

YOUNG PROFESSIONALS

Guide to Getting Started on the Right Financial Foot



Presented by: **TDECU**
YOUR CREDIT UNION

As a young professional, you know that the financial choices you make today can impact your future goals and lifestyle. Whether you are in college, away from home for the first time or have just graduated, it's important to set up your financial accounts the right way the first time. This allows you to enjoy all the features and benefits that come along with starting out on the right financial foot. In addition to a savings account, a checking account is the first financial account you'll use. If you don't have a checking account, now is the time to set one up. Plus, checking accounts are typically free to setup.

Once you have a checking account setup, you can move on to other financial vehicles. These include:

- **Selecting the right credit card that meets your needs**
- **Exploring investment options, such as real estate, mutual funds and stocks, and**
- **Saving for the future, including planned savings in a 401K account**

But First, Why Do You Need a Checking Account?

It might seem obvious, but did you know that many people under the age of 25 do not have a checking account? A checking account allows you to write checks or use check cards or bank debit cards to pay monthly bills. This is valuable because it is more convenient compared to carrying cash. In addition, you can make use of automatic debits in order to have payments made from your checking account to pay your bills on time. This way you won't forget to pay bills or be charged late fees.

What Type of Checking Account Should You Get?

Most credit unions and banks have a variety of checking accounts. But all accounts are not created equal. A free checking account is the best option. If it's interest bearing, even better. In addition, look for a checking account that provides you with either a free debit card or free checks. This saves you from having to carry around cash. However, free checking does not mean you will not have to pay any fees. For instance, if you bounce a check, some will charge you a nonsufficient amount fee. Look for a credit union like TDECU that avoids this fee by transferring funds from your savings to cover you in the short term and TDECU provides all the benefits stated above which you should look for. Some banks charge fees if your bank account falls under the minimum balance required. It is worth doing your homework before opening your checking account. And if your account balance is lower than a certain threshold, you may be charged a fee.

Free Checking

What does "free" checking mean? It means there are no set-up costs and no fees to use each check. The federal Truth in Savings Act requires that a free account has no minimum balance requirement and no maintenance or activity fees. A maintenance fee might be a monthly service charge that you incur if your balance slips below a certain level. An activity fee could be a charge for writing more than a specified number of checks in a month. At TDECU, we have no maintenance or activity fees. Free checking isn't for everyone. Most free checking accounts don't pay interest, and some accounts have limitations or stipulations. With free checking accounts at some banks, you can only withdraw \$300 per day at an ATM. Other banks may require that a regular payment such as a paycheck be direct-deposited.

No Two Checking Accounts are the Same

Regardless of the bank or credit union, no two checking accounts are alike. Some are free, others are not. Some bear interest, others do not. At TDECU, we have eight types of checking accounts including basic, free, express, lifeline, interest bearing, student and joint checking accounts.

What else should you consider when shopping for a checking account? Basic checking is for individuals who use their checking account to simply pay bills. In addition, some basic checking accounts require a minimum balance or direct deposit to avoid monthly “maintenance” charges. You may be restricted to a particular number of checks a month. If you exceed that number, you will pay a “per item” service fee for each extra check you write. A free checking account, on the other hand, has no monthly charges; no minimum balance requirements; no charges for ATMs within the institution’s network; and statements are available by mail or online. In addition, you should ask about overdraft protection security so you are covered in an emergency as well as online banking services and mobile banking.

And then there are the hidden fees. Be sure to read all the small print to see what types of hidden fees are a part of your “free checking” account. First of all, don’t pay a monthly maintenance fee for a checking account. This can be a baseline fee or a fee you have to pay if the balance drops below a certain balance anytime in a given month.

Find out if the checking account offers unlimited check writing. Some “free checking” offers charge you a fee for each check that is written over a certain number each month. Also, look for fees charged for talking to a teller at the bank. There are a few banks that charge

your account for talking to a real person instead of solely using their ATMs.

Finally, determine if there is a fee for using the ATM. Some banks will charge you for using another bank’s ATM on top of what the bank who owns the ATM is charging you. You can also get charged for using your own bank’s ATMs to take cash out or even by using it over a certain number of times in a month.

The best advice is to review a range of checking accounts before selecting the one that is right for you. Read the fine print, research the key options and value-added services before committing to a financial institution.

Understanding Your Financial Behavior

Understanding your financial behavior is important in helping you to choose a checking account. The ideal way to take control of your finances is to have a plan that is well defined. Think about your spending habits. How much do you spend each month versus how much do you take in? How much cash do you need to carry around to avoid too many trips to the ATM? Ensure you are protected from account overdrafts by connecting your credit card account to your checking account. This will alleviate any fees. You also



want to know how much money is in your account at any given time by signing up for mobile and online banking.

Many people simply leave a certain balance in their accounts to prevent any overdrafts. Finally, learn how to identify and avoid behaviors that could kill your budget. For example, if you like to go out with friends on the weekend, don't "open a tab" with your friends at a bar or restaurant by handing over your credit card.

Banking without Leaving Home

Online banking means you can pay your bills, check your balance, transfer funds and manage your account right from home, without going to a branch or ATM. Each bank or credit union has its own online services. Here are just a few of the services we offer through TDECU All-The-Time Online Banking:



- **Secure messages which allow you to securely communicate with us electronically.**
- **Customizable account alerts which notify you by phone and e-mail of important changes to your account.**
- **Online wire transfers* which allow you to transfer funds to other businesses or individuals who are not TDECU members.**
- **Mobile banking so you can access your accounts on the go from web-enabled mobile devices.**

Mobile banking – what are your options here? Using your smartphone, you may be able to login and take care of your online banking wherever you are. Many banks and credit unions, including TDECU, have a mobile app to assist with banking on the go. You can view account balances and your transaction history, transfer money between your accounts, check our current rates, connect with TDECU via Facebook and Twitter and manage your TDECU credit cards. To begin, you simply need to be enrolled in mobile banking with us.

Think ahead - You may just want a checking account now, but five years down the road you'll be thinking about consolidating student loans or looking for a mortgage! Look for a provider that gives you the options for today and tomorrow.

Credit Unions vs. Banks

A credit union provides the same services as banks, but is not-for-profit. Our member - owners are shareholders of TDECU and all profits are redistributed to our members in the form of no fee checking, competitive loan rates and higher deposit rates. New products and services offered by TDECU are created with the best interests of our member-owners in mind. Banks answer to shareholders and make decisions based on what is most profitable for them.

Bigger isn't always better - Service at some banks is sometimes lacking and interest rates are lower or non-existent. Credit unions offer higher interest rates, better customer service and a full suite of value-added services. Credit unions are member owned, so we have your best interests at heart.

Get Started with TDECU Today!

When it comes to getting started on the right financial foot, it's important to research your options, the available value-added services and protection before committing to a financial institution.

Find out more about TDECU checking account options at <https://www.tdecu.org/Bank/Checking.html> or call us at 800-839-1154.

We look forward to working with you!

*Andrea Haire,
Your Finance Expert*

