

## Module 4 - Banking and Financial Services

## HANDOUT 4-4

### Banks accounts and services

#### Savings account

This type of bank account can be used to set money aside for short to medium-term savings. You may have a debit card for the account as well. This will allow you to make deposits, withdraw cash, pay bills, pay for purchases using Interac, move money between accounts, and check your balance.

##### Interest:

- The bank pays you interest on your deposits. The amount you earn depends on the bank and the type of savings account you choose
- Sometimes, banks pay higher interest when there is a larger amount of money in the account
- Some banks will pay more interest if you keep a certain amount of money, called a minimum balance, in your account
- The interest is low compared to other types of investments. Savings accounts are good for short to medium-term savings needs

##### Fees:

- Savings accounts can come with a limited number of free transactions. After that, there are fees for using your debit card, making a withdrawal, and paying bills
- You may be charged fees for receiving a paper bank account statement
- There are fees for using a bank machine if it does not belong to your own bank. These fees can really add up
- Service fees vary a lot between banks and account types. Make sure to choose the best option for you so you don't pay for services you don't need

#### Chequing account

This type of bank account is used for everyday banking and bill paying. The bank will supply you with a debit card. The bank may "Charge" a fee to supply you with cheques.

##### Interest:

- You may not earn any interest with a chequing account
- If you do earn interest, the percentage will be very low, or the bank may require you to have a high minimum balance in the account.

**HANDOUT 4-4, continued****Fees:**

- At some financial institutions, chequing accounts are free or low cost for certain groups, such as a youth, students, seniors, or people with disabilities. The account may have some restrictions, so be sure to ask about these details
- Fees are often charged under a package rate for a certain number of transactions per month. There are extra charges when you go over
- You may have the option of a flat rate fee for unlimited transactions
- Some chequing accounts are free or they may only be free if you keep a minimum balance in your account
- If you write a cheque and there is not enough money in your bank account to cover it, you will be charged a Not Sufficient Funds (NSF) fee of around \$40 - \$50
- Some accounts offer over draft protection to cover shortfalls in your account. You will need to be approved for this and will likely pay a fee, plus interest when you use it.

**Account services**

For either kind of account, your bank or credit union may offer:

- Telephone and internet banking
- A debit card for ATM/ABM access and retail purchases
- Direct deposit of government cheques or your paycheque
- Preauthorized or automatic bill payments
- Preauthorized or automatic transfers to savings.

**Other services**

Banks and credit unions can provide other convenient services such as:

- Mortgages
- Personal or student loans
- Credit cards
- Free cashing of federal government cheques
- Money orders
- Certified cheques
- Wiring money
- Overdraft
- Financial advice.