

Financial Advice for You and Your Patients

IS YOUR BANK RIPPING YOU OFF?

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In this second installment in my series of financial articles, let's pretend I'm Jesse James or John Dillinger. No, I'm not really going to rob a bank, but I will show you how banks are stealing from you. I'll also show you how you can play the same game they do and come out a winner. Believe it or not, that wonderful philosopher Miss Piggy made a profound statement about banks: "You have to wonder about an institution that puts a chain on a ballpoint pen!" That might not register with some of you, since most of us rarely ever enter a bank lobby these days, but it's an important point to ponder.

The Business of Banking

Banks are interesting institutions - if you don't mind being in an institution! I'm reminded of the legendary character Robin Hood, who stole from the rich to give to the poor. Banks don't have that problem. They steal from all of us and just keep it all for themselves!

Banking is a great business to be in. They charge you fees to put your money into their bank and then put a hold on it before it's credited to your account. They pay you next to nothing in interest on your money while they lend it out and make a lot of interest. And if you ever want to take some of your money out, they make you use a piece of paper that they charge you to use. What a deal - for them! Have you ever thought about it like that? Well, it's time you did. Your "friendly banker" really isn't your friend.

Check Your Check Fees

Let's start with those magical pieces of paper they sell us so we can get some of our money out of their bank - checks. Have you ever sat down and figured out what you are paying for all those checks you write every month? Did you know you can buy checks elsewhere and cut your cost in half? The next time you open your Sunday newspaper and all of those colorful inserts fall out, take a look at the ones offering checks. You can save a bundle, and they work just as well as the ones your banker wants to sell you. By the way, the deposit slips work, too. And remember, you can always do your banking online and write minimal checks each month.

In my last article, I touched on how banks use the "float" to make money on your money. You make a deposit and they put a hold on it for up to one week to make sure it's "good." In the meantime, they use this money without paying you anything for it. It might be time for you to sit down with your so-called friendly banker and tell them this is not acceptable if they want to keep you as a customer. You might want to remind them how much money you are running through their grubby little fingers each and every year. That might make them "modify" their hold on your deposits. Most of you have more than enough in your accounts to cover any deposits that might not be good. By the way, they will not offer you this without a strong demand from you.

Losing Your Savings?

Please don't tell me you have money in a so-called savings or money-market account at your bank. That savings account is paying a rate that will never get you into a higher tax bracket! It's an insult. Your money will just rot there and never even match the annual inflation rate. In fact, it's probably less than half of that rate. Money-market returns also are low, and banks charge you anywhere up to 1 percent for FDIC insurance. By comparison, mutual funds offer a money market that will pay at least double what your local bank is paying.

Loan Sharks

Got any loans at your bank? Did they add in credit life and disability to cover that loan? Did you know the bank makes more on that than they do on the interest of the loan? It's a racket unless you're totally uninsurable. They can't make you buy it as a clause to get a loan. If they want some coverage, you can assign to them your current life and disability coverage to cover the loan. By the way, the credit life and disability can add an additional 1 percent to the loan. If something happens to you, that insurance is paid to the bank, not to your beneficiaries.

Take Control of Your Finances

Pull out all of your bank statements and see if you can figure out all of the added fees and charges with which your friendly banker is hitting you. Once you conquer that task, add up all the interest they paid you on all of your money you let them have for an entire year. I bet you paid them more than they paid you. What's wrong with that picture? You let it happen, and if I didn't point it out to you, it would continue to happen!

Armed with this information, maybe it's time to have a sit down with the manager of your bank. Better yet, maybe it's time to see what another bank can offer you. You might want to take a good look at credit unions, too. By the way, if you're not doing some online banking, you need to move up to the 21st century. It can save you a lot of time and a lot of stamps on all those checks you're mailing out each month.

There you go - another article designed to save you a bundle. It does require a little homework on your part, but the rewards are well worth it. My next article will discuss the pros and cons of mortgages.

JULY 2008