4338.

Fannie Mae Foundation
Free guides on credit and home loans.
Call toll free: 1-800-611-9566.
Español: 1-800-782-2729.
www.homebuyingguide.com

Housing and Urban Development
Free advice on home buying.
Call toll free: 1-800-569-4287.
www.hud.gov or www.espanol.hud.gov

Online Consumer Help:

Federal Reserve Bank
Brochures on credit, finances, and how to buy a car or home. www.federalreserve.gov/consumers.htm

My Money
Financial education materials from U.S. government agencies.
Call toll free: 1-888-MYMONEY (696-6639).
www.mymoney.gov www.mymoney.gov/Espanol

Call the Attorney General's office in your state if you believe that a provider of goods and services has treated you unfairly.



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Bank on Your Future



How to open a checking or savings account

How Do I Open an Account?

There is help!

There are many people ready to talk with you about how to open a checking or savings account. Ask someone who has opened an account for advice.

A counselor in a community center can describe how the process works and help you find banks and credit unions that have bilingual employees who can explain step by step how to open an account.

Call different banks and credit unions and ask to speak with someone who speaks your language. Be sure to get information from more than one bank or credit union to find the best services at the lowest cost.

Remember, the bank or credit union is there to serve you. You are the customer!

Is my money safe?

Even if something happens to your bank, the U.S. government guarantees your money up to \$100,000 as long as the bank is FDIC-insured or the credit union is NCUA-insured. Look for the official FDIC or NCUA sign when opening an account.

Credit unions and banks—what's the difference?

Credit unions are similar to banks, but they tend to be smaller and serve people who are members of a particular group. For example, there are credit unions for people who work in government, who teach in public schools, or who live in the same city or neighborhood.

How much money do I need?

You usually can open a checking or savings account with a deposit of \$1 to \$100. Ask how much is required to open an account and how much is required to avoid fees.

What identification do I need?

In most places, two types of identification are required. A social security number is always accepted – but many banks and credit unions do not require one if you are not a U.S. citizen. Sometimes one form of ID and a bill with your name and address are enough to open an account. Call first to find out.

Consular Identification. Consular ID's, such as the matricula consular, can be used to open accounts. Mexican and other consulates in the United States offer them. Visit your country's consulate for more information.

Other types of identification: Driver's license. Passport. Birth certificate. A bill with name and address.

What are checking and savings accounts?

A **checking account** allows you to write checks or use debit or ATM cards instead of paying with cash. Paying with a card or check is safer than carrying cash.

A **savings account** pays a fixed or variable interest rate on the money in your account. The higher the interest rate, the more money your account makes.

What is interest?

Most savings accounts pay a small amount of interest on the money in your account. **That means your money is making money while it is in the account.** The more interest your account pays the better. Remember that interest earned will have to be reported as income and is subject to federal taxes.

Advice to Save You Money

Monthly Charges

Many checking accounts charge a fixed monthly fee or a fixed amount per check written. You often can avoid these charges by maintaining a minimum balance in the account. Many banks offer free checking without a monthly fee, but they may require direct deposit of your pay check, or include other charges. Keep an eye out for the cost of additional services.



Minimum Balance

A minimum balance is the amount of money that you must keep in your account to avoid having the bank charge you a monthly fee or charge you to write checks. Some types of accounts do not require a minimum balance but others require hundreds of dollars. **Ask about minimum balance requirements when opening an account.**

Transaction Limits

Banks and credit unions often limit the number of checks you can write on your account each month without being charged a fee. However, there are some accounts that do not limit the number of transactions. **Ask about transaction limits and check fees when opening an account.**

Debit and ATM Card Fees

You can use a debit or ATM card to withdraw money from your account or to make a purchase. These cards often are offered to account holders free of charge. However, be aware that other fees may apply to these cards. For example, it usually costs money to use ATM machines that are not operated by your bank or credit union. **Ask about ATM and debit card fees.**

Bounced Checks or Insufficient Funds

It is important to always know how much money you have in the bank! If you write a check for more money than you have in your account, you can bounce the check. That will cost you the amount of the check plus an extra \$20 to \$60 in bad check fees. Remember, you can have the same problem using your ATM or debit card.

One solution is to have a checking account that links to your savings account. That way your savings can cover your check if there isn't enough money in your checking account. There may be a charge for this service, but it is cheaper than bouncing a check.

Other accounts offer a line of credit to protect against bounced checks. The bank or credit union will automatically loan you the money to cover a bad check, but it will charge a very high interest rate that can end up costing you a lot of money.

To avoid these problems, make a budget and stick to it!

Loans and Credit

How good is your credit? If you have a good credit history, you can qualify for loans that cost less. Having an account is the first step for getting low-cost credit. **You can establish good credit by paying your bills and loan payments on time.**

Loans can be useful for making major purchases, such as a home, a car, or college education for your children. Make your payments on time. This will save you money and will open the doors to credit.

