



CASH FROM CHECKS

Check Cashers

Direct Deposit

Identification to Open a Bank Account

INTRODUCTION

United Way Capital Area (UWCA) is a innovative, impact-driven organization that addresses critical social issues by bringing people and resources together to create opportunities for individuals, families, and neighborhoods to prosper.

United Way collaborates with hundreds of local nonprofit organizations, and corporate and public sector partners to provide financial, volunteer, and advocacy support for the community. We convene community leaders from across all sectors to identify and implement strategies to address today’s pressing social challenges.

THE FINANCIAL TOOL KIT

This toolkit provides simple, useful information to help individuals understand the financial resources, products, and services in the community.

DISCLAIMER

United Way Capital Area gratefully acknowledges South Texas Alliance for Economic Inclusion, Texas Appleseed, and the Boston Alliance for Economic Inclusion for providing their resource guide to be adapted for use in Texas.

By working together across the country, we leverage our resources to help consumers make positive decisions about financial products. This publication was made possible by a grant from the FINRA Investor Education Foundation through a partnership with United Way Worldwide.

The intent of the guide is to assist individuals in making positive choices about financial products. This guide does not purport to be exhaustive, but rather aims to provide basic guidelines. Individuals should consult with a professional for specific advice.

Neither UWCA, nor South Texas AEI, nor any other agency or entity involved in the development of this Guide assumes any legal liability or responsibility for the accuracy, completeness, or usefulness of any information, product, or process disclosed in these examples. Reference herein to any specific commercial product, process, service by trade name, trademark, manufacturer, or otherwise does not constitute or imply its endorsement, recommendation, or favoring by UWCA, South Texas AEI, or any entities thereof.

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AT A GLANCE: NON-TRADITIONAL FINANCIAL SERVICES

SERVICE / PRODUCT	PROBLEMS	ALTERNATIVE OPTIONS
CHECK CASHING	<ul style="list-style-type: none"> High fees 	<ul style="list-style-type: none"> Direct deposit for immediately available funds at no fee Shop around for lowest check cashing fees
PAYDAY LOANS	<ul style="list-style-type: none"> High loan fees with short repayment period Most borrowers cannot pay back in two weeks Can exceed 500% APR 	<ul style="list-style-type: none"> Borrow from friends or family Charitable organizations Local bank or credit union Low fee credit card advance Build savings for next short-term cash need
AUTO TITLE LOANS	<ul style="list-style-type: none"> High loan fees with short repayment period Fees often equal 25% of loan principal each month, over 300% APR Risk losing vehicle 	<ul style="list-style-type: none"> Loan from friends or family Loans from local bank or credit union Charitable organizations Low fee credit card advance Build savings for future needs
PAWN SHOPS	<ul style="list-style-type: none"> If the loan is not repaid, the collateral becomes the property of the pawn shop Lose value in excess of loan 	<ul style="list-style-type: none"> Secure a part-time job for extra cash Pay advance from employer Loan from family or friends
RENT-TO-OWN	<ul style="list-style-type: none"> Items over-priced Many fees Missed payment means losing item and money 	<ul style="list-style-type: none"> Save first, then purchase Layaway plans Garage sales, second-hand stores and the classified ads
SUBPRIME CAR FINANCING “BUY HERE PAY HERE”	<ul style="list-style-type: none"> High interest rates, upwards to 32% APR Over-valuation of vehicles Autos often repossessed after one missed payment 	<ul style="list-style-type: none"> Use public transportation and save for a vehicle Credit counseling to improve credit and access prime rate loans
SUBPRIME CREDIT CARDS	<ul style="list-style-type: none"> High interest rates Excessive fees Lower credit limits No grace period Application and setup fees 	<ul style="list-style-type: none"> Secured credit card Improve credit through financial education and counseling
REFUND ANTICIPATION LOANS & REFUND ANTICIPATION CHECKS	<ul style="list-style-type: none"> High fees Refund Anticipation Loan (RAL) APRs 60% to 700% 	<ul style="list-style-type: none"> Community Tax Center or Voluntary Income Tax Site provide free professional tax filing services To locate resources, dial 2-1-1 to reach the United Way Navigation Center

CHECK CASHERS

Check cashers cash personal and payroll checks by charging a significant flat rate or a percentage of the face value for each check. Additional services, such as bill paying, money orders, and wire transfers, may be offered for additional fees.

THE PROBLEM

The more money someone spends on check cashing, the less money they have to spend or save. High-cost check cashing fees to access hard-earned money are a large price to pay when alternative means are available.

FOR EXAMPLE

You take a paycheck for \$1100 to a check casher who charges a 3% fee.

The following is the result:

- Of your original \$1,100, you will only have \$1,067 in cash.
- If you were to deposit your check at a bank or credit union, you would have the entire \$1,100 and could earn interest on that amount if you put it into savings.

ALTERNATIVE OPTIONS

- Banks and credit unions frequently offer basic checking accounts with little or no cost when managed correctly. Checking accounts help consumers establish and build long-term mainstream financial relationships that can lead to an increasingly broad array of more affordable deposit, credit, and investment products and services. These services meet growing needs that often arise from financial stability and self-sufficiency. For help with opening a bank account, please visit bankcentraltexas.org.
- Shop around for the best price if you must use check cashers. Look for 1% check cashing services offered at some grocery stores, convenience stores and retail outlets. Wal-Mart often offers a \$3 flat fee check cashing.
- Prepaid cards are offered at retailers and other outlets and could offer lower cost alternatives when managed correctly. It is important to fully understand the fee structure and fees associated with these products. Mango Money offers a prepaid debit card and is a Bank on Central Texas partner. Visit mangomoney.com/what-is-mango#mango-card for more information.

IMPORTANT TERMS

- **Check Casher** – A place that will cash your check without opening a bank account. There is a fee (usually 5% to 18%) for this service.
- **Money Order** – An order for the payment of money, issued by one bank or post office and payable at another.
- **Wire Transfer** – An order transmitted electronically from one bank to another to pay or credit an account.
- **Interest Bearing Account** – An account that pays interest on the amount of money that is deposited.

MORE INFO & HELP

For help with questions, call: Dial 2-1-1 from any phone in Texas to receive personalized information free of charge.

For help opening a bank account, visit: bankcentraltexas.org

DIRECT DEPOSIT

It's your money, so get it faster. With direct deposit, there's no need to make a special trip to deposit your paycheck at the bank or credit union. Your money is credited directly into your account safely and ready to use.

SAFE AND FAST

When your money is electronically transferred into your account, it is available and secured on the expected date – each time, every time. With direct deposit, your money is ready to use on payday.

FREQUENTLY ASKED QUESTIONS

What types of payments can be made by direct deposit?

Any ongoing, regular payment is eligible, including payroll, benefit checks from federal and state governments, pension payments, investment income payments, and tax refunds.

How is my money deposited into my account?

Your employer transfers money to your account. Your bank or credit union then deposits this money into your account on the specified date.

When is my money available?

The morning of the payment date. Your money is often deposited in your account before the bank or credit union opens!

Is direct deposit covered by Federal Insurance?

Yes. Deposit and savings accounts are insured with coverage of at least \$250,000 per person per account.

MORE INFO & HELP

For help opening a bank account, visit:
bankconcentraltexas.org

IDENTIFICATION TO OPEN A BANK ACCOUNT

To open a checking or savings account, an individual must provide proof of his/her name, date of birth, current address and an acceptable ID number.

An acceptable ID number can come from one of the following documents: Social Security card, passport (U.S. or foreign), Matricula Consular or other government-issued ID.

OTHER FORMS OF ID

Many banks and credit unions now accept ID cards issued by foreign consulates, such as the Matricula Consular issued by Mexican consulates, as a primary form of identification. Contact the relevant local consulate to see if they issue an ID card accepted by banks and credit unions.

Beware of “international IDs” that are not issued by governments. They are expensive and will not be accepted by local banks or credit unions to open accounts.

Other documents that MAY be accepted to open an account, depending on the policies of the individual financial institution, include: drivers license (foreign may be acceptable); telephone, gas, cable, or electricity bill with name and current address; major credit card with an expiration date; voter registration card (foreign may be acceptable); student ID from a major college or university or military service card.

WHAT IS REQUIRED FOR AN INTEREST-BEARING ACCOUNT (SAVINGS)

For an interest-bearing account, a Social Security number or an Individual Taxpayer Identification Number (ITIN) is required. If an individual does not have either one, she/he may be able to open a joint savings account with someone who does have a Social Security number.

The U.S. Internal Revenue Service (IRS) issues Individual Taxpayer Identification Numbers (ITIN) to people who need to file income tax returns but are not eligible for a Social Security number. Consult with an immigration advocate or attorney before applying for an ITIN. To apply for an ITIN, you need the IRS' Form W-7.

Some local banks, credit unions or community organizations may be able to provide assistance. **Do not pay for the W-7 form.** It is free.

It is important to note that not all banks and credit unions accept the same documents. If a bank or credit union does not accept your legal documentation, shop around and find one that does.

IMPORTANT TERMS

- **Interest-bearing Account**
– An account that pays interest on the amount of money that is deposited.
- **ITIN – Individual Taxpayer Identification Number** –
The IRS issues ITINs to people who need to file income tax returns but are not eligible for a Social Security number.

MORE INFO & HELP

For more information, visit:
texasappleseed.net/pdf/brochure_Immigrant_IDNeeded.pdf

For help opening a bank account, visit:
bankkoncentraltexas.org

Community Tax Centers provide free ITIN application assistance. Call 2-1-1 for more information.

FINANCIAL EDUCATION RESOURCES

Cornerstone Financial Education

3011 N. Lamar Blvd.
Austin, Texas 78705
512-263-0532
www.CSFEDU.org

Provides various education and counseling programs. Programs are designed to assist individuals to better understand how money and credit work. Individual and group presentations are available in the following areas: budgeting, goal setting, credit, personal finance, home buying, foreclosure mitigation, and debt management. HUD-approved.

Core Bank On Partner, please inform that you are part of the Bank On program.

Foundation Communities

2600 W. Stassney Lane
Austin, Texas 78745
512-610-4026
www.foundcom.org

Helps individuals and families develop sound money management skills through one-on-one financial coaching. The program topics include setting financial goals, budgeting, reducing debt, increasing credit scores, and using financial institutions wisely. Must meet criteria to qualify for assistance.

Core Bank On Partner, please inform that you are part of the Bank On program.

BCL of Texas

2212 S. Congress Ave.
Austin, Texas 78704
512-912-9885
www.bcloftexas.org

Provides homebuyer education programs and assists first-time homebuyers with the purchase of their home. Programs offered include free one-on-one business counseling, business plan development, and technical assistance and mentoring. Refer to the website for calendar. Offered in English and Spanish.

Frameworks Community Development Corporation

512-385-1500

Offers homeownership counseling and foreclosure prevention assistance. HUD-approved.

Consumer Credit Counseling Services

1106 Clayton Ln, Ste. 490
Austin, Texas 78723
866-901-2227 or 512-447-0711
www.cccs.net

Provides homebuyer counseling for equity conversions and pre- and post-purchase. Also provides mortgage delinquency and default resolution counseling, as well as debt management counseling. HUD-approved.

Also offers free one-on-one financial counseling and financial classes in both a classroom setting and online. Class topics include Money Matters, Dollars and Sense, and Credit Fix Mix Up. Class schedules are available online. Also available on the website are two free self-paced interactive programs: Money Smart*Credit Smart, and Money Matters.

Financial Literacy Coalition of Texas

512-854-9600
www.flcct.org

Provides classes to the community on basic financial management topics such as budgeting, the use and pitfalls of credit, banking, borrowing, and saving. Also included are adult learning principles, performance, and orientation to financial literacy curricula. Call for available classes.

East Austin Development Corporation

1009 East 11th Street, Ste. 103
Austin, Texas 78702
512-472-1472

Provides homebuyer counseling for home improvement, and pre- and post-purchase. Also provides mortgage delinquency and default resolution counseling. HUD-approved.

Austin Habitat for Humanity

55 N IH 35 Suite 240
Austin, TX 78702
512-472-8788 x150
www.austinhabitat.org/apply/counseling.php

Offers classes on money and credit management, home care and safety, purchasing a home, post-purchasing and foreclosure. HUD-approved.

Manos de Cristo

Financial Education for New Americans
4911 Harmon Avenue
512-477-7454
www.manosdecristo.org/education.html

Offers financial classes introducing New Americans to our financial system and teaches necessary financial skills to succeed. Topics covered include: opening a savings account, using credit cards, writing and cashing checks, taking out loans, buying cars and homes, and other skills. These skills empower students to achieve their financial goals, such as saving money for their children's education, purchasing a home, and owning a business.

Texas Legal Services Center

815 Brazos Street, Suite 100
Austin, Texas 78701
512-477-6000 ext. 114

Offers free legal information to low-income Texans on a wide range of legal issues – including consumer matters – in both Spanish and English languages. Also operates the free legal website www.texaslawhelp.com, which provides a wide range of legal information on consumer, family, and other civil legal issues.

Texas Rio Grande Legal Aid, Inc.

4920 North IH 35
Austin, Texas 78751
512-374-2747
www.trla.org
Free income tax training

Provides free training to low-income persons on their rights and responsibilities, with respect to federal income taxes. Topics include: the basics of the U.S. tax system, reasons to file a tax return, how to file a tax return if you do not have a valid SSN, how to select a tax preparer, dangers of refund anticipation loans, filing status, dependent exemptions, Earned Income Tax Credit, Child Tax Credit, claims for innocent and injured spouse, taxpayers' rights when dealing with the IRS, and how to appeal an IRS decision.