

# Skills for Living

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by  
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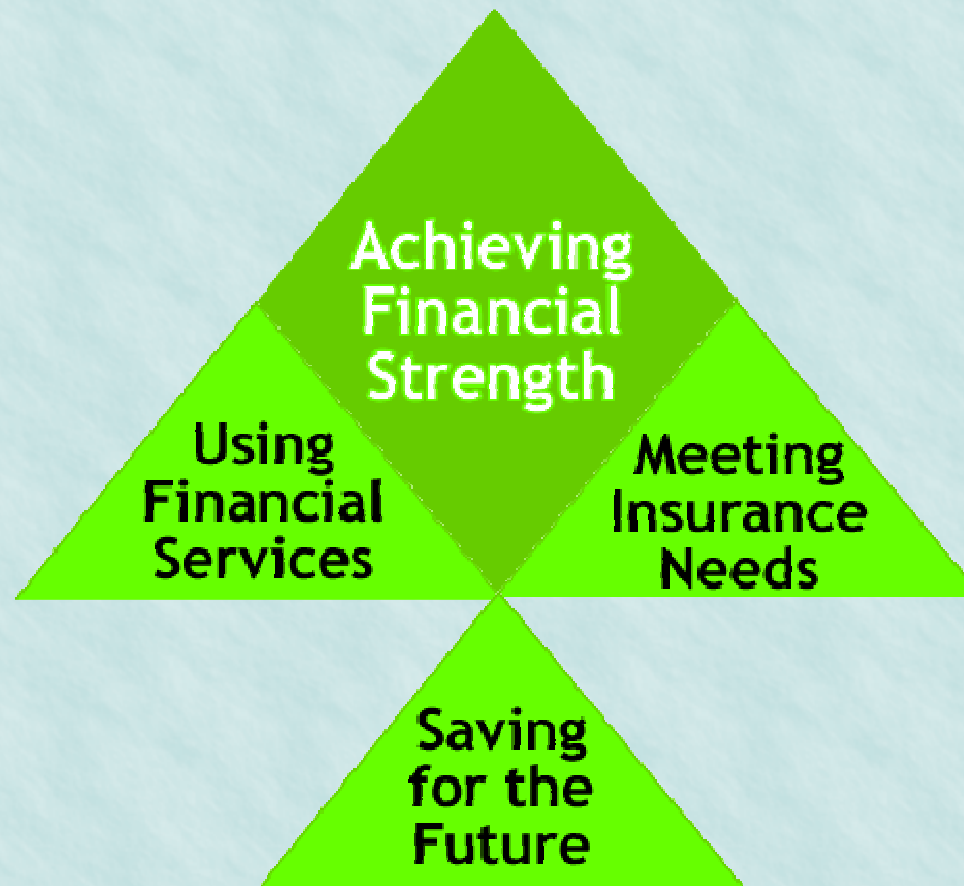
Goodheart-Willcox Co., Inc.  
Tinley Park, Illinois

# Chapter 18

## Achieving Financial Strength

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- In this chapter, you will learn



# Topic 18-1

## Using Financial Services

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- In this topic, you will learn about the safety and earnings potential found at financial institutions, as well as
  - ❖ **Financial services**
  - ❖ **Types of institutions**
  - ❖ **Using a checking account**

# Using Financial Services

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## **Objectives for Topic 18-1**

After studying this topic, you will be able to

- describe various services offered by financial institutions
- write and endorse checks correctly
- balance a checkbook



# Topic 18-1 Terms

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- ❖ certified check
- ❖ cashier's check
- ❖ endorse
- ❖ account statement
- ❖ reconciling
- ❖ overdraft

# Financial Services

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- Savings accounts
- Checking accounts
- Debit cards
- Electronic banking
- Automated teller machines (ATMs)
- Loans
- *Certified checks* (personal checks for which the institution guarantees payment)

# Financial Services

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- *Cashier's checks* (checks drawn on the institution's own funds and signed by an officer of the institution)
- Traveler's checks
- Safe deposit boxes
- Other financial services, including
  - ❖ drive-up windows
  - ❖ estate managing
  - ❖ brokerage accounts
  - ❖ financial counseling

# Types of Institutions

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- *Commercial banks* are owned by stockholders and are run for profit
- *Mutual savings banks* are owned by their depositors rather than by stockholders
- *Savings and loan associations* are owned by stockholders or depositors
- *Credit unions* are nonprofit financial institutions owned and operated by members



# Using a Checking Account

- Convenient for making purchases and paying bills
- Amount of check is withdrawn from account when check is cashed
- Use of debit account withdraws money from account immediately



# Types of Accounts

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- Different types of accounts are available
  - ❖ Minimum balance, no service charge
  - ❖ Service charge, no minimum balance
  - ❖ Interest-bearing
- Asking questions will help you determine which type of account you need
  - ❖ How much will I keep in the account?
  - ❖ How much am I willing to pay for service fees?
  - ❖ How important is it to earn interest?

# Opening an Account and Making a Deposit

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- Sign a *signature card*, a card the financial institution keeps on file to compare with signature made during transactions
- Choose a joint or individual account
- Fill out a deposit slip



# Writing a Check

Steven M. Lopez  
38 North Spring Road  
Greensboro, North Carolina 27401

101

April 1 20 05  $\frac{70-1723}{719}$

PAY TO THE ORDER OF Edgewater Walk Apartments \$ 265.00

Two hundred sixty-five and  $\frac{00}{100}$  DOLLARS

**Bank of Greensboro**  
Greensboro, North Carolina 27401

FOR Rent Steven M. Lopez

•0719•1723• 659 060 6 11

## ■ Fill in

- ❖ date
- ❖ name of individual whom you are paying
- ❖ amount of payment in numerals
- ❖ amount of payment in words
- ❖ purpose of the check or account number
- ❖ your signature



# Endorsing a Check

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- To *endorse* a check means signing your name on the back of it to cash or deposit it
- A *blank endorsement* is the payee's signature only
- A *restrictive endorsement* states specifically what is to be done with the check

# Balancing Your Checkbook

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- An *account statement* is a monthly, bimonthly, or quarterly summary of your checking account
  - ❖ When you receive an account statement, you will begin *reconciling*, or comparing the account statement to your check stubs or register to make sure they match

# Balancing Your Checkbook

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- *Canceled checks* are checks you have written that have been cashed
- *Outstanding checks* are checks you have written that have not yet been cashed
- *Overdrafts* are checks written when there is not enough money in the account to cover them

# Summary for Topic 18-1

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- Several types of financial institutions can help you manage your money
- Your choice of institutions will be based partially on the services you need
- Learning how to write and endorse checks and balance your checkbook will give you convenience and flexibility in managing your money