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## Checking vs. savings accounts: What's the difference?

Stay on top of your finances with checking and savings accounts.





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Checking accounts and savings accounts offer different benefits and limitations, and you'll probably need both to manage your money. You can have more than one of each if you need them and as long as you can keep track of all of them.

Here are the key differences and when opening one or the other makes sense.

## **Checking vs. savings accounts**

### **Checking accounts**

A checking account lets you easily deposit and withdraw money, make payments electronically or write paper checks, and can be connected to other accounts at your bank.

You can use a checking account for:

- Direct deposit of your paychecks
- Automatic bill payment for utilities, subscriptions, car payments, and more
- Paying for online and in-store purchases with a debit card
- Cash withdrawals at an ATM

You'll use your checking account to handle most of your day-to-day financial transactions. While you can keep money in your checking account for an unexpected expense or an emergency, a savings account is often a better place.



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# **TAKE CHARGE OF YOUR DAY-TO-DAY SPENDING**

## **COMPARE CHECKING ACCOUNTS**

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Find the best checking account rates

## **Savings accounts**

A savings account is exactly what it says: an account for saving your money. You'll earn interest on the money you deposit and keep in the account, which makes it a good place to save for a planned expense or emergencies. You can use a savings account for:

- Building and maintaining an emergency savings fund
- Saving for a trip or big-ticket item, a vacation, or a big event
- Stashing money for medical expenses or other needs

Some institutions limit how many transactions you can make monthly, which is a reason not to use a savings account for bill payments and other day-to-day financial needs.

All savings accounts offer interest on your money, but the rate varies widely depending on the bank. High-yield savings accounts — most often available through online-only banks — can offer interest rates that are many times higher. Once your savings account reaches an amount sufficient to cover emergencies and near-term expenses, consider stashing money somewhere with better returns.

Savings accounts also often charge monthly fees unless you meet certain

conditions, such as putting in place an automatic transfer from your checking account or maintaining a minimum balance. It's important to compare savings accounts to find the best interest rate and minimize the impact of fees.

Check out the latest HYSA rates!

## How to choose a checking account

Most banks, credit unions, and online financial institutions offer checking accounts. Here are some things to consider when choosing a checking account.

- **Easy application and sign up.** Some banks and credit unions allow online account creation, which you can often do in minutes. A requirement to open an account in person is not a red flag, but if convenience is important, it could be a factor. Also consider whether the bank offers a checking account bonus to new customers, which can be a nice added perk.
- **Few to no fees.** Many checking accounts come with fees but also offer ways you can avoid them. For instance, directly depositing your paycheck is a common way to get some or all checking account fees waived. There are others, and you should read the fine print or ask a representative to find out exactly how the account fees work. Other fees to watch out for include overdraft, monthly maintenance, and nonsufficient funds fees, among others.
- **Insured and protected.** Be sure the Federal Deposit Insurance Corporation (FDIC) or the National Credit Union Association (NCUA) insures your account. If your

bank or credit union fails, your money is insured up to \$250,000. Additionally, some banks will cover any losses from fraudulent use of your debit card, a convenient protection if your card is lost or stolen.

## Editorial picks: Banking



The best online checking accounts

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The best free checking accounts this month

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This month's best checking account bonus offers

Other important factors to consider:

- **Physical branch.** You may appreciate the convenience of visiting a local bank branch if you need to speak to someone in person about your account.
- **Customer service and a mobile app.** A powerful and easy-to-use app and a well-

designed website can make banking much more convenient. Visit the website and read app store reviews to determine the bank's online offerings. You should also check the account's security provisions, and ensure customer service is available 24/7 on the telephone or through online chat.

- **Multiple accounts.** The ability to link multiple accounts is a valuable feature. It's convenient; often linking your savings account to your checking account can be a tool to avoid overdrafts.

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Account Type: **Savings & MMAs** | Zip Code: **33060** Pompano Bea... | Deposit Amount: **\$ 25,000**

Sponsored Savings and Cash Account Products	APY	Min to Earn	APY	Est. Earnings
★★★★☆ SAVINGS	<b>3.80%</b> APY as of Dec 18	<b>\$0</b>	<b>\$950</b> Over 1 Year	Lea Offe

## How to choose a savings account

Here are some important factors to consider when choosing a savings account.

- **APY.** The higher the annual percentage yield, or APY, the more interest you earn on the money in your account. High-yield savings accounts offer higher APYs than traditional savings accounts.
- **Account requirements.** Some banks have a high minimum initial deposit to qualify for the highest APY or even open an account. Make sure you're eligible for an account before you try to open one.
- **Promotions and bonuses.** Some banks offer promotions such as a cash bonus if

you deposit a set amount within the first few weeks of opening an account or a high introductory APY that can boost your interest earnings for an introductory period.

- **Fees and penalties.** Check for minimum balance, nonsufficient funds, and other fees, and be sure you understand them and how to avoid them.

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Account Type

**Savings & MMAs**

Zip Code

**33060**

Pompano Beach, FL 

Deposit Amount

**\$ 25,000**

### Sponsored Savings and Cash

Account Products 

APY 

Min to Earn APY

Est. Earnings 

SAVINGS

**3.80%**

APY as of Dec 18

**\$0**

**\$950**

Over 1 Year

Learn

## Read More

### How much can I overdraft my checking account?

Opting into overdraft protection allows you to spend more than your available balance, for a fee. Find out how much you can overdraft your checking account.

### What is a provisional credit, and how does it work?

When you dispute a bank account charge, the bank may issue a provisional credit while it investigates. Here's how a provisional credit works.

### What is a second-chance checking account?

A second-chance checking account can help you avoid the expense and headache of using alternative financial products when you don't qualify for a regular bank account.

## Debit card fraud protection: What to know if your card is compromised

Understanding the rules around debit card fraud protection is key to protecting your money. Here's how debit card fraud happens and what to do next.

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## Where to cash a check if you don't have a bank account

Where can you cash a check without a bank account? You have a few options, though some come with higher fees than others. Learn more.

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