

5 Things Every College Student Needs to Know About Opening a Bank Account



From signing up to classes to going out for the school paper, there's a lot to do when you arrive at college. Picking a bank account may not be top of the list.

But taking the time to make a smart choice can save you.

Many banks offer special accounts for students, with perks like reduced ATM fees and free overdrafts. MONEY recently crunched the numbers to pick the best of these offers, by region. You can find our favorites [here](#).

Whatever bank you choose, following these five steps will help you avoid gimmicks banks use to get customers to pay extra, while making branch networks work for you.

1. Forget school spirit

Many colleges have marketing deals that steer students toward specific accounts, and those often carry high fees or risky terms, according to a 2016 report from the Consumer Financial Protection Bureau. It's a great deal for colleges—but not necessarily for you. The Wall Street Journal found 112 colleges earned more than \$18 million last year through bank agreements.

“Don't assume the school has made sure the bank is offering you the best terms,” says Suzanne Martindale, a lawyer with Consumers Union.

2. Don't get sold on “protection”

It can be tempting to opt into so-called overdraft protection to avoid high fees. But the name is misleading—this service is actually what allows banks to charge fees when you overdraw.

Instead, decline the service, and your card will simply be denied at the cash register if you don't have enough money—no fees charged. We know what you're thinking: embarrassing. But that's the point, says Tim Ranzetta, founder of Next Gen Personal Finance.

“That's going to lead you to track your money more closely,” he says.

3. Scope out your surroundings

During your first weeks on campus, find all your bank's nearby ATMs. Stick with these to avoid a nearly \$5 fee each time you take out cash. In 2017, banks charged a fee of \$1.72 on average for using an out-of-network ATM, according to [Bankrate](#). That's on top of the \$2.97 charged by the machine owner.

4. Split up to get the best terms

You want a free checking account with wide access to ATMs and a free savings account that earns at least a bit of interest. The challenge? Finding these at the same bank. Instead, consider opening an online savings account, where there are no minimums and better interest rates, to stash away a little emergency cash.

5. Think about graduation

Most student checking accounts automatically convert to a regular account when you graduate or reach a certain age. Of the banks MONEY surveyed, those carry a monthly fee ranging from \$4 to \$12. Take note of when your free account expires and what requirements you have to meet to avoid that charge.

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