

Cool Tricks with Checking Accounts

Over the last few years there have been some significant changes to checking accounts. If you're not enjoying these benefits, you might want to consider going through the hassle of changing checking accounts to obtain one or more of these benefits.

Free ATM Withdrawals

Are you still paying \$1-3 every time you take money out of an ATM? More and more banks each year are reimbursing you for these fees, particularly online banks. Some of the banks which offer this are Ally Bank, USAA Federal Savings Bank, Bank of Internet USA, Century Bank Direct, Charles Schwab Bank, Clear Sky Accounts, EverBank, PNC Bank, and StateFarm Bank.

Rewards Checking

Usually, when you're looking for high guaranteed fixed-interest investments you look at money market funds, online savings accounts, and CDs. Well, times are strange. The highest rates you can find these days for cash-like investments are actually in checking accounts. Of course, there are a few catches. The main one is that you can only put \$10-25K into these accounts. They also usually require you to have your paycheck direct deposited into the account. Another frequent requirement is 8-12 debit card transactions a month need to occur or you don't get the high interest rate. Rates also tend to change frequently. But in return for dealing with these hassles, you'll get a rate between 2.5% and 4.10%, well more than you'll get even from 5 year CDs right now. Most of these banks are relatively obscure, such as Consumers Credit Union, Lake Michigan Credit Union, and Bank of American Fork. If you don't like working with a small bank

or credit union, this might not be for you.

Remote Deposit

First you had to go to the bank on Friday afternoon and stand in line to deposit a check. Then, you could get direct deposit, at least for your paychecks. Banks then began allowing you to make deposits at ATMs. Then they would let you mail in your checks in pre-paid envelopes. Now, they'll let you scan your check at home and make the deposit online, and the funds can even be immediately available. I even saw an ad the other day for a bank that has an iPhone app that lets you take a picture of a check and deposit it from anywhere you have cell phone coverage. Some of the banks and credit unions that offer remote deposit services are USAA Federal Savings Bank, Pentagon Federal Credit Union, Everbank, WV United Federal Credit Union, Digital Federal Credit Union, and Addison Avenue Federal Credit Union.

Rewards Debit Cards

Most of us are familiar with or even use one or more rewards credit cards. If you prefer to use a debit card (which can be a good idea from a financial behavior standpoint, or a bad idea from a purchase liability standpoint), there is at least one financial services company out there that offers a rewards debit card- Perk Street Financial [*Update: Now out of business.*] Here is the deal. You get 1% back on all debit card purchases. For the first three months, and later if you keep at least \$5K in the account you get 2% back. There are rotating categories that even pay you 5% back. The redemptions are done online for as little as \$10 and can be exchanged for iTunes, Amazon, or Target gift cards. You can also exchange them for a MasterCard® gift card, which you can pretty much use anywhere. I would prefer they just deposit the money into the account, so this is a bit of a hassle, but still the best deal going for debit cards. USAA also offers a

rewards debit card, but the rewards are less. Their rewards can be anywhere from 0.28% to 0.63% depending on how you redeem them and which type of checking account you have. Perkstreet [was] a far better deal. Both cards only pay rewards for “non-PIN” purchases, so you have to select the credit option at checkout. There may be other rewards debit cards out there as well. Click on the link below if you’re interested in learning more.



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Update (7/16): USAA is planning to stop its debit card rewards on September 1st. Due to the Durbin Amendment to the Durbin-Frank Wall Street Reform and Consumer Protection Act of 2010, banks will receive decreased fees from debit card transactions. They’ll decrease from ~ 1.3% to 7-12 cents, a cut of about 80%. After polling its members, USAA found they enjoy the ATM fee refunds and the free checking more than the debit card rewards, so it will be cutting the least popular “expense” on its checking accounts. Bummer. A really good analysis of the Act and its last minute amendment can be found [here](#).

Disclosures: I have a checking account at USAA Federal Savings Bank and a savings account at Ally Bank. I use a

credit card from Pentagon Federal Credit Union. I do not have a PerkStreet cash-back debit card.

What kind of checking account benefits have you received?
Comment below!