

A GUIDE ON

How and Why to Open a Bank/Credit Union Account

OVERVIEW

Opening a bank account in the United States allows you to manage your finances in a safer way than just using cash. Money at banks is insured by the FDIC, and NCUA at credit unions, which means your money is protected (up to a certain amount) even if a bank or credit union has financial trouble.

WHY YOU NEED A BANK ACCOUNT

Paying Bills

- **Utility Payments:** Most utility companies require payments through automatic transfers or checks.
- **Online Banking:** Your banking can be done from a phone or computer which allows you to link your bill accounts to your credit union or bank for transactions.

Access to Money

- **Employment:** Most employers have direct deposit, which means your paycheck can be deposited directly into your account. This means you will not have to wait for a check to clear. Instead, you may have immediate access to your money on payday.

Using Checks

- **Secure Payments:** Checks can be a secure way to send money and credit unions/banks have systems in place to help prevent fraud.

Access to ATMs

- **Convenience:** Receive or withdraw cash from ATMs, preferably from your bank/credit union to avoid fees.
- **Debit Cards:** Use your bank-issued debit card for purchases and cash withdrawals.

Access to Loans

- **Supporting Financial Goals:** Financial institutions require a bank account to assess your financial situation before granting loans.

TYPES OF ACCOUNTS

Checking Accounts

Access to Money: This account is linked to checks and a debit card and can be used for everyday transactions.

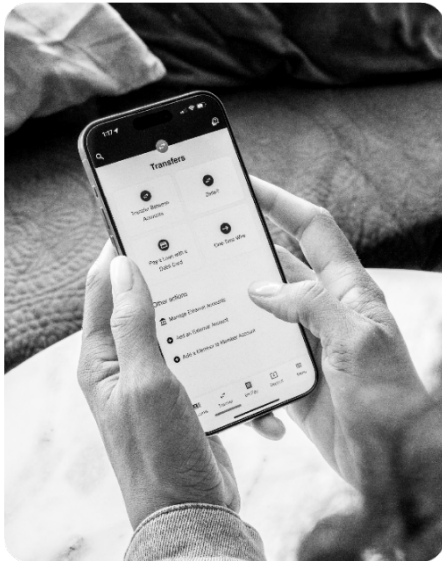
Savings Accounts

Saving Money: Earns interest (extra money paid for borrowing or earned from lending) on your savings and grow your money over time. Some banks/credit unions may only allow a certain number of transfers between your savings and checking accounts per month.

HOW TO OPEN A BANK ACCOUNT

Required Documents

- **Government Issued ID:** Driver's license, birth certificate, or passport.
- **Minimum Deposit:** Cash or check.
- **Proof of Residence:** Utility bill or similar document.
- **Social Security Number:** Required for identification.



COMMON TYPES OF FEES TO LOOK OUT FOR

Minimum Balance

- **Requirement:** Maintain a minimum balance to avoid fees.

Overdraft

- **Fee:** Charged if you spend more than your account balance.

Minimum Deposits

- **Activity Requirement:** Some financial institutions require a minimum number of deposits.