

NEWS FROM

KHEAA–Alabama

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Money Tip for Students, December 2021

What students need to know about checking account fees

Students interested in opening a checking account should first research the fees they may be charged by a financial institution. Understanding when service fees may be can help students choose the option that best suits them and could save them hundreds of dollars a year, according to KHEAA–Alabama.

Establishing good financial practices early is essential for students as they build their financial futures. One way to do this is to open their first checking account, being careful to avoid costly fees.

Fees vary by institution. The most common are maintenance and overdraft fees. To avoid maintenance fees, you may be required to maintain a minimum daily or an average daily balance. To avoid the monthly fee, you have to deposit enough money into your account to meet the minimum balance requirement.

Overdraft or non-sufficient funds fees occur when a transaction costs more than you have in your account. These fees can be expensive, so try to avoid them. Most institutions offer overdraft protection that will cover the transaction, but you'll have to pay a fee each time.

ATM fees are another cost factor to consider. Financial institutions charge a fee when you use ATMs that aren't part of their network. In addition, you'll be charged a separate fee by the ATM owner. It's important to take these fees into consideration when making withdrawals from other banks' ATMs.

KHEAA is a public, non-profit agency established in 1966 to improve students' access to college. It provides information about financial aid and financial literacy at no cost to students and parents.

The agency also helps colleges manage their student loan default rates and verify information submitted on the FAFSA. For more information about those services, visit www.kheaa.com.

In addition, KHEAA disburses private Advantage Education Loans on behalf of its sister agency, KHESLC. For more information, visit www.advantageeducationloan.com.

For more information about financial aid and college planning, visit www.alstudentaid.com.