

Checking vs. savings, and why you want both

Easy · 10 min to read; 20 min to set up a transfer · Free if you pick no-fee accounts

YOU'LL NEED

- ☐ A photo ID (the bank will tell you what else it needs)
- ☐ Your employer's direct deposit form

WHAT TO KNOW

- 1 **Use checking for money you spend.** You can pay with a debit card or check, get cash at an ATM, pay bills online and send money with a payment app like Zelle.
- 2 **Use savings for money you're keeping, for emergencies and goals.** It keeps that money separate from what you spend each month.
- 3 **Compare a few banks and credit unions before opening anything: account types, minimum balances and every fee.** Credit unions offer the same accounts; you just have to be part of a group that's allowed to join.
- 4 **Avoid fees.** Choose free checking and stay above any minimum balance, use your own bank's ATMs, spend only what you have, and ask whether direct deposit waives a fee.
- 5 **Shop for interest on savings.** The FDIC's national averages (September 21, 2026) were 0.37% a year for savings, 0.07% for interest checking and 0.63% for money market accounts. Many banks pay more or less than average, so compare the annual percentage yield (APY).
- 6 **Move money to savings on payday, before you can spend it.** The CFPB suggests automatic transfers so saving happens without you remembering. See Automating your savings.
- 7 **Check the insurance.** At an FDIC-insured bank, deposits are covered up to \$250,000 per depositor, per bank, for each ownership category, and since 1933 no depositor has lost a penny of FDIC-insured funds. Look up your bank with the FDIC's BankFind tool. Federally insured credit unions are covered by the NCUA.

Watch out Don't count on savings to cover your debit card. Spending more than you have in checking is overdrawing, and it means fees. Ask your bank how it handles a purchase you can't cover, and see Overdrafts and fees.

DAD NOTE One account to spend from, one you pretend isn't there.

Full lesson: aptkeys.com/money/banking-basics/checking-vs-savings-and-why-you-want-both/

Checked October 2, 2026. Sources: Federal Trade Commission; Federal Deposit Insurance Corporation; Consumer Financial Protection Bureau; National Credit Union Administration.