

Resources for Returning Citizens

Rebuilding your life after getting a criminal record is a big challenge. We wrote this guide to talk to you more about money, along with addressing some questions you might have about banking. We want you to understand money and banking, so you feel less stressed out – and more in control – while you are rebuilding your life.



Do you want help learning more about money, including opening bank accounts, building savings, paying back debt, and raising your credit?

Get an appointment with a FEC counselor today!

Call 1-855-346-7445

Q: Why do I need a bank account?

Bank accounts can save you a lot of money over your lifetime. Opening a bank account may seem like a lot of work, but cashing checks at a bank is cheaper than using a check casher. For example, let's compare prices of using two different check cashing businesses to using a bank account.

To cash a \$500 paycheck:

| | Check Casher A | Check Casher B | Bank Account |
|-------------------------------|------------------------|-----------------------|---------------------|
| Percent of check taken | 2% of check | 0% of check | 0% of check |
| Fee per check cashed | \$0 fee per check | \$4 fee per check | \$0 fee per check |
| Total overall pay | \$490 | \$496 | \$500 |
| Total money lost | \$120-\$240 every year | \$50-\$100 every year | \$0 every year |

You might need that money quickly, but check cashers charge a fee to cash a check. Different checks have different fees, so it can be expensive! Banks can deposit all kinds of checks into your account for free. After all, don't you deserve all the money that you earned for your check?

Banks can also help you avoid check cashing fees with direct deposit and bill pay. With these tools, you can get and send money electronically for free. It's more convenient than check cashers.

Q: I don't have a job or much money. Can I afford a bank account?

Many people think that they can't budget or save if they don't have a job, but people can get money in many ways. If you get paid for a small job, someone gives you money, or you find money another way, bank accounts can help you.

Checking accounts don't have to cost you lots of money! Bank On accounts are under \$5 every month and don't have overdraft fees. You can also pay your bills online and use mobile apps to do your banking. Go to www.phila.gov/bankon for more information about opening a Bank On account.

Q: Why should I trust a bank with my money?

Banks, like any business, want to make money. They make a lot of this money when you make a mistake and have to pay a fee. When you don't have much money, fees hurt a lot. Unlike places like check cashers and pawn shops though, they follow A LOT of rules. Most of these rules keep bad things from happening to your money.

Bank On accounts are like normal checking accounts: you can use a debit card, do online banking, and read your bank statements, but there are no overdraft or other hidden fees.

You can also join a credit union. Some people like credit unions better than banks because they aren't corporations. They are small and member-owned. They offer the same services as banks, but they also have the same fees.

Q: If I open a bank account, will the government will take my money to pay for debts, alimony, or child support?

If you have overdue debt and have fallen behind on paying it back, that's a real problem. It is best to talk to people who can help before you open an account. The government can take your money if you have this debt. If you need help managing your debt, you can find help at:

Community Legal Services (Walk-in)

1424 Chestnut Street, Philadelphia, PA

Walk In: 9am-12pm

1410 W. Erie Avenue, Philadelphia, PA

Walk In: 9am-11:30am

Or call: 215-981-3800

9:30-12pm on Tuesdays and Thursdays

Clarifi

Visit clarifi.org or call 1-855-346-7445

Q: I'm a person experiencing homelessness and I don't have an address, a phone, or an ID. Can I open a bank account?

Even if you are a person experiencing homelessness, having a bank account makes it easier to get money from benefits, alimony, social security, or disability payments. However, if you want to open an account, you might face several problems.

Problem 1: you need an address to open a bank account.

You can ask a shelter or a service agency if you can use their address. You can ask friends or family if you can use theirs. If you do this, try to avoid getting mail from the bank. Here are some suggestions:

- Sign up for online statements and email notifications
- Ask if you can pick up things like a debit card in-person at a bank branch instead of getting them in the mail

Problem 2: you need a phone number.

Luckily, there is a program that can give you a free phone, called Lifeline. Go to lifelinesupport.org to find a company near you offering free phones.

Problem 3: you need an ID to open a bank account.

For help getting an ID, you can go to:

Philly Restart*

phillyrestart.com

1900 Benjamin Franklin Blvd, NW Corner

Meets Mondays at 4pm

Community Legal Services

1410 W. Erie Avenue, Philadelphia, PA

Walk-in Hours: 9 am – 12pm

**Philly Restart asks that you bring a referral letter from a city agency. They cannot cover the entire cost of an ID, but the cost to you would be less than \$30.*

Q: I had a bank account, but the bank closed it. Can I open another account?

Yes, you can open a second chance banking account. All Bank On accounts are second chance accounts.

When a bank closes your account because of unpaid fees or overdraft, an organization named ChexSystems puts your name on a list. When you go to a new bank to try to open an account, that bank will check this list. Most banks don't open bank accounts for people on the ChexSystems list.

Even if your name is on this list, you can still open a second chance banking account.



You have the right to see the information ChexSystems has about you. You should check it for wrong information, or information older than 5 years. You can go to chexsystems.com to do this or ask a FEC counselor to help you for free.

Get an appointment with a FEC counselor today!

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Q: I have bad credit. Can I open a bank account?

You can open a bank account if you have bad credit. Banks don't look at your credit score when you open an account. In fact, they only look at your credit if you ask for a loan.

It's important to know how credit works so you can improve your credit score. You can visit this website to learn more about credit scores: consumer.gov.

If you have a good credit score, it is easier and cheaper to take out a loan. To know your credit score, you can look at your credit report. You can check your score three times for free per year from this website: annualcreditreport.com.

Here are some things you can do to improve your credit:

- Making regular payments on debt
- Calling creditors to reduce debt payments
- Reading your credit report to find mistakes and identify fraud
- Reporting mistakes and fraud to the credit report companies
- Getting a secured credit card from a bank and making regular payments



If you want help reading your credit report or rebuilding your credit, you can talk to a FEC counselor for free.

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Q: I overdraft my bank account often. Why should I have one if I have to pay so many overdraft fees?

Overdraft is like a very expensive loan. Let's compare it to credit cards – another common type of expensive loan:

Billy has \$5 in his bank account. He buys groceries for \$15 and pays with his debit card. Billy's bank charges him \$35 for overdrafting his account. That \$35 fee is like a loan with a 1000% interest rate.

Clara also has \$5 in her account and buys \$15 in groceries. She knows this and pays with her credit card. Her credit card has 22% interest, and when she pays it off later, she pays 50 cents for interest.

Billy paid 70 times more than Clara!

You can avoid overdrafting your account by budgeting and making sure you always know how much money you have so that you don't overspend.



If you are having problems managing your money and get hit by overdraft fees a lot, you can talk to a FEC counselor for free.

Get an appointment with a FEC counselor today!

Call 1-855-346-7445

Q: Why do I need a bank account if I get paid on a debit card?

Payroll debit cards are easy to use, but they can have a lot of expensive fees. Bank accounts are better because direct deposit is fast and free.

Often, payroll debit cards come with fees. Here are some examples:

- Fees to take money from an ATM
- Fees to check how much money is on the debit card
- Fees to start using the cards

These fees add up over time!

Pennsylvania made rules about these paycheck debit cards:

- Workers can choose getting paychecks or paycheck debit cards
- Workers can take out their total paycheck from the card every time they get paid for free
- Workers can take money from their card with an in-network ATM once per week for free
- Workers can check the amount of money left on the card for free
- Workers can't be forced to pay for the debit card or their paychecks deposited on them
- Workers are allowed one free replacement card per year

If your job's payroll debit card breaks these rules, make a complaint with one of the following offices:

Bureau of Labor Law Compliance:

215-560-1858

1-877-817-9497

<https://www.dli.pa.gov/Individuals/Labor-Management-Relations/llc/Pages/Labor-Law-Compliance.aspx>

Department of Banking and Securities

1-800-PA-BANKS

(800-600-0007)

You can also talk to a lawyer for free:

Lawyer Referral Information Service

Iris.philadelphiabar.org

215-238-6333

Community Legal Service

1410 West Erie Ave, Philadelphia PA

Intake Hours: 9am-12pm on Mondays, Wednesdays, and Fridays

718 Arch St. Suite 300N, Philadelphia PA

Intake Hours: 9-11:30am on Mondays and Wednesdays

Or call 215-981-3800

Intake Hours: 9:30am-12pm on Tuesdays and Thursdays