

Transcript Episode 13: It's Your Money... Bank It!

Podcast Opener: Adulting – Thinking of all the things adults have to do can be intimidating. Maybe you are realizing just how much you don't know about living on your own. If this sounds familiar, join us today to learn the skills you need and take some of the stress out of being an adult.

This is Grown Up U, an adulting podcast to help you navigate the twists and turns of adult life. Listen and get life skills you didn't learn in school.

Julie: Hello. I'm Julie Goings, the County Extension agent in Phillips County. I often have questions about banking, so I've invited Dana Worstell from Southern Bancorp, who is the manager of their Opportunity Center. She is going to answer a few questions for us. Dana, welcome.

Dana: Thank you, Julie. I'm glad to be here!

Julie: Dana, I like that word "opportunity". So, tell me, what do you think is the number 1 opportunity to take control of your own finances?

Dana: Well, I think the number one way to take control of your finances is to actually get banked.

Julie: Wait a minute I've heard some new terms lately. Under-Banked and Un-Banked... What do those mean?

Dana: I'm glad you asked. Under-banked is where you look at the household. An under-banked household might have a savings account or a checking account, but they may use a non-traditional institution to do things like make loans. For example, what I'm talking about is like a pawn shop or a check-cashing facility. Something that's going to cost you a lot more money if you use those. But now un-banked are those households that have no checking or savings accounts. No relationship, whatsoever, with a bank or credit union.

Julie: I know people like the money hits their account or hits their card, they go pull all their cash off the card and then they operate off of cash. And I think, Dana, that's because they just don't know if they will have enough money to make it through the month. Or they're afraid to get overdrawn or that the bank will charge them fees. But if they lose that money, or get robbed, it's gone!

Dana: Oh yeah. And it's gone and there is no record of anyway that money was spent. So it's hard to budget and to plan and really hard to save when you are operating strictly on cash.

Julie: So, you were going to talk about getting banked. What products do traditional banks offer?

Dana: At Southern Bancorp, we offer different types of checking accounts, like senior citizen accounts, student accounts, business accounts, we have all of those. We also have regular savings and other things you have already heard about. But one account we have that's I'm really proud of is called a Bank On account! I'm really tickled with this product!

Julie: I've heard of Bank On. That's not just at your bank, right? It's national.

Dana: Right. It's a national coalition of banks that have gotten together and committed to develop a product to help people get banked. Just what I mentioned before. We are part of 15 banks in Arkansas who have developed a product really to get people into the banking scene. If you grew up in a household that was un-banked and didn't have a bank account or was unbanked or under-banked, then this is an ideal way to get you into an account.

Julie: Ok What would you recommend for someone who is unbanked for from an unbanked home or family?

Dana: I would absolutely recommend the Bank On product. Ours is called the Opportunity card. This product offers some features like no overdraft fees, free debit cards, and low minimum balance requirements. And you have access to online banking, so it's more convenient to manage your own finances. You get access to online banking, so you can pay your bills online or check your balance. It's a great account that typically offers low fees. That's what we are looking for.

Julie: Dana, you said something about savings accounts, but some people can barely pay their bills. That holds people back sometimes. They think "they don't want my little paycheck" or "it's not enough to matter". How do you save when you barely get by?

Dana: You are so right! I think back on something my Mama used to say to me.

She would say, "How do you eat an elephant?"

And so....."Julie, how do you eat an elephant?"

Hmmmm.....okkkkkkkkk..... "How DO you eat an elephant?"

"One bite at a time."

I apply that to saving. You save one little bit at a time. Historically, people don't have a ton of money they can save. But just put back a little for a rainy day. Save a little. That might just be \$5 or \$10 every paycheck.

Julie: I've always heard 'the power of 10'. What does that mean?

Dana: I've heard that too. It means save \$10 or 10% depending on how much you have. If you can afford to save that 10% that's great! But most people have very little extra money from paycheck to paycheck.

Julie: Most of us live paycheck to paycheck.

Dana: A lot.

Julie: If we're not careful, we could get into big trouble.

What other products does the bank offer that people could take advantage of? I know you mentioned checking, savings, things like CD's. What's a CD?

Dana: A certificate of deposit is a savings account on a timer. It can be 30 days, 90 days, up to 5 years. You earn a little more interest than on a regular savings account.

Julie: Other products we need to know about?

Dana: I like people to know that the very first thing you need to do is get banked. Avoid things like pay-day loans or pawn shops.

Julie: Why? Why do you not need to use those if they've always worked for you?

Dana: Because it's going to cost you money in the long-run.

Julie: Why? What? Like fees?

Dana: Fees. Yes!!! If you get your paycheck cashed at the grocery store, it's going to cost you typically \$5 to 10% and that's money you could spend on your family instead of cashing a check. Money you could spend on groceries and other things your family needs.

Julie: That 10% could be your savings!

Dana: Exactly!

Julie: So, if I have an account at the bank and come to get my check cashed there, there is no fee?

Dana: No. No. You can get your check cashed for absolutely free. People get used to spending that way and they do it month after month after month. Then it turns into year after year. And they budget that into their spending. It becomes a habit.

The second thing I would recommend is getting a free copy of your credit report. Know what's on that report. We can do it for you, or you can get your own copy at annualcreditreport.com. It's absolutely free. Take a look at least once a year. And now you can get a free copy every week.

Julie: What's on there? What's it tell?

Dana: It's your credit history. History of payments. What you have borrowed. Credit card activity and things like that. If you take out a loan or borrow from a bank. And your payment history.

It also lets you know if there is something that doesn't belong on there. You can make a dispute against any charges that do not belong to you.

Julie: What if something on there that's not mine?

Dana: You can dispute it.

Julie: How do you dispute it? I don't know how to do that!

Dana: Well, we can help you! One of the things you have to do is reach out to the credit bureau and let them know there's an account on there that is not yours. They will take some information and ask for things that provide proof that the account is not yours. It's really important to determine what's yours. Don't hide from it!

Here at Southern, we offer a team of credit counselors. They are certified HUD counselors that will help you fix things on your credit report. And if you live in an area where we don't have a bank, give us a call and they will help you get that taken care of, free of charge. But know what's on that credit report and keep a watch on it.

The third thing I recommend to everyone is to get your taxes done for free.

Julie: How do you do that???

Dana: Well. There are sites all over the US and in Arkansas to help with that. Find a VITA site. VITA stands for Volunteer Assistance. United Way has a huge presence too, with lots of volunteers. Southern has been doing taxes for free since 2004. It's just imperative that -if you qualify....there are a few limitations, but most qualify. And you and I both know that the tax refund is often the largest lump sum of money that most households ever get.

Julie: Absolutely. And you don't want any mistakes. You don't want to give money away.

Dana: No, you don't want to make a mistake. And if it's possible, you could just save that amount that you would have spent if you had to pay someone to prepare your taxes for you. If you take that and put it away for a rainy day, then you will have that money in savings.

Another thing that I would recommend is that you make sure you connect with that credit counselor. Maybe you just need help with a budget or just figuring out how to pay down debt or how to build credit. There are counselors all over our state that can help you. I can help you connect with them.

Julie: Is there a charge for those credit counselors that do that?

Dana: There is not for Southern Bancorp. Even if you're not a customer, we don't charge for that service. I encourage you to take advantage of this kind of thing. If you're out there listening you you're embarrassed that your credit has gotten so bad? I know I would rather talk to someone over the phone instead of across a desk. I can definitely connect you with someone like that. But you just want to make sure you are doing these types of things.

I've talked about credit report and getting banked and connecting with free credit counselors and getting taxes done for free. But it's just so important that ultimately you don't ever stop learning.

Your financial education never stops. You know me-you've known me my whole life and you know that recently I lost my dad. And he was 84 years old, and he was still managing his finances. His financial education never stopped. He was always learning. And for me, that taught me that no matter how much you think you know, you're always going to be learning and always be continuing that financial education.

Julie: So, there's still help for an old dog like me???

Dana: OOOHHHHHH there's so much help for us!

Julie: Well, I hope these tips that you have given us and these suggestions will help a lot of people to get their financial situation into a more manageable condition and find some products that will be helpful for them.

I know I've learned quite a bit and I appreciate you sharing. I'd love for you to stop by and tell us more about your products sometime.

Dana: I will! I'd be glad to. And if I could, I will just share my email address and if you have heard something you want to know more about, I would be happy to help. My email address is dworstell@banksouthern.com . And I would love to come back! You know there's just so much to talk about and over the course of my career I have learned so much. Some of it has been the hard way!!! So.....

Julie: We all have to have those hard knocks. Maybe this will make things easier for someone else. Dana, thank you!

(You can learn more about finances and banking by visiting our Extension website www.uaex.uada.edu .)

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