

There are so many different ways to borrow, save, spend, and get money.

This guide will help you figure out what's best for you—and hopefully help you to keep more of your money!

THERE ARE BASICALLY TWO TYPES OF FINANCIAL SERVICES. WHICH IS BEST FOR YOU?



Informal financial services

These are places like check cashers, pawnshops, and money transfer stores. They are like stores for financial transactions, and each transaction has a fee. They can be convenient, but fees can add up.

Banks and credit unions

Banks and credit unions make their money from bigger transactions, like loans to homebuyers or small businesses. So they can usually charge lower fees for smaller transactions.

Questions about informal financial services

ARE THESE ALWAYS MORE EXPENSIVE?

It depends. Informal financial services like check cashing, money orders, and prepaid cards have fees for every transaction, and these can really add up. Banks don't usually charge fees for every transaction, but if you write a check for more money than you have, or you don't keep enough money in your account, you could be charged a fee as high as \$30. So it really depends on how you use these services.



"A lot of people use informal financial services like check cashers. Sometimes they think check cashers are more convenient, or they don't trust banks, or aren't familiar with the banking system in the U.S."

—Jasniya Sanchez, financial educator, Qualitas of Life

ISN'T MY MONEY SAFER WITH ME?

It might seem safer to keep your money at your house, in your pocket, or under your mattress, instead of in some bank. But money in banks is insured by the government. If something happens to the bank, you'll get your money back. If something happens in your home, like a fire or a robbery, you can lose all your money.

I'M NOT A CITIZEN. ISN'T THIS MY ONLY OPTION?

This isn't your only option. Non-citizens can open bank accounts, too. Federal law says that banks can accept foreign-issued IDs to start a bank account. It's up to each bank to decide what they ask for. Some banks require a Social Security number. Some accept an Individual Tax Identification Number (ITIN) instead. Some accept foreign IDs, like the Mexican consular ID card. And some don't require any of these.

AREN'T THESE BETTER THAN BANKS, SINCE I KNOW EXACTLY WHAT THEIR FEES ARE?

With both banks and informal financial services, you need to pay attention to the details to know what the real costs are. Fees for informal financial services can also be hidden, like when you're charged every time you check your balance on a prepaid card or get a bad exchange rate when you send money.

Questions about banks and credit unions

WHAT'S THE DIFFERENCE?

You can pretty much do the same things at a credit union that you can do at a bank. The main difference is that, at a bank, you're just a customer, while at a credit union, you're also an owner. Some credit unions also charge lower fees than banks because they're not trying to maximize their profits. In the rest of this document, when we say "banks," we're also referring to credit unions.

I'M UNDOCUMENTED. CAN I OPEN AN ACCOUNT?

You can in some banks. Look at the opposite page for more information. You can also find out the requirements by visiting or calling the banks, or by using this website: sendremas.org



"I opened an account when I first started working. I spend less when I don't have cash in my pocket. Once my money goes into the bank account I forget about it."

—Audrey, teaching aide, 17 years old

WILL OPENING AN ACCOUNT PUT ME "IN THE SYSTEM"?

Your address and tax ID number are used by the bank to identify you in the bank's system. But banks are not required to report your immigration status to any immigration authority if you don't have a Social Security number (except in Arizona and Alabama).

IF I GET DEPORTED, WILL I LOSE THE MONEY IN MY ACCOUNT?

No, unless your account is part of a criminal or a civil case. But it might be hard to access your money from abroad. Ask your bank how to give someone you trust access to your account in case of an emergency. You should also check with your bank to make sure your debit card will work internationally.

WILL MY PUBLIC BENEFITS BE TAKEN AWAY FROM ME IF I OPEN A BANK ACCOUNT?

No, but some programs will not provide benefits to people with savings over a certain amount. Ask your benefits caseworker how much you're allowed to have in your account.

How does it add up over time?

If you use money orders to pay rent and a few bills every month, each year you could pay...

\$50 in fees +



If you use a prepaid card to make a few transactions a month, each year you could pay...

\$200 in fees +



If you cash a \$300 paycheck every week, each year you could pay...

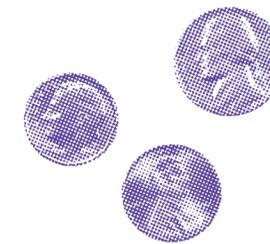
\$200 in fees



We all know banks are not perfect, but having a bank account helps you...

Write checks to pay bills

Access credit cards



Pay less to send money home

Establish a credit history



+ There are lots of these in your neighborhood, they're convenient

+ They're easy to use, and you know how they work

+ You know what fees they charge, and you only get charged when you use the service, not later

+ People who work there speak the same language as you

Informal services, pros and cons

- Every time you use a service, you pay a fee

- Even small fees add up over time

- You could be missing opportunities to earn interest and build a credit history

+ Your money is more secure—it won't get stolen

+ If anything happens to the bank, your money is insured

+ You could save money over time, because you won't pay a fee for every service you use

+ Many accounts come with a debit card, which is convenient for buying things without cash or online

+ Over time, you can get a savings account, credit cards, and services that help you save for retirement

+ Opening an account gives you a credit history, and that makes it easier for you to get home loans and other kinds of credit

Banks and credit unions, pros and cons

- If you've never opened an account before, it can be a confusing process

- Not all banks have staff that speak your language

- Some banks have a minimum deposit to open an account

- If you don't keep the minimum amount required, you'll get charged a fee

But minimum deposit amounts and fees vary a lot from bank to bank.

+ If you transfer \$300 to family back home once a month, each year you could pay...

\$187 in fees =



This year you spent...

OVER 600 IN FEES



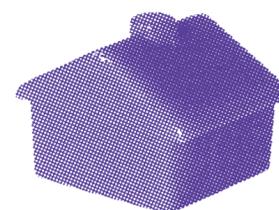
In 10 years...

you could spend more than

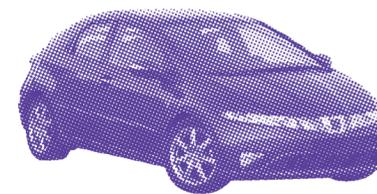
\$6,000 IN FEES



Over time, a bank account can help you...



Get a car loan or a mortgage on a home



Get a loan to build your business

Invest your money so it grows



I NEED TO...

TRANSFER MONEY

If you need to send money to your home country, you can do it through either a money transfer agency or at a bank or a credit union.

Let's say you want to send \$300 home.

as little as **\$3.14** Depending on where you go, you could spend... as much as **\$23.12**

\$19.98 IS A BIG DIFFERENCE

Cost of \$3.14 comes from a fee of \$0 and exchange rate of 12.65 for Mexico in March 2012. Cost of \$23.12 comes from a fee of \$12 and exchange rate of 12.31 for Mexico in March 2012.

154 eggs **In Mexico, that could buy...** **1/4 tank of gasoline**

GET CASH

You just got paid—with a check. Now you need to turn it into cash. You can go to:

a check casher

+
You can get the money right away, usually any time of day, from a store that's convenient to you

-
Every time you cash a check, you are charged a fee, usually from 1% to 2%; those fees can add up



"I first set up a bank account because I wanted direct deposit. I was tired of going every week and spending money just to cash my check."

—Cecilia, the Bronx

a bank or a credit union

+
There's no fee for depositing your check; you keep the whole amount

+
ATMs are available 24 hours a day

If your employer allows it, you can have your paycheck deposited directly into your account, and the money is usually available right away

-
You can only cash your check at a branch of your bank or your employer's bank

At the check casher, you keep



98.5% OF YOUR MONEY

If you cash checks regularly, you could save money by opening a checking account.

At the bank or credit union, you keep



100% OF YOUR MONEY

PAY FOR SOMETHING

but I can't use cash

use a prepaid debit card

+
You don't need a bank account to get one

You can use it like a credit or debit card to make purchases in stores or online

-
Most prepaid debit cards charge a lot of little fees that can catch you by surprise

Some only work in one store, others work anywhere

If you lose your card, you could also lose your money or get charged overdraft fees if someone else uses your card

Some prepaid cards expire. When they expire, you have to get a new card with all the same purchasing and activation fees as before



If you think you'll do things that trigger fees often, you should calculate those fees into the cost of using prepaid cards and see how much the fees eat up your money.

write a check or use a debit card

+
Banks don't charge a fee every time you write a check or use your debit card

You usually get a free debit card when you open a checking account

-
To get checks, you have to open a checking account. Banks sometimes charge a fee for opening an account

Banks might also charge a monthly fee for your account, or require you to keep a minimum amount of money in your account

You'll also get charged a fee if you write a check for more money than you have in your account

Debit cards take money directly out of your checking account, and the bank will charge you a fee if you take out more money than you actually have in your account

You can also use a credit card. Debit cards and credit cards might look the same, but they work very differently. With debit, you've already put the money in your account or on the card when you prepaid. With credit, you're getting a small short-term loan. You can buy things and pay for them later, but you will be charged interest if you take more than a month to pay the money back.



"Bank fees can really kill you. You need to make sure you have enough in your account when you write a check."

—Pilar, home health aide, originally from Ecuador

STORE MY MONEY

under your mattress

+
You know where it is and you can access it any time

-
Your money might not be that safe. What happens if there's a robbery or a fire?

Your money does not earn any interest

Some people are more likely to spend their money if it's at home

in a savings account

+
You know it's safe, and it's insured if anything happens to the bank

You can also make money off of your money. When you open a savings account, the bank or credit union will pay you interest for keeping your money there

-
You have to go to the bank or an ATM to get it

With a savings account, you might need to keep a minimum amount of money in your account at all times to avoid a fee



"The interest rates aren't great at most banks now, but they're better than what you get with your money under the mattress, and that money can get stolen, too!"

—Luis, tax preparer, Inwood

PAY MY BILLS

use different services to pay your different bills

use a checking account to pay all your bills from home



What's the difference between checking and savings accounts?

A checking account lets you write checks. It doesn't pay interest, but you often aren't required to keep a minimum amount of money in the bank either. With a savings account, you usually do have to keep a minimum amount of money in your account, but the bank will pay you interest. If you're using most of your money every month to pay for your expenses, you'll want a checking account. If you want to set aside money for later, you might want a savings account. If you have enough money, you might want both types of accounts.

IT'S YOUR MONEY. YOU DECIDE.

There are basically two types of financial services: **Informal services** and **Banks and credit unions**

This guide will help you figure out what's best for you—and hopefully help you keep more of your money!

What's next?

Visit sendremas.org
Now that you know your options, you can look into banks or credit unions that meet your needs. Remdas can help you compare your options.

Call 311
That's New York City's official help line. They can tell you if there are organizations in your neighborhood that can teach you more about money. They can also help you set up an appointment to meet one-on-one with a financial counselor, for free.

MAKING PUBLIC

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Here are some questions to ask yourself when you're choosing a financial service:

HOW MUCH ARE THE FEES?
HOW OFTEN DO THEY
CHARGE A FEE?
IS THE FEE THE SAME NO
MATTER WHAT?

Every service charges some fees, but they vary a lot. You need to find out how much they are. You should also find out if you get charged every time you make a transaction.

WHAT'S BEST FOR ME IN
THE LONG RUN?

It's not enough to think of the cost of each transaction on its own. You should also look at how fees will add up over time. And ask yourself what opportunities you might be missing out on—like making interest off of your money or getting a loan.

Making Policy Public is a program of the Center for Urban Pedagogy (CUP). CUP partners with policy advocates and graphic designers to produce foldout posters that explain complicated policy issues, like this one. makingpolicypublic.net

Collaborators:
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Remás: Brendan McBride, Valentine Njoroge
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The Center for Urban Pedagogy (CUP) is a nonprofit organization that uses the power of design and art to increase meaningful civic engagement. welcometoCUP.org



Remás is a Brooklyn organization that helps immigrants understand their financial choices and improve their options for achieving financial prosperity. sendremas.org



Neil Donnelly and Mary Voorhees Meehan are Brooklyn-based graphic designers who met in the Yale School of Art MFA program. They make books, websites, and exhibitions, often for clients in architecture and the arts. marymeehan.com neildonnelly.net

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