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Money Essentials

Banking: Opening a bank account

March 24, 2017: 4:01 PM ET



A bank is one of the safest places to stash your cash. In the wake of the financial crisis of 2008, the federal government increased the level of insurance on bank accounts -- it's now \$250,000 per depositor.

When shopping for a bank, consider:

How much money you plan to park at the bank

The higher your average balance, the more likely you are to get "free" checking with interest. Most free accounts carry minimum balance requirements, that vary widely from bank to bank. But if you settle for a non-interest bearing checking account, the minimum balance to avoid a monthly charge is usually much lower.

You also want to avoid overdrafting. If ever you write a check use your debit card and exceed your account balance, overdraft protection automatically covers the extra money needed. Most banks offer overdraft protection which is usually free to set up.

How many checks you write a month

Some no-fee accounts limit the number of checks you can write and charge high fees if you exceed that limit. If you write a large number of checks, it may pay to shop around. Some banks charge \$24 or more for a box of 200 checks. You can get that same box for less than \$10 by ordering direct from the printer. There are a numerous services, including [Checks in the Mail](#) or [Checks Unlimited](#) for more information.

How many related banking services you'd like

If you use ATMs frequently, make sure the bank has plenty conveniently located near you. If you use another bank's ATM, you might pay \$3.00 or more for the privilege, once you combine the surcharge imposed by the other bank and the fee your bank charges for going to a competitor's machine.

Another way to dodge ATM surcharges is to ask for extra cash when you make a purchase with your bank's debit card. If a store offers cash back, you'll pay no fees in most cases.

How many different types of accounts you want to set up at the bank

The more accounts you have with your bank, the greater your chances of getting price breaks and perks on its services and products. So if you have a checking and savings account and are taking out a mortgage or signing up for the bank's credit card, be sure to ask if you're entitled to any discounts. You can also ask your bank to link your accounts to avoid minimum balance fees, if your bank treats the money in all your accounts as one combined balance.

Getting started

Goals

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- Opening a bank account
- Alternatives to traditional banks
- Money market deposit accounts and CDs

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Whether interest is worth it

Deciding to put your money in an interest-bearing account may seem like a no-brainer. But sometimes a no-interest checking account may be more cost-effective. Make sure the expense of maintaining the account doesn't exceed the interest paid. There can be an opportunity cost to tying up all that cash in a low-yielding account. Even at a low rate of inflation, the annual creep in the cost of goods and services usually outpaces what banks pay in interest-bearing accounts.

How to get better interest rates

There are, however, other ways to get better returns at a bank. Instead of parking the majority of your cash in a savings account, you could open a certificate of deposit (CD) or a money market deposit account. [Read more about other interest-bearing accounts.](#)

Whether a traditional bank is the way to go

A number of financial institutions offer accounts that resemble bank services. The most common: Credit union accounts, mutual fund company money market funds, and brokerage cash-management accounts. [Read more about alternatives to traditional banks.](#)

CNNMoney (New York)
First published May 28, 2015: 3:59 PM ET



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