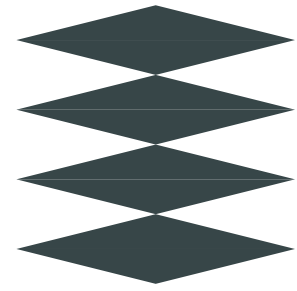




HOW TEENS AND COLLEGE STUDENTS CAN MANAGE A CHECKING ACCOUNT



Smart Money Moves: The Ins and Outs of Teen and College Student Checking Accounts



If you're a teen or college student who's been saving money from work or gifts, a safe place to store that money is in a checking account.

Getting a checking account early in life can help set you up for financial success in the future. A study by the [FINRA Investor Education Foundation](#) found that learning about how to use tools like checking accounts is linked to better financial decision-making and future finances. Another study, by the [University of Kansas](#), found that being confident in your finances leads to better health.

There are lots of other benefits to having your own checking account.

These include:

- ◆ The ability to use your debit card at automated teller machines (ATMs) around the world to get cash whenever you need it
- ◆ Extra convenience, since you can carry a plastic debit card in your wallet rather than bulky bills of cash
- ◆ Direct deposit capabilities, which means your employer could automatically send you money on payday, right to your checking account
- ◆ The ability to link a checking account to recurring bills, so you can set up automatic payments instead of having to manually remember when to pay what you owe
- ◆ The ability to make online purchases using your checking account information

In this guide, learn more about what exactly a checking account is and how it works. If you're ready to get started, visit [Arizona Central Credit Union to sign up for a free checking account](#).



TABLE OF CONTENTS

CHAPTER 1

Why You Should Have a Checking Account

Page 4

CHAPTER 2

How to Perform Basic Banking Tasks

Page 7

CHAPTER 3

How to Navigate Online Banking

Page 11

CHAPTER 4

How to Track Your Spending and Avoid Overdrafts

Page 17



CHAPTER 01



Why You Should Have a Checking Account

First, it's helpful to understand what exactly a checking account is, what types of features are usually available, and how you can use a checking account, to determine if one is right for you.

What Is a Checking Account?

A checking account is a type of bank account where you can store your money, deposit money you receive, take out cash from your account, use your account to pay for digital transactions, and pay for in-person purchases using your debit card. When you sign up for a checking account, you'll typically get features like:

- ◆ An online portal, which you can sign into to see your balance, purchases from your account, cash withdrawals from your account and deposits into your account
- ◆ Paper checks, which you can use to pay for big purchases in person
- ◆ A debit card, which you can swipe, tap, or insert into payment portals when you're making in-person purchases, as well as use to get cash out of ATM machines

With a checking account, you can provide your account number to an employer, who can then electronically and automatically deposit your paycheck funds into your account. You can also link a checking account to bills you owe, like a streaming subscription or a gym membership. The businesses you owe money to can automatically withdraw funds when they're due, with no action needed on your part.



CHAPTER 01



Benefits of Having a Checking Account

A checking account gives you instant access to the money you have available to make purchases or use elsewhere, like to store in a savings account and accrue interest, or to use toward a down payment on a car.

Checking accounts that are insured by the [Federal Deposit Insurance Corporation \(FDIC\)](#), otherwise known as FDIC-insured, or the National Credit Union Share Insurance Fund (NCUSIF), means that you can store up to \$250,000 in your account and know that it's always protected, even if the bank or financial institution is compromised. For example, if a bank gets hacked by a thief, you don't have to worry that you'll lose your money because it's insured.

That makes storing your money in a checking account often a safer option compared to holding on to cash. If your home gets broken into and your cash gets stolen, it's more difficult to recover that. Also, if you lose your debit card, or it's stolen, you can cancel it to protect your money. That's an extra layer of protection compared to losing cash or having it stolen.

Once you've set up a checking account, you can start to build a positive relationship with that financial institution. That could make it easier to open other different kinds of accounts, like a [savings account](#), [certificate of deposit account](#), or credit card account.





How to Open a Teen or Student Checking Account

To open a checking account, you may want to do some research first to compare your options among different financial institutions. Some financial institutions will have higher fees for overdrafting your account, for example. Others may charge a monthly fee to have an account, while some will let you open and keep one for free.

There are also [different types of checking accounts](#) to consider, including:

- ◆ **Standard checking account:** allows you to transfer funds, use a debit card, pay bills and manage accounts online
- ◆ **Interest checking account:** similar to standard checking accounts, with the ability to earn monthly interest on the funds in the account
- ◆ **Rewards checking account:** similar to standard checking accounts, with additional rewards, like preferred interest rates on new loans
- ◆ **Cash-back checking account:** similar to standard checking accounts, with the ability to receive cash back based on purchases

As you research different financial institutions, you can ask about the types of checking accounts they offer, as well as their fees and requirements in order to maintain the account.

Typically, to open a checking account, you'll need to:

1. Be at least 18 years old to open a checking account on your own, or enlist your parent or custodian to cosign for your account if you're younger than 18
2. Head into a financial institution, or apply online through the financial institution's website
3. Provide basic information, like your birthday, Social Security number or taxpayer identification number, mailing address, phone number, and other details
4. Provide a valid, government-issued photo ID to confirm your details, like a driver's license, state ID card, or passport
5. Make an initial deposit, which may or may not be a requirement, and which could be as low as \$25

Once you have your account set up, you can look into options like paperless statements and other features available in your online account. You can also provide your account number to your employer to [directly deposit](#) your paycheck funds into, and to any organization you owe regular payments to for automatic payments.

CHAPTER 09

How to Perform Basic Banking Tasks

When your checking account is live and ready to use, there are different ways to use it to store and spend your money. The following are some options you have.

How to Write a Check

If you need to make a large purchase in person, or you want to give someone money as a gift or because you owe them, you can write a check to pay them. To write a check, follow these steps:

1. Write the date in the top right corner.
2. On the “Pay to the order of” line, write the name of the person or organization you’re paying.
3. Write the numerical payment amount in the box after the \$ sign.
4. On the line after that, write out the dollar payment amount in words, and the cents amount in the format XX/100. For example, if you’re writing a check for \$125.75, you’d write “One hundred twenty-five and 75/100”.
5. In the optional Memo field, you can write the reason for the check, such as “Rent” or “Birthday gift”.
6. On the bottom-right line to the right of the Memo line, sign the check with your signature.

Your checkbook will also include a check register, where you can keep a record of all checks you write. Fill out this information, so you can verify it against your monthly bank statement and have a better understanding of your true balance, even before the recipient cashes the check.

To prevent check fraud, keep your checkbook in a secure location, like a safe, so no one else can get access to your checking account. If you lose your checkbook or no longer have access to your checks, contact your financial institution.

When you’re writing your checks, use a blue or black gel pen, if possible. That can add another layer of security, as the ink soaks into the paper and is more durable than ballpoint pen ink.





Making Deposits

There are several ways you can add money to your checking account through deposits. These include:

1. Sign up for direct deposit. If an organization, like your employer, regularly pays you, you may have the option to sign up for direct deposit. That means, on payday, the organization will automatically send the money they owe you to your checking account electronically. To sign up, you'll typically need to provide your bank's account number and routing number. You can find these in your online account. On a check, the routing number is on the bottom left, and the account number is in the middle on the bottom.
2. Deposit cash or checks at your financial institution. If you want to deposit cash or a physical check, you can also go to your financial institution and do so with a teller. If you're depositing a check, you'll need to "endorse" it by signing the back of the check on the line underneath where it says "Endorse Here".
3. Deposit cash or checks at an ATM. You can also deposit cash or checks at an ATM machine. You'll need to enter your debit card and your personal identification number (PIN) to access your account and deposit funds. Once you've made the deposit, you can view your checking account balance to ensure it's accurate. Call your financial institution if you have questions about your balance.
4. Deposit a check through your phone. Many financial institutions allow you to deposit checks online, through a mobile app or the organization's website. You'll follow the same endorsement steps as you would when depositing a check in person or at an ATM. You'll have to take a clear photo of the front and back of the check to scan it into the mobile deposit.

With any deposit you complete, make sure to get a deposit receipt. When you check your monthly statements, make sure all deposits were accurately transacted in your checking account. Contact your financial institution if there are any discrepancies.



CHAPTER 09



Understanding Deposit Holds

There's typically a short period you'll have to wait before you can use funds you've deposited into your checking account. This "deposit hold" time is typically a security measure financial institutions impose to make sure the check and accounts are accurate.

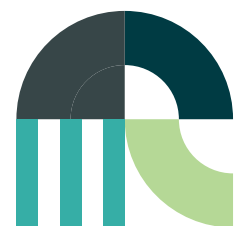
Regarding deposit hold timelines, according to the [Consumer Financial Protection Bureau](#):

- ◆ If you deposit a check or checks for \$200 or less in person at your financial institution, you can access the full amount the following business day.
- ◆ If you deposit a check or checks for \$200 or more, you can access \$200 the next business day and the rest of the money the second business day.
- ◆ If you make a check deposit at the bank's ATM, you can access the full amount on the second business day.

Some banks may extend the length of the deposit hold. Potential reasons include:

- ◆ The deposit was for \$5,000 or more.
- ◆ Your account is new.
- ◆ You've overdrawn from your account over the limit in the past 6 months.
- ◆ You deposited your check in an ATM that's owned by an organization other than your financial institution.

If you need to request expedited processing for your deposit, it's best to deposit a check in person and talk to the teller. Otherwise, when you're depositing checks, try to factor in at least two business days before you plan to use the funds.





Balancing Your Account

The easiest way to keep accurate tabs on your checking account is to use your online checking account or your financial institution's mobile app. These tools will show you up-to-the-minute balances and provide immediate insight into all past transactions, including deposits, withdrawals, and payments. In some online checking account dashboards, you can even chat live with support and ask questions with your account right in front of you.

To ensure your checking account is accurate, follow these tips to balance your account.

1. Verify checking account statements with check registers. You'll receive a monthly checking account statement in the mail, or you can look at it online if you've chosen a paperless option. Once your monthly statement is released, look at your check register and check deposit receipts to make sure all checks you've written and checks you've deposited are reflected in your account. If there are discrepancies, you can follow up with your financial institution or the people you've written checks for.
2. Remember the deposit hold period. If you attempt to spend money you've deposited before it's available, you could overdraft your account, which means you may have to pay a fee because of a negative account balance.
3. Avoid overdrafts. It's helpful to know your checking account balance before you make a purchase, so you ensure you have enough money right now and don't overdraft your account. That requires knowing your transaction schedule. For example, if an organization you owe money to typically withdraws funds on a certain day, you can anticipate having a lower balance around that time.

If your account balance doesn't seem accurate, it may be due to an outstanding check being processed, either to be deposited into your account or because of one you wrote for someone else. It's also possible the bank made an error. When you keep accurate records, you can more easily verify your balances and communicate with your bank when you think there's an error.



CHAPTER 03



How to Navigate Online Banking

Most consumers today enjoy the convenience of online banking. According to [Forbes](#), in 2022, 78% of U.S. adults preferred banking through a website or mobile app, compared to in person.

Mobile banking gives you anytime, anywhere access to your checking account, right from your smartphone. In this section, learn how to use online banking to manage your money.

Benefits of Online Banking

Online banking lets you manage your account anywhere with an internet connection, including from your mobile phone. Some of the features online checking accounts typically offer include:

- ◆ 24/7 account access
- ◆ Mobile check deposit
- ◆ Online bill pay, by connecting your checking account to organizations you need to pay on a regular schedule

To protect their customers' accounts, financial institutions use a variety of security measures to safeguard customer data. These include:

- ◆ **Authentication:** In order to access an account, a financial institution will require a login and password. You may be able to opt in to multifactor authentication, which adds an extra verification step, such as through entering a code that's delivered to your phone.
- ◆ **Encryption:** When you make online payments or sign up for automatic bill pay, your payments are encrypted so that the recipient doesn't get access to your full account information.
- ◆ **Fraud protection:** Your financial institution may offer fraud protection to detect unusual activity with your account. If you notice something suspicious, you can contact your financial institution immediately to lock access to your account and work on recovering your funds.

Financial institutions also use sophisticated cybersecurity measures to protect against cybercriminals and threats like malware. You can be assured that your money stays protected in your checking account, including when you have mobile access set up.

CHAPTER 03

Setting Up Online Banking

Speaking of setting up mobile access, here's how you'd typically sign up for online banking:

1.

Visit your financial institution's website.

2.

Click on a button that says something similar to "Enroll in online banking."

3.

Choose something similar to "Personal banking."





4.

Follow the steps. You'll likely be asked to submit personal information, such as your name, address, phone number, and Social Security number. You'll also need your checking account number.

5.

Choose a username and password, as well as answers to security questions, if given the option.

6.

Link external accounts, if relevant. For example, if you have a savings account with another bank, you can click on something similar to "Link external accounts" and input the account number to enable you to transfer funds between accounts. If you want to link your checking account to an app like PayPal or Zelle, you can go to those sites and input your account information, as well.

7.

Set up account alerts to receive notifications about account activity and potential issues.

You can follow the same steps through your financial institution's mobile application. If you have questions about using the account, look in the financial institution's help bank or frequently asked questions, or reach out to a representative for help.

CHAPTER 03

Using Mobile Banking Apps

If you decide to use a [mobile banking app](#), it makes logging in to your online banking account as simple as a click on your phone. Some convenient features of mobile banking apps include:

- ◆ Account balance visibility
- ◆ Transaction history and notifications
- ◆ Mobile check deposit
- ◆ Security alerts about your accounts

To make sure only you have access to your account, follow best practices for smartphone security. These include:

- ◆ Use strong login passwords for both your phone and your mobile banking app, and/or use biometric authentication like facial recognition for extra security.
- ◆ Don't access important personal information, like your checking account, on public Wi-Fi networks.
- ◆ Update your mobile device with the latest security software updates.

Remember that if your device is compromised in a public Wi-Fi setting, or if you give someone else the ability to view your device through a third-party app, your personal banking information could be exposed. If your account has been compromised, make sure to quickly reset your password and talk to your financial institution for extra protection.





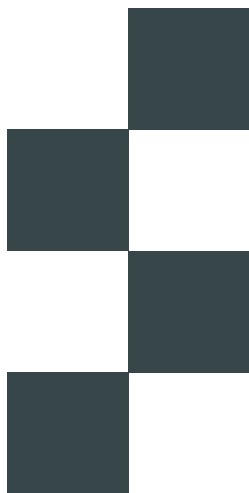
Security Measures for Online Banking

Your finances are worth protecting, so it helps to take extra security precautions. Make sure to:

- ◆ Create unique, complex passwords for your online banking accounts.
- ◆ Use two-factor authentication for an extra layer of security, since logging in would require a second form of verification.
- ◆ Be cautious about who you share your account number with.

One way cybercriminals gain access to individuals' financial account information is through phishing scams. As the Federal Trade Commission explains, phishing is the act of contacting an individual, pretending to be a legitimate organization, and asking for personal information such as a Social Security number or account number.

For example, someone might receive an email from someone pretending to be a bank. The "bank" may say that they've detected a fraudulent charge, and if the person wants to dispute it, they need to email their account number so the "bank" can look into the issue. Once the thief has someone's personal information, they could use that to hack into accounts.



CHAPTER 03

Phishing is on the rise. The [Anti-Phishing Working Group](#) reported there were nearly 5 million phishing attacks in 2023, making it the worst year for phishing on record.

Some of the phishing tactics a cybercriminal might use include:

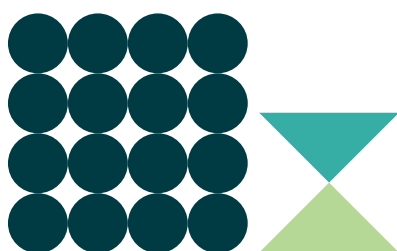
- ◆ Saying they've noticed suspicious log-in attempts or activity
- ◆ Saying there's a problem with your account or payments
- ◆ Saying you need to confirm personal or financial information
- ◆ Sending you a false invoice
- ◆ Wanting you to click on a link to "log in" to your account

Phishing efforts can seem totally legitimate, even using a real organization's logo in the email body. Cybercriminals may set up websites with the organization's name in it, so that the email they send looks like it actually came from the organization. The phishing attempt may take you to a website that captures even more personal information when you try to fix the problem or "log in" to the fake account.

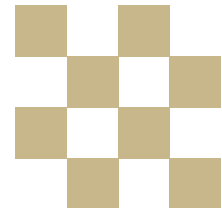
The FTC advises if you suspect a phishing attack, before you take any action, first think about if you have an account with the company or know the person who contacted you. If you don't, it's likely a phishing scam. You can report the message, then delete it.

If you are familiar with the company or the person contacting you, contact the company based on their official contact information, via their website. The organization can verify they sent the message, and you can handle communications from there.

You can protect your data against phishing by updating your computer and mobile device with the latest software updates, and by using multifactor authentication for your accounts. You can also back up your data in the cloud, so that it's there in case your device gets hacked.



CHAPTER 04



How to Track Your Spending and Avoid Overdrafts

While your checking account can help you develop financial responsibility, you also don't want it to cost you more money because of withdrawal mistakes. To avoid overdrafting your account and having to pay harsh penalty fees, use these tips.

Importance of Tracking Expenses

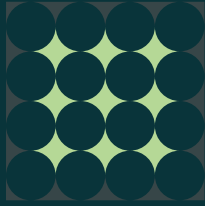
Tracking your expenses can help you understand your spending patterns, identify areas in which you could save, and ensure you don't overspend. A budget organizes your anticipated expenses and anticipated income on a regular basis, so you can plan what you'll spend money on and understand how much you have to spend.

There are [different types of budgeting methods](#) to choose from. One of the most popular budgeting techniques is the 50/30/20 rule. This rule says you'll allocate:

- ◆ 50% of income toward necessities, like housing, food, and transportation
- ◆ 30% of income toward wants, like vacations and dining out
- ◆ 20% of income toward savings, like an emergency fund and a retirement plan

You can use a free budgeting app that links with your checking account and presents you with graphs that break down your spending into category percentages. You can also physically write out expenses and compare them with your online account.

When you track your spending, you may notice you spend a lot of money on non-essentials that you don't really enjoy, like a monthly streaming subscription you rarely use. Pay attention to your spending, so you can put your money toward things that add meaning to your life. You may notice that a few small shifts in your spending habits, like cooking at home more than eating out, could help you save money for more meaningful purchases, like a down payment on a home.



Using Apps and Tools for Expense Tracking

There are many free [budgeting apps that can help you manage your money](#). Some popular ones to consider include:

- ◆ **Mint:** Mint links with your checking account, notifies you when you're approaching the end of your budget, and sends you bill alerts and more.
- ◆ **PocketGuard:** PocketGuard syncs your financial accounts, provides personalized spending reports, and shows you how much money you realistically have to spend, based on upcoming bills and goals.
- ◆ **Goodbudget:** With Goodbudget, you portion out your monthly income into specific spending categories that you can track.

If you'd rather control your budget and track all your expenses yourself, you can use spreadsheet software like Microsoft Excel or Google Sheets to create personalized expense trackers. Manually inputting all your expenses may be helpful if you want a reminder of what you're spending each day.

What Is an Overdraft?

An overdraft occurs when a transaction exceeds the available funds in a checking account, which results in a negative balance. Financial institutions typically charge fees for overdrafts, which can add up quickly if they're not managed properly.

You can prevent overdrafts by tracking your expenses, so you know what transactions are coming up and about how much you'll have in your account each day. Some financial institutions also offer overdraft protection programs. These may include:

- ◆ **Linked savings accounts:** When you've linked a savings account with your checking account, your financial institution may take what you owe from an overdraft from a savings account to cover the overdraft.
- ◆ **Lines of credit:** An overdraft line of credit is like a credit card without a card. If you overdraft your checking account, the charge will appear on your line of credit, which may charge interest if you don't pay back what you owe in time.
- ◆ **Grace period:** You may get a day or two before a financial institution charges you an overdraft fee.

Pay attention to your account activity daily if you can, so you can see if you've overdrafted your account and can fix it quickly.

CHAPTER 04

Consequences of Overdrafts

According to the [FDIC](#), overdraft fees average around \$35 for each overdraft. If you continue overdrafting an account, you could end up owing a lot and having to move money from one spending category in your budget toward paying off overdraft debt.

If you continue to accumulate overdrafts and don't pay your fees, what you owe could be sent to a collections agency. This could [negatively impact your credit score](#), which makes it more difficult to obtain a good credit card, get an apartment, apply for other funding and take other financial actions.

Also, if you fail to pay what you owe to your financial institution, they could close your checking account altogether. To set yourself up for future financial success, it's helpful to be mindful of avoiding overdrafts and only spend what you can afford.

Tips for Avoiding Overdrafts

To avoid overdrafts, use your budget and expense tracking to stay on course. Some practices that can help include:

- ◆ Check your account balance and transactions each day, so you know what's available. That way, you can identify any odd transactions and address any issues quickly.
- ◆ Set up alerts for a low checking account balance, if your financial institution offers them.
- ◆ Set up alerts for large transactions, if your financial institution offers them, so you stay informed about your account activity.

You may also want to keep an "overdraft fund" in your checking account, which is a set amount of money you don't touch but that can protect you in case you have unexpected expenses and become in danger of overdrafting. The more savings you can store in your checking account, the bigger buffer you have to [prevent overdrafts](#).



OPEN YOUR FIRST CHECKING ACCOUNT WITH



Your first checking account can help pave the way for future financial security. With a checking account, you can:

- Write checks
- Automate payments for recurring bills
- Get automatic payments from an employer
- Deposit checks
- Access cash from ATMs
- Go cashless with a debit card
- Store your money in a safe, secure, protected environment

If you're ready to start storing your money with a financial institution that can keep it safe and make it easier to manage, Arizona Central Credit Union can help. View our checking account options to sign up today.

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