

# Checking Account Basics

Don't feel safe walking around with a lot of cash? Maybe you know cash in your pocket is too easily spent. Many people like to manage their money with a checking account. There are many choices when opening a checking account and responsibilities that go along with it.

## What are Advantages and Disadvantages of a checking account?

### **Advantages**

Convenient—money available  
Safer than carrying cash  
Proof of payment  
Easier budgeting

### **Disadvantages**

Must keep track of account balance (checks, debits, ATMs)  
Minimum balance or extra fees  
Over-drafting (bounced checks) can be costly

## Questions to ask when shopping around for a checking account:

### • **What types of checking accounts are available?**

There are many types of checking accounts varying in names: Basic checking, "Free" checking, Express checking, "No Frills" checking, Interest bearing. Usually an account that pays interest means that you need to keep a certain amount of money in your account. Sometimes a fee may be charged for a debit card and for using the card at certain locations, so it's important to keep track of debit fees.

### • **Are overdraft protection plans available?**

Fees for overdraft protection may vary, but usually is not free. Funds must be available in some form of savings or a line of credit to cover exceeded amounts. An amount is usually charged - \$25 to \$35 - each time a bounced check is processed through your account. Once you make a deposit, the fees will be taken out before checks are paid and may leave you owing a large amount of money.

Financial institutions must offer you the choice to "*opt-in*" or agree to overdraft protection services if you overdraw your account when you use your **debit card or ATM**. BUT if you overdraw your account when you write a **check** or have an **automatic bill payment** from your account, your financial institution can charge you for overdraft protection. If you don't want overdraft protection services on checks and automatic payments, you need to check with your Financial Institution to find out if you can cancel this option or not. For more information: [www.federalreserve.gov/consumerinfo/](http://www.federalreserve.gov/consumerinfo/)

**To open a checking or savings account**, you must provide your name, birthdate, address, and acceptable ID number. An acceptable ID number can come from one of the following: Social Security card, passport (U.S. or foreign), or other government issued ID.

Other documents that MAY be accepted to open an account, depending on the policies of the individual financial institution, include: driver's license (foreign may be acceptable); telephone, gas, cable or electricity bill with name and current address; major credit card with an expiration date; voter registration card (foreign may be acceptable); student ID from a major college or university or military service card.

For an interest bearing account, a Social Security number or an Individual Tax Identification Number (ITIN) is required. If you don't have either one, you may be able to open a joint savings account with someone who does have a SS number. The U.S. Internal Revenue Service issues ITIN's to people who need to file income tax returns but are not eligible for a Social Security number. Consult with an immigration advocate or attorney before applying for an ITIN. To apply for an ITIN, you need IRS Form W-7. Some local banks, credit unions or community organizations may be able to help, but don't pay for the W-7 form - it is free. Not all banks and credit unions accept the same documents. If legal documents are not accepted at one place, go to another.

Sources: [http://www.texasappleseed.net/pdf/brochure\\_Immigrant\\_IDNeeded.pdf](http://www.texasappleseed.net/pdf/brochure_Immigrant_IDNeeded.pdf); FDIC Money Smart.

### **Consular ID Cards**

Many banks and credit unions now accept ID cards issued by foreign consulates, such as the Matricula Consular issued by Mexican consulates, as a primary form of identification. Contact the relevant local consulate to see if they issue an ID card accepted by banks and credit unions. Beware of "international IDs" that are not issued by governments. They are expensive and will not be accepted to open accounts.