



BANKING BASICS

Got money?

It's time to open a bank account!

Many young kids learn about money by using the “Three Jam Jars” strategy of saving, spending and giving. It's a good start, but if you're reading this you're probably ready to level up from Jam Jars to a bank account. Bank accounts are practical and safe ways of keeping your money in one place, from where you can spend, save or grow it. (Also, your new employer might frown at having to stuff your wages in a jar.)

What bank account should I choose?

Want to access your money to spend it or pay bills? You need a transaction / deposit account. Your income (wages, pocket money, freelance work...) gets paid into it, and your expenses (bills, rent, mobile data, movie tickets, clothing, food...) gets paid from it.

Want to save? You need a savings account. Usually, a savings account is linked to your transaction account. A savings account earns you interest, for example 1.5% per annum (a fancy way of saying “per year”). For example: if you have \$1000 in your savings account, you'll earn \$15 interest in a year.

When choosing, check for:

- ✓ Low or no bank fees (including ATM fees, international transaction fees or fees on purchases!): Bank fees are sneaky: \$4 a month for account fees doesn't seem like much, but that's \$48 a year (a new dress!), \$144 for 3 years (tickets to Blues Fest!), \$250 for 5 years (a week's rent!)... You get the picture. ATM fees make it even worse.
- ✓ Good interest rate on savings: Take care that the good interest rate is an ongoing feature of the account, and not just an introductory offer.
- ✓ Check the catch: Does the account have conditions (set amount of transactions in a month, minimum deposit amount) to ensure the good interest rate, and can you easily meet them?
- ✓ Low minimum deposit needed to activate account or keep it going
- ✓ Great online banking services are a must!
- ✓ Nifty mobile banking apps non-negotiable!
- ✓ ATMs close to you, or easy to find
- ✓ The ability to make international transfers
- ✓ A debit card that allows online shopping
- ✓ Account personalisation options to set savings goals

Picked bank account - Now what?

You've seen it, you like it, you want it – now open it.

Over 18? You will need:

- ✓ Proof of ID (Driver's Licence, current Passport, National ID or Australian Proof of Age Card, birth certificate, Medicare card, ATO Assessment Notice etc)
- ✓ Proof of address
- ✓ A deposit to activate the account

Under 18? There are special youth banking accounts to get you started. Google "youth saver accounts at different banks" and choose your favourite. To open, you will need:

- ✓ Proof of ID
- ✓ Proof of address
- ✓ A deposit to activate the account – check your Jam Jars!
- ✓ You may need a parent to sign indemnity for you (that means they'll deal with any banking risks on your behalf)

Credit cards: Yes or no?

So your bank is offering you a credit card... What should you do?



Credit card pros:

They give you access to money so that you can make purchases you wouldn't normally be able to. Sometimes, this can help you put a deposit down on a big purchase, or it could give you access to money you need during an emergency.



Credit card cons:

You're spending money you don't actually have: you've just borrowed it. And you have to pay the money you've spent back during a certain time – often with a very steep fee attached. Credit card debt can snowball quickly and make life a misery.



OUR TAKE? Do your future self a favour and just say no – at least for as long as you possibly can. Using your debit card for payments and purchases means you can only use money that you actually have in the bank. This forces you to think about what you buy and budget better. Learn how to survive without a credit card, and do it for as long as you can!

ALWAYS remember:

Banks are businesses, not benevolent fairy godfathers. Don't trust them blindly! They'll never just "give" you something if it does not benefit them in some way. Do your research, and once you have an account, keep an eye on it to make sure you always get the best deal. If you need to, change banks!



Get in touch

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