\equiv CNN underscored Gift Ideas Electronics Fashion Beauty Health & Fitness Home Reviews Deals Money Travel More \sim Q

Content is created by CNN Underscored's team of editors who work independently from the CNN Newsroom. CNN earns a commission from partner links on the site but the reporting here is always independent and objective. Advertiser Disclosure

<u>Money</u> / <u>Banking</u>

8 banking mistakes that could be costing you money and how to fix them

By Dori Zinn, <u>Adam McFadden</u> & Ashley Barnett, CNN Underscored Money Published 12:19 PM EDT, Tue August 6, 2024

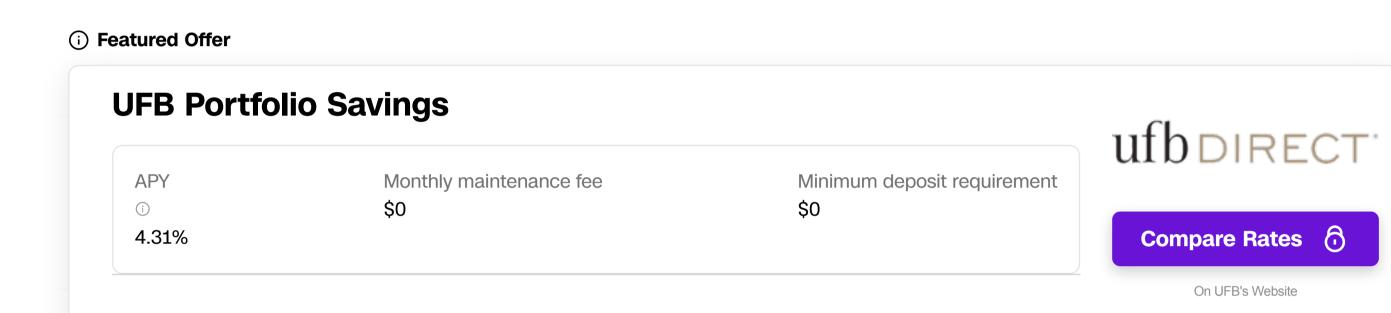
F 💥 🗖 👁



fizkes/iStock

You've worked hard for your money. If you don't watch out, you could end up losing some of it to unnecessary fees or missing out on easy earnings.

From unused benefits to skipping out on the best types of accounts, here are the banking mistakes that could be costing you money. But don't worry: you can rebound quickly.



1. Not getting a high-yield savings account

A savings account is intended to house extra funds, whether for emergency savings, a down payment or a big trip.

"Your savings account can protect and grow your money," said Melody Robinson Wright Ph.D., an Accredited Financial Counselor (AFC) and educator. "However, many people miss out on maximizing their earnings by not taking advantage of high-yield savings accounts."

That's because high-yield savings accounts have much higher interest-earning potential compared to traditional savings accounts, even though there's no difference on your end when it comes to making deposits.

The national average rate for savings accounts is 0.45% (according to FDIC data as of August 2024), but many high-yield savings accounts currently earn a 5.00% APY or higher, enabling your savings to grow much faster as you can see in this comparison between the national average APY and a 5.00% APY after one year with daily compounding.

Starting Balance	APY	Balance After 12 Months
\$10,000	0.45%	\$10,045.10
\$10,000	5.00%	\$10,512.67

"By choosing a high-yield savings account, you're not only ensuring the security of your funds but also maximizing your earnings potential," Wright said. "Many people choose to have both types of accounts, keeping a portion of their money in a traditional account for easy access during emergencies and placing most of their savings in a high-yield account."

The <u>best high-yield savings accounts</u> offer the highest APY, few fees and a low minimum deposit requirement.

What is in this guide?

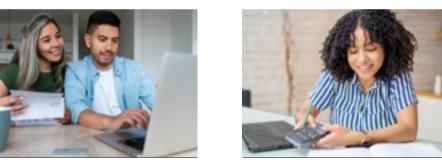
Sign in

- I. Not getting a high-yield savings account
- 2. Not considering highyield checking accounts
- 4 3. Only having a checking account
- 4. Not optimizing your accounts to avoid fees
- ↓ 5. Not getting a CD and being flexible with it
- 6. Not taking advantage of benefits if you're in the...
- 7. Letting old accounts sit around
- \checkmark 8. Not comparing options

More from CNN Underscored



Best high-yield savings account rates in 2024



Get the best CD rates

Compare the best checking accounts

2. Not considering high-yield checking accounts

While high-yield savings accounts have been around for a while, their checking account sister is still relatively new.

You can use them just like you would a traditional checking account but rather than not have any earnings — which is common for checking accounts — you'll get to earn some interest. Make sure you read the fine print carefully since some banks and credit unions have some qualifiers, like meeting a certain number of monthly transactions, signing up for direct deposit or minimum deposit requirements.

(i) Featured Offer

ifth Th	ird Momentum Checking	5/3	
Bonus	Required actions	Monthly	FIFTH THIRD BANK
Offer ⁽¹⁾ \$300	Make direct deposits totaling \$2,000 or more within 90 days of account opening.	maintenance fee \$0	Learn More 🙃
			On Fifth Third Bank's Website

Look for <u>high-yield checking accounts</u> that have a high APY without imposing too many fees. Compare different options to see which one you qualify for before opening an account. Several high-yield checking accounts currently offer an APY of around 5.00% if you meet the account requirements.

3. Only having a checking account

Having only one account can make life simple, but if you don't maximize your account opportunities, you could be losing money.

You may want to find different checking accounts based on your needs, usage and rewards. For example, perhaps you have a checking account at a local branch for easy cash deposits, but then transfer the money to an online checking that earns interest.

You may also want to qualify for bonus offers at certain institutions, opening another checking account might be required. Some lenders will give you a discounted rate on a loan if you also have a checking account there, and some offer <u>bonus cash for opening a new account</u>.

If you keep a lot of cash on hand, remember that your money is only FDICinsured up to \$250,000 at most financial institutions. You may need accounts at more than one bank to ensure all your money is insured if your bank goes under.

4. Not optimizing your accounts to avoid fees

It's not always easy to stay up-to-date on the fees and charges that come in from your bank. But it can come at a price.

"One costly mistake people often make is ignoring the fees when opening accounts," Wright said. "Banks charge fees for overdrafts, ATM usage and account maintenance, which can range from \$4 to \$25."

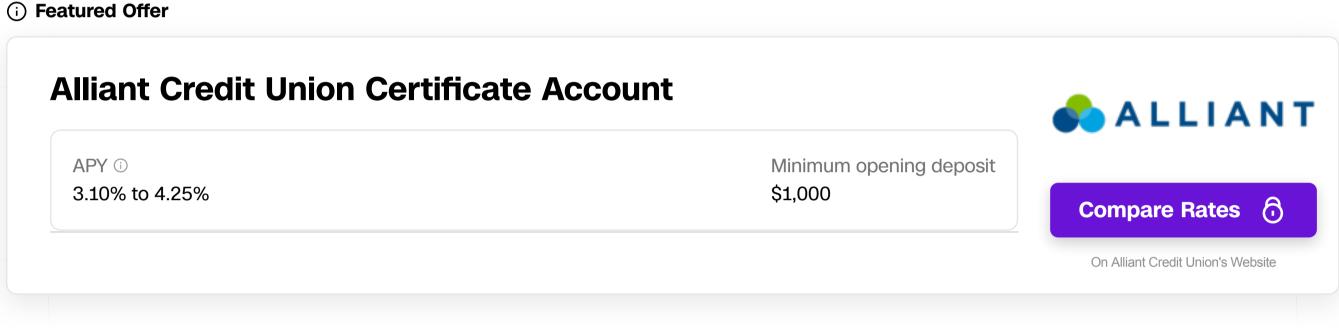
While we're constantly looking for ways to get free and cheap accounts, financial institutions need to make money. According to the <u>Consumer Financial</u> <u>Protection Bureau</u> (CFPB), banks made \$15.47 billion in overdraft and non-sufficient funds (NSF) revenue in 2019, although that figure dropped during the pandemic. In 2023, these fees earned banks \$5.8 billion.

"To avoid [these fees], look for a bank account advertised as 'no minimums and no fees' that meets your needs," Wright said. "Always read the fine print, even if the account is advertised as not having fees. This is where you'll find the details about any potential hidden fees or conditions."

5. Not getting a CD — and being flexible with it

If you have savings you know you won't use for a while, a CD can be a great place to get a guaranteed fixed interest rate.

A certificate of deposit, or <u>CD</u>, is a type of savings account where you make a lump-sum deposit and don't touch the money until the terms are up. Many financial institutions offer different CD rates based on your chosen terms and your initial deposit.



For instance, <u>Marcus by Goldman Sachs offers a 6-month CD</u> at 5.10%, but you need at least \$500 to open your account.

It's important to be flexible with your CD terms. You might find that some financial institutions have higher APYs for longer terms while others have higher APYs for shorter terms. Don't be afraid to keep your money in a CD for longer to

maximize your return.

6. Not taking advantage of benefits if you're in the military

Being in the military can welcome a few different perks, whether you're shopping, dining out or even banking.

Some <u>military banks</u> are made just for active-duty military personnel, veterans or family members of military personnel. Some of these military banks offer higher APYs on savings products or waive fees that other banks may charge.

But even if the bank isn't specifically geared towards the military, many civilian banks offer military benefits. For example, Chase Bank's Military Survivor Program offers a financial boost to eligible spouses and dependents by canceling the debt of Chase military customers who were killed in action, died of wounds received in action or died in a combat theater of operations since Jan. 1, 2011. If an armed services member was liable for debt, the balances could be canceled for qualifying existing Chase mortgages, auto loans, credit cards and other consumer or business debt.

7. Letting old accounts sit around

Having unused or dormant accounts might seem like ignoring an old account. But the truth is you could be racking up more fees than the account is worth.

For instance, you may have an old checking account with a couple of hundred dollars. While you used it, you might have avoided the monthly maintenance fee with direct deposit. But now with your new account, your direct deposit goes elsewhere. That means your old account could be charging you anywhere from \$5 to \$35 a month for an account you don't even use.

Even though you're not required to actively use every bank account you have, it's imperative to check on your accounts to see if they still serve a purpose. Otherwise, cancel them before you start owing money.

ADVERTISEMENT

Best Offers From Our Partners for November 15, 2024 Advertiser Disclosure Privacy policy Account Type Zip Code Deposit Amount <u>\$</u> 25,000 33074 Savings & MMAs Pompano Beach, FL Sponsored Savings and Cash Account APY 🛈 Min to Earn APY Est. Earnings (j Sort by 🗸 Products (i) 🛞 Savings **\$0** \$1,000 4.00% Learn More American Express National Bank, Member FDI $\star \star \star \star \star \bullet \odot$ APY as of Nov 15 Over 1 Year **Offer Details** SAVINGS Member FDIC **Openbank** By Santander \$500 \$1,250 5.00% Learn More Santander Bank, N.A. Member FDIC $\bigstar \bigstar \bigstar \bigstar \bigstar \bigstar \bigcirc$ APY as of Nov 15 Over 1 Year **Offer Details** SAVINGS Member FDIC Jenius bank **\$0** \$1,200 4.80% Learn More $\bigstar \bigstar \bigstar \bigstar \bigstar \bigstar \bigcirc$ APY as of Nov 15 Over 1 Year **Offer Details** SAVINGS Member FDIC Promoted offer : No fees. Easy deposits and quick withdrawals. Marcus: by Goldman Sachs Goldman Sachs Bank USA. Member FDIC. **\$0** 4.10% \$1,025 Learn More $\bigstar \bigstar \bigstar \bigstar \bigstar \bigstar \bigcirc$ APY as of Nov 15 Over 1 Year SAVINGS **Offer Details** Member FDIC Page 1 of 3 >

Powered by Bankrate

8. Not comparing options

Like any service, banks, credit unions and online financial institutions compete for your business. Staying with the same bank because you've always had them could cost you unnecessary fees and charges. As your needs change and the market grows more competitive, there may be accounts that will serve you better.

Look around and compare banking options based on your banking style and preference. For instance, would you mind an online-only bank or do you need a brick-and-mortar location? Are there any accounts that offer deals on checking and savings accounts? Where can you get the highest APY on a high-yield savings account?

Make time to regularly check on your accounts and see what's out there. You might find something better you didn't know about before.

Editorial Disclaimer: Opinions expressed here are the author's alone, not those of any bank, credit card issuer, airlines, hotel chain, or other commercial entity and have not been reviewed, approved or otherwise endorsed by any of such entities.

This content is for educational purposes only and is not intended and should not be understood to constitute financial, investment, insurance or legal advice. All individuals are encouraged to seek advice from a qualified financial professional before making any financial, insurance or investment decisions.

Note: While the offers mentioned above are accurate at the time of publication, they're subject to change at any time and may have changed or may no longer be available.

Reach out to us

Want to connect with CNN Underscored Money on partnerships, inquiries or have feedback? Contact Us

<u>away</u>

Get the best CD rates

Banks that let you overdraft right

What are the best compound

Average American savings by age

interest accounts?

More Ways to Save and Earn

Best high-yield savings account rates in 2024

<u>Compare the best checking</u> <u>accounts</u>

Read More On Banking

<u>6% CD rates are rare but still</u> available

The best banks with early direct deposit

How does a joint bank account work?

High-yield savings account vs.

money market fund

More on CNN

<u>Banking</u>



Banking The highest savings account rates today – November 14, 2024

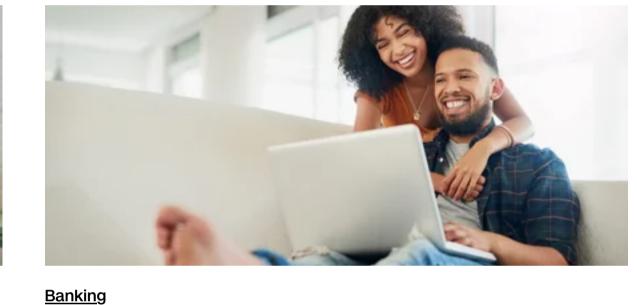
Is a checking account a debit card?





How to avoid monthly bank fees

<u>Banking</u>



Checking account fees: How much are they?



How to open a checking account

Search CNN						Search →
US	World	Politics	Business	Markets	Opinion	Health
Crime + Justice	Africa	SCOTUS	Tech	Pre-markets	Political Op-Eds	Life, But Better
Energy + Environment	Americas	Congress	Media	After-Hours	Social Commentary	Fitness
Extreme Weather	Asia	Facts First	Calculators	Market Movers		Food
Space + Science	Australia	US Elections	Videos	Fear & Greed		Sleep
	China			World Markets		Mindfulness
	Europe			Investing		Relationships
	India			Markets Now		
	Middle East			Before the Bell		
	United Kingdom			Nightcap		
Entertainment	Tech	Style	Travel	Sports	Videos	Audio
Movies	Innovate	Arts	Destinations	Pro Football	Live TV	
Television	Gadget	Design	Food & Drink	College Football	Digital Studios	
Celebrity	Foreseeable Future	Fashion	Stay	Basketball	CNN Films	
	Mission: Ahead	Architecture	News	Baseball	HLN	
	Upstarts	Luxury	Videos	Soccer	TV Schedule	
	Work Transformed	Beauty		Olympics	TV Shows A-Z	
	Innovative Cities	Video		Hockey	CNNVR	
CNN Underscored	Coupons	Weather	About CNN			
Electronics		Climate	Photos			
ashion		Wildfire Tracker	Investigations			
Beauty		Video	CNN Profiles			
Health & Fitness			CNN Leadership			
Home			CNN Newsletters			
Reviews			Work for CNN			
Deals						
Vloney						
Best Credit Cards 2024						
Gifts						
Travel						
Outdoors						
Pets						
CNN Store						

CNN <u>underscored</u>

Follow CNN Underscored

Terms of Use Privacy Cookie Settings Ad Choices Accessibility & CC About us Newsletters Transcripts