

CHECKING 101 EDUCATION

Practice & Reference Material



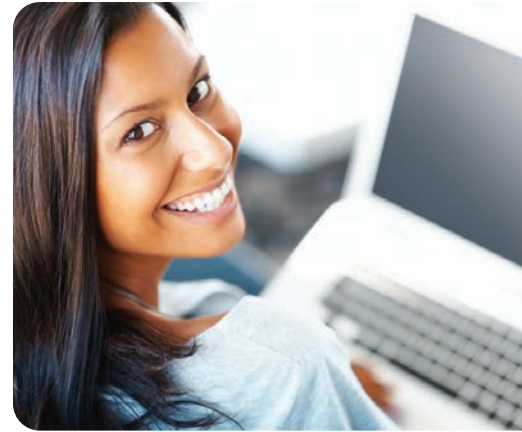


BOOKLET INFORMATION

Thank you for your willingness to learn more about managing your checking account and how to better use the tools Armed Forces Bank offers you. Armed Forces Bank is glad to be your partner as you manage your money.

This short booklet is designed to help you understand your checking account and minimize fees. In less than an hour, you will learn how to balance your account register, how to reconcile your register to your bank statement, and how to check your account balance at any time. Along the way, you will learn how to avoid overdraft fees by practicing careful money management. You might even have a little bit of fun today!

We also have a video series available on our website at www.AFBank.com that will help you manage your account and avoid fees.



Thanks again for partnering with us as you manage your money!



TOOLS FOR CHECKING YOUR BALANCE

Most banks offer you a number of tools with which you can check your balance.

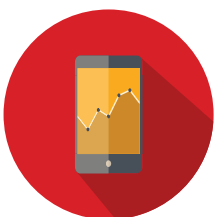
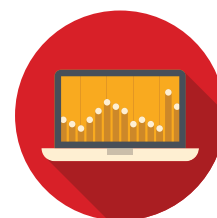


ACCOUNT REGISTER

In your register, you record each transaction you make, whether you are spending money or depositing it. When you spend money, you subtract that amount from your ongoing balance. When you deposit money, you add it to your ongoing balance. It just takes a second, and it helps you know exactly how much money you have in your account available to spend.

BANK WEBSITE

These secure, easy to navigate sites allow you to see your current account balance, what transactions have posted, pending debit transactions, and any fees that might have posted. You can even use the website to transfer money from a savings account or another checking account. These website balances do not include any checks you have written that the vendor has not yet deposited, but they do give an accurate record of how much money is currently available in your account. Check with your bank representative to find out how to sign up.



MOBILE BANKING WEBSITE

If you have a smart phone, you can access your account through a mobile banking¹ website. Here you can check your account balances, transfer money from one account to another, deposit a check, and see any messages. Mobile websites have many of the same functions as regular websites, all on your smart phone. This way you can check your account balance anywhere you are, as long as you have a cell signal.

TELEPHONE BANKING

You may even be able to call a toll free number to check your account balance from any phone. With telephone banking, just enter your PIN, follow the prompts to check your account balance, transfer money, or check recent transactions.



FRIENDLY BANK TELLERS

Or, you can just stop by your closest bank branch and any teller will be happy to check your account balance for you free of charge. Show your identification and our friendly tellers are always ready to assist you with a smile.

¹ Message and data rates may apply - such charges include those from your communication service providers.



HOW TO USE YOUR ACCOUNT REGISTER

HOW DO I KEEP AN ACCURATE RECORD OF MY ACCOUNT BALANCE?

1. Record all deposits and withdrawals in your account register.
2. Keep your balance current by subtracting withdrawals and adding deposits.
3. Review monthly checking account statements.
4. Resolve the differences between your account register and monthly checking account statements using a reconciliation form.

WHAT SHOULD I RECORD IN MY ACCOUNT REGISTER?

- Purchases (grocery store, mall, gas station)
- Checks you write
- Deposits and withdrawals
- Maintenance fees, interest, and other bank charges
- Electronic banking transactions (pay bills online, paycheck direct deposit)
- ATM transactions (deposits or withdrawals)



There are two types of account registers available for your use. You can choose a Check Card Register that can hold your debit card on the outside and is smaller in size to fit in your wallet, or you can choose a Check Register, that can fit inside your checkbook. Both types of registers help you keep track of your account balance by giving you a place to record your transactions – just choose the size of register you are more likely to keep with you and use regularly.



DIFFERENCE BETWEEN DEBIT & CREDIT CARDS

DEBIT CARD

CREDIT CARD

When do I pay?

- You are spending your own money from your checking account.
- You are borrowing a bank's money to pay back to the bank later.

Will I be charged interest?

- There are no interest charges because it is your money.
- You will be charged interest if you do not pay off your balance, or if your credit card company does not offer a grace period (time to pay off your balance without accumulating interest charges).

Are there any fees?

- You may be charged fees on certain transactions (for example: withdrawing money from your account at an ATM without your bank's name).
- Overdraft fees are usually larger than other fees because it is such a specialized service.
- Fees and penalties can be charged if your payments are not on time.
- Some credit cards charge yearly fees.
- If your credit card company does not offer a grace period, you may be charged certain fees for your unpaid balance.

Other Possible Benefits

- Using a debit card is faster and easier than writing a check.
- A debit card can be replaced, but lost cash cannot be replaced.
- Some debit card companies may offer free items or rebates (returned money).
- With enough money in your account, you can pay for purchases without borrowing money or being charged interest.
- Some credit card companies offer free items (for example: cash rebates, or bonus points).
- You can withhold payment (not pay) on charges under question.
- Some credit card companies offer protection plans for defective items.
- Your credit score may go up and you may qualify for lower interest rates on loans if you manage your credit card well (for example: paying your bill on time every time).

Other Possible Concerns

- Usually, no protection plans are offered for defective items purchased.
- If you do not have enough money in your account, you will need another way to pay for unexpected emergencies (for example: a car repair).
- You may over-spend because the credit limit may be higher than you can pay back.
- You will pay interest if you do not pay your entire balance each month, or if your credit card company does not offer a grace period. Interest is expensive if you only pay the minimum amount due each month.



OVERDRAFT PROTECTION OPTIONS

WHAT YOU NEED TO KNOW ABOUT OVERDRAFTS AND OVERDRAFT FEES

An overdraft occurs when you do not have enough money in your account to cover a transaction, but we pay it anyway. We can cover your overdrafts in two different ways:

1. We have standard overdraft practices that apply to our accounts.
2. We also offer overdraft protection plans, such as a link to a savings account or to an overdraft line of credit which may be less expensive than our standard overdraft practices. To learn more, ask us about these plans.

What are the standard overdraft practices that come with my account?

We do authorize and pay overdrafts for the following types of transactions based on the length of time your account has been open and the activity in and your usage of the account:

- Checks and other transactions made using your checking account number such as ACH direct debits.
- Automatic bill payments

We do not authorize and pay overdrafts for the following types of transactions unless you ask us to:

- ATM transactions
- Everyday debit card transactions

We pay overdrafts at our discretion, which means we do not guarantee that we will always authorize and pay any type of transaction. If we do not authorize and pay an overdraft, your transaction will be declined.

What if I want Armed Forces Bank to authorize and pay overdrafts on my ATM and everyday debit card transaction?

Notify us of your decision by calling our toll free number at 888-929-2265, visiting any branch location or through online banking. You may change that decision at any time by notifying us again.

You may instruct us to never pay any item that would overdraw your account. Opting out of all overdrafts may still result in returned item fees being assessed. To opt out of all overdrafts, contact any branch location or call Customer Care.

Overdraft Protection Transfer

Secondary checking, savings and money market accounts may be used to avoid overdraft fees. When checks or other debits present against your account in amounts that would create an overdraft or returned item, the bank will transfer funds from your linked account. Fees may apply, and for more information or to enroll, call Customer Care at 888-929-2265.

Ready Cash Reserve

The Ready Cash Reserve is a line of credit that is attached to any checking, NOW or money market account. Visit any branch location or call us toll free at 888-929-2265 to apply or obtain additional information.



GLOSSARY: LEARNING THE LANGUAGE OF BANKING

Account Register: A small book you can use to write down all of your deposits, withdrawals, and purchases made with your account, including any fees or monthly charges.

Automated Teller Machine (ATM): A computer terminal where you can deposit cash and checks into your account or withdraw cash from your account at any time.

Budget: A list of items you need to spend money for (for example: monthly bills, groceries, and clothing), and approximate amounts of money needed for each item, to be compared with your estimated income for a set amount of time.

Check: A written promise between you and your bank. When you write a check, you are asking the bank to take money from your account and give it to someone else.

Checking Account: A personal, secure place to keep your money at a bank, from which you can write checks to pay bills and buy items. Your bank will send you a monthly statement that lists all the deposits, withdrawals, fees, and purchases you made that month.

Debit Card: An electronic access device (plastic card) issued by the Bank which allows Bank customers access to their account to withdraw cash or pay for goods and services.

Deposit Slip: A piece of paper used to let the bank teller know how much and what forms of money you are depositing into your account.

Direct Deposit: An automated, electronic method for transferring and depositing money directly into your account.

Endorsement: The act of signing the back of a check so that you can deposit or cash the check.

Electronic Banking: Using computers to move money to and from your account, instead of using checks and other paper transactions. This includes all debit card transactions, electronic bill pay, ATM transactions, and direct deposit.

Electronic Bill Pay: A service that automatically takes money from your account to pay your bills.

Fee: The amount charged by banks for your account activities and services.

Fee Schedule: A document given by the bank that lists the fees you might be charged for certain account activities.

Interest: A percentage of money paid in exchange for borrowing money.

Item: A single transaction. For example: a check, ACH debit, debit card transaction, ATM withdrawal, transfer of funds, fee or deposit.

Overdraft: A deficit in a bank account caused by drawing more money than the account holds. An overdraft occurs when you do not have enough money in your account to cover a transaction, but we pay it anyway at our sole discretion. We will provide you with a notice when your account becomes overdrawn or an item is returned.

Point of Sale (POS): A transaction where you use your debit card at a store's checkout register to buy your items.

Reconciliation: The act of fixing the difference between your account's monthly statement balance and your account register balance.

Withdrawal: The act of taking money out of your bank account.



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- A red circular icon containing a white notepad with horizontal lines and a black pen resting on it. The notepad and pen are slightly offset to the right, creating a shadow on the left side of the circle.

Record the updated balance on the last line of the reconciliation form. This total should match your new account register balance.

Saturday - 9:00 a.m. - 5 p.m. CT



INSTRUCTIONS FOR ACTIVITY 2

2 OF 4



ARMEDFORCESBANK

P.O. Box 26458
Kansas City, MO 64196

September

Reporting Activity 08/05 - 09/04

Page 3 of 12

SIMPLE CHECKING- XXXXXXXXXXXXXXXX50

Account Summary

Date	Description	
08/05	Beginning Balance	\$200.00
	Total debits this period	\$251.00
	Total credits this period	\$500.00
09/04	Ending Balance	\$449.00

Account Activity

Transaction Date	Description	Debits	Credits	Balance
08/05	Beginning Balance			\$200.00
08/16	CHECK NO 802	-\$42.00		\$158.00
08/16	29398 AUTO PAY REF# 1210019653 CAR LOANS R US	-\$145.00		\$13.00
08/27	DEPOSIT		\$500.00	\$513.00
08/29	GAS STATION REF# 1233429 1345 DOWNTOWN BOULEVARD	-\$52.00		\$461.00



INSTRUCTIONS FOR ACTIVITY 2

3 OF 4



ARMEDFORCESBANK

P.O. Box 26458
Kansas City, MO 64196

September

Reporting Activity 08/05 - 09/04

Page 3 of 12

SIMPLE CHECKING- XXXXXXXXXXXXXXXX50

Account Activity

Transaction Date	Description	Debits	Credits	Balance
08/29	CRAZY DAVE'S PIZZA & SUBS 41011040023041	-\$6.00		\$455.00
09/04	MONTHLY ACCOUNT MAINTENANCE FEE	-\$6.00		\$449.00
09/04	Ending Balance			\$449.00

SIMPLE CHECKING- XXXXXXXXXXXXXXXX50

Daily Balances

Date	Amount	Date	Amount
08/05	\$200.00	09/04	\$449.00
08/16	\$13.00		
08/27	\$513.00		
08/29	\$455.00		



INSTRUCTIONS FOR ACTIVITY 2

4 OF 4

THIS FORM IS PROVIDED TO HELP YOU BALANCE YOUR STATEMENT

BEFORE YOU START

PLEASE BE SURE YOU HAVE ENTERED IN YOUR REGISTER ALL AUTOMATIC TRANSACTIONS
SHOWN ON YOUR STATEMENT

WITHDRAWALS OUTSTANDING
NOT CHARGED TO ACCOUNT

CHECK #/ COMPANY	AMOUNT	

BALANCE SHOWN ON
THIS STATEMENT

\$ _____

ADD +

DEPOSITS NOT SHOWN ON
THIS STATEMENT

\$ _____

TOTAL

=====

SUBTRACT -

WITHDRAWALS
OUTSTANDING

_____ 0

BALANCE

=====

SHOULD AGREE WITH YOUR REGISTER
BALANCE AFTER DEDUCTING SERVICE
CHARGE (IF ANY) SHOWN ON THIS
STATEMENT



BALANCING YOUR CHECKBOOK

Separate pages 12, 13, and 14 from the rest of the packet so you can see them all without flipping back and forth.

Fill out your account register (page 14) by entering the information from the receipts and deposit slips (page 13) and calculate a new balance after each transaction. Be sure to include the date, description (usually the location of purchase), type of transaction (payment, fee, withdrawal, deposit, or credit), and dollar amount. Your starting balance is \$200.00.





INSTRUCTIONS FOR ACTIVITY 1

2 OF 3

StoreMART

StoreMART - KANSAS CITY MO

Aug.16

578348390	BOTTLED WATER	\$3.56
579738487	COFFEE	\$7.82
734874839	DIAPERS	\$23.99
738902057	BABY WIPES	\$3.83
Subtotal.....		\$39.20
Tax.....		\$2.80
Total.....		\$42.00
PAID CHECK.....		\$42.00
CHANGE.....		\$0.00

Win a
\$100 Gift Card!

Store receipts often have lot numbers and other advertiser information on them. For the purposes of this activity, this is meaningless text that you can ignore. What you need to record is the amount. Don't get distracted by the store's advertisements. This is not a real gift card contest.

StoreMART
\$100

\$6.00 debit
at Crazy Dave's
for LUNCH!

forgot receipt
8/29

Gas Station

WELCOME

800000000038385-040388
GAS STATION SERVICES
1345 DOWNTOWN BOULEVARD
KANSAS CITY, MO 64196
8-28
CREDIT CARD
CC AUTH#2383838
/DAN/T/KDK
SEQ# 00505 EXP**/**

BATCH #87

PUMP # 04
PRODUCT: UNLD
VOLUME: 15.186G
PRICE: \$3.49
FUEL SALE: \$52.00

THANK YOU! HAVE A

RICO

RICO CLOTHING COMPANY
9/6

RICO DRESS SHIRT	\$24.97
RICO SOCKS	\$11.83
RICO PANTALONES	\$24.97
DISCOUNT 20%		
.....		\$19.97

SUBTOTAL	\$56.77
RICO GIFT CARD	\$10.00
SUBTOTAL	\$46.77
TAX	\$3.23
TOTAL	\$50.00

DEBIT XXXX XXXX XXXX XX27
ACCEPTED! THANK YOU!

GET REAL. GET RICO.



ARMEDFORCESBANK

This is a Dep

RECEIPT DRAWER: 5678 8/27
TRANS#: 31 16:32:64
DOR Deposit *****7890

\$500.00

FOR DEMONSTRATION PURPOSES ONLY

Thank you for banking with us!



3 OF 3

[illegible]