



Basic Banking

When choosing a bank, you should look for a bank that offers the type of accounts and services you are looking for. You might look for convenience of branch locations, great customer service, or compare banks for competitive interest rates.

When you open a bank account; you can access your accounts and money through visiting the bank, online banking, a mobile APP, a debit or credit card, at an ATM, or by phone.

Depositing is putting money into your bank account. Your accounts and money are protected by the FDIC (Federal Deposit Insurance Corporation). Each depositor is insured up to \$250,000.00 at each bank. The insurance is backed by the United States government. Since it was established in 1933, no depositor has lost a penny of FDIC-insured funds.

Online Banking

Online banking allows you to view your balance, your most recent transactions, and your statement. You can transfer funds from one account to another and you also have the option to pay bills and people online directly from your accounts.

Credit

Credit in banking can mean two things.

- 1) An amount of money added to an account
- 2) Money that a bank allows you to borrow and pay back with interest

Debit

A debit is when money is taken from an account. You are debiting your account when you make a purchase with your debit card, use bill pay, write checks, or withdraw cash at the bank or the ATM.

Account Types

Checking

A checking account allows you to receive direct deposit from your employer and usually offers unlimited debits and credits. You can use a debit card on this type of account and write checks from it also. You can also use bill pay to pay your bills electronically. This is done by debiting your account and crediting the company you owe.

Sometimes checking accounts pay interest but it is usually a smaller amount than on a savings account.

Savings Accounts

A savings account can also receive direct deposit like your checking account; but this account earns a higher interest rate than a checking account. The bank will pay you interest on how much you keep in your savings account. The more you keep in your savings, the more the bank gives back!

Sometimes a savings account can have a debit card, but not always. You may also use online banking to check your savings account balance or to transfer money to and from your checking from the convenience of home.

You are able to access your money in a savings account, but with some accounts; you have to wait until a certain date to withdraw it or you will pay a penalty.

Certificate of Deposit

A certificate of deposit (CD) is a savings account that you cannot access until the CD has reached its maturity date. If you need to withdraw it early, you will pay a penalty. The maturity date is determined by the term of the CD that you choose and the day you open the account. A CD opened on August 15th, 2014 for a 12 month term will mature on August 15th, 2015. CDs usually earn a higher interest rate than a regular savings account because you cannot access these funds.

Visit <https://www.mymechanics.com/personal-banking/> to explore the account types that Mechanics Bank offers.

Interest

Interest on Savings

There are two types of interest: simple and compound. Simple is calculated on the money you have deposited. Compound is interest calculated on your deposits *plus* any interest you've already earned. The interest the bank paid you last month becomes part of your new balance and your money grows.

Interest Scenario- You saved \$5000 for your college fund and you deposit that into a savings account that pays an interest rate of 3%. At the end of one year, your savings account balance has grown to \$5150.00. The bank paid you \$150.00 for keeping your money there. If you leave that money in the account for another year, and the account offers compound interest, you will gain more interest on the interest you earned last year! Your new balance at the end of year two will be \$5304.50!

Interest on Money Borrowed

Interest- the amount paid from a borrower to a lender for the privilege of borrowing the money.

Interest Scenario- You have racked up a total of \$2000 on your credit card. The interest rate on your card is 18.9%. At this time, you can only make the minimum payment required, which is \$100 a month. This will take you 25 months to repay and the \$2000 you borrowed really cost you \$2421 over 25 months. If you paid more than the minimum payment required, it would take you less time to repay the loan and you would also pay less interest.

Types of Payment

Cash

Cash is a great way to make purchases because it is accepted everywhere, but it may be harder for you to keep record of. You can look in your wallet and have no idea where that \$20 bill went! You can keep your receipts and use a register to help you record cash purchases.

Automated Teller Machines

Using an ATM, you can take cash out of your account at any hour of the day. Your bank most likely will not issue a fee to use their ATM, but you can be charged a fee for using an ATM that doesn't belong to your bank.

Debit Card

With a debit card, you have access to your money by using it to make purchases or to get cash at an ATM. At an ATM, you cannot withdraw more than you have in your account. When you use your card to make a purchase, the debit card withdraws money immediately from your account and pays the merchant. Depending on where you use your card, you could overdraw your account and your bank may charge you a fee.

Checks

A check clears through your bank account by withdrawing funds and crediting the payee. It can sometimes be instant with electronic processing or sometimes it may take a few days to withdraw the funds from your account. It depends on who received the check.

How to Write a Check

56-7137/2412

NAME _____

ACCOUNT NO. _____

DATE _____

PAY TO THE ORDER OF _____ \$ _____

DOLLARS  Security Features Included. Details on Back.

Mechanics
BANK Member FDIC
2 South Main Street, Mansfield, Ohio 44902

MEMO _____ **MP**

⑆ 241271371⑆

- 1) Enter the date in the upper right hand corner.
- 2) Write the name of the person or company you are paying in the "Pay to the order of" line. Make sure you accurately spell the person's name or the business name. Example: ABC Apartments

3) Fill in the amount of the check in the blank box to the right of the “Pay to the order of” line.

Example: \$100.00

4) The legal line of the check is where you confirm the amount of the check. This is the line under the “Pay to the order of” line. Spell out the dollar amount. Add the word “and” after the dollar amount to fill in the cents. The cents are written as a fraction. The cent amount goes in the numerator and 100 will be in the denominator. If you have room left, draw a line to the end of the blank so no one can add to what you’ve written.

Example: One hundred dollars and 00/100.

5) The memo line in the bottom left corner is a reminder line. You can write what the check was for in this space. This will remind you what the check was for when you view the check image in your online banking after the check has cleared.

Example: August 2014 Rent

6) The signature line is the bottom line on the right side. Sign your legal name here. Your bank keeps your signature on file and uses this as a way to verify your signature on checks.