



Banking From a Distance

A GUIDE TO ELECTRONIC BANKING

Is your child heading off to college or moving out of town? If so, he can take his community bank along with him. Here are some tips for helping him make long-distance banking work:

How is my child going to pay his or her bills from another town on time?

Traditional checking: Your child can sign up for a traditional checking account, which she can use to pay bills and make day-to-day purchases wherever checks are accepted. Most checking accounts give account holders the option to apply for a debit card, which can be used to withdraw cash, make deposits, and transfer money between accounts. Like credit cards, most debit cards also can be used to make purchases. Unlike credit cards, however, your child will not be able to postpone payment on the debit card purchases she makes. Instead, the amount of each purchase will be deducted automatically from her checking account.

Electronic banking: The anytime, anyplace convenience of services such as online banking, electronic bill payment and e-statements can make banking from a distance an easy, seamless process. All your child will need to manage his financial life while away from home is a computer and an Internet connection. No in-person visits to a branch bank are required.

What is electronic banking? What are the differences among online banking, eStatements, and other online services?

Generally, the terms “electronic banking” and “Internet banking” refer to a product family that includes three services:

Online banking: Online banking puts comprehensive account information at your child’s fingertips, 24/7, no matter where he’s located. All he needs to do is go online and log in with a username and password, and he can instantly monitor his account balance and transaction history, move money between accounts, make loan payments, order checks and statements, and view, download and print images of checks and deposit slips. Most banks offer this service at no extra cost.

Online bill payment: With online bill payment, your child can log in to her account online and pay her bills with a few keystrokes and the click of a mouse. And if she wants to pay all of her bills in one sitting, she can “schedule” future payments by instructing her bank to pay certain vendors on a pre-determined date.

eStatements: eStatements are exactly the same as traditional paper statements, but instead of your child having to wait days for the post office to deliver his statement via regular mail, his electronic statement will be available online as soon as it’s ready.

TIP Dial-A-Banker

Technology’s great, but what if your child’s computer is on the fritz or he isn’t near a laptop and needs to transfer money, check an account balance or pay a bill—fast?

Most financial institutions offer a **Convenience Line**, which provides toll-free access to a wide variety of banking services, 24/7, 365 days a year. Typically, all he’ll need to make use of this service is a phone, his account number and his personal identification number (PIN).

Problem solved!



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Will I be able to get my child money if she needs it in a hurry?

Definitely. Here's how:

Person-to-person transfers: If you and your child bank at the same financial institution, getting money to her quickly is merely a matter of calling your banker and asking him to do a "person to person" transfer between your account and your child's account. If you use online banking, most banks also will allow you to conduct person-to-person transfers online for free—as long as your name is listed on your child's account.

Online bill payment: If you signed up for online bill payment through your financial institution, you can simply go online and "pay" your child, just as if you were paying a company's regular bill. Best of all, most banks offer this service free of charge.

TIP Buyer Beware

All checking accounts, debit card programs and online banking packages are not created equal—which is why it pays to shop around.

Do your research to find products with the lowest minimum-balance requirements and the lowest fees. Also, make sure that you understand what each bank's fee structure entails so that there are no surprises down the road.

How do I "mistake-proof" my child's account?

Even if your child is careful with her finances, mistakes can happen. That's when overdraft protection can kick in. While plan details vary depending on which financial institution you use, most plans fall into one of two categories:

Ready-reserve: This type of overdraft-protection plan works like a loan. If your child qualifies, her banker will issue her an overdraft "line of credit" for a pre-determined amount. If and when an overdraft occurs, the bank will automatically use the line of credit to "loan" money to your child's account and ensure that adequate funds are available. (Note: Keep in mind that money transferred into your child's account under these circumstances is considered a "loan"—meaning that interest is applied.)

Automatic transfer/account linkage: If your child has more than one account with his bank, he can instruct his banker to link the two accounts and automatically transfer money from one account to the other whenever one account balance falls below a certain dollar amount. (Warn him not to abuse this service, however, as some banks charge their customers for conducting such transfers.)

Banking Boot Camp

This program was developed to teach basic banking skills and distribute relevant financial information to teens, young adults and their parents. To obtain other Banking Boot Camp brochures, check with your banker or visit our bank's website and click on the Banking Boot Camp icon.

Should I have access to my child's account?

Perhaps. Here are some pros and cons to consider:

Pro: Typically, teens and young adults have a limited financial track record and aren't apt to qualify for the best accounts offered by financial institutions. Listing mom's or dad's name on the account may enable him to qualify for a better account that offers a higher interest rate and debit card limit, lower fees and other perks.

Con: Great. Your name is on the account. But what happens when he bounces a check, overdrafts his account, or makes some other financial misstep? You guessed it. Your good name and credit score will suffer right along with his. Plus, you'll probably be liable for any fees that he incurs.

Pro: You'll be able to access his account at any time and see how much he's spending and what he's spending it on. If it looks like he's in trouble, you'll be able to help out by adding more money to the account.

Con: Assuming your goal is to raise an independent adult who is free to make his own mistakes (and learn from them), is playing "hall monitor" to his financial life really a good idea? In addition, your attempts at micromanaging his finances could easily backfire. Most young adults don't want their parents to know that they blew \$200 on concert tickets. As a result, he may retaliate by opening up a second account that you know nothing about and transferring some of his money there, for discretionary spending purposes.

