

# [Find your best bank](https://assignbuster.com/find-your-best-bank/)

[Business](https://assignbuster.com/essay-subjects/business/)

Module 3, Banking FIN201: Module 3 Assignment 2 Using the large National Bank, Regional/Local Bank, and Credit Union you identified in your Module 1 Assignment 2, compare the each institution based on the following categories:
Categories
National Bank:
(Bank of America,
Contact person, Bruce Thompson, Chief financial officer)
Regional/Local Bank”
(Bank of Ozarks,
Contact person, Army Duke. Customer care representative )
Credit Union
(Lake Michigan Credit Union
Contact person, Emili Sorise, LPL financial advisor.)
Checking Accounts:
Type of Checking Accounts Available
Minimum Balances required
Fees
Types of checking accounts:
1. Core checking account
2. Interest checking account
Minimum balance:
Core checking account; maintain an average daily balance of $1500.
Interest checking account; maintain a combined balance of $10000.
Fee
Core checking account; Monthly maintenance fee of $12, or non to qualifying accounts.
Interest checking account; Monthly maintenance fee of $25, or non for qualifying accounts
Types, minimum balance and fee.
Bonus checking account, No minimum balance, a monthly fee of $5
Free checking account. No minimum balance, no monthly fee.
Heritage checking account, Minimum balance of $300. Monthly fee of $6. 25
Maximum yield checking account. No minimum balance. Fee of $12 monthly.
My choice checking account. No minimum balance, no monthly fee.
Pathway checking account. No minimum balance, $10 monthly fee.
Types, minimum balance and fee.
1. Maximum checking account.
No minimum balance, no monthly fee. APY on balance of $15000
2. Free checking account. No minimum balance and no monthly fee.
3. Investor checking account. No monthly fee for balance of above $2500, otherwise a $10 monthly fee is charged.
Savings Accounts:
Type of Savings Accounts Available
Minimum Balances required
Fees
Type, balance and fee.
Reward money market savings account. Maintain a balance of $2500. Fee is zero if balance is maintained otherwise a $12 fee is charged.
Regular savings account. Maintain a minimum balance of $300 or transfer at least $25 to savings account monthly. Fee is zero, otherwise a $5 fee is charged.
Custodial savings account. Maintain a minimum balance of $300 or transfer at least $25 to savings account monthly. Fee is zero, otherwise a $5 fee is charged.
Type, balance and fee
Personal savings account.
Minimum balance of $100, and a service fee of $3 monthly if saving is below $100.
Type, balance and fee
Basic savings account. Minimum balance of $300, monthly fee of $5.
Certificates of deposits. Minimum balance of $500. Penalty for premature withdrawal
Holiday club. No minimum balance.
Money market account. Minimum balance of $2500.
Kids and Teen club account. No minimum balance.
Individual retirement account.
Health savings account
Coverdell education savings account
ATM:
ATM access
ATM Fees
Unlimited access to all Bank of America ATMs. No ATM fees to Bank of America ATM.
Fees
Zero fee for Bank of America ATM
$2. 5 plus operator fee for Non Bank of America ATM in USA.
$5 plus operator fee for Non Bank of America ATM outside USA.
Free master card debit ATM card. Free access to funds online mobile banking, direct deposits and free automatic transfer and unlimited check writing.
Credit Cards
Interest Rates Offered
Annual Fees
Type, Interest rate , annual fee.
1. Bank Americard Cash Rewards. No annual fee.
2. Bank Americard Travel Rewards. No annual fee and no foreign transaction fees.
3. Bank Americard. No annual fee.
Free FICO card
Maximum reward visa card. 15. 99% and 22. 99% APR.
Platinum edition VISA card. Variable APR 9. 99%-19. 99%
Secure VISA card 17. 99% APR
Credit card, interest rate and fee
Maximum reward cards, 6. 75% APR.
Prime platinum cards. 3. 0% interest
Loan rebate card. 5. 0% interest.
Loans:
Types of Loans Offered
Interest Rates
Loan type and interest rate.
Mortgage, fixed 30 year policy 4% interest and APR 4. 13% , fixed 15 year policy 2. 75% interest and APR 3. 449% , Variable 5/1year APR 3. 014%
Refinancing fixed 30 year policy 4. 25% interest and APR 4. 348% fixed 15 year policy 3. 25% interest and APR 3. 479% , variable5/1 year policy 2. 875% interest and APR 3. 047%.
Home equity Variable interest at 3. 875%
Auto loans, New APR 2. 49%, Used 2. 74%, Refinance 2. 99%.
Auto loans, interest 3%
Home Equity line of Credit
Mortgage, interest
Loan type and interest
Auto loan, 2. 25%-2. 75%
Maximum equity line of credit 3. 75% APR in 15 years.
Maximum equity fixed loan 2. 99% APR in 15 years.
Mortgage Interest rate 3. 625% and APR 3. 644% for 30years.
Question 2
Identify, describe, and explain the financial institution that would be the best fit for you?
The Lake Michigan Credit Union offers the most suitable portfolio for me at the moment.
There are some checking accounts that have no minimum balance. Where minimum balance is requires, the amounts needed are significantly lower than those of the other financial institution. An example is the case of free checking account. No minimum balance and no monthly fee. Lake Michigan Credit Union has the lowest cost of a mortgage, Mortgage Interest rate 3. 625% and APR 3. 644% for 30years compared to that of Bank of America Mortgage, fixed 30 year policy 4% interest and APR 4. 13%. This financial institution also offers school loans which is very important to me at this time.
Question 3
After choosing a savings account with a 3% interest rate, you decide to invest $5, 000 into the savings account.
Using the future value calculation, determine at an interest rate of 3%, what would be your total balance available at the end of five years if you leave the $5, 000 untouched. Show your calculations, as well as, your answer in your portfolio.
How will this interest earned be reported on your federal income tax returns?
Compound interest rate
A=(P+r/n)tn
where
A= Amount accumulated
P= Principal
R= interest rate
n- Compounding periods
T= number of periods (Tyler Wallace)
(1. 03)5 \*5000= 5796. 37
Amount earned after five years = $5796. 37
Reporting to the federal government
Interest earned
5796. 37-5000= 796. 37
Withholding tax for federal government
20%\*796. 37= 159. 274
$159. 274 federal government tax (IRS, 2014).
Reference
Tyler Wallace (2013). Beginning and Intermediate Algebra. Function-Compound interest.
U. S. Internal Revenue Service (IRS) Publication 15. Circular E, employers guide.
U. S. Internal Revenue Service (IRS) (2015). Tax Withholding. http://www. irs. gov/Individuals/Employees/Tax-Withholding