Ask Farnoosh: **Should You Keep All Your Money at One Bank?**
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Intro

This episode is brought to us by Bank of America.

Welcome to So Money, everybody. I'm Farnoosh Torabi, and it's Ask Farnoosh Friday, which means I open up the mailbag and we get into your questions. We have a good mix today. Credit scores, banking, the job market, and because it's November, a little year-end housekeeping too.

But first, some household news. My kids officially have bank accounts. Both of them. Their own accounts, with their own names on them, and they could not be more pleased with themselves. My daughter is 9 and my son is 12. We've had some starts and stops with their allowance but we're back at it…and they needed a place to store their money. My son is more independent now and is going out with his friends to the movies, to the mall, and needs a debit card.

Now, I'm a personal finance expert. I've been doing this for over twenty years. You would think I'd have had this sorted out by the time they could walk. I did not. It took me longer than I'd like to admit, and the reason it took so long is the thing I want to share with you.

Here's what nobody tells you about teaching kids about money. Everyone focuses on the kid. What's the right allowance? What's the right age to start? What's the best app? And those are fine questions. I've asked all of them. But what I've learned is that as the parent, you have to set up a system that works for everyone in the house. Not just the kids. You, too.

Because think about what an allowance actually requires from the grown-up. If I'm paying my kids an allowance, I need a way to easily transfer that allowance. Staying accountable is hard. I need a way to easily monitor it. I need to be able to see what's coming in, what's going out, and whether anyone has spent six weeks of savings on something I'm going to find under the couch in a month.

And believe me, I have tried things. I've tried a number of allowance apps. I've tried the kid banking apps. And I want to be fair, they are all perfectly fine. Some of them are really well designed.

But for me, as someone who thrives on streamlined systems, and who quietly falls apart when there's one more app, one more login, one more password to reset, none of them stuck. Some of them charged monthly fees. I'd set it up, I'd be very enthusiastic for about three weeks, and then one kid would inevitably lose their debit card or I'd forget the login to the app.

So the solve turned out to be almost embarrassingly simple. I opened accounts for my kids where I was already banking. (And for our family, that's Bank of America.) That's it. That was the whole breakthrough.

Now their allowance is a transfer I can make in a few seconds, from the same app I'm already opening every day. There’s no fee. I can see everything in one place. And because it's easy for me, it actually happens, which means the lesson actually happens.

And I think that's true well beyond kids and allowances. The best money system is not the most elaborate one. It's the one you will actually use. Hold onto that thought, because it's going to come back around in today's mailbag.

So, coming up, three questions from you.

First, a listener **who wants to close a credit card she hasn't touched in years**, and she's worried about what that's going to do to her credit score.

Then, **a couple with accounts scattered across four different banks**, wondering whether there's any real payoff to consolidating. Does being loyal to one bank actually get you anything? It can, and I'll walk you through what to look for.

And third, **a job seeker who wants to know how to write a resume and a LinkedIn profile that gets past the AI screening tools,** and then what to do in real life to make sure that resume lands at the top of the pile.

And since we're heading into the last stretch of the year, I'll close with the money moves worth making before December 31.

Let's get to it.

Question 1: Should I close a credit card?

Our first question comes from Rita, who writes:

"Hi Farnoosh. I have a credit card I opened in my twenties that I haven't touched in about two years. It's just sitting in a drawer. I'd love to close it and simplify my life, but I keep hearing that closing a card will hurt my credit score. Is that true? Should I just leave it alone?"

I love this question, because it's one of those pieces of money advice that everybody has heard and almost nobody has explained to them. So let's explain it.

The short answer is yes, closing a credit card can lower your score. But usually it's modest, and usually it's temporary. Whether you should do it comes down to three things: whether the card has a fee, what the rest of your credit looks like, and whether you're planning to borrow money in the next year.

Let's start with why your score can drop at all. It mostly comes down to something called your credit utilization ratio. That's a fancy term for how much of your available credit you're using. And it's one of the biggest factors in your credit score.

When you close a card, the credit limit on that card disappears from your total. So if you carry a balance on any of your other cards, your utilization goes up overnight, even though you didn't spend a single dollar more.

Let me walk through an example: Say you have two credit cards, each with a $10,000 limit. That's $20,000 in total available credit. You have a $3,000 balance on one of them. You're using 15% of your available credit, which is a healthy number. Now you close the card that's sitting in the drawer. Suddenly you have $10,000 in total credit and that same $3,000 balance. You're at 30%. Same debt. Same you. But on paper it looks like you're leaning harder on credit than you were yesterday.

Now, if you pay your cards off in full every month and your balances are low, this matters a lot less. That's worth knowing.

The second thing people worry about is the age of their credit history. The fear is that if you close your oldest card, you wipe out all those years of good behavior. And that is mostly a myth, or at least it's not immediate. A closed account in good standing generally stays on your credit report for up to ten years, and it typically keeps counting toward the age of your credit during that time. So you're not erasing your history the day you cut up the card.

So, when would I keep the card open? If there's no annual fee, I'd lean toward keeping it. If it's your oldest account, same. And definitely if you're planning to apply for a mortgage, a car loan, or a refinance in the next six to twelve months. That is not the moment to make any sudden moves with your credit. Just leave everything as is until you've closed on the loan.

And if you do keep it, give it one small job. Put a single recurring charge on it, maybe a streaming subscription, set it to autopay in full, and forget about it. That keeps the account active, because card issuers can and do close accounts for inactivity, and then the decision gets made for you.

When would I close it? If there's an annual fee and you're not getting that value back, close it. If having that open line of credit tempts you to overspend, close it. If it's a joint account with someone you no longer want to be financially tied to, absolutely close it. Your peace of mind is worth more than a few points on your score.

There's also a middle path a lot of people don't know about. Before you cancel, call the issuer and ask about a product change. Ask if you can switch to one of their no-fee cards. In many cases you keep the account history and the credit line, and you lose the fee. Best of both worlds.

And if you do decide to close, do it cleanly. Pay the balance down to zero. Redeem any rewards first, because those can disappear when the account closes. Ask for confirmation in writing. And then check your credit report in a month or two to make sure it shows as closed at your request.

So, Rita, here's my bottom line. If that card costs you nothing, keep it open and give it one small job. If it's costing you money or costing you sanity, close it and don't lose sleep over it. Credit scores recover. They're a lot more resilient than we give them credit for. Pun fully intended.

Question 2: Does bank loyalty pay off?

Our next question picks up right where I started today.

"Farnoosh, my husband and I have our checking at one bank, our savings at another, a credit card from a third, and our investments somewhere else entirely. It's a lot of logins. Is there any actual financial benefit to consolidating with one institution?"

First of all, I see you. Four institutions, two people, probably a dozen passwords. I feel dizzy just reading it.

And this is exactly what I was talking about at the top of the show with my kids' accounts. When your money lives in fewer places, things get easier. Transfers feel faster. You can see your whole picture at once. I'm less likely to lose track of an account or miss something odd. That simplicity has real value, and I don't want to undersell it.

But you asked a sharper question than that. You asked whether there's a financial benefit. And my answer is: loyalty pays only if your bank actually rewards you for it. The good news is that some banks now do, and the bar to qualify for perks has come down quite a bit.

So here's the question I'd want you to ask any bank you're considering. What do you give me for my whole relationship? Not just for the checking account. For the checking, the savings, the credit card, the investments , all of it, added together.

Let me give you an example. This past May, Bank of America launched a new loyalty program called BofA Rewards. It replaces and builds on their previous program, Preferred Rewards, which had been around for more than ten years.

And the headline change is who gets in. Under the old program, you needed at least $20,000 in combined balances to qualify. That requirement is gone. Now all you need to join is a Bank of America personal checking account to join. There's no minimum balance, and there's no fee to enroll.

Your tier is based on your three-month combined average daily balance across your Bank of America accounts and your Merrill investment accounts.

I want to highlight that detail, because it's the part that speaks directly to your question. Your investments count toward your rewards tier. It's not only about the cash sitting in checking and savings. If you have investment accounts with Merrill, those balances count toward your tier.

So for a couple like you, with your banking in one place and your investments in another, it's possible you're leaving benefits on the table simply because your money is spread out.

So what do you get with BofA Rewards? Let's start with what every member gets, at any balance.

You get cash back deals and discounts from more than 15,000 popular brands with exclusive Deals just for BofA Rewards members. You get enhanced fraud and identity monitoring. And you get exclusive discounts on home and auto loans. Every member can also earn a credit card rewards bonus if you have an eligible card – which is 10% at the Member tier. That's the starting point, and that's for anyone with combined balances under $30,000.

From there, the program has three more tiers – with benefits increasing in value as you level up from tier to tier. Essentially, as your relationship across the entire Bank grows, your benefits do, too.

Here's how the tiers climb, with a snapshot of just a few of the benefits available at each level.

At $30,000 in combined balances, you're in Preferred Plus. Your credit card rewards bonus jumps to 25%, and your monthly maintenance fees are waived on checking and savings accounts with no fee on select banking services.

At $100,000, you're in Preferred Honors. That's a 50% credit card rewards bonus, unlimited non-Bank of America ATM transactions in the U.S., no-fee on select banking services, and this is where it gets really fun: subscription credits for news and streaming services, plus more than 60 lifestyle benefits and offers across travel, food and wine, entertainment, the arts, fitness, and wellness.

And at $1 million or more, there's the Premier tier, with a 75% credit card rewards bonus, all bank services free, and exclusive access lifestyle benefits' most premium lifestyle offers and one-of-a-kind experiences.

All told, Bank of America says members can benefit from $150 to $4,000 in annual value, depending on their tier and how much they actually use the program.

And that last part is important, so let me say it again. How much you actually use it. A benefit you don't use is worth zero. Everything lives in a BofA Rewards hub inside the mobile app and online banking, so you can see what's available at your tier and activate it there.

I went deep on all of this with Shikha Narula. She's a Managing Director at Bank of America and their Head of Consumer Deposit Products, Transformation and Rewards. We talked about how the program works and who stands to benefit the most. If this question sounds like your household, go back and listen to that conversation. I'll link it in the show notes.

Now, a few tips for getting the most out of a program like this, wherever you bank.

One. Let your tier follow your financial life, not the other way around. Keep your savings and investments working toward your goals. The nice thing about a program that counts your whole relationship is that your balances can add up without you having to rearrange everything.

Two. Use the benefits. Pick the ones that fit your life, activate them, and make them part of your routine. But also plan ahead – use the benefits that unlock savings on those bigger milestone purchases. That's where the value shows up.

For me, a huge program perk is the experiences that BofA Rewards provides its members. Last month, I got a firsthand taste after attending an exclusive dining experience through Bank of America's partnership with the New York City Wine & Food Festival.

Dinner took place on the 51st floor of the Bank of America Tower, with unobstructed views of the Empire State Building. And the person hosting? Chef Flynn McGarry, who began cooking at age 10 and opened his first permanent restaurant, Gem in New York City, at just 19. At that age, I was still figuring out what counted as dinner.

Between the setting and the chance to experience an evening hosted by such a remarkable culinary talent, it felt truly one of a kind. The kind of night that makes you pause, take in the view and think: I'm really glad I said yes to this.

And three, since we're talking about bringing your money together, a quick word on FDIC insurance. Your deposits are insured up to $250,000 per depositor, per bank, per ownership category. So a joint account between the two of you is covered up to $500,000, and your individual accounts are each covered separately on top of that. For many households, that's plenty of room. But if consolidating would put your cash above those limits at any one bank, that's worth knowing before you move it. And remember, FDIC insurance is for deposits: checking, savings, CDs. Investments in a brokerage account aren't FDIC insured. They're protected differently, through SIPC, which covers you if the brokerage firm fails, not if the market drops.

So, loyalty is worth more when you know what you're getting for it. Add up what you two have across all four institutions, see where that would put you, and then decide.

And if you want to look at the Bank of America program specifically, you can find it at bofa.com/bofarewards.

Question 3: Beating the AI resume screen

Alright, our third question takes us from banking to the job market. A listeners asks:

"I've applied to more than 40 jobs in the last few months and I've heard almost nothing back. I keep being told that AI tools are screening resumes before a human ever sees them. How do I play the AI game with my resume and my LinkedIn? And what can I do in real life to make sure I end up at the top of the pile?"

Forty applications and silence. That is demoralizing, and I want to say first that it is very likely not about you. The process has changed. Employers are getting flooded with applications, many of them written with AI, and they're using software to sort through the flood. So you have robots writing resumes and robots reading resumes, and a real person stuck somewhere in the middle. That's you.

So here's how I think about it. You need to write for the machine so that you get found. And then you need to go around the machine so that you get chosen. You need both. Let's take them in order.

Part one, playing the AI game.

The most important thing you can do is mirror the language of the job posting. These screening tools are comparing your resume against the job description. If the posting says "project management" and your resume says "oversaw key initiatives," you may be describing the very same thing, but the software may not connect the dots. So use their words. If they say "stakeholder communication," you say "stakeholder communication." As long as it's true for you.

Second, keep your format boring. I know. You found a gorgeous template with two columns and a little sidebar and icons. Resist. Many of these systems read a resume top to bottom, left to right, and fancy layouts can come out scrambled. One column. Standard headings like Experience, Education, and Skills. No text boxes, no graphics, and nothing important tucked into the header or footer.

Third, lead with results and numbers. "Cut vendor costs by 18% in one year." "Managed a team of six." "Grew the email list from 2,000 to 15,000." Numbers read well to software, and they read well to the tired recruiter who eventually gives your resume a quick skim.

Fourth, tailor every application. I know that sounds exhausting when you've already sent forty. But it doesn't have to be a rewrite. Keep one master resume with everything on it, and spend ten minutes adjusting it for each job. And this is where AI can work for you. Paste in the job posting and your resume and ask, "What's missing? What keywords am I not using?" It's very good at that.

What I would not do is try to trick the system. You may have seen the advice to paste the entire job description into your resume in tiny white text. Please don't. These systems can catch it, and even if they don't, a human being eventually reads your resume, and that is not the first impression you want.

And one more. Use AI as your editor, not your ghostwriter. Recruiters are telling us that resumes are all starting to sound identical. Same phrases, same rhythm. Let the tool tighten your sentences and catch your typos. But the stories and the voice should be yours.

Now, LinkedIn, because recruiters are searching there every day.

Your headline is the most valuable real estate on your profile, and most people waste it on their current job title and employer. Use it for the role you want and what you're great at.

Fill out your Skills section and your About section using those same keywords, because that's what recruiters type into the search bar.

Make sure your titles and dates match your resume exactly. A mismatch can raise a flag.

And be a little bit active. Let recruiters know you're open to work, comment on a post in your field, share an article once in a while. Active profiles tend to show up more.

Okay. Part two. Going above and beyond in real life. And this is where I think jobs are actually won.

Number one, referrals. A referral from someone inside the company can get your resume in front of a human in a way that no keyword ever will. So before you hit submit, look at who you know at that company. And who you know who knows someone at that company. Former colleagues, college alumni, your neighbor, your cousin's roommate. Ask.

Number two, apply early. Job postings get buried in applications within days. Set up alerts for the titles and companies you want, and try to get in within the first 48 hours.

Number three, find the hiring manager. After you apply, send a short note. And I mean short. Three sentences. Who you are, the role you applied for, and one specific reason you're a fit. Not your life story. One reason.

Number four, ask for a conversation, not a job. People are surprisingly generous with fifteen minutes when you ask about their work and their team. And that's often how your name gets passed along to the right person.

Number five, show your work. A portfolio, a writing sample, a short case study of a problem you solved. Something concrete that a keyword scan can't fake.

And number six, follow up. Once. A polite check-in a week later is completely appropriate. It says you're interested. It does not say you're desperate.

And because this is So Money, I'll leave you with the money piece. A long job search is a financial event. Know your runway. Know how many months you can cover, and what you would cut if it goes longer. And when that offer comes, and it will, negotiate. The salary you accept becomes the baseline for every raise that follows.

Year-end money checklist

Before I let you go. It's November, which means you have roughly six weeks to make the money moves that count for this year. And I know. The holidays are coming, the calendar is filling up,

and the last thing you want is a financial to-do list. So I'm going to keep it tight. If you can give your finances one good hour before December 31, here's where I'd spend it.

Let's start with the things that have a hard deadline.

First, your retirement plan at work. If you have a 401(k) or a 403(b), contributions for this year have to come out of a paycheck this year. So log in and see where you stand. If you have room in your budget, bump up your contribution for the last few pay periods. And at the very least, make sure you've contributed enough to get your full employer match. That's part of your compensation. Go get it.

Second, your flexible spending account. FSA money is largely use it or lose it. Check your balance, and check your plan's rules, because some plans let you roll over a small amount or give you a grace period, and some don't. Then book the appointment. Order the glasses. Use the money. It's yours.

Third, open enrollment. For a lot of you, it's happening right now at work. Please don't just let last year's choices roll over. Your life may have changed. Your plan options may have changed. Spend twenty minutes comparing, and while you're in there, look at your life and disability coverage too.

Fourth, charitable giving. If you plan to give, and you want it to count on this year's taxes, the gift generally needs to be made by December 31. And keep the receipts.

Fifth, and this is for those of you in retirement or helping parents who are. Required minimum distributions. If one is due this year, make sure it has been taken. The penalty for missing it is steep, and it's completely avoidable.

Sixth, take a look at your taxable investment accounts. If you're holding investments that are down, selling them can offset gains you've had elsewhere and may reduce your tax bill. There are rules around this, so it's a good one to talk through with a tax professional before you act.

And seventh, if you're saving for college in a 529 plan, check your state's rules. Many states that offer a tax deduction want that contribution in by the end of the year.

Okay. Those are the deadlines. Now a few things that don't have a deadline, but that I like to do this time of year anyway.

Check your tax withholding. If you had a big change this year, a new job, a side business, a new baby, do a quick projection now so April doesn't surprise you.

Use what you've earned. Redeem your credit card points and your cash back. And going back to our conversation earlier, log in to your bank and see whether there are rewards or benefits you qualified for this year and never claimed.

Do a subscription audit. Scroll through the last three months of statements and cancel anything you forgot you were paying for. There's always at least one.

Pull your credit reports. They're free at annualcreditreport.com. You're looking for errors and for any accounts you don't recognize.

Update your beneficiaries. Your retirement accounts and your life insurance go to whoever is named on the beneficiary form, not whoever is named in your will. If you've had a marriage, a divorce, or a baby, check those forms.

Set your holiday spending number. Decide it now, before the sales start, not afterward when you're adding up the damage.

And last, pick one money goal for next year. Just one. And set it up to happen automatically starting in January.

One piece of good news, so you can exhale. If you contribute to an IRA or a health savings account, you generally have until the tax filing deadline in April to make this year's contribution. So that one is not a December emergency.

We'll put the full checklist in the show notes so you don't have to scribble all of that down.

Outro

And that's our mailbag for today. Let me send you off with a quick recap.

If you have a credit card you're not using and it doesn't charge a fee, it's usually worth keeping open. Give it one small job and let it be.

If your money is spread across four banks, find out what you'd get by bringing it together. Ask what your bank offers for your whole relationship. And for more on how that works at Bank of America, go back and listen to my conversation with Shikha Narula about BofA Rewards. The link is in the show notes.

If you're job hunting, write for the robots, and then go talk to the humans.

And before the ball drops, give your finances one good hour.

If you have a question for a future Ask Farnoosh, email me farnoosh@somoneypodcast.com or DM me on Instagram @FarnooshTorabi

And if you enjoyed this episode, please share it with a friend, and leave a review wherever you're listening or if you’re watching on Youtube. It really does help.

Thanks so much for tuning in, everybody. I'm Farnoosh Torabi, and I hope your day is So Money.