

A4TD Network To Work Meetings Financial Literacy Series

Presented by Cody Fiala

Introduction to Cody Fiala

- ▶ Certified Credit Union Financial Counselor
- ▶ Employed at Opportunities Credit Union
 - ▶ Vermont nonprofit focused on helping people improve their financial strength & stability
 - ▶ Branches in Burlington & Winooski, VT
 - ▶ Outreach & Services provided throughout Vermont
 - ▶ **Counseling available to non-Vermont residents**
- ▶ Decades of professional experience at VT nonprofits
 - ▶ Education financing & loan repayment counseling
 - ▶ Data analysis
 - ▶ Revenue & expense projections
 - ▶ Manage Operational Budgets & Personnel

A4TD Network To Work Meetings Financial Literacy Series

December 2021

- ❑ Overview of Presentation Series
- ❑ Introduction to **Banking**

January 2022

- ❑ Personal **Budget**: Building a Budget
- ❑ Using a Budget to Save Money & Reach Your Financial Goals

February 2022

- ❑ **Credit**: Understanding Credit Reports & Scores
- ❑ How to Strengthen Your Credit Report to Save Money

March 2022

- ❑ **Fraud Awareness**: Protecting Yourself
- ❑ Protect Personal & Financial Information + Your Money

Introduction to Banking



What we will Cover:

- ▶ Where to Bank
- ▶ Benefits of Bank Accounts
- ▶ Types of Bank Accounts
- ▶ How to Open an Account
- ▶ Everything on a Check
- ▶ Actions with your Account
- ▶ Common Fees & Penalties
- ▶ Banking Products & Services
- ▶ Financial Safety

Where to Bank

Type of Financial Institutions

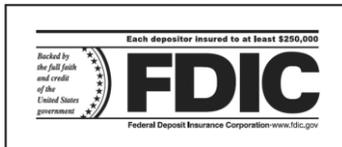
Bank

Credit Union

Type of Financial Institutions

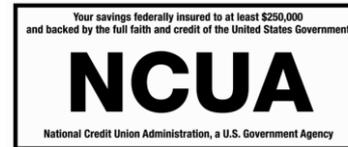
Bank

- ▶ For profit
- ▶ Most are owned by shareholders
- ▶ Usually no membership criteria to become a customer



Credit Union

- ▶ Not for Profit
- ▶ Owned by its members
- ▶ Membership criteria vary
- ▶ Look at local options



Benefits of Using Bank & Credit Union

- ▶ Security & Safety
- ▶ Convenience
- ▶ Interest
- ▶ Your Financial Goals

Types of Accounts

SAVING:

- ▶ Emergency Fund
- ▶ Future Expenses & Financial Goals
- ▶ Earn Interest
- ▶ Limit How Much or How Often You Can Take Out Money

CHECKING:

- ▶ Regular Expenses
- ▶ Connected to Debit Card & Checks
- ▶ Lower or No Interest
- ▶ Automatic Bill Payment Withdrawal

You can set up automatic deposits to each

Choosing a Financial Institution

- ▶ **Consider what is most important to you**
 - ▶ **Branch locations**
 - ▶ **ATM locations**
 - ▶ **Online technology**
 - ▶ **Mobile Banking**
 - ▶ **Safety Deposit Box**
 - ▶ **Variety of products: loans, savings, investments**
 - ▶ **Fees**
 - ▶ **Interest rates :Savings & Loan products**

Choosing a Financial Institution

Consider what is most important to you

- ✓ Branch locations
- ✓ ATM locations
- ✓ Online technology
- ✓ Mobile Banking
- ✓ Variety of products: loans, savings, investments
- ✓ Fees
- ✓ Interest rates: Savings & Loan products

What is important to you may change

You are not locked into one institution

How to Open an Account

- ▶ Fill out an application
- ▶ Photo ID
- ▶ SSN or ITIN
- ▶ Date of Birth
- ▶ Address Verification
- ▶ Sign Disclosures
- ▶ Opening Deposit

The financial institution may check to see if you owe money to another financial institution.

If you do, this may limit your options to open a new account.

Everything on a Check

1. Check-writer Personal information
2. Payee line
3. Dollar Box
4. Amount of the Check
5. Memo Line
6. Date Line
7. Signature Line
8. Bank information
9. Routing Number
10. Account Number
11. Check Number
12. Bank Fractional Number
13. Back of the Check

1 John Doe
123 Main St
Anywhere US 10111

Date 6 _____

790 11
1-678/1234 12

PAY TO THE ORDER OF 2 _____ 3

4 _____ DOLLARS

8 Your Bank
456 Main St
Anywhere US 10111

MEMO 5 _____ 7 _____

9 ⑆ 123456789 ⑆ 10 ⑆ 001001234 ⑆ 0790 11

Deposit

- ▶ In Person
- ▶ ATM
- ▶ Cash
- ▶ Checks
- ▶ Remote Deposit
- ▶ Direct-Deposit

Withdraw

- ▶ In Person
- ▶ ATM
- ▶ Cash
- ▶ Money Order

Transfers

- ▶ ACH
- ▶ Wire
- ▶ Third Party Services
 - ▶ Venmo
 - ▶ Paypal

What if You Don't have Enough Money in your Bank Account To Cover a Check You Write?

Overdraft

▶ Your purchase goes through

Non-Sufficient Funds

▶ Your Purchase does not go through

- Both result in a fee being charged to you
- Amount of fee for each may be different
- Your financial institution sets the fee amount

Fees & Penalties: Be Aware!

- ▶ Abandoned Account
- ▶ ACH Transfer Fee
- ▶ ATM Use
- ▶ Card Replacements
- ▶ Check Copies
- ▶ Expedited Payments
- ▶ Fax Service
- ▶ Foreign Transactions
- ▶ Inactive Account
- ▶ New Card
- ▶ Mail Service
- ▶ Minimum Balance
- ▶ Money Order
- ▶ Monthly Maintenance
- ▶ Negative Balance
- ▶ Non-Sufficient Funds
- ▶ Overdraft
- ▶ Paper Statement
- ▶ Stop Payment
- ▶ Wire Transfer

Additional Services & Products

- ▶ ATM
- ▶ Automatic Bill-Pay
- ▶ Cashier's Check
- ▶ Certified Check
- ▶ Check Cashing
- ▶ Electronic Banking
- ▶ Debit Cards
- ▶ Money Orders
- ▶ Mobile Banking
- ▶ Wire Transfers

Credit Products

- ▶ Credit Card
- ▶ Installment Loan
 - ▶ Car loan
 - ▶ Personal loan
 - ▶ Home improvement loan
- ▶ Mortgage
- ▶ Line of Credit

Other Providers of Financial Services

- ▶ US Post Office & Large Retail Stores
 - ▶ Money orders
- ▶ Convenience & Grocery Store
 - ▶ Purchase pre-paid cards
 - ▶ Check cashing
- ▶ Pay-Day Lenders
 - ▶ Provide short-term loan
 - ▶ Pay back loan with next paycheck
 - ▶ Usually very high interest rates & fees
 - ▶ Unpaid loan can snowball into larger debt

Supportive Products

Available at some Credit Unions & Banks

Supportive Products

Credit Builder Loan

- ▶ If your Credit History is not thick or not positive
 - ▶ Not thick: Minimal use of credit cards or loans
 - ▶ Not positive: Late payments on credit cards or loans
- ▶ You don't receive the money until the loan is paid
- ▶ Money is held in a savings account & earns interest
- ▶ Loan *usually* is less than \$1,000
- ▶ You make monthly payments for usually one year or less
- ▶ Benefits
 - ▶ Establish or improve your credit history
 - ▶ Accumulate savings

Supportive Products

Borrow & Save Loan

- ▶ You need a small affordable loan + support in saving \$\$
- ▶ Some of the loan is immediately available to you
- ▶ Some of the loan is held for you in a savings account
 - ▶ Available when you pay the loan amount in full
- ▶ Loan *usually* is less than \$1,000 - \$3,000
- ▶ **Benefits**
 - ▶ Help you pay off a small but high interest loan
 - ▶ Alternative to a costly “payday advance” loan
 - ▶ Improve your credit history
 - ▶ Accumulate savings

Supportive Products

Secured Credit Card

- ▶ Your credit history is not thick or not positive
 - ▶ Not thick: Minimal use of credit cards or loans
 - ▶ Not positive: Late payments on credit cards or loans
- ▶ Typical credit card uses money that is *not* yours
 - ▶ Expectation that you will pay it back as required
- ▶ Secured credit card uses *your own* money
 - ▶ You make a deposit to secure the credit card, usually \$200 - \$500
 - ▶ You can charge credit on this card up to the deposit amount
 - ▶ Expectation that you will pay it back as required
 - ▶ Your deposit is returned to you when you close the account
- ▶ **Benefits**
 - ▶ Build positive credit history
 - ▶ Low Risk Credit Card convenience

Keeping your Account Safe

- ▶ Review your monthly statement
- ▶ Online account access allows more frequent monitoring
- ▶ Keep a record of checks written & bills paid
- ▶ Keep a record of Debit Card use
- ▶ Keep secure or shred material with account information
- ▶ Safeguard your bank account number & routing number
- ▶ Check your credit report
- ▶ Beware of fraud attempts & scams

Resources:

- ▶ FDIC Money Smart Program
- ▶ Consumer Financial Protection Bureau
Consumer Education
- ▶ Annual Credit Report
- ▶ See your Handout for Link to these Resources



Thank you for your time!

Questions?

For Confidential Questions & Financial Counseling

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