



## ESL Podcast 537 – Types of Bank Accounts

### GLOSSARY

**savings account** – a bank account designed to hold the money that one has saved and pay the owner a small percentage, so that the money can be used for special, important purchases in the future

\* If we buy that expensive new car, we'll have to use most of the money in our savings account.

**checking account** – a bank account designed to hold a smaller amount of money that can be accessed many times each day to make small purchases with a debit card or with a check

\* Do we have enough money in our checking account to pay the phone bill this month?

**CD** – certificate of deposit; a bank account designed to hold a large amount of money for a certain period of time during which it will not be touched, and designed to pay the owner a percentage of that money

\* They have a lot of extra cash, but they're too scared to invest in the stock market, so they're going to open a CD instead.

**interest-earning** – describing an account that pays the owner a percentage of the amount of money in the account

\* I have an interest-earning account, but it pays less than one percent.

**free checking** – a checking account that the owner can have and use without paying the bank for it; a checking account with no monthly fees or check-printing fees

\* Free checking accounts are great, but you still have to pay fines if you write checks when you don't have enough money in the bank.

**service charge** – an amount of money charged by a bank for a service, such as using an ATM or speaking with a bank employee

\* We couldn't believe it when the bank started charging a \$3 service fee each time we went in to do our transactions.

**minimum balance** – the minimum amount of money that one must keep in a bank account in order to keep it open and/or avoid a monthly charge

\* We offer a free savings account as long as you maintain a minimum balance of \$600.



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**to dip below** – to fall below a certain number or amount; to be less than a certain number or amount

\* We'll get a loan as soon as the interest rate dips below 5.35%.

**to link** – to connect; to tie two or more things together in some way

\* A company's financial success is closely linked to the quality of its employees.

**overdraft protection** – a service through which a bank honors (pays money for) one's checks even when one has written a check without having enough money in one's bank account to cover it

\* If you keep enough money in your bank account, you shouldn't ever need to use overdraft protection

**in case** – in the event that; in a particular situation; a phrase used to talk about something that one is doing to protect oneself if something else should happen

\* You better take an umbrella just in case it rains.

**to bounce (a check)** – to write a check when one doesn't have enough money in one's bank account to cover the amount; to write a bad check

\* The landlord was really angry when we bounced our rent check.

**joint account** – an account with two or more equal owners

\* Even though they've been married for 13 years, they still don't have a joint account at the bank. They prefer to manage their money separately.

**to pool** – to combine things; to put everything in one group or account

\* Hitoshi is a great cook, and Yuki is a great baker, so they're pooling their talents to open a new restaurant.

**to lock in** – to agree on an interest rate or another number that will not change over time

\* They're offering to lock in the price over three years, as long as we buy at least 7,500 units.

**interest rate** – the percentage of money that one must pay when borrowing money, or that one receives when putting one's money in a bank

\* This is a great time to buy a house because interest rates are really low.

**to mature** – for a financial arrangement to reach the end of a specified period of time so that it is ready to be paid

\* Let's buy some bonds that will mature on Craig's 18<sup>th</sup> birthday, so that he can use the money for college.



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**to interfere** – to become involved in someone else’s business or personal affairs, especially when that person doesn’t want one’s help or involvement  
\* I know you were trying to help, but I really wish you hadn’t interfered. I could have done it alone.

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### COMPREHENSION QUESTIONS

1. Which of these would you expect to pay the highest interest rate?
    - a) A checking account.
    - b) A savings account.
    - c) A CD.
  2. What is free checking?
    - a) A checking account with no monthly fees.
    - b) A checking account that anyone is free to open.
    - c) A checking account where the owner is free to use any bank.
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### WHAT ELSE DOES IT MEAN?

#### **link**

The verb “to link,” in this podcast, means to connect or to tie two or more things together in some way: “Obesity is linked to a high-fat, high-sugar diet.” Or, “Have the police linked anyone to the crime?” The phrase “to link up” means to make a physical connection so that two things can work together: “Can you please help me link up the trailer to the pickup truck?” The phrase “to link up with (someone)” means to meet with someone so that you can do something together: “We’re going to link up with some friends at the mall this afternoon and then go see a movie together.” Finally, a “chain-link fence” is a type of fence made from metal that is twisted together into repeating diamond shapes: “The kids watched the baseball game through the chain-link fence.”

#### **bounce**

In this podcast, the phrase “to bounce (a check)” means to write a bad check, or to write a check when one doesn’t have enough money in one’s bank account to cover the amount: “We try to keep at least \$1,000 in our checking account so that we never have to worry about bouncing checks.” The verb “to bounce” means for a person to jump up and down excitedly: “As a child, Yuko enjoyed bouncing



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up and down on the bed and couch.” The phrase “to bounce ideas off (someone)” means to tell another person one’s ideas to get their reaction and feedback: “If you have time, I’d like to bounce some ideas off you this afternoon.” The phrase “to bounce (something) around” means to discuss ideas with a group of people: “They’ve been bouncing ideas around for hours, but they still haven’t decided what to do.”

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### CULTURE NOTE

In the United States, there are many different kinds of banks. A traditional bank is a “for-profit” (wanting to make money) institution that exists to loan money to individuals and businesses, so that it can “profit” (make money) on the interest they have to pay back to the bank.

A “credit union” does many of the same things that banks do, but it is owned and controlled by its members. Credit unions are open to only certain types of people – like public school teachers in a certain county, or anyone who lives in a particular state. Credit unions try to “promote” (encourage) “thrift” (the act of saving money), offer “credit” (loans) at “reasonable” (not too high) interest rates, and provide other types of financial services to their members.

A “savings and loan association,” also called an “S&L,” is a financial institution that gives people a place to keep their savings. An S&L uses that money to make “mortgages” (loans to buy a home) and other types of loans. Some S&Ls are owned and operated by the “depositors” (people who put their savings in the S&L) and “borrowers” (people who get a loan from the S&L), but other S&Ls are “publicly traded” (with many people buying and selling small pieces of ownership). The law requires that at least 65% of the money lent by S&Ls be used for mortgages and other “consumer loans” (money used by individuals to buy things; not for businesses).

When opening a new bank account or applying for a loan in the United States, it is important to research your options at traditional banks, credit unions, and S&Ls, because the interest rates offered by each institution can “vary greatly” (be very different).

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Comprehension Questions Correct Answers: 1 – c; 2 – a



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### COMPLETE TRANSCRIPT

Welcome to English as a Second Language Podcast number 537: Types of Bank Accounts.

This is English as a Second Language Podcast episode 537. I'm your host, Dr. Jeff McQuillan, coming to you from the Center for Educational Development in beautiful Los Angeles, California.

Our website is eslpod.com. Go there to download a Learning Guide for this episode that contains all of the vocabulary, definitions, sample sentences, additional definitions, cultural notes, comprehension questions, and a complete transcript of everything we say.

This episode is called "Types of Bank Accounts." It's a dialogue between Luiz and Iona, going through some of the common vocabulary we use when talking about the special arrangements or agreements you have with a bank when you give them your money. Let's get started.

[start of dialogue]

Luiz: Where are you going?

Iona: I'm going to the bank to open an account.

Luiz: What kind of account: a savings account, a checking account, or a CD?

Iona: Um, I'm not sure, but I'm sure someone at the bank can help me decide.

Luiz: You'll also need to decide if you want an interest-earning account or not, and don't forget to ask for free checking. Pick a bank that doesn't have monthly service charges.

Iona: Okay, thanks...

Luiz: And make sure you know if there's a minimum balance required, because if the account dips below that minimum, you'll be charged a fee.

Iona: Yes, right, I'll be sure to do that. Well, I'd better get going...



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Luiz: You probably want to open a checking and a savings account, so make sure you link those accounts. That should give you overdraft protection, in case you ever bounce a check.

Iona: Okay, I'll definitely keep all of that in mind. I'd better go. Samil is waiting for me.

Luiz: Are you thinking of opening a joint account with your boyfriend?

Iona: We're considering it...

Luiz: Pool your money and open a CD. That way, you'll lock in a good interest rate and neither of you can touch the money until the CD matures.

Iona: We'll think about it. Thanks.

Luiz: Oh, and...

Iona: Would you like to come with us to the bank and help us open our accounts?

Luiz: Really? But I don't want to interfere.

Iona: You, interfere? I can't imagine you ever trying to interfere.

[end of dialogue]

Luiz begins by asking Iona, "Where are you going?" Iona says, "I'm going to the bank to open an account." Luiz says, "What kind of account: a savings account, a checking account, or a CD?" A "savings account" is a bank account designed to hold your money that you are saving, and usually to pay you a small percentage of what we would call "interest." It's money that the bank gives you for using your money, because banks, of course, don't just take your money and put it in a safe place, they lend that money out to other people. They let other people use your money, and those other people pay the bank interest. But here, the bank pays you interest – you extra money. A "checking account" is a bank account that holds money that you can use to write checks with. A "check" is a small piece of paper; basically it's a promise to pay a certain amount of money. You give someone this check, and they can take it to their bank and the bank will get the money from your checking account. Checking accounts sometimes also offer interest, it depends on the account. A "CD" stands for a certificate of deposit. It's a special bank account where you give the bank usually a large



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amount of money, more than 10,000 dollars typically – it could be up to a million dollars or more – and you give this to the bank and you agree not to touch it for a certain amount of time. It's like a savings account, but you can't just go to the bank and take your money out; you have to leave it there for 60 days, 90 days, a year, maybe up to five years. The bank then give you more interest; it gives you a higher what we would call "rate of interest," it allows you to get more money for putting your money with this bank. In the United States, CDs are popular ways of saving a lot of money. If you have a lot of money that you don't want to invest – don't want to put elsewhere, you can put it into a CD.

Iona says, "Um, I'm not sure, but I'm sure someone at the bank can help me decide." Luiz says, "You'll also need to decide if you want an interest-earning account or not." We've already described "interest" as the percentage of money that the bank gives you back for allowing the bank to use your money. "Interest-earning" just refers to an account that earns interest, that's the verb we use. You earn interest – you get money for your money. The verb "earn" can also mean to get money from a job. I work; I earn money from my job – not a lot of money, but some money!

Luiz says, "don't forget to ask for free checking." In some banks, the bank charges you a fee for having a checking account or for not having enough money in your checking account. "Free checking" is a checking account where the bank does not charge you any money; it doesn't charge you a fee. Luiz says, "Pick a bank that doesn't have monthly service charges." A "service charge" at a bank is the amount of money the bank makes you pay for certain services such as using an automatic teller machine – an ATM, a machine that you go and you put a card into and you get money out of from your account. Some banks have service charges for using ATMs. Some banks in the U.S. now have service charges if you want to go into the bank and talk to a real human being. That's sort of strange, but it's true at a lot of banks, especially big banks nowadays. These would all be called service charges.

Iona says, "Okay, thanks..." but Luiz has more advice. Luiz says, "And make sure you know if there's a minimum balance required." "Make sure" means get this piece of information, be confident about this piece of information, that you know it, be sure. He says, "make sure you know if there's a minimum balance." A "minimum balance" is the minimum, or least amount of money that you have to keep in your bank account. Usually, banks require a minimum balance – "balance" is just the amount of money in your account – in order to have an account without service charges. So in some banks, you have to have a minimum balance of, say, 1,000 dollars, or 5,000 dollars. If you don't have that amount, the bank will charge you a service charge. Luiz says, "if the account





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dips below that minimum, you'll be charged a fee," a service charge. "To dip below" means to fall below a certain number or amount, to be less than a certain number or amount. You could say, "The temperature dipped below 30 degrees Fahrenheit last night," meaning it got below; it went lower than 30 degrees. So, if your bank has a 5,000-dollar minimum balance and you have less than 5,000 dollars, because you took some money out, you would dip below the minimum balance.

Iona says, "Yes, right, I'll be sure to do that. Well, I'd better get going..." This is a polite way of saying I need to leave now. Iona wants Luiz to stop talking to her, stop giving her advice. Luiz, however, continues to give advice. He says, "You probably want to open a checking and a savings account, so make sure you link those accounts." "To link" (link) is to connect, to tie things together. At many banks, you can have both a savings account and a checking account. You link the accounts together so you can move money from one account to the other easily. Luiz says linking the checking and savings accounts will give Iona overdraft protection, "in case you ever bounce a check." "Overdraft protection" is a service where the bank will pay a check even if you don't have enough money in your checking account. It's used to protect people in case, or in the event that, they bounce a check. "To bounce a check" means to write a check, to give someone a promise that you are going to pay them, but not having enough money in your account. So, if you give someone a check for 500 dollars, and you only have 250 dollars in your account, that would be bouncing a check. Some people do that accidentally; some people do it purposely, in which case they can get into trouble, including legal trouble. "Bounce" has several different meanings in English, as does the word "link," which we used a minute ago. For both of those words, take a look at our Learning Guide for additional explanations.

I should explain that the word "draft," in this case, means the same as withdrawal. "To withdraw" money from an account means to take it out. So, an "overdraft" is when you try to draw too much money out of your account, such as the example of our bounced check.

Iona says, "Okay, I'll definitely keep all of that in mind (I'll try to remember all of that). I'd better go." "I'd better go" is another polite way of saying I have to go now – shut up! "Samil is waiting for me," Iona says. Luiz says, "Are you thinking of opening a joint account with your boyfriend?" A "joint account" is an account where you have two or more people who are officially or legally on the account we would say, meaning both of their names are on the account, they both can use the account. Luiz is asking Iona if she plans to open a joint account with her boyfriend, perhaps they're getting married soon. Iona says, "We're considering it





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(we're thinking about it)." Luiz says, "Pool your money and open a CD." "To pool (pool) your money" means to combine your money. To pool anything means to combine things. Usually, for example, if you are in a group and you all need to do something together, you might pool your resources, the things that you have in order to accomplish your task or goal. In this case, you would pool your money; you would put your money together and, Luiz is recommending, open a CD (a certificate of deposit). He says, "That way, you'll lock in a good interest rate." "To lock in" in this case means to agree on an interest rate that will not change over time, or to agree on a price that will not change over time. When you buy a house in the United States and you get a special loan for that house, what we call a "mortgage" from a bank, you can lock in your interest rate. You can say, "Okay, I want this particular interest rate," and the bank guarantees it; it agrees that it won't change it; it won't make it go up. This is a way of protecting you.

Luiz says, "you'll lock in a good interest rate," remember the interest rate is the percentage of money that either the bank will pay you for putting money in a savings account or CD, or that you pay the bank when the bank loans you money. Luiz says, "neither of you can touch the money until the CD matures." "To touch the money," here, means you can't take the money out. That's what a CD is; it's when you give the money – your money to the bank for a long period of time, and you are not allowed to take the money back. "To mature," here, means for a financial arrangement to reach the end of a specified or agreed period. In other words, if you have a one-year CD it will mature 12 months from today, and on that date then you can get your money back and get the interest that the bank paid you. That's what we mean by a CD maturing, it comes to the end of the time that you agreed to leave the money there.

Finally, Iona says, "We'll think about it. Thanks." Luiz says, "Oh, and..." Iona says, "Would you like to come with us to the bank and help us open our accounts?" Iona isn't really serious, but she's saying to Luiz you're giving me too much advice now. Luiz says, "Really? But I don't want to interfere." "To interfere" means to become involved in someone else's business or someone else's personal life, especially if that person doesn't want you to be involved – doesn't want you to help. Iona says, "You, interfere? I can't imagine you ever trying to interfere." Iona's being sarcastic; she's making a joke because Luiz has been giving all of this advice that Iona didn't actually ask him for.

Now let's listen to the dialogue, this time at a normal speed.

[start of dialogue]



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[end of dialogue]

In case you didn't know, the script for this episode was written by Dr. Lucy Tse.

From Los Angeles, California, I'm Jeff McQuillan. Thank you for listening. Come back and listen to us next time on ESL Podcast.

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