

## MONEY AND BANKING

Most students live on limited budgets, so it is important to manage your money wisely. You should be cautious about spending a lot of money until you are aware of the value of the dollar and realize exactly what your living expenses will be. It is wise to plan a budget of expenses each month; you should remember to include transportation, toiletries, laundry, food, lunch, books, etc.

### **Bills and Coins**

The U.S. monetary system follows the decimal system. The dollar (\$) is the basic unit. Paper money, also called **bills**, comes in denominations of \$1, \$5, \$10, \$20, \$50, \$100, \$500, and \$1,000. On occasion, you will see a \$2 bill. All paper money is the same size and color, and the design is similar. It is generally safer and more efficient to carry small denominations of bills, especially since small stores and shops may not be able to make change for \$100.

Currency in the form of coins is also called **change**. Coins come in six denominations: one cent (penny), five cents (nickel), ten cents (dime), twenty-five cents (quarter), fifty cents (half-dollar), and one dollar coins. Coins are used for self-service machines; soft drinks, coffee, tea, and candy may be purchased in many public buildings by inserting coins into a vending machine. Coins are also used for public telephones and washing and drying machines at laundromats. Having correct change is important when using public transportation such as buses and subways.

### **Protecting Your Money by Banking in America**

While in the United States, international students should keep most of their money safely deposited in a bank, except for a small amount of money needed for daily expenses. Keeping large amounts of cash in your wallet or at your home can be very dangerous. The reality of life is that many people will take what is not theirs, especially if it's money. Any business transactions (such as paying for rent, tuition, books) and other expenses should be made by check if large amounts of money are involved. Another good way to pay bills is through electronic bill payment. Ask your bank if they offer on-line banking. It is a safe and secure way to send electronic payments to companies and individuals.

To protect your money, we recommend that you open a bank account. You should either open a bank account at a major U.S. bank that has a branch office near the university (Bank of America and Wells Fargo bank have branches in the Stonestown Shopping Center which is just a short walk from the university) or one that has a branch office near your home in San Francisco. If you will be transferring large amounts of money between your home country and the U.S., you may want to select a large international bank (Citibank, Bank of America, etc.) as they will be more familiar with international banking transactions and may even have a branch office in your home country.

To open an account, apply at the "new accounts" desk, explaining that you are a student who will be studying in San Francisco. The person you speak with will describe the kinds of accounts available. Different kinds of accounts require different service charges each month. There are too many to describe here. Let the person at the bank help you make that decision. Don't be afraid to ask as many questions as it takes for you to thoroughly understand everything about your account. When you get a bank account, ask for special student accounts. Usually they offer discounted service rates and free checking or ATM use.

Banks in Chinatown have Chinese-speaking employees; in Japantown employees speak Japanese; in the Mission District employees speak Spanish. Telephone several banks to find personnel who can communicate in your language.

Be sure the person to whom you speak shows you how to write a check, register it in your book and balance your account every month.

Oftentimes, you must show identification when you write a check. This safeguards you as well as the store to which you write the check. Identification will verify your signature and picture. Your passport, driver's license, or California identification card will suffice.

If your family will be sending you money from home, they can send it directly to your bank. The bank will automatically credit your account and notify you that the money has been deposited. Tell your family the name and address of your bank and your account number. Also, check with your local bank here in San Francisco for specific information about transferring money into your account from overseas as you may need to provide your family with specific bank routing numbers and other information.

Your bank can prepare international money orders and foreign bank drafts for a small charge. An international money order is a certified check in U.S. dollars. A foreign bank draft is a certified check in a foreign currency of your choice.

Note: It is recommended that you save all of your financial papers (bank statements, tax forms, etc.) and other important documents for at least 3 years.

Only you can decide which is the best way to protect your money. We offer the following suggestions:

### **Checking Accounts**

A checking account is a bank account where you put your money and instead of paying for things with cash, you write a check. The person who receives the check is then responsible for taking it to a bank to exchange it for money. It's like spending money without every touching it. You can also ask your bank for a "check card." This card looks like a credit card (it has a Visa or Mastercard logo on the front), but it is directly linked to your checking account. Instead of writing a check at the store, you can use your check card and the money will be automatically deducted from your account. **You should never send cash through the mail!!!**

Checking accounts are convenient and safe because if you lose your checkbook, it can be replaced. Because your signature is required on a check, nobody can write a check on your account. You can pay for your rent, tuition, groceries and other purchases with a check only so long as you have the money in your account to cover the amount of the check you've written. At the same time, check fraud is a very common crime in California. Be careful with your check books and anything else that includes your checking account number.

If a dispute arises over a bill, checks can be used as receipts to prove payment. If you open a checking account, save your checks (those returned in your statement) for at least one year. Currently, most banks do not return your checks with your monthly statement because of high mailing costs.

### **IMPORTANT**

You must keep a record of the money that is left in your account (called the "**balance**") when you use a check. If you don't, your check may "**bounce**" and you will have to pay extra money (penalty) to your bank and to the person to whom you wrote the check.

### **Savings Accounts**

If you have a large amount of money that will pay your expenses for several months or more, you might consider putting your "reserve" funds (the money you don't need immediately) in a savings account. Basically, banks use your money to make investments and pay you interest (a percentage of your savings) for the privilege of using your money.

Compare banks with savings and loan associations because the interest rates and services differ. Savings and loan associations pay higher interest rates than banks but you might find it more convenient to have your savings and checking accounts in the same bank. In case you "overdraw" your checking account (write checks for more money than you have in the account), some banks will automatically debit your savings account for the difference. Also, you can more easily transfer money from one account to the other.

Apply for a savings account at the new accounts desk of the bank you choose.

No matter what bank and type of service you select, you will have to keep accurate records of your expenditures and income. It's always important to know how much money you have in the bank to avoid overdrawing your account or to catch bank errors.

**Please note that many banks may ask you for a U.S. social security number before you can open a checking or savings account (for taxpayer identification purposes). As an F-1 international student, you are not required to have a social security number to open a bank account. Just bring your I-20, passport/visa, and proof of address. If the customer service representative is unfamiliar with opening accounts for international students, ask to speak with a supervisor.**

## **Traveler's Checks**

Never carry large amounts of cash when traveling. It is safer and more practical to buy traveler's checks which can be replaced at no charge if they are lost or stolen. Several companies issue traveler's checks, but the best known are American Express, Bank of America, and First National City Bank. These checks come in denominations of \$10, \$20, \$50, and \$100, and can be purchased from most banks, foreign exchange brokers, and American Express offices for a fee of one or two percent of the total amount of the checks. They are accepted at most stores and restaurants throughout the world and are much easier to cash than personal checks when you are away from your area of residence. Be sure to keep a list of your check numbers separate from the traveler's checks themselves, and record the ones you spend. This will facilitate reimbursement in case of theft or loss.

## **Money Orders**

You can obtain money orders from your bank and post office for a small charge. Money orders are useful if you don't have a checking account because it is unsafe to send cash through the mail. At the same time, a money order will not be replaced if it is lost or stolen. Treat a money order like cash.

## **Charge Accounts and Credit Cards**

The United States is becoming more and more a "cashless society". People are making purchases by check, charge account or credit card, rather than carrying too much money in their pockets or purses.

Normally, people with charge accounts pay their bill (either "in full" or partially) by check once a month when the payment is due. They also pay monthly by check for rent, telephone, electricity, newspaper delivery, and similar household expenses. Many have credit cards to pay for gasoline and service station expenses and for restaurant, hotel, travel costs, and for purchases at stores, including for purchases made at supermarkets and grocery stores.

Many other people, however, prefer to pay-as-they-go and not accumulate monthly bills. Most people work out a combination, paying some bills in cash and charging others. This is a matter of personal choice. But if you use credit cards, be sure to pay promptly; the interest charge for late payments can be high and your credit rating can be adversely affected if you do not pay your bills regularly.

Credit card services sometimes charge a yearly fee (although this is not as common any longer) and an interest rate that varies from place to place. It is important to check the amount of the fee as well as the interest rate and select a card that costs you the least. The most common credit cards are Visa and MasterCard. These cards can be used at most stores, restaurants, and hotels. American Express and Discover are also popular credit cards in the US but they are not accepted by all vendors.

Most department stores offer charge accounts; they will ask for bank and other credit references. The process of opening an account may take a number of weeks. You will be given a credit card (sometimes called a "charge card") that can be used **only in that particular department store** when your application is approved. Once you have opened an account, you can use the credit card at that store instead of check or cash.

Credit or charge cards greatly speed up the buying process; you can return goods and obtain a credit on your account. You generally will not get a cash refund, but your account will be credited. The **disadvantage** is that one must be **very careful** with the credit card. If you lose your credit card and someone picks it up, he or she can run up heavy charges on your account, yet in many cases, you will be held liable for only \$50 provided you cancel the card as soon as you become aware it is missing. If you **do lose it**, call the store or credit card service **immediately** and report the loss. Then **write them at once** and report it again in writing, telling them the day and hour when you phoned in to report the loss. Keep a copy of the letter. You will not be liable **after the time you first reported it**. Carry your credit cards with you only when you plan to go shopping - do not normally carry them in your purse or wallet. Also, keep a list of your credit card account numbers and customer service numbers in a safe place. If you do lose the cards, this list will save you much time and aggravation.

### **Safe Deposit Boxes**

If you have jewelry or other valuables (passports, wills, stock certificates, mortgage or insurance papers, leases, and so on), you should rent a safe deposit box at a nearby bank. This will cost between \$15 - \$250 per year depending on the size of the box.

You can get your valuables out any time during banking hours, and these irreplaceable items will be safe and protected in bank vaults. If you are staying in a hotel, have the desk clerk put jewelry and other items into the hotel safe. **Do not leave valuables in your hotel room**, even in a suitcase. Insure expensive or irreplaceable jewelry, furs, cameras, watches, or other items that can easily be stolen. It is worth it.

### **Sending Money Abroad**

There are several ways to send money to someone in another country. If time is important, you may make arrangements at your bank by asking them to send a "cable or wire transfer" to a bank in another country. If there is no urgency, banks can make less expensive transfers by letters to foreign banks. If you want the bank to notify the receiver of the funds, be sure to tell them the person's address. In order to receive such funds, the person will have to present him/herself at the overseas bank with proper identification.

Money can also be sent abroad through the U.S. Postal Service and Western Union.

## **Tipping**

Tipping for services rendered is common throughout the U.S.. Although it is always up to you whether or not to tip, there are five areas in which tipping is expected unless otherwise indicated.

- Baggage:** \$1.00 minimum per bag should be given to porters who carry luggage at airports, train stations, and bus terminals.
- Hotels:** \$1.00 per bag is a sufficient tip for the bellboy or porter who handles your suitcase. Tip the doorman in relation to the service he performs. You need not tip the chambermaids unless you are staying several nights. Fifteen percent of the bill is the acceptable tip for meals served in your room.
- Restaurants:** Tip 15 to 20% of the total bill in a restaurant where you are served by a waiter or waitress, and 10% at a coffee shop or drug store counter. Ordinarily, no tips are required in a cafeteria where people serve themselves, in fast food restaurants, or in snack bars.
- Taxis:** Tip 15% of the fare, but not less than \$1.00.
- Barber Shops:** Tip 15% of the bill.

You should **never** offer tips to police officers, government employees, or public officials.