



## The Cost of Using a Financial Institution (And the Cost of Not Using One!)

Take time to read and understand fees (if any) associated with the type of saving or checking account you select. Some fees may be waived if certain conditions are met (such as maintaining a specified average daily balance or making direct deposits into your account). The most common banking fees include:

- Monthly maintenance fee: \$1.00-\$20.00 per month (on average)
- ATM/debit card fees: Usually free at your financial institution's ATMs  
\$1.00-\$4.00 for non-network ATMs
- Check printing order: \$11.00 for a book of basic checks
- Overdraft fee: \$27.00-\$35.00 per transaction

When people don't have an account with a bank or credit union they end up paying for services that would otherwise be free. This can be much more costly than the fees listed above. Some of the most common expenses for people without accounts at financial institutions include:

- Check cashing services charge up to 6.83% of the face value of the check for their service. That means if someone cashed a \$200.00 check they only get to keep \$186.34.
- A person using a check-cashing service regularly to cash weekly payroll checks and write money orders will accumulate between \$139 - \$1,424 in fees each year.

### **For Example:**

You receive a \$500 check each month and cash it at your local check-cashing store.

The store charges 4.5% of the check's face value to cash it.

Each month you pay \$22.50 to cash your check.

At the end of the year you paid a total of \$270 just to cash checks!

That is a lot more than the \$36 per year (\$3 per month) maintenance fee that the average basic checking account costs.



## Savings vs. Checking Accounts

There are two types of accounts you might open at a financial institution: Savings Accounts or Checking Accounts. While the two accounts are similar they have important differences.

### Savings Account

- Provides a safe place to save money
- Usually earns interest – based on the amount of money in the account
- Does not allow you to write checks
- Might require a monthly fee if the balance falls below a certain amount
- Account Statement: to keep track of account balance

### Checking Account

- Lets you pay bills and buy goods with money you've deposited
- Lets you write a check or use an ATM card to take cash from your account
- Provides a monthly statement showing deposits and withdrawals
- May require a minimum amount to open, earn interest on your money, and avoid fees

To ensure that your money is kept safe, be aware of potential sources of fraud (when someone knowingly deceives you for their own gain). These tips can help you keep your money safe:

- Keep track of your expenses. Check your account summary regularly to make sure that there aren't any expenses you don't recognize (like purchases you didn't make).
- Keep your PIN secret. Don't write the PIN on the card or carry it with you. If you're the only one with access to your account you can be sure that any expenses you don't recognize are fraudulent.
- If you do think there are fraudulent expenses in your account, contact your financial institution right away!