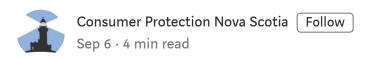


# How Bank Accounts Support Your Financial Goals



## & How to Open the Right One for You

Financial needs change in each phase of life. Whether you want to save for tuition costs, purchase a home, pay down debts, or create a budget after retirement, bank accounts are tools that help you align financial resources with your priorities.

# Why Open a Bank Account?

Bank accounts support the day-to-day management of funds and allow deposits to generate interest while you save for long-term goals. They also provide protection against payment card fraud through zero liability fraud policies.

There are more than 80 banks operating in Canada. While these institutions offer a wide variety of personal accounts, basic services like access to a debit card, direct deposit, preauthorized bill payments, ATM withdrawals, and online banking are included with most accounts. Many banks also provide consultations with financial advisors or credit counselors to account holders.

Once a relationship has been established with a bank by way of opening an account, services like short term loans and credit options may also be available. Lines of credit, credit card cash advances, or overdraft protection serve as alternatives to payday loans, and come at a fraction of the cost.

#### **Common Questions about Bank Accounts**

With dozens of financial institutions and services to choose from, setting up a bank account can feel like an overwhelming process. Luckily, it doesn't have to be that way. Here are a few common questions about opening an account that will get you started before you visit a bank.

## 1. How do I pick a bank account that is right for my needs?

The Financial Consumer Agency of Canada developed an Account Selector Tool to assist with the account selection process. After answering a few simple questions, the tool lists the names of accounts and banks that provide required services.

Here are a few additional questions to keep in mind when shopping for a bank account:

- Where are branches or bank machines located?
- What are the bank's hours?
- What are the bank fees for the account you would like to use?
- How much interest will you receive on deposits?

- Can you write cheques from the bank account?
- Will you pay extra fees if you withdraw funds from another bank's ATM?
- Do you feel comfortable speaking to the bank's employees about your financial needs?

#### 2. What is the difference between a chequing account and a savings account?

Chequing accounts are great for managing day-to-day funds or monthly budgets. You can easily write cheques, set up pre-authorized bill payments, or have paycheques deposited into chequing accounts. Keep in mind that chequing accounts typically pay little or no interest on deposits.

Savings accounts support long-term financial goals. They allow you to set aside funds for things like a down payment, a vacation, or an emergency fund. This type of account pays interest on deposits.

#### 3. How much are monthly service fees for bank accounts?

The Canadian Bankers Association reported that 31% of Canadians do not pay banking service fees and another 45% pay less than \$15 per month. Also, students, seniors, newcomers, or Registered Disability Savings Plan beneficiaries can work with banks to set up discounted or free accounts. Speak with a teller at a bank to find out more about monthly fees and what options are available to you.

#### 4. What if I am unemployed or don't have money to deposit in my account?

You can open a personal bank account if you are not currently employed, do not have funds to deposit in the account right away, or have filed for bankruptcy in the past. Speak with a teller at a bank for more information about how to open an account that is suited to your financial needs.

## 5. Can I cash cheques at a bank even if I don't have an account?

A Government of Canada cheque is a cheque that has been issued by the federal government. Some examples are Employment Insurance, Old Age Security, Child Tax Benefit, or a GST/HST cheque. Any of these can be cashed for free at any bank that has a teller. You do not need to have an account at the bank to cash the cheque. All you need to

bring with you is one piece of photo I.D. or two pieces of I.D., such as a Social Insurance Number or a provincial health card.

#### Learn more about Bank Accounts Available in Canada

There are many resources online to help you make the right financial decisions for your situation. Below are a few links to get you started. Remember to speak to tellers or advisors at your bank as well. They are great resources for services or strategies that will help you achieve your goals.

- Canadian Financial Literacy Database
- Money Matters Banking Basics Workbook
- ABC Life Literacy Canada: Money Matters

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