

"Hey Dad": Money

Money conversations with my children

"Hey Dad, do you have an online bank account?"

I absolutely do, kids:

I stepped into my local bank, prior to the pandemic, looking to open a new savings account. I was offered a "Preferred Account", that required a \$2,500 initial deposit and paid 0.04% interest on my money. "Wait, did you say 0.04%", I asked. With a level of enthusiasm in their voice, they said, "with this Prefer Account you get this higher rate". Then they showed me their list of fees:

-Monthly Maintenance Fee	-ATM Withdrawal Fee	-Overdraft Fee	-Paper Statement Fee
-International Transaction Fee	-Minimum Balance Fee	-Inactivity Fee	-Account Closing Fee
-Wire Transfer Fee	-Lost Card Fee	-Teller Fee	-Dormancy Fee
-Out of Network ATM Fee	-Savings Withdrawal Fee	-Bank Check Fee	-Transfer Funds Fee

Yikes! With all of that in mind, I'd be better off keeping my money under my mattress.

Understand that after 12 months, my \$2,500 deposit, at an Annual Percentage Yield (APY) of 0.04% would grow by \$1.00 to \$2,501. And any fees that they charge me would leave me with an account balance of less than the \$2,500 I started with. They even tell you that in their Disclosures (aka: the fine print); "Fees could reduce earnings on the account".

Know that there are several quality online banks that are paying well over 4.0%, with a \$0 - \$100 minimum balance requirement, with NO FEES! "Hey Google!"

CIT Bank, (not Citi Bank), my online bank of choice, is now paying 4.65% Annual Percentage Yield (APY) on their Savings Connect Account, with a required minimum \$100 initial deposit. Take that same \$2,500 in this account and after 12 months, your account would grow by \$116.37 to \$2,616.37. Additionally, effective 7/27/2023, if you have \$5,000 to deposit, you can get 5.05% with their Platinum Savings Account.

Anyone getting 5.05% right now, on a savings account, with no fees, should feel pretty good about their banking decision.