

(2) Lower Cost Check Cashing

Some rules of the bank, such as the minimum balance or the monthly fees, may make it difficult to open a checking account. Sometimes, the bank may not be located in your neighborhood. If you do not open a bank account, you may still be able to get your checks cashed for free or at a lower cost than the check cashing store. Here are some suggestions:

To cash your payroll checks: You can ask your employer if the company will cash your check for you, or you can go to the bank where the employer has its account and cash your check, usually for free. Your employer may be willing to talk to its bank and make sure that you can cash your payroll check for free. Some grocery stores will cash your check if you shop there.

To cash your government checks: Many banks will cash a government check for free.

To cash personal checks: The bank whose name is on the check may cash the check for free.

Be aware that if the check you wish to cash is made out to you, you will have to present some form of identification to cash the check. If the check is made out to someone else, then that person must cash the check.

Other bank account tips

Opening a bank account without a Social Security Number:

Most banks will ask for a Social Security Number (SSN) when you open an account. They will probably also require a form of identification such as a passport or driver's license. The banks ask for an SSN because they need to report taxes to the Internal Revenue Service if they pay you interest on your account.

Some banks will allow you to open a bank account without an SSN if you choose an account that **does** not pay interest. Also, if you cannot get a Social Security Number, you can get an Individual Taxpayer Identification Number (ITIN) from the Internal Revenue Service. Many banks will let you open an account with an ITIN instead of an SSN.

In addition to the ITIN, the bank will ask you to **fill** out a form called a W-8BEN.

NCLC is a consultant for lawyers and others on consumer issues affecting low- and moderate-income Americans. This brochure was supported, in part, by a grant from the Open Society Institute.

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How to Save Money and Avoid Theft: Cashing Checks and Opening Bank Accounts

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How Much Does Cost to Cash Checks and Buy Money Orders?

Living on a tight budget makes every penny count. If you do not use a bank account to cash checks and pay your bills, chances are you are spending too much for these services.

Check cashing outlets will cash your government, employee or personal check but at a high cost (in some states where there are few consumer protections, check cashers are allowed to charge up to three times more for these services than the figures used in the following examples).

* Your weekly payroll check is \$320
* The check casher charges you 2% of the check's face value to cash it (\$6.40)
* You cash 50 of these checks a year
 $\$320 \times .02$ (2% interest = \$6.40 /week
 $\$6.40 \times 50$ weeks = \$320 you pay each year

* You receive monthly government benefits.
* The check casher charges you \$10 to cash each check.

$\$10 \times 12$ months = \$120 you pay each year

* You also buy money orders to pay your bills, say four a month
* You pay \$1.25 for each money order

$\$1.25 \times 4 = \5.00 /month $\times 12$ months
= \$60 you pay each year.

**Added up, you could be paying
MORE THAN \$500
for checking services each year.**

Your Alternatives

(1) Checking Accounts

What is a checking account? A checking account is used to temporarily hold your money to pay monthly expenses and other bills. Checking accounts are the most common way to transfer money from one location to another without carrying cash in your pocket. It is safer than keeping cash. Your checking account cannot be stolen but your cash can.

All banks provide checking account services to their customers. Credit unions are a special kind of bank but they handle your money in the same way that banks do.

How to shop for a checking account:

You need to think about the following when deciding where to open a checking account:

Convenience: Where is the bank located and what are its services and hours? Will there be employees who can talk to you in your language?

Cash: Does the bank offer any free checking and under what terms? For example, is there a minimum balance (amount) you must keep in the account at all times to get free checking? If not, how much is the monthly fee? Will you be charged per check? What is the fee for "bounced" checks

- checks you write that cannot be covered by the money in your account?

Check clearing policies: How long will it take for your money to be available to you after you deposit a check? (All banks require that you wait a certain amount of time until the deposited check clears.)

Electronic Services: Where are the bank ATMs (automated teller machines) and will the bank teach you how to use them? Are they available in your language? Is there a charge?

Opening a checking account: It is important to understand the bank's policies and charges, so be sure to speak to a bank employee in your language or bring someone with you who can interpret.

Talk with the bank employees to get a feeling about whether they value your business. If you like what you see, then arrange to open an account. Some banks will want to get a credit report about you, but others will not.

Most banks offer several different checking accounts. It is important to explain why you need the account, the amount of money you plan to deposit each month, and the approximate number of checks you think you might write to pay bills. The bank should help you decide which account is less expensive for you. A bank account will be less expensive than a check