

Checking Accounts

Types of Checking Accounts

After you determine what you need in a checking account and understand the different fees involved, you might be ready to choose the type of account you should open. Keep in mind that banks sometimes refer to these accounts by different names. Before making a decision, read the materials (disclosures), ask questions, and understand which checking account best fits your needs. The main types of checking accounts include:

Low-cost checking

Many banks offer low-cost checking for people who don't write a lot of checks. The charge is often less than \$5 per month. There might be a limit to the number of checks you can write without an additional charge.

Electronic checking

Some banks offer an electronic checking account for you at reduced-cost or a free checking account if you do all of your banking by phone, Internet, and ATM. This type of account usually requires you to use direct deposit. The bank might charge you a fee if you use the services of a teller. This type of account usually offers unlimited check writing privileges, meaning there are no additional charges based on the number of checks you write.

Regular checking

With a regular checking account, there is often a minimum balance required to waive the monthly service fee. This type of account usually offers unlimited check writing privileges.

Interest checking

There are different interest-bearing accounts, such as the Negotiable Order of Withdraw (NOW) account (commonly called "interest checking") and the Money Market Deposit Account (MMDA). With these accounts, you usually need to maintain a high minimum balance in order to earn interest and avoid fees. The minimum balance is often at least \$1,000.