Little Known Facts About Savings Accounts

By Kenneth A. Millican
Manager Central Service Department, Pacific National Bank of San Francisco

Contrary to general belief, the withdrawal of money from a savings account n between dividend days does not nullify interest calculations on such balance of he account as may have been on deposit three calendar months or more.

Through lack of understanding of savings bank figuring methods, it is often he case that prospective savings bank depositors are influenced to retain idle funds n their own possession, believing that by depositing and then possibly having to rithdraw before a stated dividend date, there will be a complete loss of interest.

It is the policy of western savings banks, almost generally adhered to, to include n their rules for interest computation, a provision that interest will not be paid n sums remaining on deposit less than three calendar months. The latter expres- ion is used to specify actual months of the calendar, and not thirty day periods neasured from, say, the 8th of April to the 8th of May.

A deposit made on the first day of February, is regarded as participating in nterest privileges for the entire month of February while one made thereafter ommences to operate as an interest bearing factor from the first day of March. But to illustrate the method of figuring ordinarily employed, if $1000 were deposited n February first, and $500 were to be withdrawn during the calendar months of 'ebruary, March or April, the Bank would still pay interest on the balance of the ccount, as long as it remained on deposit during those three months.

Should such a sum be deposited, however, on February 15 or at any time in he month of February other than the first day, the period for which interest would e figured would be for the calendar months of March, April and May. Whatever ortion of the original deposit remains with the bank throughout the three calendar nonths of March, April and May, despite partial withdrawals, would be given proper nterest.

Interest on your savings is calculated and paid in the Pacific National Bank our times a year—on the first days of January, April, July and October. Deposits nade in the second and third months of each quarter do not receive their interest ntil the following quarter when five or four months interest will be calculated ccording to the deposit date. For instance, a deposit made during February, and ommencing to earn interest on March 1st does not receive one month's interest on April 1, but on July 1st will receive four months' calculations.

One outstanding rule in savings bank interest calculation is that no interest is ver paid on an account closed between dividend days. It is well for the depositor o remember this, and when contemplating the use of a balance, $5 should be left in he account to protect him from the loss of interest for a past interest earning eriod.

Accounts of this character are frequently opened in the names of two depositors, he funds being payable to either depositor in the absence of the other, or, in the vent of the death of one, to the survivor. This class of account is protected by tatutory ennactment, the object being to avoid the dissipation of a depositor's sav- ngs in legal procedure.

Accounts may also be opened by persons without legal process in trust for thers, the funds remaining under the control of the depositor as self appointed rustee during his lifetime, but going to the beneficiary of the trust at the death f the trustee without the necessity of court action. A father may thus open an ccount or several accounts for his child or children, use the funds as he wishes dur- ng life, and know that in the event of his death his heirs may immediately come nto the possession of the balances upon demand, and the production of proof of leath and a permit from the County Treasurer.

To encourage the habit of saving among children, the State of California has visely provided by statutory enactment that minors may open accounts and control hem absolutely, the same as competent adults. It is a misapprehension to believe hat an account for a child under twenty-one years of age requires an elder person or a parent to act in the capacity of trustee—as long as the junior depositor can sign his or her own name, he or she can open an account and draw and deposit in ts connection without any control being exercised by any other persons, even parents.