

How Banking works... or doesn't work for you

Part 1: Credit where Credit is Due

I've seen a number of people fucked over without consent by not knowing how the system is, and I figured it's time to give a primer on finance so we're using protection when it comes to banking, finances, and all the other crazy ass Money we have to deal with on a constant basis. I'm a former banker so I won't be giving you stock picking advice, how to get rich, so you can click back now. But if you want to hear about checking accounts, savings, credit cards and credit, I hope you find these helpful. I'm going to cover Credit Scores, and Credit history. I'll even throw in a TLDR at the end

First off, it's almost as fucking important as health class and should be taught in high school. We take on student loans for college in the tens, even hundreds of thousands of dollars and have no clue exactly that we're signing up for a lifetime of debt. The only only only fucking good thing is... you're establishing a credit history. Now a credit history is tricky. Back in the 70's there came out the Fair Credit Reporting Act, or FCRA which established standards for accuracy in your credit report, and what could or could not go, as well as access to your own stuff.

Prior to that, it was more "EVERYTHING" was in your report based upon local groups. We're talking marriages, promotions, even arrests. You basically had the town gossips deciding whether you could or couldn't get a mortgage! FCRA changed that in the 70's and was updated in 1996 with rules about what could be in reports, the access to the system, and even who can request it (whether it's a bank loan, employment, or even child-support agencies) good and bad there.

Now we come to the credit score. Your credit score is derived from a prediction about your credit behavior, how likely you are going to be able to pay off this new loan based on your previous history. Easy right? You pay stuff off, and you're rewarded for it? Oh you poor sweet child, I have a bridge to sell you in Brooklyn. Most credit scores range from 300 to 850, with 670 and up generally considered to be a good score Each of the Credit Bureau's use FICO as well, however the details of your credit can be affected if one or more negative reports is reported to a single bureau and not all three. But what is the FICO credit score based on?

35% Payment History

30% Amounts Owed (Credit Utilization)

15% Length of Credit History (I'll touch on this later but don't close credit card accounts, pay off yes, but don't close)

10% Credit Mix (If you have student loans, and credit cards, it's a mix of two different types of credit)

10% New Credit (If you ask for more money, you're riskier because you haven't paid off the other

credit yet)

Hard Inquiries and Soft Inquiries- If you're rate shopping for loans like student, mortgages, even cars, they consider that a hard inquiry (roughly less than 5 points are deducted), however it's positive that they lump all of those together as one inquiry if it's within a short amount of time (roughly two weeks is good) but if you do multiple credit card applications, more red flags than a bad date are issued.

Credit history. Always always keep accounts open, UNLESS and I strongly stress this... UNLESS there's an annual fee and you're not using the account, leave it open, don't touch it, burn the card, whatever but keep it open. Because it actually does matter. Let's say you have two credit cards. You use one for Honey Birdette and it's constantly maxxed out because you can't wait for any sales (I'm assuming there's sales? I mean I just see the results in some of my partners and I honestly think they're worth every penny) and you have another card you've had for 10 years you use to spend on Dipped cones from Dairy Queen (I may be craving some ice cream) but it has a Daffy Duck on the front, and you're reminded of your ex and need to close out everything that reminds you of that douchebag so you say fuck it and close that account even if it's all paid off, it's good right?

NO! The FICO® Score evaluates your experience with credit by measuring the age of your oldest credit account, the age of your newest credit account and the average age of all your accounts. What this means is, it caps your history right at that point on the card... and it only stays on your account for ten more years (or less, sometimes only 7), so that credit history you've spent ten years building? You only have that for another ten years and basically that ex fucks you over one more time but this time down the road when it really matters. Not to mention, available credit is now decreased and you have only the Honey Birdette Card with a lower amount of credit, which leads to an affected Credit Utilization score, which affects Amounts Owed and FICO yet again. It's ok to have cards you don't use, unless there's an annual fee associated with it, keep that as an emergency card in case of Sex Toy sale. Ok that's it from my soapbox for today, if there's more interest, I'll touch on Checking and savings another day.

TLDR: Pay your shit off or get fucked without lube by credit bureaus, but never close accounts as that messes with you too UNLESS there's an annual fee and you're not using it

Part 2

They say Money can't buy love... I say that's bullshit because Money can absolutely buy love in the form of a puppy or pet. <https://www.adoptapet.com/>

Now onto the actual subject, I'll throw in a TLDR for those that can't read good and wanna learn to do other stuff good too. Checking and savings accounts. We covered credit before which is great, but onto the daily interactions that make your life go around... or slammed into a brick wall. Bank

accounts were first used during the Middle ages, The Knights Templar were the first private bank (actually not the first bank as the Tang dynasty in China used "flying money" or Feiquan which was two documents that would allow merchants to deposit money at a regional office, and reclaim it at the capital) and they became hugely successful... until on Friday the 13th (may be the myth behind Friday 13th being unlucky) in 1307, they were arrested by King Phillip (he owed them a lot of money) on charges of rituals and the like. Anyway I digress.

You remember what I said in the previous story about credit reports? There's a different little version of that where Banks do talk to each other so if you're having trouble with your banking, you'll start to see doors closed in your face just to even hold your money at a bank. There are ways some banks do offer certain types of accounts that can repair that type of credit, doesn't hurt to ask, or try a credit union.

Checking Accounts-Intended for day to day use, back in the old days when dinosaurs roamed the earth, black and white television, and when Sirsamwise was born, these accounts were created to be transactional, you would deposit funds to be drawn against to pay bills and buy things. They used (still do for us old folks) to use additional forms of pieces of paper to give value to the other pieces of paper you stored in their vaults. They tend to be low-interest or interest-free.

Saving Accounts- The difference between checking and savings is that these were intended to be long-term accounts, to be touched only in rare occasions. Banks offer savings accounts to try to lure in your money by offering high interest rates, typically these rates go away after a certain period of time, or they're coming with stipulations on how many times you use your checking account for instance, and whether you have your direct deposit going to your bank accounts.

There was a rule about how often you can withdraw from a savings account or it runs afoul of regulations. But now it's based on each financial institution. Read the fine print people!

Always search for the best interest rates, this account makes steady cash for you even if it's not a huge amount, little by little helps but I recommend making sure some goes to the retirement accounts. It seems like a long way off but years fly by. It's your money, make sure to have more of it.

Overdrafts

A large amount of Bank profit was coming from overdraft fees, they've since be shot down as lot but overdraft fees were essentially "you can't afford this purchase, but we'll let it go through and slap you with instant fees." thankfully now you can opt out of overdraft protection so it will just deny the purchase instead of racking up more points than a sugar-high kid at Dave and Busters.

TLDR: Checking accounts are super important, make sure to combine with short-term savings for emergencies but anything longer than that should be invested or placed in retirement account (for like

when you're super old... like 40 or something).

I'll consider what to post for next entry! Sorry it took so long