



# Banking and Financial Services

Print Course

Print Handouts

## COURSE DESCRIPTION

*Banking and Financial Services* is a 60- to 80-minute course designed to provide young service members and family members with an understanding of personal banking and financial services.

## LEARNING OBJECTIVES

**Terminal:** Upon completion of this course, learners should be able to:

- Select a financial institution, types of accounts, or both, to meet their needs.
- Track and reconcile banking transactions.
- Identify the main consequences of poor account management.

**Enabling:**

- In the *Terms of Banking* activity, learners will correctly answer all questions on a matching exercise about financial institutions and accounts.
- In the *Account Management Exercise* activity, learners will correctly reconcile the account information provided.
- During the *What are the Consequences?* activity, learners will list three personal and two professional consequences of poor account management.

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## COURSE PREPARATION

Handouts:

- *Account Management Exercise*
- *Banking and Financial Services Resources*
- *Checks 101*
- *Electronic Banking Safety Tips*
- *Terms of Banking*
- *What are the Consequences?*

Materials (vary depending on activities chosen):

- Pencils and calculators
- PowerPoint slides

## SUMMARY OF LEARNER ACTIVITIES

- *Terms of Banking*: A matching exercise to familiarize learners with terms used in banking.
- *Account Management Exercise*: An exercise to allow learners to practice reconciling checking account information.

- *What Are the Consequences?* An activity to engage learners in an active discussion on the consequences of poor account management.
- *You Can Take That to the Bank:* An optional PowerPoint game-show-style presentation of course content that can be used in lieu of lecture or as a course review.

### CONTENT OUTLINE

1. Welcome and Introduction (10 minutes)
  - a. Purpose and Agenda
  - b. Learner Activity: *Terms of Banking, Part 1*
2. Financial Institutions: Products and Services (5 minutes)
  - a. Banks and Credit Unions
  - b. Types of Accounts
  - c. ATM, Check and Debit Cards
  - d. Other Banking Products and Services
3. Electronic Banking (10 minutes)
  - a. Online Banking
  - b. Mobile Banking
  - c. Safety and Protection
4. Finding the Best Fit (5 minutes)
  - a. Choosing a Credit Union or Bank
  - b. The Cost of Financial Services
  - c. Changing Financial Institutions
  - d. Complaint Resolution
5. Managing Your Money (20 minutes)
  - a. Account Transactions
  - b. Account Management
  - c. Account Reconciliation
  - d. Learner Activity: *Account Management Exercise*
  - e. Consequences of Mismanagement
  - f. Learner Activity: *Consequences of Mismanagement*
6. Summary (10–30 minutes)
  - a. Learner Activity: Review of the *Terms of Banking, Part 2*
  - b. Optional Learner Activity: *You Can Take That to the Bank!* Review Game

## CONTENT MATERIAL

### WELCOME AND INTRODUCTION

#### PURPOSE AND AGENDA

Most people realize that they need banking and financial services when they begin earning a paycheck. One of the first things many new service members have to do is choose a credit union or bank for the direct deposit of their pay. Properly maintaining your financial accounts is the first step in managing your money and establishing a good credit history, and it is expected of members of the military.

Financial institutions offer a wide array of products and services. This course will help you understand the products and services available to you, select the ones that best meet your needs and manage them appropriately.



SLIDE 1



SLIDE 2



#### LEARNER ACTIVITY: *The Terms of Banking, Part 1*

**Time:** Eight minutes

**Materials:** *The Terms of Banking* handout, pencils and pens

**Procedure:** Distribute *The Terms of Banking* handout. Instruct learners to match the terms on the left with the definitions on the right. Allow about five minutes for learners to complete this activity. As an option, you can have learners work in pairs or groups. When they are done, tell them that as you move through the materials they will be given information for any answers they do not know. This activity also can be used as a review activity. You can review all of the answers at the end of the course for a good wrap-up of the key points and topics covered during the class.

#### FINANCIAL INSTITUTIONS: PRODUCTS AND SERVICES

The first topics we will cover are financial institutions (i.e., banks and credit unions), types of accounts, ATM cards, debit cards and check cards, and other products and services available from financial institutions.



SLIDE 3

**Trainer's note:** If Internet access is available in the classroom, show learners the websites for a major bank and a major credit union, and go through the various products and services offered. [Navy Federal Credit Union](#) and [Bank of America](#) are the largest credit union and bank in the country, respectively, so using their sites would be appropriate. You can also use a local or regional bank website. Make it clear to the learners that you are not endorsing the bank, just using the websites to show examples of products and services available through these types of financial institutions. If you choose to use this method, be sure to practice ahead of time so you are familiar with whichever sites you choose to use. In lieu of a classroom connection, you can print the home pages of a credit union and bank and use hard copies.

### BANKS AND CREDIT UNIONS

When it comes time to find a place to deposit that first paycheck, the majority of people will choose a bank or credit union. Most people do not realize that these are different financial institutions. Although they both offer the same types of products and services, a credit union is a nonprofit organization owned by its members. Because of its nonprofit status, credit union interest rates on loans tend to be lower and interest rates on savings accounts tend to be higher.

Credit unions are usually established to serve a group of similar individuals or people who work in similar career fields. Service members have many credit union options available to them. Defense credit unions provide accounts that can follow you as you move to new locations and many other services geared to serve the unique experiences and needs of service members and their families.

Whereas a credit union is a nonprofit organization, a commercial bank is a publicly traded, for-profit organization owned by shareholders. Banks usually offer a wide range of services and account options. However, because of their for-profit status, interest rates on loans tend to be higher and interest rates on savings accounts tend to be lower than credit unions.

### TYPES OF ACCOUNTS

Although banks and credit unions offer many account and service options, most people generally start by opening a savings account, a checking account, or both. Here is a little information about both types of accounts.

#### Savings Accounts

In a savings account, or a “share savings” account, as credit unions call them, you deposit your money into the bank or credit union, and they provide a safe



SLIDE 4

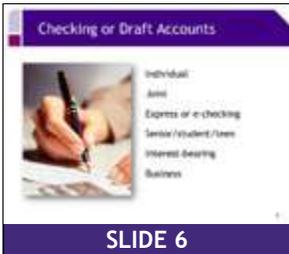


SLIDE 5

place for your money while paying interest on the balance. You can withdraw your money at any time directly from the bank or through an automated teller machine (ATM) subject to withdrawal limits. Depending on the type of savings account and the financial institution, there can be restrictions on the number of withdrawals that can be made from the account. In addition, Federal Reserve Board Regulation D limits the electronic transfer from savings accounts to six transactions a month. This regulation includes electronic transfers, overdraft protection transfers and ATM transfers.

### Checking Accounts

**Trainer's note:** For specific information on checks, refer learners to the *Checks 101* handout.



Checking and “share draft” accounts are more flexible, typically allowing you to make unlimited deposits and numerous withdrawals. In addition to writing physical checks, which is not a common practice these days, checking accounts can be used to authorize electronic checks or pay your bills through online services. The most common way that people withdraw money from their account is by using their ATM card or debit card. These cards allow access to the money in the account through an ATM or by using a debit card as you would a credit card at a business. As you can see, there are many ways that you can access and withdraw money from your checking or draft account.

Likewise, there are many different types of checking accounts that you can choose from. Let's go over the most common ones.

**Individual:** As the name implies, an individual checking account has only one owner, which means that only one person is responsible for and makes transactions on the account.

**Joint:** Joint checking accounts have more than one account owner who is responsible for the account. Any person on the account can sign a check written on the account, but no matter who signs, all account holders are responsible for ensuring there is money in the account to cover any checks written. Because of this responsibility, it is important that you use caution when opening a joint account. You should only open a joint account with someone you trust to have this type of access to your funds.

**Express or e-checking:** With the increased use of online bill paying and other online services, some banks and credit unions offer accounts primarily for

individuals who conduct the majority of their transactions electronically and do not require traditional services such as check writing and teller transactions. Normally, these accounts require direct deposit and may charge fees for exceeding a set number of traditional transactions, although some may waive other fees, such as ATM fees.

**Senior/student/teenager:** Many banks and credit unions offer special accounts to serve the needs of certain groups of individuals. The more common of these accounts are ones that cater to the needs of teenagers or learners. These accounts usually offer no minimum-balance requirements and have low minimum deposits, and many provide parental oversight or co-ownership on the account. Senior accounts typically offer no-fee checking and other perks, such as free safe deposit boxes.

**Interest-bearing:** Many institutions offer some form of interest-bearing checking account. The interest rate on these accounts is usually low, and many require a minimum deposit or minimum balance to earn interest. In the case of banks, because they are a for-profit business, they often charge fees when account balances drop below a minimum balance on an interest-bearing account.

**Business:** These checking accounts are intended to handle the transactions and cash flow of businesses.

## ATM, CHECK AND DEBIT CARDS

### ATM Cards

ATM cards allow account holders to make transactions at an ATM or through some merchants. ATM cards require a Personal Identification Number (PIN) to access the account. ATM cards are a convenient way to withdraw cash, make deposits or transfer funds between accounts. Many financial institutions charge a fee to use their ATM if you are not a member of the ATM network or are making a transaction at a remote location. Some retailers will give you the option of getting cash back when you use an ATM card, which is not only convenient but an alternative to paying ATM fees when you need to withdraw cash. Additionally, ATMs are convenient to use overseas because the ATM fee is usually less expensive than the fee charged to change money at other locations.

### Check Card/Debit Card

Most financial institutions offer a combination check card/debit card. A debit card or check card looks just like a credit card, complete with a Visa or MasterCard logo,



but it is linked to your checking account. Check cards or debit cards allow account holders to debit their checking accounts by simply swiping a card. You can use your check card or debit card in two ways. When you use this combination card as a debit card, you will be required to enter your PIN. The transaction will be conducted as an electronic point-of-sale (POS) transaction, with funds taken out of your account through an ATM network. If you opt to use your check card or debit card as a credit card, you will not have to enter a PIN but will often be required to sign the receipt (some merchants do not require a signature when the purchase is below a certain dollar amount). These transactions are processed through the credit card payment system.

Any time you use a check card or debit card, the transaction is almost immediately deducted from your checking account. However, when you use a debit card, this is accomplished by placing a hold on those funds. The funds are then transferred to pay the merchant or business where you made the purchase. Sometimes this hold may come off the account before the funds have been transferred to the merchant's bank account. If you are not keeping track of your debit transactions and this happens, it may appear that you have more money in your account than you actually do, and you could overdraw your account.

When you use your check card or debit card for a purchase, the transaction will show up on your account statement as a POS transaction. Unlike paper checks, check card/debit card transactions are itemized on your bank statement so you have easy access to transaction information to reconcile your account or in the case of a dispute. If you use your check card/debit card for a transaction that exceeds the available balance in your account, the transaction could be denied or it could be approved, which will overdraw your account and result in overdraft or non-sufficient funds fees. It is important with any ATM, debit card or check card to track and routinely check your account statement or online account information to verify purchase amounts and determine your available account balance so that you can avoid overdrawing your account and paying overdraft or non-sufficient funds fees.

Although ATM cards, check cards and debit cards look like credit cards and may have a Visa or MasterCard logo on them, they are not credit cards and do not help to establish credit. However, because financial institutions track overdrafts and non-sufficient funds transactions, mismanagement of your card can adversely affect your credit history. Bank statements should be checked carefully against your receipts to ensure the accuracy of the transactions. You would not want an inaccurate transaction on your account to hurt your credit history.



### Protect Your Plastic

Although check cards and debit cards are convenient ways to pay for your purchases, they should be used with care to avoid loss or fraudulent transactions, which could result in someone emptying your checking account. Under the Electronic Funds Transfer Act (Federal Reserve Board Regulation E), your liability for a lost or stolen card is \$50 as long as you notify the bank within two days of discovering the fraud. Your liability increases up to \$500 if you take more than two days. Be sure to review your bank or credit union's policy on liability in the case of theft, loss or fraudulent purchases. Also, you typically have more protections when using your debit card as a credit card (with a signature versus a PIN).

ATMs and ATM cards are great tools for money management, but if you do not manage them wisely, you can get into trouble. Remember these tips to protect yourself and your card at an ATM:

- Sign the back of your card as soon as you receive it.
- Memorize your PIN and do not give it to anyone. Do not write your PIN on your card or keep the number in your wallet.
- For your personal safety and the protection of your money, limit ATM use to machines that are well-lighted and in locations that are clearly visible from the street or from foot traffic.
- Watch out for "shoulder surfers." Be aware of people around the ATM, and do not let anyone watch you enter your PIN. Cover the keypad with your hand as you enter your PIN.

Be aware of any loose or odd-looking card readers at the ATM that might indicate card skimming. Identity thieves use skimming readers to capture account data stored in the magnetic strip of your ATM card, debit card or check card. The account data can be used to reload a new card. Thieves will place a small camera near the ATM to capture your PIN and use the new card to withdraw funds from your account.

- Put your money away safely before leaving the ATM area.
- Keep track of all of your ATM transactions. When you take money out of the ATM, it does come out of your account!

### OTHER BANKING PRODUCTS AND SERVICES

**Cashier's checks:** Although they can be used the same way as personal checks, the issuing bank, not the person issuing the check, guarantees cashier's checks.



The bank debits your account as soon as the cashier's check is issued, whereas personal checks can be written without sufficient funds available. For this reason, cashier's checks are safer to accept than personal checks. Some financial institutions provide cashier's checks at no cost to their account holders, but normally there is a minimal fee for issuing a cashier's check.

**Credit cards:** You can apply for a credit card – usually a MasterCard or Visa – at your credit union or bank. If you qualify, the institution will issue the credit card. Each month, you receive a bill with a minimum monthly payment. You pay interest charges to use the credit card if you carry a balance. Before applying for a credit card, you should attend a Credit Management class at your Fleet and Family Support Center.

**Loans:** Credit unions and banks offer loans for personal use, for automobile purchases and for purchasing a home (a mortgage).

**Investments:** Most credit unions and banks also offer investment products. Unlike savings and checking accounts, where your money is insured, investment purchases made at a bank or credit union are not insured. However, if you need an investment product, your credit union or bank might be an excellent place to start your search.

**Educational services:** Most credit unions and banks offer various types of financial education. This can come in the form of brochures and booklets available at their branch offices or included in statements; it may be in courses offered at local branches or it may be provided online. Many also offer some type of credit counseling for those who carry too much debt.

**Safe deposit boxes:** A safe deposit box is a metal, fireproof box stored in the vault of financial institutions. They are available at most financial institutions and come in several different sizes to accommodate personal items, documents or papers. Financial institutions charge monthly or annual rental fees for the use of safe deposit boxes.

### ELECTRONIC BANKING

Electronic banking is a broad term that covers any banking transactions that can be done electronically and includes electronic funds transfers (ETFs), direct deposits, ATM transactions, account transfers, online payments and account management transactions.



In this section, we are going to be discussing the use of a personal computer, tablet or smartphone to conduct your banking and financial transactions.

### ONLINE BANKING



**Trainer's note:** When discussing online banking, reinforce safe computing practices. These can be found in the Consumer Awareness course. You may want to distribute *Sources of Help for Military Consumers* as a handout, because it includes information on safe computing, identity theft and how to file a complaint.



Online banking is a regular service offered by most financial institutions, allowing you to conduct banking transactions over the Internet using a personal computer, laptop or tablet. The benefits of these services include convenience, ease of access, transaction speed and the ability to perform a wide range of transactions in one online location. Online banking allows you to keep up with finances and check balances. Additionally, online banking can reduce the potential for overdue payments and late fees by sending payment alerts and by offering the option to schedule automatic payments. These services can be particularly valuable to military members who travel and move often. Access to online services is established with your bank or credit union. They will provide you with an access or login number, help you choose a password and show you how to access the services.

Online banking can be done anywhere at any time. It has given us the ability to make most transactions without ever having to enter a financial institution. Typical online services include:

- Receiving and downloading electronic account statements.
- Verifying account balances.
- Transferring funds between accounts.
- Remote deposit (the ability to deposit a check from a computer, tablet or phone by electronically transmitting a digital image of the check to your financial institution).
- Receiving and paying bills via online bill-paying services.
- Applying for loans and credit cards.
- Purchasing certificates of deposit.

### MOBILE BANKING

The Federal Reserve System defines mobile banking as “using a mobile phone to access your bank account, credit card account, or other financial account. Mobile



banking can be done either by accessing your bank's web page through the web browser on your mobile phone, via text messaging, or by using an application downloaded to your mobile phone."

Mobile banking increases the ease of access and convenience offered online. Mobile banking provides users with access to accounts and banking transactions through:

**Text messaging:** The text messaging option has the fewest features but is a great tool for setting alerts, such as when an account balance drops below a predetermined amount. One of the biggest advantages is that an Internet connection is not required; users just need a cellphone signal to access their accounts. Some wireless providers may charge a fee per text message, depending on the user's wireless plan.

**Mobile websites:** You can use an Internet browser to access your bank's website, much like online banking from your computer. Some banks have created special web pages that are formatted for mobile screens. While mobile browsers are theoretically susceptible to the same security risks as home computers, they may be somewhat safer because creators of viruses and Trojan horses have not focused much on the mobile market.

**Mobile apps:** These applications are direct links to a bank's system. Many banks have developed apps for a wide range of smartphones and continue to expand this option for even more models. Mobile apps offer the greatest range of services for their mobile banking customers. Most mobile banking apps offer you the ability to do almost everything you can do online.

### SAFETY AND PROTECTION

**Trainer's note:** Refer learners to the *Electronic Banking Security Tips* handout, which lists the main points of this segment.

The convenience and popularity of online banking has increased the need for people to be cautious with their accounts and personal information. And while mobile banking usage climbs, there are still a number of cellphone users who fear the risk of security breaches. Financial institutions continue to take measures to mitigate this risk, but the greatest risk posed is by users who use simple passwords and do not adequately protect their computers, tablets and mobile devices. Account holders play a vital role in ensuring the security of online transactions by taking basic security measures. Some of these precautions include:



SLIDE 13

- Never use public computers or wireless hotspots to conduct financial transactions; log out of your account and close your Internet browser after accessing your account.
- Use firewalls, anti-virus software, pop-up blockers and security patches to prevent hackers from accessing your computer.
- Do not open email or download attachments from unknown sources; you could unknowingly allow spyware onto your computer.
- Use strong passwords consisting of a combination of letters and numbers, and never use the same password for all of your accounts.
- Do not allow your personal computer to save your account password, and password-protect your computer login and smartphone to prevent others from accessing account information.
- Verify that your bank uses a minimum of 128-bit encryption for mobile banking.
- Sign up for account alerts that notify you when fraudulent activity is detected or account balances fall below a specified amount.
- Maintain a personal record of account transactions so you can identify any fraudulent transactions.
- Take advantage of all security services offered by your institution to help protect your account.
- Report a lost or stolen phone *immediately* to the bank, not just the cellphone service provider, and arrange to deactivate the mobile banking service.

### FINDING THE BEST FIT

With all of these options, it can be difficult to choose a financial institution. To help you make an informed decision, this section will cover banking options, the cost of financial services, changing financial institutions, how to handle transaction disputes and banking resources.

**Trainer's note:** There is more detail in this content than is actually needed for presentation. Briefly review the issues on these slides and only go into detail if there are questions. Most likely, junior personnel will choose an institution based on convenience, and the major fees with which they need to be concerned are ATM fees and non-sufficient funds fees. Avoid overwhelming junior audiences with too much information.





### CHOOSING A BANK OR CREDIT UNION

There are many bank or credit union options available to you. It might be that you already use the same hometown bank or credit union your parents used, or you might be shopping for a financial institution that better meets your needs. When deciding on a bank or credit union, you should consider the following factors: convenience and accessibility; available services; fees, charges and requirements; security and, most of all, compatibility to your lifestyle and financial needs. Let's take a closer look at each of these factors.

#### Convenience

For most people, convenience and accessibility are major factors in choosing a financial institution. If you have to drive across town to an actual bank building to access your money, you may want to look for other options. The most convenient financial institutions offer numerous electronic banking options, have a large ATM network, offer all the services you need to manage your money and can be accessed from locations across the United States or worldwide.

#### Available Services

What services are offered at your prospective bank or credit union? Even though you may only start with a basic savings or checking account, look for an institution that offers a wide variety of services. Some services you might be interested in include:

**Electronic banking options:** Does the bank or credit union offer online bill pay, remote deposit, transfers, etc.? Can you access and manage your account via a cellphone or mobile app?

**Overdraft protection:** If you overdraw your account, what happens? You may be able to link your checking account to another account or line of credit to protect yourself.

**Credit and investments:** Does the bank or credit union offer credit cards, competitive loan rates and investment services?

**Interest:** How much interest is paid on various accounts and when (daily, monthly, quarterly, yearly)? To compare rates offered locally to those from financial institutions around the nation, visit [www.bankrate.com](http://www.bankrate.com).

**Customer Support:** Does the bank or credit union offer adequate customer support? Can you easily reach a customer support representative without having to go into a building or without a lengthy phone wait?



## Service Charges, Fees and Requirements

**Trainer's note:** Bankrate.com conducts an annual checking survey which details average fees and charges. You can use this survey data to update the figures in this section. Search for data on local banks and credit unions at Bankrate's [Checking & Savings](#) page.



All banks and credit unions have account requirements, fees and service charges. You should fully investigate what those are and determine whether they are reasonable for your banking needs. By law, institutions must tell you about all applicable service charges you will be charged. When choosing a financial institution, consider the institution's full range of services and their costs, even if you open a basic checking or savings account at the start. Here are some of the common service charges, fees and requirements you might find when shopping for a bank or credit union:

**Monthly service or maintenance fees:** Although some institutions (more credit unions than banks) offer “free” checking, many charge a monthly service or maintenance fee. In 2015, the average monthly maintenance fee in the U.S. was \$5.86. Additionally, on some accounts, you may be charged a service fee for going under a minimum balance. Be sure to find out whether the accounts you are considering require a minimum balance and the fee for going under this amount. For interest-bearing accounts, the average minimum balance in 2013 was \$5,802, and the average fee for going below that balance was \$12 a month. At such high levels for minimum balances, it may be more cost effective to have a non-interest-bearing account and avoid the service fees.

**Usage fees:** Is there a usage fee charged when you go beyond a certain number of transactions or if you do not use the account for a certain length of time?

**ATM fees:** You will probably pay a fee to use another bank's ATM. According to a 2015 study, the average ATM fee for using an ATM outside your institution's network was \$4.52. This includes the average \$2.88 charged by the non-network ATM and the average \$1.64 charged by the cardholder's bank or credit union. Avoid excessive ATM fees by using a bank that does not charge to use their ATM or see if your financial institution reimburses ATM fees.

**Online banking or bill pay fees:** Is there a charge for paying your bills online? Do you have to pay to sign up for online account or app services?

**Check writing costs:** What does it cost to purchase checks? Can they be ordered online? How many checks do you need to write each month, and is there a fee for writing checks?

**Overdraft fees:** What is the charge if there is not enough in the account to cover a check, transfer or withdrawal? Financial institutions usually charge \$25 to \$35, with the average in 2015 of \$33.07 per overdraft transaction. They may pay the check or honor the debit and overdraw the account, or they may not honor it at all but will still charge you the non-sufficient funds fee.

**Overdraft protection:** What are the costs associated with this service? This fee is typically between \$20 and \$30 each time the financial institution pays an overdraft transaction. Each institution may have different fee structures and requirements. Some institutions limit the number of overdraft transactions allowed on a daily basis and some do not charge for overdrafts under a certain balance. If you are looking at this service, you should carefully investigate all of the fees, requirements and stipulations associated with overdraft protection. Ideally, you would maintain adequate funding in your account, making this service unnecessary.

**Stop payment fees:** If you make an error with a check or payment or cancel an order after a payment has been sent, you have the right to request that your bank or credit union stop payment on transactions that have not yet been processed. You must allow the bank sufficient time to carry out your request, and there is usually a charge for the service.

**Fees for paper statements:** With the move to electronic (paperless) statements, some banks and credit unions may now charge a fee for providing a paper copy of bank statements or for printing older statements. A good practice to avoid this fee is to routinely download and save your statements.

**Fees for research assistance:** If you need help with your account from a customer service representative, you may be charged for this service. The charge will usually occur if your account requires extensive work, often because your statement has not been reconciled for an extended period of time.

**Fees to close an account:** Some accounts will include fees, averaging from \$5 to \$25, for closing an account within the first 90 days.

### Security

You work hard for your money and want to make sure that your money is safe in the bank or credit union you choose. With the increase in electronic banking and Internet scams, you will need to do some research and ask these questions when choosing a bank or credit union.



Is the institution legitimate, or is this an online scam to get your money? Do your research to make sure you are dealing with a legitimate business. For local institutions or where there is a local branch, you can always go in to find out more or to open accounts. For online banks, be sure to check the “about us” section on the website. There you should be able to find out the specific information and history of the institution along with the insurance status.

Is the bank or credit union insured? The Federal Deposit Insurance Corporation protects the majority of banks. Credit union accounts have similar protection from the National Credit Union Administration. Both organizations insure up to \$250,000 per account, per individual. This means that your accounts are insured against a loss up to a balance of \$250,000, even if your financial institution were to fail. Although rare, some banks and credit unions are not federally insured, so be sure to ask.

Finally, how secure is the institution’s website, online accounts and/or mobile app? Make sure websites and apps are encrypted, and never log in to the institution’s website through a link in an email, even if the email appears to have come from your bank or credit union.

### Compatibility

Most importantly, a financial institution needs to be compatible with your lifestyle and banking needs. Service members and their families often have unique banking needs that cannot be met by all financial institutions. Here are things to consider when deciding whether a bank or credit union meets your needs:

Does it allow for direct deposit? Oddly, some small banks may not offer the option of military direct deposit.

Are you able to access your account(s) remotely? And ideally, can you access them from anywhere in the world, by computer or phone?

Can you deposit checks remotely and pay your bills online?

Do they offer no-fee ATMs or ATM fee reimbursement (in case your bank does not have a branch or ATM when you move)?

Do they offer deployment status services (e.g., interest rate reductions, bill deferment)? Although not offered at all financial institutions, you may find that some military banks and credit unions cater to deploying service members through a wide range of services and perks.





### CHANGING FINANCIAL INSTITUTIONS

You may wish to consider opening an account with a large military-affiliated bank or credit union that has branches and ATMs worldwide. This will allow you to use the same checking account throughout your career and avoid the potential pitfalls of account switching. However, if you find you need to change financial institutions, the most important thing is to not close your old account until you have opened a new one. Otherwise, where will your direct deposit go during the time you have no account?

Check out the banks and credit unions online or at your new duty station and then, when you have your new account, change your direct deposit to the new account. Do not close your old account until you get your first direct deposit into your new account. Be mindful of any other payments that you have coming out of your old checking account, such as automatic car payments. When you switch financial institutions, you will want to have those automatic payments coming out of your new account as well. Be sure to arrange that with the new bank once you are sure they are receiving your direct deposit.

### COMPLAINT RESOLUTION



**Trainer's note:** Distribute the *Banking and Financial Services Resources* handout. The information from that handout is included in this section. Additionally, you might want to go over resources specific to your installation and/or area and include contact information for these resources.



If you have a dispute with a financial institution, you should handle it as you would any other consumer complaint; start by contacting your bank or credit union. Each financial institution has a chain of command for handling complaints. Here is the chain you should follow:

- Customer service representative
- Branch manager (if it is a branch)
- Bank president

When you talk with individuals in this chain, keep a written record of who you talked to and what was discussed or decided. Remember to remain calm and treat the bank staff with respect during your conversations. If you still have a complaint, there are a number of federal, state and local agencies that regulate financial institutions. You can also contact the Consumer Financial Protection Bureau (CFPB). The CFPB Office of Servicemembers Affairs provides easy

information to help military consumers protect their finances. CFPB also assists in consumer complaints and will forward your complaint to the financial institution and work to get resolution.

### MANAGING YOUR MONEY

Although it is important to choose the right financial institution, accounts and services, it is even more important to responsibly manage your money once it is in your chosen bank or credit union. In this section, we will discuss account transactions, management and reconciliation, and go over the consequences of mismanaging your accounts.

### ACCOUNT TRANSACTIONS

For most people, their main account is a checking or share draft account. These are transactional accounts that allow the account holder to make deposits, withdrawals and transfers and write checks. Let's review these transactions and how to handle them effectively.

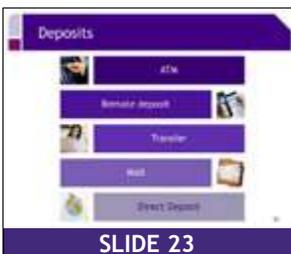
### Deposits

**Trainer's note:** Refer learners to the *Checks 101* handout for specific information on endorsing and depositing checks.

You can make a deposit by taking your money to the bank, using an ATM to make a deposit, taking a digital image of your check and transmitting electronically, transferring funds from another institution, mailing your deposit to the bank or by direct deposit from your employer.

Direct deposit is an electronic transfer into your account without the issuance of a paper check. It is required for military pay and most government benefits. You enroll in direct deposit by completing a form from your employer. You will need to provide your account information, and you might be asked to supply a voided check or financial institution routing number to set up the direct deposit.

Remote deposit capture (RDC) is an option to deposit your paper checks electronically. Checks are scanned as a photo image using a scanner and your computer or by taking a photo of the check with your smartphone. The digital images are then uploaded to your institution's secure website. The benefits of RDC are that you no longer have to go to your bank, credit union or to an ATM to deposit a check and you typically have access to funds more quickly than when deposited in person.



When making a deposit with a teller at your bank or credit union, most institutions will require you to complete a deposit slip. If you have a traditional checking account, printed deposit slips with your account number on them are included with your checks. Blank deposit slips are available at your bank or credit union as well. You will be required to complete the deposit slip with your name and account number (if not pre-printed) as well as the type and amount of your deposit. Some institutions require a deposit slip with ATM deposits, although many have gone to electronic scanning of the check information at the ATM.

### Funds Availability

Once you deposit your money, you may find that not all funds are available to spend immediately. The Federal Reserve establishes the legal limit on how long a financial institution may delay a customer's ability to use deposited funds. These limits are measured in business days following the deposit. Business days are Mondays through Fridays and do not include Saturdays, Sundays and federal holidays. The following are the limitations on funds availability:

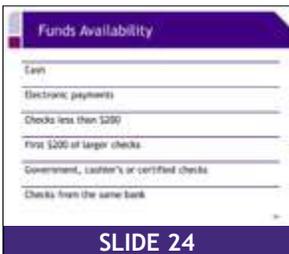
On the first business day after a deposit is made, the following is available:

- Cash
- Electronic payments
- Checks less than \$200
- The first \$200 of checks greater than \$200
- Government, cashier's or certified checks
- Checks written on the same bank to which the deposit is made
- On the second business day after a deposit, the following is available: The remaining balance on checks greater than \$200.

Electronic payments and cash are never subject to a deposit hold. The following six types of deposits can be subject to the financial institution placing a hold on the deposit: large deposits, redeposited checks, checks deposited during emergencies, checks where there is doubt about its legitimacy, deposits on new accounts and deposits to accounts that have been repeatedly overdrawn.

### Withdrawals, Checks and Transfers

**Trainer's note:** Refer learners to the *Checks 101* handout for specific information on writing checks and tips for avoiding common check-writing errors.





You can withdraw money from your account in several ways. Although writing checks used to be the most popular way to access funds in your account, today using your ATM/debit/check card and electronic transfers are more common. You should know a little about how these transactions are processed so that you can manage your transactions wisely.

The Check Clearing for the 21st Century Act (often referred to as Check 21) allows banks to clear checks electronically instead of exchanging actual paper checks. Banks do not have to return original checks with your monthly statements or even when there is a problem with a particular check. Check 21 creates “substitute checks,” which you can use as legal representations of the originals. Banks usually take at least a day or two to process paper checks, but electronic processing can happen almost immediately. This means you have less “float” time between when you write a check and when the money is taken out of your account. This could increase the chance that one of your checks will bounce due to non-sufficient funds. Quicker clearing also means less time to stop payment on a check.

### Overdraft Protection

Many financial institutions offer some form of overdraft protection to avoid the costs and hassle of bounced checks and non-sufficient funds transactions. There are several methods for providing overdraft protection. Most banks and credit unions will allow you to have funds transferred from your savings account, another checking account, a line of credit (LOC) or a credit card.



When linking an account, funds are transferred from another account to cover the debit (i.e., checks, ATM withdrawals, automatic deductions, etc.) if there are not sufficient funds in the linked account to cover it. Typically you get to determine to which account your checking account will be linked. Transfers coming from savings or checking accounts are usually preferred because the funds come from the balance in the account instead of charging the amount to a line of credit or credit card, which will then charge interest. Government regulations (specifically Federal Reserve Regulation D) have been established, however, that limit the number of automatic transfers from savings accounts into a checking or share draft account to six per month. Regardless of whether sufficient funds are in your saving account at the time a check tries to clear, if six automatic transfers have already been made, no more funds will be automatically transferred, in which case non-sufficient funds charges may result. If there are no funds in the linked accounts, many institutions will allow you to overdraw the account, sending the account into a negative balance.

Interest rates on overdraft lines of credit can be high, and many financial institutions will charge non-sufficient funds fees to your account in addition to any interest charges that accrue. Unlike savings account transfers, Regulation D does not limit the number of automatic transfers to a checking account from a line of credit. These transfers will only stop when the credit card or credit limit has been reached.

Due to federal credit card regulations, overdraft protection from interest-charging accounts (such as a line of credit) will only be allowed if account holders agree, or opt in, to a service covering purchases on debit card and ATM transactions when there is not enough money in their account. Some experts warn, however, that if account holders do not opt-in, then the overdraft protection will not be there when they are faced with covering an emergency expense, such as a car or home repair. Individuals will need to weigh the benefit of the overdraft protection from lines of credit against the cost of the service. In the end, the most economical choice is to maintain enough emergency funds in a savings account to cover these expenses and then link your savings as your overdraft protection account.

Keep in mind that overdraft protection is not a fail-safe. Most financial institutions reserve the right to revoke overdraft protection services, deny payment of transactions, or both. Be sure to request and review your financial institution's policies and fee schedule for overdraft protection transactions.

### ACCOUNT MANAGEMENT

To ensure you stay on top of your financial information, you need to routinely record your transactions in some form of register, ledger, spreadsheet or by electronic tracking. Any good method will help you know what transactions you have made, how much is in your account and the automatic charges or debits that come out of your account. Because electronic banking has become much more prevalent than writing checks, it is no longer a common practice to maintain a paper checkbook register. This does not mean you do not need to track your transactions. In fact, because electronic transactions (e.g., electronic check, ATM, check/debit card) are immediately debited from your account, it is even more important that you keep track of your transactions to prevent overdrafts.

Make sure to find a system that works for you and will help you keep up with your transactions. If you do not want to maintain a paper register or ledger, try keeping a spreadsheet or online register. There are also online sites and mobile apps that can help you track your transactions. Just make sure when using online and mobile tracking methods that you check the security of account information first.



You may also check with your financial institution to see if they have any online reconciliation or tracking features.

You should record all account transactions to ensure that you know the balance on your accounts before you make a withdrawal. When you make a transaction online, you will be given a confirmation number for the transaction. Be sure to record these numbers, the date of the transaction and a description of the transaction, so you can match it when you reconcile your statement. When using an ATM, hold on to your receipt until you verify the transaction online or with your account statement.

### ACCOUNT RECONCILIATION

Many people today admit that they do not regularly balance, or reconcile, their bank statements. Yet balancing your bank statement is a fundamental part of money management. Account reconciliation allows you to check for errors on your part and on the part of your financial institution. Maintaining a balanced account will help you track the available funds and help you avoid overdrawing your account.



#### **LEARNER ACTIVITY:** *Account Management Exercise*

**Time:** 15 minutes



**Materials:** *Account Management Exercise* handout, pencils, erasers and calculators.

**Procedure:** Distribute the *Account Management Exercise* handout and supplies. Explain to learners that the exercise will use a debit card register to record financial transactions and that an online account statement will be used to reconcile that register. This exercise will demonstrate deposits, debit transactions, transfers, ATM withdrawals, check writing and online bill-pay transactions. This can be done as a class activity with everyone working together to complete the activity or, if time allows, you can have learners do the activity individually or in small groups. Be sure to review the answers after the exercise.

The worksheet provides account and transaction information on an established account with a beginning balance of \$102.95. Learners will follow the worksheet instructions to fill in transaction data. Once they have completed filling in the information, have learners review the transactions recorded in the online account balance sheet with what is recorded in the register and to note any dividends or fees. The learners will then complete the reconciliation form. The ending balance should match the balance shown in the register. If not, suggest that

learners carefully review their entries for math errors. If learners appear to need more practice or struggle with this section, suggest that they make an individual appointment with their Command Financial Specialist (CFS), an FFSC financial counselor or with a representative from their financial institution and ask for personal instruction on how to balance their accounts.

Once learners have completed this exercise, follow up by asking them how they would manage the reduced funds caused by the unexpected fees that sent the account into a negative balance until their pay was deposited. Will this cause a financial hardship that might mean more overdrafts the following pay period?

Note that this is a nice segue into the consequences of mismanagement and should highlight what happens when individuals do not track expenses and rely too heavily on overdraft advances to cover spending more than they have available.

### CONSEQUENCES OF MISMANAGEMENT

As you may have seen from the *Account Management* exercise, not accurately recording transaction information and reconciling your account can lead to overdrawn accounts and many charges and fees. Your goal is to avoid the following expensive mistakes:

**Not subtracting charges, fees and automatic deductions:** Read your monthly statement or online transaction history to verify that you have accurately recorded your transactions and any applicable fees. If you have bills set up to be paid automatically from your account, record them when you record your pay; this way, you will not forget about these payments.

**Postdating checks:** Banks will pay the check on the business day it is received. If there are sufficient funds, the check will clear; otherwise, the check will be returned and result in non-sufficient funds and returned check charges.

**Splitting your check pads between joint account holders:** With both account holders writing checks off the same account, there is a possibility of overdrawing the account. To avoid this, maintain a central transaction register and use duplicate checks for ease in remembering to whom the check was written.

**Writing checks before the money is in the bank:** This practice is known as kiting and occurs when you have accounts at two separate financial institutions and write checks to deposit back and forth when you have no money in either account. Kiting is illegal and there are both civil and military penalties for such an activity.



**Not reconciling your monthly statement:** If you do not reconcile your statements, you can miss errors that could affect your account balance and possibly cause you to overdraw your account.

**Not recording transactions:** As mentioned before, keeping accurate transaction information is one of the most important parts of account management.

**Addition/subtraction errors:** If you calculate your balance manually or keep figures in your head, follow up by using a calculator. Most cellphones have a calculator application, making calculating your balance at the time of transaction easy and accurate.



### **LEARNER ACTIVITY:** *What are the Consequences?*

**Time:** 5 minutes



**Materials:** *What are the Consequences?* handout, pens and pencils

**Procedure:** Divide the class into small groups and distribute the *What are the Consequences?* handout. Instruct them to use the information learned in this class or from their own experiences to list as many consequences of poor account management as they can. Explain that the handout is divided into personal and professional consequences.

Allow the learners about three minutes to brainstorm. Use chart paper or a whiteboard to list the learners' answers, and use the list to explain and expand upon the consequences of poor financial management.

There are a number of negative results of poor checking account management and financial mismanagement in general. Consequences range from personal to professional. They can and do have an influence on your military career. Many businesses require a check of someone's finances before doing business with them. Poor financial management can affect your ability to rent an apartment, obtain a loan, open a bank account or be considered for employment. It can also cost you a lot of money through hefty service charges, fees and fines.

Service members are required to successfully maintain their finances. Therefore, mismanagement of their finances can negatively affect consideration for reenlistment, retention, duty assignments, special programs, promotions, security clearances and discharges. In extreme cases, such as in the case of provable fraud, the offense is punishable under Uniform Code of Military Justice Articles 123a and 134, with a maximum sentence ranging from dishonorable discharge (for enlisted)

or dismissal (for others) and up to five years' confinement at hard labor. Service members also may receive an other than honorable discharge for chronic financial irresponsibility.

### Financial Resources

**Trainer's note:** Be sure to add local resources to this list of financial resources.

Financial consequences can be personally and professionally damaging. If you need help with your finances, there are many resources available to you. Military financial resources include your:

- Command Financial Specialist (CFS)
- Fleet and Family Support Center financial counselor
- Navy-Marine Corps Relief Society office (or other military relief society for joint or remote bases)
- Legal Service Office
- Credit union or bank education services
- Military OneSource
- Consumer Financial Protection Bureau (CFPB)

### SUMMARY

We have reviewed credit unions and banks, the types of services these financial institutions offer, how to choose a financial product to fit your needs and issues surrounding account management. Although these topics may seem basic, they form the foundation of a well-run financial life. Remember to follow up with your financial resources if you need additional help.



### LEARNER ACTIVITY: *Review of the Terms of Banking, Part 2*

**Time:** 5 minutes

**Procedure:** Review the *Terms of Banking* handout and provide correct answers. This can serve as the course summary if time is short.

The Terms of Banking (Answers)

1. D Mobile banking (Using an app to access your bank account information via your smartphone.)

2. K FDIC (The federal organization that insures bank accounts up to \$250,000 per account/per individual.)
3. E Credit union (A nonprofit organization owned by its members.)
4. G Skimming (Using a fake ATM reader to capture account data stored in the magnetic strip of your ATM or check card.)
5. O Check (A promise to pay, a widely accepted form of payment, a legal document.)
6. C Command Financial Specialist (The person at your command who has specialized education to be able to help you with financial matters.)
7. H Remote deposit captures (Electronically transmitting a digital image of a check to your financial institution.)
8. J Non-sufficient funds fee (This is a charge applied to an account when there are not funds to cover a check, transfer or withdrawal.)
9. M Check card (A payment card with a Visa or MasterCard logo which can be used to debit your account and does not require you to enter a PIN.)
10. A Savings account (This account typically allows unlimited deposits but is limited by federal regulation to six electronic transfers a month.)
11. N Text messages (You can sign up to receive these to alert you when your account balance drops below a predetermined amount.)
12. B Online banking (The ability to access your bank account, check account balances, transfer money and pay bills electronically via a computer or tablet.)
13. L Direct deposit (An electronic transfer of a paycheck into your account without the issuance of a paper check.)
14. I Cashier's check (This is issued and guaranteed by a financial institution and is safer to accept than a personal check.)
15. F Overdraft protection (When money is taken from a linked account and deposited into your checking account to cover a transaction amount larger than the balance.)



### OPTIONAL LEARNER ACTIVITY: *You Can Take That to the Bank! Review Game*

#### Question Bank for You Can Take That to the Bank!

**Categories:** Check it out!, Card Tricks, Bad Things/Good People, Fees-Ability, Help! I need somebody!

#### CHECK IT OUT!

- 100 Q: What is the name for a for-profit financial institution offering a wide array of financial products and services?
- A: Bank
- 200 Q: What is the name for a nonprofit financial institution offering a wide array of financial products and services?
- A: Credit union
- 300 Q: What do you call a legal document which is a widely accepted form of payment?
- A: Check
- 400 Q: Name two of the products and/or services offered by most credit unions and banks.
- A: Accept any two of the following:
- Checking accounts
  - Savings accounts
  - Credit cards
  - Loans
  - Investments
  - Financial education
  - Online banking
- 500 Q: Name a form of payment that is issued and guaranteed by a financial institution and is safer to accept than a personal check.
- A: Cashier's check

### CARD TRICKS

100 Q: What do you call a card that allows you to access your checking and savings accounts via teller machines?

A: ATM card

200 Q: What is the common name for a payment card with a Visa or MasterCard logo on it that can be used to debit your account and does not require you to enter a PIN?

A: Check card

300 Q: When using your ATM card, what are you required to enter to access the account?

A: Personal Identification Number (PIN)

400 Q: ATM, debit or check card transactions will show up on your online account information and statement as what type of transaction?

A: Point-of-sale (POS) transaction

500 Q: Name two things you do to ensure you are protecting your ATM card and the accounts associated with it.

A: Accept any two of the following:

- Use ATMs in safe locations, with friends, at popular times.
- Sign the back of your ATM card as soon as you get it.
- Memorize your PIN and keep it private.
- Do not let anyone watch you enter your PIN.
- Put your money away safely before exiting the ATM.
- Keep track of all of your transactions.

### BAD THINGS/GOOD PEOPLE

100 Q: Name something that can happen when you do not keep track of your ATM withdrawals?

A: You could overdraw your account. You could also incur overdraft transaction fees.

200 Q: What is the service that takes money from a linked account and deposits it into your checking account to cover a transaction amount larger than the balance?

A: Overdraft protection

- 300 Q: What is it called when someone uses a fake ATM reader to capture account data stored in the magnetic strip of your ATM or check card?
- A: Skimming
- 400 Q: Name the charge applied to an account when there are not funds to cover a check, transfer or withdrawal.
- A: Non-sufficient funds (NSF) fee
- 500 Q: Name two expensive mistakes that could lead to additional costs and/or overdrawn accounts.
- A: Accept any of the following:
- Not subtracting ATM fees or service charges.
  - Postdating checks.
  - Splitting check pads.
  - Writing checks before the money is in the account.
  - Not balancing your statement.
  - Not using your register.
  - Math errors.
  - Not subtracting automatic deductions or payments?

### FEES-ABILITY

- 100 Q: Name the charge for using a machine that is not in your institution's network.
- A: ATM fee
- 200 Q: Name a monthly fee charged to have a bank account.
- A: Service or maintenance fee
- 300 Q: Name two costs for bouncing a check.
- A: NSF fees and returned-check charges
- 400 Q: Name the service that can keep your transactions from being denied for lack of available funds.
- A: Overdraft protection
- 500 Q: Name a charge for paying your bills online.
- A: Online banking or bill paying fee

### HELP! I NEED SOMEBODY!

- 100 Q: Who is the person at your command who has specialized financial training to help you manage your money and answer questions?  
A: Command Financial Specialist (CFS)
- 200 Q: Name the place where service members and their families can receive no-cost programs and services, including financial education and counseling.  
A: Fleet and Family Support Center (FFSC)
- 300 Q: Name the office on base that can assist you with any legal issues at no cost to you.  
A: Legal Service Office
- 400 Q: Where is the first place you should go if you have a banking complaint?  
A: Speak with the customer service representative at the bank or credit union
- 500 Q: Name the organization that will assist service members in consumer complaints and work to get resolution.  
A: Consumer Financial Protection Bureau (CFPB)

### FINAL JACKPOT

- Q: What is it called to electronically transmit a digital image of a check to your financial institution?  
A: Remote deposit capture (RDC)

NOTES:

# Account Management Exercise

Every service member must maintain an account at a financial institution to receive their pay through direct deposit from Defense Finance and Accounting Service (DFAS). The purpose of this exercise is to develop skills in managing accounts, including debit transactions, online banking and statements, check writing and recording automatic payments by electronic transfer.

Let's assume that you are Joe Sailor, an E-3 with two years of service, and you are currently stationed aboard USS Alwaysgone. You have opened your account at a credit union and are having your military pay deposited into that account. We will use a debit card register to record debits, automatic electronic funds transfers (EFT) and check transactions, and to reconcile the account at the end of the month.

## EXERCISE:

Please use the register attached to record the following transactions that are reflected on your online account statement. Your starting balance is \$102.95

1. **May 1** Your military paycheck was deposited by DFAS into your account. Amount: **\$789.05**
2. **May 3** An automatic payment was debited for your car payment. Amount: **\$272.00**
3. **May 4** You used your check card to withdraw money at your bank's ATM. Amount: **\$60.00**
4. **May 4** You used your check card to pay for a movie. Amount **\$10.00**
5. **May 6** An automatic payment was debited for your car insurance. Amount **\$159.00**
6. **May 6** You bought several songs on myTunes, which is automatically linked to your check card for payment. Amount **\$11.75**.
7. **May 7** You used your check card to fill up at Pop's Gas Station. Amount **\$42.50**
8. **May 8** You used your check card at Bob's Pizzeria to buy dinner. Amount **\$11.25**
9. **May 10** An automatic payment was debited for your monthly cellphone bill. Amount **\$85.50**
10. **May 10** You used your check card to buy new tires for your car. Amount **\$248.50**
11. **May 11** You used your check card to pick up some groceries at the commissary. Amount **\$37.25**
12. **May 13** An automatic payment was debited for your student loan payment. Amount **\$92.75**
13. **May 14** You wrote a check (#1589) for uniform alterations at the NEX. Amount **\$25.00**
14. **May 15** Your military paycheck was deposited by DFAS into your account. Amount: **\$789.05**

Use your register and your online account statement to reconcile your account. Record any dividends or fees on your statement in your register and calculate the balance. Do the online statement and your register agree?

# Account Management Exercise

The Credit Union

https://www.thecreditunion.com

File Edit View Favorites Tools Help

The Credit Union

 **ACCOUNT ACCESS**

Account Details for 1234567891 Checking

All Transactions | Electronic Debits | POS Transactions | Paid Checks | ATM Withdrawals | Deposits

All Transaction Activity

Date	Description	Amount	Balance
05/01/2014	Deposit – DFAS-CLEVELAND NAVY ACCT	789.05	892.00
05/01/2014	Dividend	.05	892.05
05/03/2014	Transfer – Auto Loan #987654321	272.00-	620.05
05/04/2014	Withdrawal – ATM ABC001	60.00-	560.05
05/04/2014	POS Debit – Movie Theater	10.00-	550.05
05/06/2014	Transfer – ABCD Insurance	159.00-	391.05
05/06/2014	POS Debit – myTunes	11.75-	379.30
05/07/2014	POS Debit – Pop’s Gas	42.50-	336.80
05/08/2014	POS Debit – Bob’s Pizzeria	11.25-	325.55
05/10/2014	ACH Payment – XY&Z Wireless	85.50-	240.05
05/10/2014	POS Debit – Tires Are Us	248.50-	8.45-
05/10/2014	Overdraft Advance Fee	20.00-	28.45-
05/11/2014	POS Debit – Commissary	37.25-	65.70-
05/11/2014	Overdraft Advance Fee	20.00-	85.70-
05/13/2014	Transfer – Acme Student Loans	92.75-	178.45-
05/14/2014	Overdraft Advance Fee	20.00-	198.45-
05/15/2014	Deposit – DFAS-CLEVEND NAVY ACCT	789.05	590.60

**Available Balance: \$590.60**  
**Current Balance: \$590.60**  
**Last Statement Balance: \$102.95**  
**Last Statement Date: 04/30/2014**



# Banking and Financial Services Resources

State chartered banks and trust companies that are members of the Federal Reserve System are covered by the Federal Reserve System:

## **Federal Reserve Consumer Help**

P.O. Box 1200  
Minneapolis, MN 55480  
Toll free: 1-888-851-1920  
TDD: 1-877-766-8533

[www.federalreserveconsumerhelp.gov/index.cfm](http://www.federalreserveconsumerhelp.gov/index.cfm)

State-chartered banks that are members of the Federal Reserve System are regulated by the Federal Deposit Insurance Corporation:

## **FDIC Consumer Response Center Federal Deposit Insurance Corporation Consumer Response Center**

Consumer Response Center  
1100 Walnut St., Box #11  
Kansas City, MO 64106  
Toll free: 1-877-275-3342 (1-877-ASK-FDIC)

[www.fdic.gov/consumers/consumer/ccc/](http://www.fdic.gov/consumers/consumer/ccc/)

To file a written complaint:  
[www.fdic.gov/consumers/questions/consumer/complaint.html](http://www.fdic.gov/consumers/questions/consumer/complaint.html)

State-chartered banks are also regulated by state banking authorities.

See the Consumer Action Handbook at [www.usa.gov/topics/consumer/consumer-action-handbook-online.shtml](http://www.usa.gov/topics/consumer/consumer-action-handbook-online.shtml) for a complete listing of state banking authorities.

Federally chartered credit unions are regulated by the National Credit Union Administration:

## **National Credit Union Administration**

1775 Duke St.  
Alexandria, VA 22314-3428  
Consumer assistance:  
1-800-755-1030

Email: [consumerassistance@ncua.gov](mailto:consumerassistance@ncua.gov)

[www.ncua.gov](http://www.ncua.gov)

Federal savings and loans and federal savings banks are regulated by the Department of the Treasury's Office of Comptroller of the Currency (OCC). Consumers can find answers to questions about national banks and federal savings associations at the OCC website.

## **Comptroller of the Currency Customer Assistance Group**

1301 McKinney St.  
Suite 3450  
Houston, TX 77010  
Toll free: 1-800-613-6743

[www.helpwithmybank.gov](http://www.helpwithmybank.gov)

# Checks 101

## WHAT IS A CHECK?

A check is a promise to pay. It is a guarantee that there is enough money in your checking account to cover the amount of the check. A check is a legal document, and writing a check without money in the bank to back it up is illegal.

## COMPLETING A CHECK

This may seem like basic information about writing a check, but in fact, many written checks are not properly completed. Mistakes and incomplete information can lead to problems. They may even make it possible for someone to take the check and alter the amount.



**1. Check Number:**

Be sure you record the same check number in the register.

**2. Date:** Always date the check for the day it is written.

A “postdated” check is one that is dated with a future date. In many states, a postdated check can be used immediately despite the later date that is written on it. If you have an agreement to the contrary, make sure it is in writing and signed by the party to whom you issued the check. Best advice: Do not postdate a check.

**3. Pay to the Order of:** Never leave this blank, unless the payee uses a stamp. Some merchants now have the ability to print their business name and the amount on the check for you, requiring only your signature on the check. If you choose this method, be sure to check for accuracy before signing.

**4. Dollar Amount (Numerals):**

Make sure it is correct and clearly written.

**5. Amount Line (Written):**

Make sure the written amount matches the numerical amount. Financial institutions pay the check according to the written amount.

**6. Notation Area:**

For personal use to make a note.

**7. Signature:**

Always sign the check as your name appears on your check (which should match the signature card at the financial institution).

**8. Bank Routing Number:**

Used for automated processing.

**9. Account Number:**

Issued to your account.

# Checks 101

## COMMON CHECK-WRITING ERRORS

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- **Illegible:** Make sure all parts of the check can be read.
- **Empty spaces:** It is easy to forge a check if there are empty spaces. Always complete the entire check.
- **Only filling in the numbers:** It is important to complete the entire check. Remember: The written amount is the amount that will be paid.
- **Not signing the check:** If a creditor returns a check to you for your signature, it could result in late charges.
- **Not signing your name as it appears on the check:** Always sign your name as it appears on the check and on your signature card at the financial institution.
- **Not lining through after the dollar amount:** Always fill the entire line. If your handwriting is small, this is particularly important. This is one of the most likely places on a check that could be forged.
- **Initialing errors:** If you make a mistake on your check, it is best to write “VOID” on your check and in your check register, and then write another check.
- **Writing in pencil:** Never write a check in pencil or erasable pen because it is easy to forge. A check is a contract, and contracts are null and void if written in pencil.

## ENDORISING A CHECK

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When depositing checks, you will need to endorse (sign) the check. An endorsement transfers ownership of a check. If you do not correctly endorse the check, it may be returned to you. For example, if your account reads “James Smith,” but everyone knows you as “Jim Smith,” you may receive checks payable to “Jim Smith.” When endorsing the check, sign your name both ways, first as it appears on the check, then as it really should be. There are three main types of endorsements:

**Blank:** Endorse the check by signing your name on the back. With a blank endorsement, if the check is lost, it can be easily cashed by anyone. Therefore, it is a good idea to only use this type of endorsement when you are cashing a check, and it is best to wait until you are at your bank or credit union to endorse the check.

**Restrictive:** This type of endorsement restricts the future use of a check. Writing “For Deposit Only” on the back of a check prevents its use for any other purpose. This endorsement will protect your check if it is lost or stolen because it can only be deposited to the account you specify.

**Special:** When you want to transfer ownership to someone else, write “pay to the order of” and the other person’s name on the back of the check. For example, if you transfer a check to Robert L. Jones, write “Pay To The Order Of Robert L. Jones” on the back of the check and endorse the check. Robert L. Jones will then endorse the check to negotiate it. The last endorser is always responsible for the check.

# Electronic Banking Safety Tips

## ATM AND ATM CARD SAFETY TIPS

- Sign the back of your card as soon as you receive it.
- Memorize your PIN and do not give it to anyone. Do not write your PIN on your card or keep the number in your wallet.
- For your personal safety and the protection of your money, limit ATM use to machines that are well-lit and in locations that are clearly visible from the street or from foot traffic.
- Watch out for “shoulder surfers.” Be aware of people around the ATM, and do not let anyone watch you enter your PIN. Cover the keypad with your hand as you enter your PIN.
- Keep track of all of your ATM transactions. When you take money out of the ATM, it does come out of your account!
- Be aware of any loose or odd-looking card readers at the ATM that might indicate card skimming. Identity thieves use skimming readers to capture account data stored in the magnetic strip of your ATM card, debit card or check card. The account data can be used to reload a new card. Thieves will place a small camera near the ATM to capture your PIN and use the new card to withdraw funds from your account.
- Put your money away safely before leaving the ATM area.



## ONLINE AND MOBILE SAFETY TIPS

- Never use public computers or wireless hotspots to conduct financial transactions; log out of your account and close your Internet browser after accessing your account.
- Use firewalls, anti-virus software, pop-up blockers and security patches to prevent hackers from accessing your computer.
- Do not open email or download attachments from unknown sources; you could unknowingly allow spyware onto your computer.
- Use strong passwords consisting of a combination of letters and numbers, and never use the same password for all of your accounts.
- Do not allow your personal computer to save your account password, and password-protect your computer login and smartphone to prevent others from accessing account information.
- Verify that your bank uses a minimum of 128-bit encryption for mobile banking.
- Sign up for account alerts that notify you when fraudulent activity is detected or account balances fall below a specified amount.
- Maintain a personal record of account transactions so you can identify any fraudulent transactions.
- Take advantage of all security services offered by your institution to help protect your account.
- Report a lost or stolen phone immediately to the bank, not just the cellphone service provider, and arrange to deactivate the mobile banking service.



# Terms of Banking

Match the terms on the left with the definitions on the right.

1. \_\_\_\_\_ Mobile banking
  2. \_\_\_\_\_ FDIC
  3. \_\_\_\_\_ Credit union
  4. \_\_\_\_\_ Skimming
  5. \_\_\_\_\_ Check
  6. \_\_\_\_\_ Command Financial Specialist
  7. \_\_\_\_\_ Remote deposit capture
  8. \_\_\_\_\_ Non-sufficient funds fee
  9. \_\_\_\_\_ Check card
  10. \_\_\_\_\_ Savings account
  11. \_\_\_\_\_ Text messages
  12. \_\_\_\_\_ Online banking
  13. \_\_\_\_\_ Direct deposit
  14. \_\_\_\_\_ Cashier's check
  15. \_\_\_\_\_ Overdraft protection
- A. This account typically allows unlimited deposits but is limited by federal regulation to six electronic transfers a month.
  - B. The ability to access your bank account, check account balances, transfer money and pay bills electronically via a computer or tablet.
  - C. The person at your command who has specialized education to be able to help you with financial matters.
  - D. Using an app to access your bank account information via your smartphone.
  - E. A nonprofit organization owned by its members.
  - F. When money is taken from a linked account and deposited into your checking account to cover a transaction amount larger than the balance.
  - G. Using a fake ATM reader to capture account data stored in the magnetic strip of your ATM or check card.
  - H. Electronically transmitting a digital image of a check to your financial institution.
  - I. This is issued and guaranteed by a financial institution and is safer to accept than a personal check.
  - J. This is a charge to applied to an account when there are not funds to cover a check, transfer or withdrawal.
  - K. The federal organization that insures bank accounts up to \$250,000 per account/per individual.
  - L. An electronic transfer of a paycheck into your account without the issuance of a paper check.
  - M. A payment card with a Visa or MasterCard logo on it which can be used to debit your account and does not require you to enter a PIN.
  - N. You can sign up to receive these to alert you when your account balance drops below a predetermined amount.
  - O. A promise to pay, a widely accepted form of payment, a legal document.

# What Are The Consequences?

Instructions: Consider what happens when you make poor financial choices and mismanage your accounts. List as many consequences as possible.

**PERSONAL**

**PROFESSIONAL**

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