



Managing Your Checking Account

Guide 2

Because achieving
financial goals must
start somewhere

Desert Schools Money Matters Series

Guiding you toward financial success



A checking account is more than your way to pay for what you need or want. It's a great money management tool and a building block in your relationship with Desert Schools. Once you establish an account, you have increased financial stability and access to services that help you achieve your goals, like buying your first home. Plus, from the start, you enjoy many advantages, like federally-insured savings accounts, cost-saving loan programs and added convenience with Saturday hours and Online Banking.



Federally insured by the NCUA

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Also available as part of the Desert Schools Money Matters Series:

Making Sense of Money

Understanding Credit

Protecting Yourself from Identity Theft

Understanding Insurance and Investments

A Few Questions to Ask Yourself

What is the minimum balance requirement for this account?

What are the ATM fees?

What are the overdraft fees?

How many checks per month can I write?

Is there a monthly maintenance fee? If so, how much?

Does this account come with rewards?

True or False

Opening a checking account allows you to develop a financial relationship with Desert Schools.

(True)

Choosing the Right Checking Account

Someday, you may want to own your first home, travel abroad, buy a new vehicle or open your own business. Realistically, you won't be able to pay cash for these things. That's when you'll find yourself needing to borrow money. Most everyone, at some point in life, will have borrowing needs. And just like you, they will start with a checking account.

A Relationship with Desert Schools Provides

- Greater flexibility and convenience
- A place to keep your money federally insured
- Options to help your money grow
- Access to many other services

Not all checking accounts are alike. So, how do you decide? Consider your preferences, needs and activity level, like how often you will write checks or use a debit card. Also, think about how much you plan to keep in the account at all times, as some accounts come with a minimum balance requirement.

Things to consider when choosing an account:

- Services that are important to you
- The primary reason for this account
- Willingness to pay a monthly fee
- How you plan to use the account
- If you will share the account with a spouse

Don't be afraid to ask questions when you visit Desert Schools. And we encourage you to go online to desertschools.org for information. After all, you want to make sure you get the account that's right for you.

No matter what type of account you choose, you can reap the many benefits of having one and managing it responsibly. Keep in mind that a checking account is your tool to develop personal finance, while leveraging the relationship you have with Desert Schools.

Using Your Checking Account

Whether you're a new or experienced checking account user, learning the keys to money management will help you reach your personal finance goals.

5 Ways You Can Use Your Checking Account

1. Writing checks
2. Paying with your debit card
3. Using online Bill Pay and automatic withdrawals
4. Balancing your checkbook
5. Making deposits

Writing Checks

Learning to write a check isn't difficult; it only takes practice and requires a few simple guidelines, such as:

- Always write neatly with a permanent blue or black pen. Other pens and pencils may be altered, and check processing machines may not be able to read them.
- Only write checks when you have the money in your account to cover the purchase.
- Correctly complete the six required blanks on each check (see example).

- 1. Date:** The day you're writing the check
- 2. Pay to the Order of:** The name of the person(s) or company to whom the check is written
- 3. \$ Amount (in numbers):** The amount of the check without spaces and including decimals (e.g. \$10.00)
- 4. Dollars (in words):** The amount of the check, written out, including any cents as a fraction (e.g. 0/100 for .00)
- 5. Memo:** Write down the reason you wrote the check (i.e. books for school, cell phone or car repairs)
- 6. Signature:** The space to sign your name, as it appears on the top of your check, which you should never sign until you're ready to use that check

James C. Morrison
1765 Shiridan Drive
Your City, State 12345

1 Date _____

2

Pay to the Order of _____

3

\$ _____

4

_____ DOLLARS

5

Memo _____

6

Signature _____

Paying with Your Debit Card

Some, not all, checking accounts come with a card that looks like a credit card and has a Visa® or MasterCard® logo. While it may look like a credit card, it's definitely not. Your debit card is connected directly to your checking account. When you use it to make purchases, your money is almost immediately withdrawn from your checking account. This includes purchases made online, which require you to enter your debit card number and 3-digit security code. Shopping online may be fun, but remember to protect your personal information. Read *Protecting Yourself from Identity* in the Desert Schools Money Matters Series to learn more.

What's a non-PIN based purchase?

That means choosing the "Credit" button for purchases made with your debit card and, if the amount requires, signing a payment slip. So, when the merchant asks, "Is that debit or credit?" always respond, "Credit, please." Because when you press Credit and sign for your purchase, Visa's Zero Liability policy applies, guaranteeing you maximum purchase protection. Since there are resourceful identity thieves around, it is in your best interest to choose the "Credit" option for the purchases you make.

Debit Cards vs. Credit Cards

Know the difference, and learn to use both wisely.

Debit cards – No interest or annual fee; money is taken out of your checking account

Credit cards – Money used is a loan, and you must repay it; often you will be charged interest and fees

Using Online Bill Pay and Automatic Withdrawals

Making a monthly utility payment is just a click away. Some companies offer ACH (Automated Clearing House) or automatic withdrawals to make your payments, based on your payment cycle and due date. Make sure you have enough funds in your account to cover your payments because, if you don't, you may incur overdraft fees.

Balancing Your Checkbook

Every time you write a check, make a deposit, withdraw money from an ATM or pay using your debit card, you should write what you did (known as a "transaction") in your check register.

Check Number	Date	Check Paid To	Check/Deposit Amount	BALANCE
1245	11/30	SRP	\$44.00	\$1500 \$1456

Learning how to balance your checkbook is one of the best money management habits you can keep. Be sure to balance your checkbook every month, once your monthly financial statement arrives. Otherwise, you may not know much you actually have in your account and incur overdraft and non-sufficient funds fees, which could negatively impact your credit report. (For more on credit, read our *Understanding Credit* guide in the Desert Schools Money Matters Series.)

To balance your checkbook, follow the simple steps listed below:

1. Double check that you entered all automatic transactions (e.g., ATM withdrawals, electronic transfer of funds, online bill payments, debit card transactions) into your check register.
2. Review your monthly statement.
3. Compare your statement with your check register, and check off all items that match.
4. Add to your register any deposits or additions from your statement, including dividends earned and all deposits.
5. Subtract from your register any account deductions, including fees and ATM withdrawals, that are not already entered.
6. Update your statement information.

Add together deposits and other additions listed on your register but not on your statement		Add together checks and other deductions listed in your register but not on your statement	
Date of Deposit	Amount	Check # or Description	Amount
Total A		Total B	
Enter the ending balance recorded on your statement			
Add deposits and other additions not recorded (Total A)			
Subtotal			
Subtract checks and other deductions not recorded (Total B)			
The result should equal your register balance			

Balances don't match? Try these tricks:

- Check to make sure you didn't transpose any numbers.
- Make sure you didn't enter an amount more than once.
- Make sure you entered all amounts.
- Double check your math.

Making Deposits

It's payday or your birthday, and you have a check to deposit. Great! You can deposit your check in four easy ways:

1. Visit a Desert Schools branch
2. Make a deposit at an ATM
3. Mail the check to Desert Schools
4. Use Direct Deposit

After you deposit a check, you should typically wait two to five business days for the funds to be available. This way, you can avoid overdrawing your account. However, be mindful that when a financial institution releases funds, it only means that during that time period they have not been notified that the check is fraudulent or there are insufficient funds. In no way does it confirm the check's validity. Despite the hold time, a check can be returned against the account at a later date.

Remember to bring proper identification, like your driver's license or student ID (if you're a minor), along with your debit card, when you make a deposit at any Desert Schools branch.

In order to deposit a check, you need to endorse it. Always use a black or blue pen, and sign your name on the back of the check as it appears written on the front.

Desert Schools Tip #87:

When you get your debit card, ask Desert Schools how you can protect your PIN and what you should do if your card is ever lost or stolen.

Desert Schools Tip #12:

Don't give your account number and routing information to anyone you don't know, and make sure you are familiar with the company requesting your personal information.

True or False

You have to be skilled at math to balance your checkbook.

(False)

The 3 Ways to Endorse a Check

1. **Blank endorsement** – Sign your name when you're ready to cash or deposit it. If you lose a check with a blank endorsement, someone else could cash it.
2. **Third-Party endorsement** – Use this to allow someone else to cash your check. Write "Pay to the order of" and the person's name. Then, sign your name below it to ensure Desert Schools knows that only that person can cash or deposit the check.
3. **Restrictive endorsement** – Use this when you only want to deposit your check. Write "For deposit only" and your name underneath. This offers you added protection.

1 Endorse here

James C. Morrison

2 Endorse here

Pay to the order of Denise Tabet
James C. Morrison

3 Endorse here

For deposit only
James C. Morrison

Credit's Effects on Your Checking Options

How you manage your checking account has a direct impact on your credit and ability to borrow funds. But, did you know that your credit can also determine if you qualify to open a checking account at all? Most financial institutions use an industry-standard system, called Chex Systems, that records negative management of your accounts, even those at other financial institutions. So, if you bounced checks and overdraw your account multiple times at one financial institution, you may not be able to open a checking account elsewhere. This is why good money management skills are so important!

What is Chex Systems?

It's a network comprised of financial institutions that regularly contribute information about mishandled checking and savings accounts to a central location. Chex Systems shares this information among institutions to help them evaluate the risk of opening new accounts to a particular person.

How does Chex Systems work?

If you manage your account poorly (overdrafts, bounced checks), you can be reported to this system and your account could be closed for a specific reason, such as:

- The financial institution was unable to collect for an overdraft, ATM transaction or automatic payment in which they honored insufficient funds.
- You overdraw your account multiple times.
- You abused the use of your savings account, debit card or ATM access.
- You provided false information when opening your account.

Desert Schools Tip #44:

As soon as you receive a check, deposit it to ensure it's safe and doesn't become "stale."

Does Chex Systems decide if you qualify for an account?

No. Chex Systems simply provides the information. It's up to the financial institution to grant or deny your request to open an account, based on your management of past accounts.

What if you've never opened a checking account?

Then, you won't have a record in Chex Systems. However, if you request to open a credit-qualifying account and have no credit or bad credit, you may be unable to open that account. Ask about non-credit qualifying accounts, and if you have a credit card, make your payments on time.

What can you do if you have bad credit?

"Credit-qualifying" may seem like a scary word. But many institutions, including Desert Schools, offer checking accounts designed to help you establish or repair your credit. Keep your Desert Schools checking account in good standing for six months, and you may have the opportunity to upgrade your account and benefit from additional financial services that Desert Schools offers.

What if I overdraw my account mistakenly?

A one-time overdraft or bounced check won't damage your record. If you miscalculated, talk to your financial institution. Ask if you qualify for a line of credit. See if your institution offers email or text alerts that notify you of a low balance. And most importantly, remember to write every purchase in your checkbook and balance your register every month. If the overdraft was a one-time mistake, learn from it to develop better money management skills.

Did you know?

If your account is closed for any negative reason, the incident is reported and can stay on your record for up to seven years. This could affect your ability to open an account somewhere else or borrow money.

How to Manage Your Account Successfully

Make it work for you

The best formula for success is to find what works for you. This applies to managing your checking account. If you forget to enter debit card receipts in your register, don't use your debit card; write checks instead. Or, if you don't like writing checks, use your debit card. Whatever you decide, it should work for you.

Use Online Banking

With Online Banking, you can view your current balance and up to 18 months of past account statements. You can also sign up for Alerts to receive notices via text or email about any changes to your account(s). And, when you open a savings account, you can make transfers between your checking and savings accounts.

Avoid overdraft fees

When you write a check for more money than you have in your account, you incur overdraft fees or your check bounces. If done multiple times, this will negatively effect your credit. Desert Schools may pay the item, notify you and charge you an overdraft fee (also referred to as a non-sufficient funds or NSF fee), unless you have a line of credit to protect you.

Consider overdraft protection

See if you qualify for a line of credit; it can be a great way to start to build good credit, while protecting you from overdraft fees. As you use overdraft protection, the available funds decrease, but as you pay the money back, the available money (or credit) increases.

The Cost of Bouncing a Check

When a check bounces, it can cost you much more than money.

- Your checking account can be closed.
- Your credit rating may be affected, which impacts your ability to borrow.
- Opening future accounts may be a challenge.
- If approved for a loan, your interest rate may be higher.

The Truth about Stale, Post-Dated and Stop-Payment Checks

What is a stale check?

When you hear the word "stale," you probably think of bread or crackers. But, a check can become stale if it's not deposited into your account within the expiration time, usually 90 days to 6 months. Banks and credit unions do not have to honor (cash or deposit) a stale check.

How can you avoid stale checks?

Simply deposit any check you receive within the week you receive it. This way, you don't tuck it away in your wallet and forget about it.

What is a stop-payment request?

Writing a check and then changing your mind could be an expensive habit. But, for example, if a check gets lost in the mail, you can decide to put a stop-payment request on it. If given adequate time and information (check number, payee, amount), Desert Schools will prevent that check from being debited from your account. This service isn't free, though, and could cost you anywhere between \$18 to \$32 for a one-time stop payment request.

What is a post-dated check?

You may have heard it's okay to post-date a check (write the check for a future date), but did you know that financial institutions don't have to honor post-dated checks? Truth is, the check will probably clear before the date you wrote it for, and you may incur overdraft fees if there isn't enough money in your account to cover the check. It is not the credit union or payee's responsibility to hold onto or honor a post-dated check. As the check writer, it is your responsibility, so always lean on the side of caution; if you don't have the money, don't write the check.

True or False

To avoid stale checks, keep them safe in your wallet for at least three months.

(False)

Commonly Used Checking Vocabulary

APY or Annual Percentage Yield – Rate of dividends you receive (in terms of a percent, such as 4.00%) over a specific amount of time

ATM – Automated teller machine that offers cash withdrawals and cash/check deposits

Dividends – Amount of money you earn on your account balance

Overdrawn – The term for when you have spent more money than what's available in your account

NSF or Non-Sufficient Funds Fee – The amount incurred per transaction when you overdraw your account

Register – A form or booklet that comes with your checks to help track and balance your account

True or False

Not one penny of insured savings has ever been lost by a member of a federally-insured credit union, like Desert Schools.

(True)

Check Your Checking Knowledge

Test yourself with the following quiz.

1. What three things should you have printed on your checks?

- a) full legal name, address and phone number
- b) phone number, address and your mother's maiden name
- c) nickname, full name and address
- d) driver's license number, Social Security number and first name

2. Which of the following is not true about your PIN number?

- a) you should never share this number with anyone
- b) you should use a number that isn't easily guessed
- c) you should never write it on your debit card
- d) you should only share this number with your best friend

3. ATM stands for

- a) always take money
- b) automatic transfer machine
- c) automated teller machine
- d) authority to manage

4. How often should you balance your checkbook?

- a) every other month
- b) twice a day
- c) only when I want to
- d) every month

5. The easiest way to develop a relationship with Desert School is to

- a) send the CEO flowers
- b) open a checking account
- c) visit the company's Web site
- d) read the monthly newsletter

Did you know?

You don't have to wait in line to deposit your paycheck. With Direct Deposit, your paycheck is automatically deposited into your checking account. Not only do you enjoy faster access to your funds, but you also know your money is handled more securely. To get started, request a Direct Deposit authorization form from your employer.

The Do's and Don'ts of Checking Accounts

Your checking account is one of the first steps in your financial relationship with Desert Schools and the beginning of a long-term partnership. Along the way, remember these important do's and don'ts to help outline your path to success.

- Do remember that checks represent cash; keep them in a safe place.
- Don't make out a check to "Cash" or "Bearer," and don't sign a check until you're going to use it. If you lose the check, anyone can cash it.
- Do bring the proper ID when cashing a check. Desert Schools follows security measures to protect you and your money.
- Don't give anyone a blank or partially-written check.
- Do update your check register every time you write a check, use your debit card, take money out of an ATM or make a deposit.
- Don't put your Social Security number on your checks or give anyone your ATM PIN number.
- Do remember to protect your personal information. Read our ***Protecting Yourself from Identity Theft*** guide for ways to safeguard yourself.

The Benefits of Your Checking Account

Having a checking account is a great money management tool and building block for your financial future. On the very day you open your checking account, you can enjoy its many benefits.

Safer than cash – Carry your checkbook or debit card; both are safer than using cash, especially since your money is federally-insured up to \$250,000.

Easy to access – Check your account 24/7 with Online Banking, via phone and through ATMs nationwide.

Serves as proof of payment – When you use your account for purchases, you leave a trail that proves you paid, whether it's a check carbon copy, monthly statement item or electronic check image.

Your spending is tracked – Monitor where money is spent with your account statements.

Offers more convenience – Direct Deposit is the safest and fastest way to enjoy payday. Plus, online Bill Pay and automatic withdrawals make paying bills a cinch.

True or False

Once you sign up for Direct Deposit, you don't have to visit a branch to deposit your paychecks; your money is automatically deposited into your account, even when you're out of town.

(True)

Did You Know?

Desert Schools is federally insured by the NCUA (National Credit Union Administration) and has the same level of coverage as FDIC-insured banks.



A checking account is more than a way to pay for what you need.

Managing Your Checking Account will help you do just that – manage your finances. In this guide, you'll learn how to choose the right account, manage it successfully and understand key financial concepts, like writing a check, paying with your debit card and balancing your checkbook.

Because achieving financial goals must start somewhere, ***Managing Your Checking Account*** is your guide to understanding this important building block to your financial future.

If you find this guide helpful, please share it with family and friends.

To learn more, call
(602) 433-7000, visit
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by a nearby branch.

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