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BANKING ON THE FUTURE



BANKING ON THE FUTURE

BANKING ON THE FUTURE A FINANCIAL LITERACY CURRICULUM

ACKNOWLEDGEMENTS

USCRI Partner Agencies work daily to improve the lives of their clients. Financial literacy is critical to a new refugee or immigrant's ability to achieve economic self-sufficiency. In order to help our partners deliver financial literacy education, USCRI has created the Banking on the Future Financial Literacy Curriculum. The curriculum can be easily integrated into English as a Second Language (ESL) or other courses delivered at your agency.

As part of the Banking on the Future Program, we have also developed four brochures on the following topics: Banking, Credit, Credit & the IOM Loan, and Electronic Banking. The brochures are available in Arabic, French, Spanish, Somali and Russian. The brochures can be integrated into case management services, disseminated during cultural orientation or displayed in your agency's lobby.

We hope the Banking on the Future Program will help you help your clients achieve economic success!

HOW TO USE THIS CURRICULUM

The USCRI Banking on the Future Financial Literacy curriculum is an intermediate-level curriculum. The curriculum consists of eight lessons. Each lesson can be presented in 50 or 90 minutes. We suggest you conduct as many sessions as necessary on each topic to ensure your students understand the concepts.

The curriculum is designed to be easily integrated into your current ESL and other courses, or can be presented as stand alone classes or seminars.

PLANNING EACH LESSON

Each student in your class should receive a copy of the lesson. Each lesson has six sections. All of the information for instructor presentation is on each lesson so the student can take a record of the information with them. Each lesson includes Terms and Information, Exercises, Expand Your Knowledge, Ask Your Teacher or Case Manager and Resources sections.

The sessions are designed to be interactive with minimal presentation time. The first ten to twenty minutes of the session should be used to conduct the group discussion and go over the terms and information. Each lesson has an exercise which should be completed as a group. Students in need of more challenging information or exercises can complete the exercises in the “Expand Your Knowledge” section. Students should be encouraged to practice the concepts they learn in the session. The “Ask Your Case Manager or Teacher” section of the worksheet provides students with opportunities to practice the concepts presented in the “Terms & Information” section. All students should also be encouraged to visit the on-line resources in the “Resource” section.

MEASURING YOUR STUDENTS' SUCCESS

It is recommended that your students' success be measured. You should evaluate the impact the lessons have on your students' knowledge of financial literacy and their banking practices. Instructors should develop pre and post tests tailored to meet the skill level of your students. The course objectives for each lesson serve as a guide to help you develop a measure of your student's aptitude for each lesson.

Banking on the Future Financial Literacy Education—Objectives

Core learning goals

- 1. To include savings as a budgeting priority.**
- 2. To understand the purpose of a bank.**
- 3. To understand how bank services can contribute to their financial well-being.**
- 4. To understand the concept of electronic banking.**
- 5. To recognize the importance of repaying the IOM loan and to recognize behaviors necessary to ensure maintenance of good credit.**
- 6. To understand the purpose of the U.S. Tax System.**
- 7. To begin to think about asset development.**
- 8. To avoid predatory lending.**
- 9. To be more informed about savings accounts and other ways to save.**
- 10. To learn the correct use of a checking account.**
- 11. To understand the responsible use of credit cards.**
- 12. To learn the best way to send money overseas.**

Lesson One: Budgeting

1. Students will demonstrate the ability to prepare a budget for their monthly expenses.
2. Students will understand the importance of factoring savings into their monthly budget.
3. Students will be able to understand the difference between a “need” and a “want”.

Lesson Two: The Bank

1. Students will understand the function of a bank.
2. Students will identify the reasons to keep their money in a bank.
3. Students will identify the services of a bank.
4. Students will identify the necessary documents needed to open a bank account.
5. Students will understand what questions to ask when selecting a bank.
6. Students will identify local banks.

Lesson Three: Bank Accounts

1. Students will know and use key banking terms.
2. Students will identify differences between a checking and savings account.
3. Students will demonstrate the ability to write a check.
4. Students will demonstrate the ability to understand the sections of a bank statement.

Lesson Four: Electronic Transactions

1. Students will understand the concept of Electronic Funds Transfer (EFT).
2. Students will identify the use of a debit card.
3. Students will identify the use of an Automated Teller Machine (ATM).
4. Students will understand concept of direct deposit.

Lesson Five: Understanding Credit

1. Students will understand the purpose of credit.
2. Students will understand how credit works.
3. Students will understand why good credit is important.
3. Students will know and use terms related to credit.
4. Students will demonstrate the ability to calculate their debt to income ratio.
5. Students will understand the importance of timely IOM loan repayment.

Lesson Six: Taxes

1. Students will understand the purpose of the U.S. tax system.
2. Students will recognize tax deductions from their paychecks.
3. Students will know to file taxes yearly.
4. Students will understand the Earned Income Tax Credit (EITC).

Lesson Seven: Asset & Wealth Development

1. Students will understand the importance of asset development.
2. Students will be introduced to the concept of “investing”.
3. Students will know and recognize terms related to asset development.

Lesson Eight: Consumer Rights

1. Students will understand that they have rights as a consumer.
2. Students will understand predatory lending and how to protect themselves from it.
3. Students will demonstrate the ability to recognize “scams” and predatory lending practices.

Lesson Nine: Savings

1. Students will understand the value and purpose of saving.
2. Students will identify things to know when shopping for a savings account.
3. Students will become familiar with different savings products.

Lesson Ten: Maintaining A Checking Account

1. Students will understand how to keep track of their checking account.
2. Students will learn how to keep a check register and write a check.
3. Students will learn how to make a deposit into a checking account.

Lesson Eleven: Credit Cards

1. Students will identify factors to consider when shopping for a credit card.
2. Students will understand the costs of credit cards.
3. Students will recognize precautions to take when having a credit card.

Lesson Twelve: Remittances

1. Students will identify different ways of sending money overseas.
2. Students will understand the costs of sending money.
3. Students will become better skilled at including remittance costs in their budget.



Lesson 1—Budgeting



DISCUSSION: What are your financial goals? What would you do with the money you save?

SAVING IS AS IMPORTANT AS PAYING YOUR BILLS! PAY YOURSELF FIRST!
It is important to save money because you can use that money to further your education or buy a house or a car. You will also need extra money in case of an emergency.

BANKING ON THE FUTURE TERMS & INFORMATION

- Budget**—A plan for spending and saving money based on a person’s goals during a given period of time.
- Expenses**—Money a person spends. Fixed expenses are money that you spend that is the same amount every time, such as rent or a car note.
- Income**—Money a person receives; gross income/net income.
- Needs**—The essentials of life—such as food and electricity.
- Wants**—Products or services that are not essential.
- Savings**—Money set aside for financial goals.
- Cost of Living**—The average cost of a variety of expenses for living, such as rent or home costs, transportation costs, insurance, utilities like natural gas and electricity and food.

BANKING ON THE FUTURE EXERCISES

Make a budget based on your monthly expenses:

<i>EXPENSES</i>	<i>AMOUNT</i>	<i>DUE DATE</i>
Rent	\$650.00.....	January 30, 2005.....
Food
Electricity
Transportation
IOM Loan
Savings	GOAL = Amount + Date:	
Medical Expenses
Phone
Allowance
Remittance
<i>TOTAL EXPENSES</i>		



BANKING ON THE FUTURE

EXPAND YOUR KNOWLEDGE

What is comparison shopping? What are grocery store brands and coupons? What is a sale? How can you save money on your monthly expenses?

ASK YOUR CASE MANAGER OR TEACHER

Ask your case manager where your local bank is.

RESOURCES

www.frugalliving.about.com



Lesson 2—The Bank

DISCUSSION: Do you have a bank account? What do you know about the bank?

BANKING ON THE FUTURE TERMS & INFORMATION



A bank is a financial institution that offers you a place to keep your money. Banks are required to operate according to federal and state guidelines. The United States government protects the money you deposit into banks. If something happens to your money and the

bank is responsible, the U.S. government will return the money you had in the bank to you (up to \$100,000).

Why should I keep my money in the bank?

- **Convenience:** Pay bills, cash checks for free and keep track of your money.
- **Safety:** Money is safe from fire, loss and theft.
- **Cost:** Using a bank may be cheaper than using other businesses to cash your checks, pay your bills and remit money to your country.
- **Financial Future:** Building a relationship with a bank will establish a record of paying bills and can help you save money. You will need a bank account to get a loan. You can earn interest on the money you keep in the bank and create an opportunity to build assets.

TERMS

Bank account—Money deposited into a financial institution for investment and/or safe keeping.

Interest—Extra money deposited in your account that the bank pays you for keeping your money in that bank.

Check—Any written document instructing a bank to pay money from the writer's account.

Teller—The main contact people at the bank who are usually at the counter.

Bank Fees—The money a bank takes out of your account to pay for services and penalties.

EXPAND YOUR KNOWLEDGE

What is the difference between a bank and a credit union?

Banks are for-profit institutions. Anyone can open a bank account if they have the minimum requirements. Credit Unions are not-for-profit banks. Credit Unions are cooperative organizations for individuals who have a common bond, such as place of employment or residence. Credit unions offer many of the same services banks offer. Profits made by the Credit Union are paid out to members at the end of the year. Credit Unions are also insured by the U.S. government.



What Do I Need To Open a Bank Account?

1. Social Security Card—your resettlement agency may have made arrangements to use other forms of I.D.
2. Driver's license or state I.D.
3. Personal information such as date of birth, home address and telephone number.
4. Money to deposit.

How Do I Choose the Right Bank for me? Ask Questions?

1. Is the bank insured?
2. Do they offer free checking/savings?
3. Are there branches close to where I live or work?
4. Are there ATMs close to where I live or work?
5. When are they open? Do they close before I get off work?
6. Do they speak another language besides English?
7. Do I need a minimum deposit to open an account?
8. How many checks can I write per month?
9. How many withdrawals can I make per month?
10. Is there a minimum balance?
11. Will I be charged to use the ATM machine?
12. Does the account pay interest?
13. Can I remit money back home through this bank?
14. Does an ATM or Debit Card come with the bank accounts?
15. Are there fees for bounced checks/overdraft charges?

BANK ON THE FUTURE EXERCISES

Write down the names of the banks in your community. Find three banks and compare their services.

ASK YOUR CASE MANAGER OR TEACHER

Ask your case manager if having a bank account will affect your government benefits.
Ask your case manager if he/she can help you open a bank account.
Ask if there is a Credit Union you qualify to join.

RESOURCES

www.FDIC.gov
www.NCUA.gov



Lesson 3—Bank Accounts



DISCUSSION: What are the names of your local banks? Why is it important to put your money in the bank? What are some services banks offer?

BANKING ON THE FUTURE INFORMATION & TERMS

Account verification—Before opening an account, most banks will review your history of using checking accounts. Some banks will run a credit report.

Balance—Amount of money you have in your bank account.

Transaction—Anytime you take money out of your account or put money into your account

Withdrawal—Process of taking money from your bank accounts.

Deposit—Money you add to your bank account.

Check—A piece of paper you write agreeing to pay someone.

Credit—Money put into your account and available for use.

Fee—The money a bank takes out of your account to pay for services and penalties.

Types of fees:



Service Charge—A monthly fee a bank charges for handling a checking account.

Non-sufficient Funds [NSF] fee or bounced/overdraft check fees—

A fee the bank may charge for over drawing on your account—you can be charged as much as \$35.00 for taking out money from your account that you do not have—be careful!

Stop Payment Fee—Fee charged for stopping payment on a check you have already written.

TYPES OF ACCOUNTS

CHECKING ACCOUNT—

- A checking account is mainly used to pay bills.
- When you write a check you are giving your bank permission to take the money out of your account.
- Checking accounts pay less interest than savings accounts or none at all.
- You may be issued a Debit/Credit or ATM card to do bank transactions.
- You need to have enough money in your account to withdraw money or write a check.
- Having a checking account will allow you to directly deposit your paycheck and have immediate access to your money.
- You can pay your bills with a checking account—using a checking account is usually cheaper than using other businesses to cash your checks. You will receive a temporary check book when you open your account.



SAVINGS ACCOUNT—

- A bank account that accrues interest in exchange for the use of the money you deposit.
- If you save money each month, you will be able to invest in your future and have extra money in case of emergencies.
- You will need a minimum amount of money to open a savings account.
- All money in a savings account will grow because of interest.
- Shop around for the best interest rate you can find.
- In most cases, you can not withdraw money from your savings account more than a certain number of times or you may be charged.
- Saving money can help you build assets.

BANK ON THE FUTURE EXERCISES

1. Practice writing checks and using your checkbook register.
2. Learn how to read a bank statement.

EXPAND YOUR KNOWLEDGE

What is electronic banking? Can you bank on-line through your bank?
What is a money market account?

ASK YOUR CASE MANAGER OR TEACHER

How to write a check.

RESOURCES

www.ehow.com.



Lesson 4—Electronic Transactions



DISCUSSION: What are electronic transactions? Are electronic banking services regulated?

I. BANKING ON THE FUTURE TERMS AND INFORMATION

What are electronic transactions?

Electronic banking, also known as electronic fund transfer (EFT), uses computer and electronic technology as a substitute for checks and other paper transactions. EFTs are initiated through devices like cards or codes that let you, or those you authorize, access your account. Many financial institutions use Automated Teller Machine (ATM) or debit cards and Personal Identification Numbers (PIN) for this purpose. Some use other forms of debit cards such as those that require, at the most, your signature or a scan. The federal Electronic Fund Transfer Act (EFT Act) covers some electronic consumer transactions.

The Electronic Fund Transfer Act (1978) protects consumers using any type of electronic banking from certain losses and protects their privacy.

Electronic Banking can be confusing because you do not actually see the money because it is transferred electronically. Once you have made a purchase electronically, your bank is notified and money is sent from your account to the institution you have approved for payment. You will not handle any cash through electronic transfer.

Debit Card—A debit card is a service provided by a bank.

Debit cards replace checks and cash. A debit card can be used to make purchases and get cash from an ATM [Automated Teller Machine]. Debit cards are linked to your checking account. You can only spend the amount you have in your bank account. It is very important that you do not spend more money than you have in your account, otherwise you will pay overdraft fees. This can be very expensive. **Be careful!** Overdraft charges can also affect your credit score. You should register debit card purchases in your check book. Debit cards are accepted at any institution that accepts Visa or MasterCard.



Personal Identification Number (PIN)—Do not share this number with others. You should be the only person who knows your PIN. This is how you are identified.

Automated Teller Machine (ATM)—An ATM is a machine that allows you to conduct a number of bank transactions. You can withdraw cash from most ATMs. Your bank ATM will allow you to deposit money and check your balance. **Be Careful!** ATMs encourage you to take out more money than you need. Some ATMs do not allow you to take out less than \$20.00. All ATMs are not free. It is always cheaper to use an ATM that is owned by your bank.

Prepaid cards—A pre-paid card has a specific monetary value. You can not spend more than the amount on the card. An example of a pre-paid card is a gift card. Some government benefits are paid through pre-paid cards.



Direct Deposit—Electronic deposit of funds directly to your bank account. If you have your paycheck directly deposited into your checking account, you will have immediate access to your money.

What bank services can you do electronically?

- Direct deposit
- Automatic Teller Machine (ATM)
- Point-of-sale-transactions
- Electronic cash
- Online banking
- Pay your IOM loan electronically
- Bank by phone
- Pay by phone

BANKING ON THE FUTURE EXERCISES

Visit an ATM machine and practice using it together.

EXPAND YOUR KNOWLEDGE

Ask your bank if you can do on-line banking free of charge. Find out if you can make remittance payments through your bank.

ASK YOUR CASE MANAGER OR TEACHER

Is there a computer you can use at the local library or at the agency?

RESOURCES

www.ftc.gov



Lesson 5—Understanding Credit



DISCUSSION: What is credit? Did you use credit in your country of origin? If yes, how did people use credit in your country?

BANKING ON THE FUTURE TERMS & INFORMATION

Credit—An amount of money someone is willing to loan another person based in trust and the expectation that the money will be repaid with interest. Credit enables you to buy something now and pay for it later.

APR—The cost of credit on an annual basis expressed as a percentage.

Debt—The entire amount of money a person owes to lenders.

Credit History—A record of how you pay your bills.

Credit Report—A report of your credit history. This document will be used by creditors to determine if they want to extend you a line of credit.

Credit Reporting Agency—This is the agency that compiles information on how you pay your bills and how much debt you have. There are three main Credit-Reporting agencies.

Billing Cycle—The time between billing periods.

Late fee—A fee assessed for paying your monthly payment late.

Annual fee—A fee charged for using a credit card.



Good Credit



Why is good credit important—Good credit is important because it can help you build assets, such as a car or home.

How do I establish good credit? By paying **ALL** of your bills on time. Your rent, electricity bill and phone bill payments can be used as alternative credit to indicate you are a good credit risk. Repaying your IOM loan in a timely fashion is a good first step to building good credit.

Credit Cards can be expensive. Remember that you are paying to use the credit card. Not paying off your purchases immediately can mean you end up paying a lot more for your purchase than the original purchase price.



BANKING ON THE FUTURE EXERCISES

1. If you take a credit card with a \$500 limit and your APR is 21%, how much will you pay for a \$250 purchase if you make the minimum payment for six months?
2. Analyze a credit card statement?
3. Calculate how much you have to pay back on your IOM loan? How much interest do you pay on your IOM loan? How long will it take you to pay it off if you only pay the minimum balance.

EXPAND YOUR KNOWLEDGE

1. How much debt is okay: debt to income ratio

Divide the total amount of your debts by the total amount of your gross income. If you pay rent, your debt to income ratio should be 0.25 (25%). If you own a home your debt to income ratio should be .36 (36%).

Calculate your debt to income ratio.

2. Call your credit card company and ask for a lower interest rate.

ASK YOUR CASE MANAGER OR TEACHER

How you can pay back your IOM loan.

RESOURCES

www.equifax.com
www.experian.com
www.tuc.com



Lesson 6—Taxes



DISCUSSION: What are taxes? Why do you think the United States government makes its citizens pay taxes? Do you have a similar system in your country?

BANKING ON THE FUTURE TERMS & INFORMATION

Tax—Tax is a fee charged by the government on a product, your income, or an activity.

The purpose of taxes is to raise money for the government's expenses. Taxes finance many public goods and services such as street lights and cleaning public areas.

There are different kinds of taxes:

Income tax—a charge on the money you earn through work or large gifts.

Federal income tax—is a portion of your income that is paid to the federal government.

State income tax—is a portion of your income that is paid to your state government.

Earned Income Tax Credit—You may qualify for the Earned Income Tax Credit. The Federal government will pay you back some of the money you paid in taxes.

BANKING ON THE FUTURE EXERCISES

I. Analyze your pay stub. If your paychecks are electronically deposited, you will receive a paystub.

EXPAND YOUR KNOWLEDGE

What is a 1040 EZ form?

ASK YOUR CASE MANAGER OR TEACHER

Ask your case manager if there is any assistance available in your community with EITC.

RESOURCES

www.hrblock.com

www.irs.gov



Lesson 7—Asset & Wealth Development



DISCUSSION: What are assets? Name some examples.

BANKING ON THE FUTURE TERMS & INFORMATION

You will need to save money to build assets. Studies have proven that families with assets are more stable. If you build assets, your wealth will increase. Some assets, such as a home could appreciate in value. It is important for you to start thinking about saving money and building assets. You will need to prepare for retirement. In the United States, most people pay for retirement by saving money and building assets. You should devise a plan to make your income grow.

Once you have saved enough money to **invest** in an asset, you may need to get a loan. To get a loan, you will need to have good credit. There are many types of loans.

Asset—Anything that is owned by an individual. Examples of assets are a car, a home or an education.

Loan—A loan is money you have borrowed. Many times you pay interest on a loan.

Principal—The amount of debt on which interest is calculated.

Return—The profit earned on an investment.

Compound Interest—Earning interest on top of interest.

Individual Development Account (IDA)—A matched savings account that is mostly offered through a non-profit organization or faith-based organization.

BANKING ON THE FUTURE EXERCISES

1. Write out your long-term financial goals. Make sure to give each goal a date.
2. How does your IOM loan payment affect your ability to build assets and wealth?
3. What are three things you can do right now to help you build assets?

EXPAND YOUR KNOWLEDGE

Find out what a money market account is (hint: you can ask at the bank).

What is a mortgage?

What is the rule of 72?

ASK YOUR CASE MANAGER OR TEACHER

Ask if your agency can refer you to an IDA program.

RESOURCES

www.hud.gov Department of Housing and Urban Development

www.fanniemae.com

www.alternatives.org/ida.html



Lesson 8—Consumer Rights



DISCUSSION: What are consumer rights?

BANKING ON THE FUTURE TERMS & INFORMATION

All consumers in the United States have rights. However, consumers also have responsibilities. Always make sure you understand the terms of any agreements you make when it involves your money. Most lenders can be trusted. **Predatory Lending** is when a lender makes you agree to higher interest rates or unnecessary fees. You should comparison shop and research the institution you give your money to.

There are laws to protect you if you have been the victim of a “scam”, but you still need to be careful.

Tips for Protecting Yourself

1. Do not give out personal information over the phone or through e-mail unless you have initiated contact with and know who you are dealing with.
2. When you make up your personal identification number, do not use your birthday or something that is easy to guess.
3. Look at your credit report every year.
4. Do not go for junk mail offers. Chances are you will not win a vacation. Be aware of “work at home” scams.
5. Comparison shop. Be a good consumer.
6. Keep records of expenses and purchases.
7. Do not apply for all credit card applications you receive. It does not reflect well on your credit report if you are constantly applying for more credit. You should only need one credit card for emergencies.
8. 1-900 numbers are not FREE.
9. You do not have to talk to people that call you at home to sell you something. These people are called telemarketers. DO not give out your credit card number over the phone unless you initiated contact.
10. Research, research, research! Make sure that you are dealing with legitimate institutions.



BANKING ON THE FUTURE EXERCISES

1. What are some examples of a scam? Have you received an offer for a free vacation?
2. Analyze a credit card application. What is a reasonable APR for a credit card?
3. Order your credit report.

EXPAND YOUR KNOWLEDGE

Ask for information at your bank about loans. Use the information from your bank to compare to other credit/loan terms you receive.

ASK YOUR TEACHER OR CASE MANAGER

Ask your case manager to help you fill out a credit card application.

RESOURCES

www.bbb.org Better Business Bureau
www.consumer.gov
1-877-IDTHEFT (438-4338) www.idtheft.gov



Lesson 9—Savings

DISCUSSION: Do you save money? Why should you save?

BANKING ON THE FUTURE TERMS & INFORMATION

Savings—Putting money away for future use, without risk factors. For example, saving money in a savings account.

Investing—Saving money in hope of getting a return, with a risk of losing that money. For example, investing in stocks or real estate.

Interest/ return/ yield—Money paid to savers and investors by financial institutions, government, or business entities for the use of their money.

Compound interest—Interest credited on previously earned interest.

Savings account—A bank account that accrues interest.

Online savings account (OSA)—A savings account managed and funded exclusively on the internet. OSAs earn higher interest than a regular savings account.

Liquidity—Being able to withdraw savings quickly.

Budgeting, making a successful financial plan, and setting goals will help you save!

Reasons to save: Emergencies, Future Purchases, Future Investments, Education

Places to save:

- **Savings accounts**—simplest way to save; low rate of return; may require a minimum balance to open or maintain account
- **Money market accounts**—usually higher interest rates than savings accounts; minimum balance requirements, usually some risk involved
- **Certificates of Deposits (CDs)**—timed deposits; penalty if withdrawn prior to specified date, high rate of return
- **Savings bonds**—government issued; government borrows money and agrees to pay it back with interest



Factors to consider when shopping for a savings account:

- Look for low fees and service charges.
- Look for high interest earned.
- Make sure you can meet the minimum account balance requirements.
- Make sure the restrictions fit your needs: can you take money out whenever you need to? Can you directly deposit money? Is money taken from your savings account if you overdraw on your checking account?

BANKING ON THE FUTURE EXERCISES

1. Look at a savings account application.
2. Visit several local banks and compare their services.

EXPAND YOUR KNOWLEDGE

Search the internet for an Online Savings Account (OSA). What is the interest rate? What is the minimum balance? How does it compare to a regular savings account?

ASK YOUR CASE MANAGER

What are the interest rates for savings accounts at nearby banks?

RESOURCES

Mymoney.gov





**Lesson 10—
Maintaining a Checking Account**



DISCUSSION: How do you manage your checking account?

BANKING ON THE FUTURE TERMS & INFORMATION

Check register—A record maintained by a checking account holder of all activity that takes place within the account.

Debit—Any money taken from your checking account.

Credit—Any money placed in your checking account.

Bank statement—Monthly record of all activity within an account, provided by the bank.

Endorsement of a check—Signing the back of a check in order to obtain cash or make a deposit at your bank.

Deposit slip—A piece of paper you fill out to deposit your money into your account.

Keeping an accurate check register allows you to monitor how you spend your money. It helps you avoid overdraft fees, review how you spend your money so you can avoid unnecessary spending in the future, and keep a record of paying bills. One way to see if you have been correctly recording your transactions is to compare the check register to your bank statement at the end of the month.

It is important to endorse your checks. If you do not sign the back of the check, the bank will not give you cash.

Completing a deposit slip allows you to deposit cash or checks into your account and receive any amount of the deposit back as cash. You will receive a copy of the deposit slip from the teller.

BANKING ON THE FUTURE EXERCISES

Practice filling out a check register:

Check #	Date	Description	Payment/ Debit (-)	Deposit Credit (+)	Balance



Practice writing a check and filling out a deposit slip:



EXPAND YOUR KNOWLEDGE

In addition to using checks, what other ways can you pay your bills? What kinds of bills can you pay with a check?

ASK YOUR CASE MANAGER

Ask your case manager to help you review a bank statement.
Ask your case manager to visit your local bank and help you fill out their deposit slip.

RESOURCES

www.getchecking.org



**Lesson 11—
Credit Cards**



DISCUSSION: Are credit cards good or bad? How do you choose a credit card?

BANKING ON THE FUTURE TERMS & INFORMATION

Private label credit card—A credit card issued by a company that can only be used at that company, such as a gas station or department store. (Example: Sears card)

General label credit card—A credit card that can be used in many places. (Examples: American Express, Mastercard, Visa)

Annual fee—The annual charge for using a particular credit card.

Annual percentage rate (APR)—Annual cost of credit on a loan, which may include up-front fees and other internal costs.

Minimum payment—Smallest allowed payment required by the due date.

Grace period—Period of time after a purchase date when balance may be paid in full to avoid finance charges.

Finance charges—Charges applied for using credit, that include interest and fees for borrowing.

Credit limit—the maximum amount the credit card company allows you to borrow for a specific card.

Questions to Ask When Shopping for a Credit Card:

1. How much is the annual fee and when is it charged?
2. What is the APR and can it increase?
3. When is the minimum payment due?
4. Is there a grace period and how long is it?
5. When are the finance charges applied?





Credit cards can be very expensive. Look at the following example, to see what you might actually pay and how long it will take you to pay it off if you only pay the minimum balance.

Balance	APR	First Month Payment	Interest Costs When Making Just the Minimum Payment	True Costs When Making Just the Minimum Payment on Time	Number of Years to Pay for the Item
\$500	\$15%	\$20	\$100	\$600	2.4
\$1,000	\$15%	\$22	\$552	\$1,552	6.3

Most credit card companies have “default pricing” terms, which are disclosed in credit card agreements. Default pricing takes place when a customer defaults on the agreement, such as not paying the minimum balance by its due date. It can result in the credit card company raising the APR on the customer’s account. Read credit agreements carefully.

Failing to pay the minimum balance on time negatively affects your credit score. Keep track of payment due dates.

Keep your credit card safe. Report a lost card immediately and check your statement against your receipts. Do not leave your credit card or receipts lying around. Protect yourself from theft.

BANKING ON THE FUTURE EXERCISES

1. Look at a credit card application.
2. Calculate how much you will pay for a \$300 dollar balance with an 18 percent APR if you pay only the minimum balance of \$10 a month.

EXPAND YOUR KNOWLEDGE

Do you receive credit card applications in the mail? Discuss a few good guidelines when using a credit card.

ASK YOUR CASE MANAGER

Which stores in your neighborhood have a private label (store) credit card?

RESOURCES

www.bankrate.com – a website that allows you to compare different credit cards.



**Lesson 12—
Remittances**



DISCUSSION: Why do you send money back to your country?

BANKING ON THE FUTURE TERMS & INFORMATION

Remittance—Sending money to family or friends overseas.

Transfer/Wire—Sending money electronically from one individual or bank to another, sometimes between countries.

Money Transfer Organization (MTO)—Licensed company that offers cash transfer across borders. Large MTOs include Western Union and MoneyGram.

Hawala / Hundi—An alternative remittance system where an agent in the United States receives cash and asks an agent in the destination country to give the corresponding amount in local currency.

Stored Value card—Plastic card linked to money deposited by the customer and then sent overseas to family or friends for their use.

If you send money home, remember to add this cost to your monthly budget!

Reasons to remit: Parents need support, siblings need money for school, family member needs medical treatment.

Ways to Transfer Money:

- **Your bank**—Banks offer money transfer services for their customers. Ask your bank teller for a list of fees for sending money.
- **Hand delivery**—Some people ask family or friends to give money to their relatives during a trip to their home country.
- **Mail**—You can send cash, money orders, checks, or stored value cards via the postal system or by an express delivery service.
- **Post Office**—The U.S. Postal Service offers a money transfer service at many of its large branches.
- **Money Transfer Organizations**



Factors to consider when sending money overseas:

- Shop around to find the lowest fees.
- Make sure the company you decide to use is licensed to send money.
- Ask if there are any fees charged to the person receiving the money.
- Only send what you can afford within your established budget.
- Ask other people from your country what service they use to send money. Some small money transfer companies specialize in a particular country or geographic area and have lower transfer fees.
- It is not advisable to send cash – if you do, you should use a FedEx or UPS express envelope.



BANK ON THE FUTURE EXERCISES

1. Consider whether you are sending too much money overseas.
2. Visit several local money transfer companies to compare fees and charges.

EXPAND YOUR KNOWLEDGE

Search the internet for online remittance options. Many banks now offer online international money transfers.

ASK YOUR CASE MANAGER

What is the best money transfer service in the neighborhood?

RESOURCES

Mymoney.gov