

Lesson 1:

What Is A Bank?

Lesson Overview:

Students should be able to discuss what a bank is and what banks can do for individuals. The best way to learn these things is to visit a bank and talk with a customer service representative.



Pacing:

Approximately 90 minutes will be needed to complete this lesson.

Materials:

- Access to the Internet for teacher and students
- Service brochures from local banks

Background Information:

Banks are an integral part of the American economy. Using the services they offer is an important part of the lives of most adults. Choosing a bank can be a difficult decision. In this lesson, students will investigate and choose the services they need for basic banking practices.

Student Outcomes:

- The student will be able to discuss (simulate a discussion) banking services with a bank customer service representative.
- The student will be able to complete both a regular checking and savings account signature card.
- The student will be able to make deposits to both regular checking and savings accounts.

Essential Questions:

1. What services do banks and credit unions offer?
2. What can a bank do for me?
3. Where are the banks in my hometown?
4. What services do I need as a middle school student?
5. Will opening a bank account cost me any money?

Vocabulary:

Bank

A bank is an institution, chartered by the state or federal government that takes deposits and provides credit and other financial services.

Checking Account

A checking account is an account that allows customers opportunity to write checks on money deposited. This status is also called demand deposits, because once money is deposited, it can be demanded from the bank.

Regular Savings Account

A regular savings account requires you to make regular monthly deposits, up to set limits. Some restrictions may be placed upon the account (e.g. limiting the amount of withdrawals or requiring force a deposit every month); however, their higher interest rates make up for the restrictions.

Customer Service Representative

A customer service representative is an individual from the bank that performs business services for their customers.

Deposit Slip

A deposit slip is an itemized slip showing the exact amount of paper money, coins, and checks being deposited to a particular account.

Instructional Steps:

Step 1: As a warm up/bell ringer activity, have students answer the following questions prior to beginning the lesson.

1. Do you or your parents have a bank account? Why or why not?
2. What do banks do for your family?
3. Why are banks important to our society?

Step 2: The teacher should discuss, in general terms, what banks and credit unions are and what services are offered to individuals. If possible, the teacher should visit one or two banks in the neighborhood and obtain enough informational brochures for each student. Obtain deposit slips for the students to use after they have “opened” an account. Arrange for a customer service representative to visit the class, if possible.

Service	Bank	Savings and Loan	Credit Union
Checking Account			
Savings Account			
Certificate of Deposit			
Overdraft Protection			
ATM Card			
Check Card			
Home Mortgage			
Personal and Auto			

Loans			
Credit Cards			
Safe Deposit Box			
Other Services (List them.)			

Step 3: Review banks and credit unions relative to providing services, receiving deposits, and making loans. Discuss the services offered: checking and savings accounts, certificates of deposit, overdraft protection, ATM cards and access points, check cards, mortgages loans, credit cards, account service fees, and other services. Have students place a check mark in the column of the financial institution that provides the services listed in the following table.

Step 4: Have students complete the signature card required when opening a checking and savings account. The students may make up their own account number.

Step 5: Have each student complete a deposit slip for both a checking and savings account. The students can make up their own account numbers.

Enrichment/Differentiation Ideas:

Have students open a real savings account at the local bank or credit union.

Have students create a spreadsheet that will track their deposits and withdrawals and provide them with an account balance. Allow them to ignore service fees which are often based on the number of transactions a customer makes per month or the balance in a savings account.

Have students engage in role-playing as individuals and customer service representatives at a financial institution.

Ask students to begin creating their own personal financial folders that will hold all of the documents created during this series of lessons.

Have students create a classroom bank to simulate all the activities and services a bank offers its customers. This “Classroom Bank” can be used for all of the lessons in this series.

Assessment Ideas:

Verify that the students have completed the signature card and deposit slips correctly. Some other questions to ask include the following:

1. Are you going to be using the account often or are you saving for something in particular? (Checking or savings account)
2. If you are saving for something in particular, how long can you wait to purchase this item? (CD?)
3. Will you be traveling and need to make electronic withdrawals outside your local area? (ATM or check card)

4. Will you need to borrow any money? How much and for how long? (Mortgage or Personal/Auto Loan)
5. Do you have any valuable documents that need safe keeping? Do you have a fire-proof area at your home? (Safe Deposit Box)

Additional Resources:

For Students:

<http://money.howstuffworks.com/bank.htm> this link offers 15 links on what a bank is and how it works:

1. Introduction to How Banks Work
2. [What is a bank?](#)
3. [Why does banking work?](#)
4. [Types of Banks](#)
5. [How do banks make money?](#)
6. [How do you start your own bank?](#)
7. [Starting a Bank: Directors](#)
8. [Starting a Bank: Market and Location](#)
9. [Starting a Bank: Raising Money](#)
10. [Starting a Bank: Charter Application and Other Details](#)
11. [How safe is your money in a bank?](#)
12. [Checking Accounts](#)
13. [Loans, Checks and Savings](#)
14. [Lots More Information](#)
15. [See all **Financial Planning** articles](#)

<http://money.howstuffworks.com/question726.htm> This link offers a discussion of what savings accounts and interest are.

<http://money.howstuffworks.com/bank11.htm> This links to the segment about checking accounts referenced in Link #12 above.

For Teachers:

http://www.practicalmoneyskills.com/english/at_school/ This link will take you to the Practical Money Skills for Life website that is full of teacher resources from lesson plans through student activities. Practical Money Skills also provides sections on financial literacy at home and at work. You can register to access the complete library of teacher/student materials. Registration is free!

Lesson 2:

Your Bank

Lesson Overview:

Students will be able to identify and compare the financial benefits and services offered by different types of financial institutions.

Pacing:

Approximately 90 minutes will be needed to complete this lesson.

Materials:

The teacher will need to provide either online access to websites or hard copies of financial institutions' sales brochures and materials. These may also be obtained from the businesses themselves at local branches or online. Time permitting, students may go online and choose one type of each financial institution to research.

For numerous links to free brochures and other relevant materials, visit: [JumpStart Coalition Clearinghouse](#)

Background Information:

Traditional banks, Internet banks, savings and loans, credit unions, and other financial institutions present a wide range of services, fees, and interest rates to their customers. Students should be aware of the differences and be able to evaluate how these differences affect their own personal financial situation. Students should know the value of setting long term goals and have familiarity with financial methods necessary to achieve them. Students should also know how to calculate compound interest.

For banking and other financial lessons, handouts, overheads, and ideas, visit:
[Money, Personal Finance, Business, Careers, Life Skills: Lessons, Education.](#)

For an overview on the various financial institution types, visit:
[To Choose A Bank Or Not?](#)

Student Outcomes:

- Students will know how to identify and compare different types of financial institutions.
- Students will know how to compare the variety of services offered by financial institutions such as checking and savings accounts, CDs, debit and ATM cards, loans, and safe deposit boxes.
- Students will know how to compare the cost and requirements for an auto loan at each type of bank.



Essential Questions:

- How do traditional banks, online banks, savings and loans, and credit unions differ from one another and meet a consumer's needs?
- What are the costs and benefits of each type of financial institution and how do they affect consumers?

Vocabulary:

ATM card, bank, certificate of deposit (CD), checking account, credit union, customer service, debit card, deposit, interest rate, loan, Online Bank, online banking, overdraft protection, safe deposit box, savings account, savings and loan (S & L), service fees

For a link to a glossary of financial terms, assess the following link: [Glossary of Financial Terms](#).

A printable handout of these terms can be found at the end of this lesson.

Instructional Steps:

Step 1: As a warm-up/bell ringer activity, students will divide into groups and discuss personal experiences at the bank. Students should be directed to discuss the names of banks and services offered.

Step 2: The teacher reviews banks/financial institutions as providers of services, as safe keepers for deposits, and as providers of loans. Discuss services banks offer: checking and savings accounts, ATM cards and access points, debit/check cards, credit cards, safe deposit boxes, overdraft protection, mortgages and loans, investment instruments, personal financial assistance, and other services. Discuss fees for various services. Discuss interest as a cost of borrowing money and as a benefit of saving money.

Step 3: Review the variety of banks/financial institutions available and the services offered. Time permitting, students may research online resources provided or choose their own. Teachers may also collect classroom sets of brochures from local financial institutions and print out needed online items. Contacting local branches may be required for certain types of information (i.e., auto loans). To discuss comparison questions, students may use one or all of the following handouts: [Choosing A Checking Account Overview Handout](#), [Electronic Banking Overview Handout](#), [Choosing a Savings Account](#), and [Credit Union ... Bank ... What's the Difference?](#). The teacher should identify and explain vocabulary terms and lead a discussion on the importance of banks in our lives.

Step 4: Teacher will distribute *Choosing Your Bank Comparison Matrix*. Ideally, students would move to the computer lab and visit websites of banking institutions and answer questions from the matrix. An alternative assignment would be to assign the matrix for homework if most students have Internet access. Use the institutions' promotional materials if Internet access is not feasible for the entire class. The teacher may want to complete one financial institution as an example with the class, if needed. Students may complete the comparison chart in pairs or individually.

Listed below are the criteria from the matrix that can be used to choose a bank. These criteria may be modified to meet the needs and interests of your students.

Criteria for “Choosing A Bank” categories

1. Proximity / Ease of Use / ATMs / Online Banking:
 - Have students determine if the locations of branches and ATMs to be considered are those available in the community, across the state, or across the Southeast region of the US.
2. Personal Contact available
 - Can you contact a representative face-to-face, by telephone, or only electronically?
3. Types of Accounts offered? Minimum balance?
 - Choose the most relevant four types of accounts based on students’ financial needs.
4. Fee for typical services?
 - Have students select at least two services all of the institutions have in common for the purpose of comparison.
5. Savings Account interest rate? Amount earned on \$10,000 over 5 years?
 - Students should be able to calculate compound interest.
6. Interest rate for auto loan? Cost for \$10,000 loan over 5 years?
 - Students should be able to calculate compound interest and include any loan origination fees. Have students decide if the loan should be for a new or used car.
7. Investment Instruments offered
 - Include CDs in this category.

For handouts and support information:

[Choosing A Checking Account Overview Handout](#)

[Electronic Banking Overview Handout](#)

[Choosing a Savings Account](#)

[Credit Union ... Bank ... What's the Difference?](#)

Step 5: As a homework assignment, each student will write a one-page essay in which he/she explains which bank will be chosen and why. Students will cite at least 5 reasons from their activity sheet for their choice. **(Rubric attached.)**

Step 6: Have students reveal their choices. Summarize some of the advantages and disadvantages, costs and benefits of the different banks/financial institutions.

Enrichment/Differentiation Ideas:

Invite a guest speaker from a local financial institution to visit and discuss the services it provides.

Have students schedule and conduct a face-to-face, phone, or email interview of a bank representative regarding the institution’s services.

Have students design a brochure for an ideal financial institution listing the services offered, interest rates, fees, etc. If the institutions covered in this activity offer credit cards, compare the rules, interest rates, and fees with those credit cards students or their families receive in the mail. What issues or concerns might students have with these “blind” offers?

Assessment:

Have students compare the financial institutions in this lesson to determine the best services and rates available. Have students discuss why these services differ and why all of the agreed upon best rates or features are not offered by one financial institution.

Sample Online Resources and Additional Resources for this activity:

[BB&T](#) - A traditional bank

[State Employees' Credit Union](#) - A credit union

[E Bank](#) - An online bank

[First Federal Savings and Loan](#) - A savings and loan

Personal Finance Information: For additional resources, lessons, and information, visit the following sites:

moneyinstructor.com/art/bankaccount.asp This site has info, forms, lesson plans, etc.

[EconEdLink Banks and Credit Unions: MillionaireMinute](#) This is a great activity for students.

[Simple Interest Student Activity](#) Resource for teaching interest costs.

[Bank High School](#) Interactive website for students.

Glossary Handout: Choosing Your Bank

ATM card – A card that allows you to get basic financial services from an automated teller machine.

Bank – An establishment for lending, borrowing, exchanging, and safeguarding money.

Certificate of deposit (CD) -- A debt instrument from a financial institution. When you purchase a CD from your credit union (usually some multiple of \$500 or \$1,000), you're lending the institution an amount of money for a specific period for which you'll earn a specific amount of interest. If you want your money back early, you'll usually have to pay a penalty.

Checking account -- An agreement that allows you to write a check for payment from deposits in a financial institution. Some credit unions call a checking account a share draft account.

Credit union -- A not-for-profit financial cooperative whose members own it. You are eligible to join a particular credit union if you belong to the field of membership defined in its charter. All members have the right to democratically elect a board of directors. Historically, credit unions encourage thrift among members and provide them with credit at a low rate.

Customer service -- The services and manner in which a business performs for its customers.

Debit card -- A plastic card that you can use like a credit card. The difference is that a credit card lets you borrow money for a purchase, while a debit card makes payment immediately and electronically from your checking account or savings account; also called a "check card" or "cash card."

Deposit -- Money you place in a savings account at a financial institution or to put money into your credit union account.

Interest rate -- A percentage that tells what borrowed money will cost or what savings will earn. An interest rate equals interest earned or charged per year divided by the principal amount and expressed as a percentage. In the simplest example, a 5% interest rate means that it will cost you \$5 to borrow \$100 for a year or you'll earn \$5 for keeping \$100 in a savings account for a year. (It is more complicated when the financial institution uses a daily or monthly interest rate.)

Loan -- An agreement in which a lender gives money or property to a borrower who has to repay or return it, with interest, at a specified time.

Online Bank – A bank which has few, if any, physical locations, that performs traditional banking services via the Internet, typically at reduced rates and fees.

Online banking -- A system allowing individuals to perform banking activities at home, via the Internet. It allows customers to perform all routine transactions, such as account transfers, balance inquiries, bill payments, and stop-payment requests. Some even offer online loan and credit card applications. Account information can be accessed anytime, day or night, and can be done from anywhere.

Overdraft protection -- A line of credit established when a checking account is opened to protect the account holder from bouncing a check. Should the account holder write a check exceeding her/his account balance, the financial institution draws on the line of credit to fully clear the check. The account holder pays interest on those funds.

Safe deposit box -- A container in a secure vault that is rented to individuals for the safekeeping of personal valuables.

Savings account -- A business agreement in which a credit union or other financial institution agrees to hold and pay interest on money you've deposited. Using standard forms from the financial institution, you may withdraw some or all of your money. You can write a share draft or check to get these funds.

Savings and loan (S&L) -- A business, with a state or federal government charter, that takes deposits from individuals and uses them to make loans, especially mortgage loans. Depositors or shareholders receive part of an S&L's profits as a return on their investment in the S&L, represented by the money they've deposited or the stock that they've purchased.

Service fees -- A charge or fee a bank charges for handling checking accounts and performing other financial services to its customers.

Scoring Rubric for Essay Homework Assignment

4 Point Holistic Scale

- 4 Consistently uses accurate data. Demonstrates a logical plan of organization and coherence in the development of ideas. Develops ideas fully using examples, reasons, details, explanations, and/or generalizations that are relevant and appropriate. Consistently expresses ideas clearly.
- 3 Generally uses accurate data. Develops the assigned topic using a general plan of organization. Demonstrates satisfactory development of ideas through the use of adequate support materials. Generally expresses ideas clearly.
- 2 Uses some accurate data. Attempts to develop the assigned topic but demonstrates weakness in organization and may include digressions. Demonstrates weakness in the development of ideas with little use of support materials. Has difficulty expressing ideas clearly.
- 1 Uses little accurate data. Minimally addresses the assigned topic but lacks a plan of organization. Does not use support materials in the development of ideas or uses irrelevant material. Does not express ideas clearly.

Choosing Your Bank Comparison Matrix

Name / Type of financial institution	Proximity / Ease of use / ATMs/ Online banking?	Personal contact available ?	Types of accounts offered? Minimum balance?	Safe deposit boxes offered? Cost?	Fees for typical services?	Savings account interest rate? Amount earned on \$10,000 in 5 years?	Interest rate for auto loan? Cost for \$10,000 loan over 5 years?	Investment instruments offered. Current rate?
			1. 2. 3.		1. 2. 3.			1. 2. 3.
			1. 2. 3.		1. 2. 3.			1. 2. 3.
			1. 2. 3.		1. 2. 3.			1. 2. 3.
			1. 2. 3.		1. 2. 3.			1. 2. 3.

Lesson 3: Understanding Cash, Checks, Debit, and Credit Cards

Lesson Overview:

As a result of this lesson, students will be able to identify the differences among the four most common methods of paying for goods and services; be able to describe the advantages of each, and evaluate the proper method to use in a given situation.

Pacing:

Approximately 90 minutes will be needed to complete this lesson.

Materials:

- Internet
- Brochures
- Newspapers
- Handouts

Background Information:

Cash, checks, debit cards, and credit cards vary in usefulness, risks, advantages, and disadvantages. Students should be familiar with the differences in the usage of these methods of payment so they can evaluate the most efficient means for purchasing goods and services. For a teaching overview and information on this topic, assess the following link: [Credit/Debit Cards, Checking Accounts, Teach Teenagers to Handle Money](#)

Student Outcomes:

1. Students will be able to list characteristics of cash, checks, debit cards, and credit cards.
2. Students will be able to list 3 advantages for each of the four methods of payment.
3. Students will be able to list 3 disadvantages for each of the four methods of payment.
4. Students will be able to evaluate the usefulness of each method of payment in a given situation.



Essential Questions:

1. How are cash, checks, debit cards, and credit cards different?
2. What are the pros and cons of each method of payment?
3. Which method of payment is most appropriate in given situations?
4. Why is credit card use especially risky to your personal financial health?

Vocabulary:

A detailed glossary is included at the end of this lesson with the various vocabulary terms that are necessary for a clear understanding of the banking system.

Instructional Steps:

Step 1: Assign vocabulary terms for homework prior to teaching the lesson. Divide students into groups for peer presentation of terms. Ideally, students will complete a handout of these terms prior to the lesson in a computer lab setting or at home, if Internet access is available. Otherwise, break students into groups and allow each group to present a portion of the vocabulary list. This option would require additional class time appropriate for the class.

Step 2: During the next day's lesson, student groups will present their vocabulary terms to the class.

Step 3: Discuss the four standard methods of paying for goods and services: cash, checks, debit cards, credit cards. Discuss the advantages and disadvantages of each, including the risks and costs associated with each. During the discussion, students should complete the *Methods of Paying for Goods and Services* matrix. (Note: For information or teacher talking points, visit the following site:

http://www.chicagofed.org/consumer_information/purchase_options_for_consumers.cfm#cash

Step 4: Demonstrate examples of when particular forms of payment are more appropriate.

Step 5: Students should complete the *How Should I Pay?* worksheet.

Step 6: For homework, each student will write a one-page essay explaining which method of payment is most advantageous and which is the least advantageous. Explain your reasoning. (Scoring rubric is attached.)

Enrichment/Differentiation Ideas:

Have students use the computer lab or home computer to access and practice student activities. Printable lesson activities, handouts, and overheads are available at the following links:

[Practical Money Skills for Life - At School - Teacher Resources - Teens - Credit Cards](#)
[Practical Money Skills for Life - At School - Teacher Resources - Teens - Banking Services](#)

Assessment Ideas:

Have students present in groups the advantages and disadvantages of the various methods of payment for goods and services.

Additional Resources:

[Practical Money Skills for Life - Credit Cards](#) This is a great starting point for credit card information, handouts, and quizzes.

[Money, Personal Finance, Business, Careers, Life Skills: Lessons for Education](#) This links to Money Instructor online which covers numerous financial topics.

[Teaching Money Skills, Practical Life Skills: Ideas, Activities, Resources, and Lessons](#) This is another Money Instructor link to lessons for a variety of ages and learning levels.

[Practical Money Skills for Life Teacher Resources](#) This is a tremendous collection of classroom lessons, activities, overheads, and links for a variety of personal finance issues. This site offers a variety of lesson plans, activities, and overheads for all ages and ability levels.

[Bank High School for Students](#) This link is an interactive website for teens which includes simple and informative notes, examples, explanations, etc.

[Jumpstart Coalition Clearinghouse](#) This website offers numerous links to websites offering free information for students. It includes links to interactive websites.

[Choosing and Using Credit Cards](#) This is a website with basic facts for selecting credit cards.

[Online Glossary of Financial Terms](#) This site contains a glossary of financial terms.

For information on the various payment types, access the following websites:

[Understanding Checks and ATM's](#)

[Electronic Banking Basics](#)

[Credit Cards Lessons and Activities](#)

Methods of Paying For Goods and Services

Methods	Ease of Use	Cost to Use	Risks and Advantages	Level of Acceptance	Protections	Usefulness as Money Management Tool
Cash			1. 2. 3.			
Check			1. 2. 3.			
Debit Card (Check Card)			1. 2. 3.			
Credit Card			1. 2. 3.			

How Should I Pay?

Indicate the method of payment (cash, check, debit card, credit card) most appropriate in the given situation. Explain your choice.

(Depending on your reasoning, there may be more than one possible answer.)

1. John orders a yearbook from his school in August which he will receive at the end of the year.

2. Beth purchases concert tickets from an online ticket outlet.

3. Steve buys an old hat at the flea market.

4. Tina fills her car with gasoline at the gas station.

5. Carl buys a laptop from a British online auction site.

6. Holly buys lunch at school.

7. Chris pays his vacation hotel bill at the end of his week long stay.

8. Richard pays his income tax bill to the IRS.

9. Jeff pays back twenty dollars he borrowed from his friend.

10. John must pay his employee for this week's work.

Glossary Handout: Cash, Checks, Debit and Credit Cards

Account – A fund with a financial institution for investment and/or safekeeping purposes. The account is identified by an account number (i.e., checking, savings, credit card accounts).

Annual fee -- Yearly fee charged to use an open-ended credit card.

Annual percentage rate (APR) -- The cost of credit expressed as a yearly rate. APR is a percentage that results from an equation considering the amount financed, finance charges, and the term of the loan.

ATM -- Acronym for automated teller machine.

Authorized user -- A person who has been given permission to make changes to a credit account.

Balance-- In banking, balance refers to the amount of money in a particular account.

Bank -- Establishment for lending, borrowing, exchanging, and safeguarding money.

Bankruptcy -- A legal action taken when a credit holder cannot repay his or her debt. This is a serious action that can have serious consequences on a consumer's financial future.

Bounced check-- A check that a bank has refused to cash or pay because there are not enough funds in the account to cover the amount of the check. Sometimes this type of check may be called a **returned check** or an **overdraft**.

Canceled check-- A "used" check that has been paid and subtracted from the check-writer's account. Canceled checks are usually mailed to the writer each month with the statement, although many banks keep records that are available upon request. Canceled checks are excellent receipts that should be kept for reference and tax purposes.

Cardholder agreement -- The written statement that defines and explains all legal terms for a credit card agreement. It includes payment terms, billing, guidelines, fees, and other information.

Cash-- Money in the form of paper and coins (i.e., U.S. dollars and cents).

Cash advance fee-- A fee assessed when a card holder uses a credit card to obtain cash.

Cashier's check-- A check issued by a bank, drawn on its own funds rather than on one of its depositor's funds. This type check is similar to a **money order**.

Check-- Any written document instructing a bank to pay money from the writer's account.

Checking account -- An account for which the holder can write checks. Checking accounts pay less interest than savings accounts, or pays no interest at all.

Clear -- A check "clears" when its amount is debited (subtracted) from the payer's account and credited (added) to the payee's account by the bank or banks involved.

Collateral -- Anything that a bank accepts as security against the debtor's not repaying a loan. If the debtor fails to repay the loan, the bank is allowed to keep the collateral.

Credit -- In business, buying or borrowing on the promise to repay at a later date. In any credit arrangement there is a creditor (a person, bank, or company to whom money is owed) and a debtor (the person who owes money).

Credit card -- A plastic card that gives access to a line of credit. Users are limited in how much they can charge, but they are not required to repay the full amount each month. Instead, the balance (or "**revolve**") adds interest with only a minimum payment due.

Credit limit -- The maximum amount of money a borrower can access in a credit account.

Currency -- Money or anything used as a common medium of exchange. In practice, currency means cash, particularly paper money.

Debit card -- A banking card enhanced with both **ATM** and **POS** (point-of-sale) features that can be used to purchase goods and services electronically. The card replaces cash or checks. Transactions are deducted from the cardholder's checking account either immediately or within one to three days. Some debit cards may require the user to sign his or her name or enter a **PIN** (personal identification number) into special equipment. A debit card is also called a **Check Card**.

Deposit slip -- An itemized slip showing the exact amount of paper money, coins, and checks being deposited to a particular account.

Depositor -- An individual or company that puts money in a bank account.

Endorse -- To sign, as the payee, the back of a check before cashing, depositing, or giving it to someone else. The first endorsement must be made by the payee to authorize the transaction. Later endorsements may be made by whoever receives the check.

Grace period -- The length of time between the use of credit to make a purchase and the start of interest on the amount charged.

Identity theft protection -- Financial institutions are required to provide protections to account holders in occurrences of stolen or unauthorized account usage.

Interest -- Fee paid for the use of money. Interest may be paid, for example, by an individual to a bank for credit card use, or by a bank to an individual for holding a savings account. Interest is expressed in terms of annual percentage rate (**APR**). These rates may be fixed or variable.

Introductory rate -- A temporarily low interest rate used as incentive to entice a consumer to sign up for credit. After the introductory period, the rate will increase to the standard percentage.

Late payment fee -- A fee charged to a consumer if his or her monthly payment is made after the due date stated on the billing statement.

Minimum payment -- The smallest payment a consumer can make in a billing cycle to keep the account from going into default.

Money -- Anything generally recognized as a medium of exchange.

Monthly statement -- The summary of all actions applied to an account during a billing cycle. These can include payments, purchases, finance charges, fees and other transactions. Monthly statements exist for checking accounts and credit card accounts.

Passbook -- Booklet given by the bank to record deposits, withdrawals, interest earned, etc.

Payee -- An individual or company to whom a check is written; one who receives money as payment. Individual writing the check is the **payer**.

PIN (personal identification number) -- A code that provides security for consumers at an **ATM**.

POS (point of sale) -- The store or location where a transaction takes place is called the POS.

Pre-approved -- A term used to denote a credit offer that is extended after the creditor has performed a credit pre-screening process.

Revolving credit -- A credit agreement that allows a consumer to borrow a set amount of money, then after repayment of any portion of that money, the consumer may borrow again up to the original set amount. A credit card is a form of revolving credit.

Savings account -- Bank account that earns interest in exchange for use of the money on deposit.

Secured card -- A credit card that is guaranteed by a security deposit so that repayment of the amount borrowed is assured. This is an option to begin to repair a bad credit history.

Service charge -- A monthly fee a bank charges for handling a checking account.

Unsecured debt -- A credit source that is not guaranteed with collateral.

Withdraw-- An amount of money taken out of an account.

(Answer Key)

Methods of Paying For Goods and Services

Methods	Ease of Use	Cost to Use	Risks and Disadvantages	Level of Acceptance	Protections	Usefulness as a Money Management Tool
Cash	Requires the most basic of math skills to use	No additional costs involved	1. Easily lost or stolen 2. Risky to carry in large amounts 3. Often difficult to get cash refund	Nearly universally accepted	None	Limited use as a recordkeeping tool
Check	Requires in-depth recordkeeping and maintenance	Typically requires at least a minimum service fee or balance. Usually must pay to order new checks	1. Fees and limits 2. Risk when mailing checks 3. Potential to bounce a check or spend unavailable funds	Widely accepted, though usually requires other identification	Some protection from unauthorized usage or theft	Useful as a recordkeeping tool and as proof of purchase. Includes monthly statement
Debit Card <i>(Check Card)</i>	Requires in-depth recordkeeping and maintenance	Typically requires only minimal or no additional costs	1. Theft or loss 2. Limited protections 3. Difficult to track spending throughout month 4. Overdraft fees	Widely accepted, though limited to electronic POS systems	Limited protections from unauthorized usage and theft	Useful as a recordkeeping tool and as proof of purchase. Included in monthly checking statement
Credit Card	Requires in-depth recordkeeping and maintenance	May require substantial service fees, annual fees, and interest costs	1. Annual fees 2. Identity theft 3. Potential to overspend or damage credit rating 4. Finance charges	Widely accepted, though limited to electronic POS systems. May be used for online purchases	Numerous protections from unauthorized usage and theft	Extremely useful as a recordkeeping tool and as proof of purchase. Includes monthly statement

How Should I Pay? Answer Key (Answers may vary.)

1. John orders a yearbook from his school in August which he will receive at the end of the year.

A check seems most appropriate. It serves as a receipt of payment and most schools do not readily accept credit or debit cards.

2. Beth purchases concert tickets from an online ticket outlet.

A credit card is preferable, as it offers protections from online fraud or identity theft.

3. Steve buys an old hat at the flea market.

Cash is the best, as the amount is most likely small and other risks are eliminated.

4. Tina fills her car with gasoline at the gas station.

A debit or credit card seems most likely. Taking cash inside puts her at risk and her monthly statement will allow her to track her gasoline costs.

5. Carl buys a laptop from a British online auction site.

A credit card is best. While a debit card is possible, a credit card offers wider protections, especially in a situation with an overseas transaction.

6. Holly buys lunch at school.

Cash would be best, as the amount is relatively small and other options are limited.

7. Chris pays his vacation hotel bill at the end of his weeklong stay.

A credit card or debit card seems reasonable. A large amount of cash is risky and checks may not be accepted. If far from home, a credit card offers more protection.

8. Richard pays his income tax bill to the IRS.

A check is acceptable, but mailing large sums is risky. If able to pay electronically, a credit or debit card again offer protections and safety, as well as receipt of payment.

9. Jeff pays back twenty dollars he borrowed from his friend.

Cash is most likely. Jeff's friend may take a check, but no credit cards.

10. John must pay his employee for this week's work.

John should use a check. It serves as a receipt and allows him to track his business expenses for tax purposes.

Homework Assignment Scoring Rubric

Holistic Scale (4 point scale)

4 Consistently uses accurate data. Demonstrates a logical plan of organization and coherence in the development of ideas. Develops ideas fully using examples, reasons, details, explanations, and/or generalizations that are relevant and appropriate. Consistently expresses ideas clearly.

3 Generally uses accurate data. Develops the assigned topic using a general plan of organization. Demonstrates satisfactory development of ideas through the use of adequate support materials. Generally expresses ideas clearly.

2 Uses some accurate data. Attempts to develop the assigned topic but demonstrates weakness in organization and may include digressions. Demonstrates weakness in the development of ideas with little use of support materials. Has difficulty expressing ideas clearly.

1 Uses little accurate data. Minimally addresses the assigned topic but lacks a plan of organization. Does not use support materials in the development of ideas or uses irrelevant material. Does not express ideas clearly.

Lesson 4: Identifying Account and Bank Routing Information

Lesson Overview:

Students should be able to correctly identify checking account and bank routing information that is included on every paper check printed. They should also know what path money takes from the consumer to the bank.



Pacing:

Approximately 45 minutes is needed to complete this lesson.

Materials:

- Access to the Internet for teacher and students
- Copies of numerous voided checks

Background Information:

Banking services have changed to keep up with the electronic age of financial institutions. The Internet has created new ways of doing business. Electronic transfer of funds is a process that takes advantage of technological advances and has eliminated or reduced many costs associated with the movement of money from person to person or company. Smart consumers know how money is handled by financial institutions and can therefore, take advantage of these technological advances.

Student Outcomes:

- The student will be able to identify account numbers, check numbers, and bank routing information on a check.
- The student will be able to discuss and illustrate the path money takes from the consumer to the bank to settle claims for payment of goods and services.
- Being an effective money manager requires the consumer to understand the various documents associated with banking.

Essential Questions:

1. How does the system of routing personal checks affect the consumer's financial quality of life?
2. Where is my account number printed on a paper check?

3. Which of the numbers on a check are the bank routing numbers?
4. How are the numbers on a check read?

Vocabulary

Account number

An account number is a reference number that uniquely identifies one bank account within from another bank account.

Routing number

A routing number is a nine digit bank code within the U.S. which appears on the bottom of negotiable instruments such as checks that identifies which financial institution it is drawn upon

Float

Floats, defined in banking, refer to the time interval between the deposit of a check in a bank and its payment.

Magnetic Ink Character Recognition (MICR)

Magnetic ink character recognition are the characters on the bottom line on the face of a paper check that contains the routing/transit number of the financial institution the check is drawn on, the account number of the drawee (receiver) and the check number, all printed in machine readable magnetic ink in a font devised for check reading.

Electronic transfer

Electronic transfer is the movement of funds by non-paper means usually electronically through a payment system such as the Automated Clearing House (ACH).

Intermediary bank

An intermediary bank is a bank other than the depository or payor bank to which a negotiable instrument or promise or order to pay is transferred in the course of collection.

Instructional Steps:

Step 1: As a warm up/bell ringer activity, have the students draw a map from their house to the school. Then, explain to the students that anything that is moving between two places must have a path to follow to keep from getting lost. Money needs pathways also.

Step 2: The teacher should discuss what happens to a check after a consumer has written it and presented it to the merchant for payment of goods or services. Students should also be told about Electronic Payment Processing where the customer is given his/her check back immediately after presenting it to the retailer. The teacher needs to discuss why some funds are not available from the bank for two or three days and how financial institutions are affected by “Float” (the time interval between the deposit of a check in a bank and its payment).

Step 3: Have students dissect the numbers at the bottom of a check to see what the routing number, check number, and account number are.

Step 4: Have students create a poster or multimedia presentation that illustrates the route a check takes from the service or product supplier to the consumer's bank.

Enrichment/Differentiation Ideas:

Have students investigate 'insufficient funds' and what happens if a check "bounces" because there is not enough money in the person's account.

Have students find a store that participates in Electronic Payment Processing and report findings to the class.

Allow students to continue creating their own personal financial folders that will hold all of the documents created during this series of lessons.

Have students continue operating the bank that was started in one of the earlier lessons.

Assessment Ideas:

Have the students create a check that meets basic content for:

Name and Address

Check Number and Date

Pay to the Order of line with space for numerical dollar amount

Written out dollar amount line

Memo and Signature block

Routing number, Check number, and Account information (all fictional)

Additional Resources:

For Students:

https://www.merchantamerica.com/help/adm_help_routing_number.html This link will take you to a website created by Merchant America that has a scan of a check and names the parts.

<http://money.howstuffworks.com/question500.htm> How Stuff Works is a discussion of how money is transferred from one financial institution to another.

For Teachers:

<http://www.sagepayments.com/Products/eGold.aspx> This site outlines how electronic check cashing at the store works.

<http://www.federalreserve.gov/pubs/checkconv/> This site is a Federal Reserve Board tutorial on electronic check conversion.

<http://www.superpages.com/supertips/what-is-float-in-the-banking-industry.html> This site presents a definition and discussion of FLOAT

Lesson 5: Online Banking and Bill Paying Services

Lesson Overview:

Students will know and understand what online banking and bill paying services are and if either or both would be appropriate for their purposes.



Pacing:

Approximately 90 to 135 minutes will be needed to complete this lesson.

Materials:

- Access to the Internet for teacher and students

Background Information:

Banking services have changed to keep up with the electronic age of the Internet. In some instances, the Internet has created new ways of doing business. Many people have heard about online banking but don't want it or haven't tried it yet. Check-writing and deposits at the bank are still the preferred methods to do business for those people. Perhaps a person will have direct deposit for a paycheck, but that's all. They might do some on-line shopping, but when it comes time to commit, they feel more comfortable working with a banker or an agent they know and trust.

Student Outcomes:

- The student will be able to discuss how to open and use online banking and bill paying services.
- The student will be able to determine if any of the electronic banking services are appropriate for him/her.

Essential Questions:

1. What are the costs and benefits of online banking?
2. How do security concerns affect consumers with online banking?

Vocabulary:

Electronic banking

Electronic banking refers to conducting bank transactions from a computer over the Internet.

Direct deposit

Direct deposit is an automatic deposit of wages or benefits (such as payroll payments) into a consumer's bank account. Direct deposit payments are processed through the Federal Reserve's Automated Clearing House.

Automatic payments

Automatic payment is a service which allows consumers to have bills paid automatically from their bank accounts.

Automated teller machine (ATM)

Automated teller machine (ATM) is a computer terminal activated by a magnetically encoded Bank Card, allowing consumers to make deposits, obtain cash from checking or savings accounts, pay bills, transfer money between accounts, and do other routine transactions as they would at a bank teller window.

Cyber banking

Cyber banking is Internet banking.

Online bill paying

Online bill paying is a service which allows consumers to manage their bills by use of the Internet without using paper bills and checks.

Instructional Steps:

Step 1: Have students record the last three times they used their home computer to buy anything from downloading (legally) music to movie tickets from Fandango. Ask the students to decide if the transaction could have been done without the computer.

Step 2: The teacher needs to discuss the basics of online banking and add the advantages and disadvantages to the lesson. See <http://www.bankrate.com/brm/olbstep2.asp> for the details. The following website: <http://www.bankrate.com/brm/green/ob/ob2.asp> will discuss how to go about opening an online banking account and several very important things to consider. Be sure the students understand that security, especially password protection, is very important. Careful review of monthly bank statements is one of the most important things to consider in preventing loss and theft of assets.

Step 3: The teacher should then discuss electronic bill-paying using <http://www.newyorkfed.org/education/ebanking/epay.html> as a guide. Summarize that online banking and bill paying are usually done together through one bank. The bank will have a website that will be used for making transactions. Fees for using online banking services vary from institution to institution, so, as an educated consumer, compare fees before selecting an institution to handle your needs.

Step 4: Have students log on to <http://www.newyorkfed.org/education/ebanking/index.html> or print the E-banking lesson. "Walk" the class through the process of opening an online account. The Federal Reserve Bank of New York provides an excellent tutorial about electronic banking.

Step 5: Have students develop a step-by-step guide they would use to help a friend learn about online banking. Have them use a graphic organizer similar to the one below.

Open an online bank account. Write each step in order and add details.	
Step	Details
Step 1:	
Step 2:	
Step 3: Use as many rows as necessary	

Enrichment/Differentiation Ideas:

Have students report on their family’s experiences with online banking.

Have students create the step-by-step guide for students in exceptional programs or students of English as a Second Language.

Allow students to continue creating their own personal financial folders that will hold all of the documents created during this series of lessons.

Have students continue to operate the bank they started in one of the earlier lessons by adding ‘online’ capability. This could be done by utilizing a spreadsheet posted in a public computer network drive that students could enter ‘transactions’ in and bank personnel could then ‘transfer’ to the student’s personal account.

Assessment Ideas:

Verify that the step-by-step guide developed for independent practice addresses all of the issues and concerns such as security and proper maintenance of accounts, password protection and careful review of monthly bank statements discussed in the online resources used for this lesson. If you can find a local bank that would be willing to enter into an agreement to provide temporary and no-cost banking services for the class, have the students practice their online banking skills.

Additional Resources:

For Students

<http://communication.howstuffworks.com/electronic-payment.htm> is a students' guide to electronic payment services.

<http://www.newyorkfed.org/education/ebanking/index.html> is a Federal Reserve Bank (FRB) web site dedicated to educating consumers about on-line banking.

<http://www.newyorkfed.org/education/ebanking/epay.html> is another FRB about banking on the Internet.

For Teachers

<http://www.myonlinebillpay.com/index.php> is a free website that discusses, at length, online bill paying and banking.

<http://www.bankrate.com/brm/olbstep2.asp> is a website with a detailed discussion of advantages and disadvantages of online banking.

<http://www.jumpstart.org/index.cfm> is an excellent starting point for personal financial literacy.

Lesson 6: Selecting Services and Instruments

Lesson Overview:

Students will be able to discuss which services and instruments are appropriate for their individual needs and goals.

Pacing:

Approximately 45 to 90 minutes are needed to complete this lesson.

Materials:

- Access to the Internet for teacher and students
- Computer with word processing and spreadsheet programs
- Student folders with documents collected during lesson sequence

Background Information:

This series of lessons is focused on familiarizing the student with the many services and tools that financial institutions provide for their customers. Some consumers will need to take advantage of all of these offerings while others will only need one or two. Because each person's needs and wants are different, each person needs to be able to decide what will work best for him/her in any given situation.

Student Outcomes:

- The student will be able to discuss which banking services and instruments are appropriate for his/her individual needs and goals.

Essential Questions:

1. What consumer needs do banks address?
2. What are the costs and benefits of bank services?
3. Which type of financial institution best meets my needs?

Vocabulary:

Needs

Needs are goods and services that an individual must have to survive (e.g. food, clothing, and shelter).



Wants

Wants are goods and services that an individual would like to have (e.g., an upgraded computer, a sports car, dance training, etc.). Wants are considered to be non-essentials for survival.

Decision-making process

The decision-making process is a thinking process leading to the selection of a course of action among various options.

Instructional Steps:

Step 1: As a warm up/bell ringer activity, have the students write down three personal, financially-related problems/issues. Ask the students if they would be willing to discuss those problems/issues with the class.

Step 2: Introduce students to the decision-making process found at http://www.practicalmoneyskills.com/english/at_school/teachers/lesson.php?id=406&o=1 . Use the material contained in Lesson 1.

Step 3: Work through a decision-making process with the class for a randomly selected problem someone shared during the warm up/bell ringer activity.

Step 4: Create a hypothetical situation that contains a job, a family, and a financial situation in which a student could realistically be involved. Have the students compose a five-paragraph essay explaining the decision-making process undertaken as well as identify what banking services and instruments would be needed to meet the needs of the scenario.

Enrichment/Differentiation Ideas:

Create small groups of students to solve financial problems that the local school board may be having. Encourage them to use the decision-making process.

Allow students to continue creating their own personal financial folders that will hold all of the documents created during this series of lessons.

Have students continue to operate the bank they started in one of the earlier lessons by adding 'online' capability.

Assessment Ideas:

Create a grading rubric from http://teach-nology.com/web_tools/rubrics/paragraph/ that satisfies the writing requirements of your school. Be sure to let the students have a copy of the rubric before they begin writing the paper. Because the assignment is based in part on opinion and supposition, the assessment cannot be based entirely on content. Instead, the rubric should include such criteria as: (A) Are the banking services selected appropriate to the situation the student hypothesized? (B) Has the student shown an understanding of the concepts of the lesson sequence? (C) Did the student use good decision-making processes? (D) Collaborate with an English Language Arts teacher to establish criteria for the paper's conventions.

Additional Resources:

For Students:

<http://www.geocities.com/SoHo/Atrium/1437/> This site will help students learn how to write a good five-paragraph essay.

<http://money.howstuffworks.com/bank12.htm> This is the main page of the How Stuff Works web resource on banks and banking—a great place to start or finish.

<http://homeworktips.about.com/od/essaywriting/a/fiveparagraph.htm> This is another website that will help students write a great five-paragraph paper.

For Teachers:

<http://www.teach-nology.com/> This is a teacher-centered online resource that has lesson plans, worksheets, games, tips, and much, much more. This is the main page for the web page that will help a teacher create a great grading rubric.

Lesson 7: Opening a Safety Deposit Box

Lesson Overview:

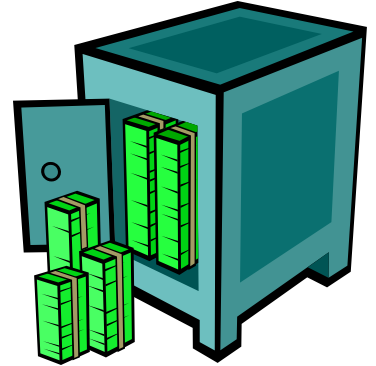
Students should be able to discuss what a Safe Deposit Box (SDB) is and how to use one properly.

Pacing:

Approximately 90 to 135 minutes will be needed to complete this lesson.

Materials:

- Computers with Internet access for both teacher and students



Background Information:

Once a person has begun using a bank or credit union to provide financial and money management tools, a SDB can also be rented to store valuables.

Student Outcomes:

- Students will be able to explain what a SDB is.
- Students will be able to open and maintain a SDB.
- Students will be able to discuss what valuable items should and should not be stored in a SDB.

Essential Questions:

1. Why do I need a SDB?
2. Are there dangers involved with using a SDB?
3. Does it cost anything to use a SDB?
4. How many people have access to a safe deposit box?

Vocabulary:

Safe Deposit Box (SDB)

A Safe deposit box (SDB) is a private and secure place to store important items that would be difficult or impossible to replace.

Instructional Steps:

Step 1: As a warm-up/bell ringer activity, have students create a list of papers, items, or other information for which they think a SDB could be used for safe keeping.

Step 2: Discuss SDBs and have students create a set of Cornell Notes (C-notes). Provide advantages and disadvantages of using SDBs. Stress the fact that there may be only one key to a safe deposit box and, if it is lost or stolen, the renter of the SDB will have to pay a locksmith to open the box and change the lock. Students will be able to determine if they need a SDB and how to use one wisely. The main point the notes should focus on is what goes in a SDB and who has access to the box. Students should access the following websites to help them learn more about SDBS: <http://www.fdic.gov/CONSUMERS/consumer/news/cnspr97/sfdpstbx.html> and (<http://www.clt.cornell.edu/campus/learn/LSC%20Resources/cornellsystem.pdf>)

Step 3: Have students get into groups of two or three. Have them script an incident where a bank customer has lost the key to his/her SDB. The customer needs a document (student choice) right away. The bank representative will not be able to help much other than make arrangements for a locksmith to come open the box. Have the students “perform” the skit for the class.

Enrichment/Differentiation Ideas:

Have students report on an instance when they may have helped a parent(s) use a SDB.

Have students continue to build a folder containing all the documents from this series of lessons.

Add a safe deposit box capability to the classroom “bank” that the students can offer as a bank service and also use for their customers’ financial needs.

Have students access <http://allfinancialmatters.com/2006/06/25/what-belongs-in-your-safe-deposit-box/> and discuss in class the contents of the blog.

Assessment Ideas:

Use the attached rubric to evaluate the students’ skit on the SDB lost key incident.

Additional Resources:

For Students:

http://www.ehow.com/how_14012_open-safe-deposit.html This site has a five step process to opening a SDB and some tips and warnings about using a SDB.

<http://www.fdic.gov/CONSUMERS/consumer/news/cnspr97/sfdpstbx.html> This is a Federal Deposit Insurance Corporation site about safe deposit boxes, what to keep in them, what not to keep, and other issues related to opening and using a SDB.

For Teachers:

http://www.practicalmoneyskills.com/english/at_school/

This link will take you to the Practical Money Skills for Life website that is full of teacher resources from lesson plans to student activities. Practical Money Skills also provides sections on financial literacy at home and at work. You can register to access the complete library of teacher/student materials. Registration is free!

Grading Rubric for “Lost Safe Deposit Box Key”

The students should be able to create a skit about SDBs based on the information contained in the FDIC website referenced above. Allow the students access to this rubric while they are creating their skit.

Criteria	Three Points	Two Points	One point	Score
What and what not to put into a SDB	Student knows and can tell what goes into a SDB	Student is not sure what to keep in a SDB and what not to keep	Student demonstrates little or no understanding of what SDBs are for	
How many people can have access to a SDB	Student can discuss SDB access by more than one person	Student is unsure about how many people can gain access to a SDB	Student demonstrates little or no understanding of SDB access	
What can law enforcement do about the contents of a SDB	Student can discuss what law enforcement personnel can and cannot do with a SDB	Student is unsure about law enforcement access to a SDB	Student demonstrates little or no understanding of SDB access by law enforcement	
How safe is a Safe Deposit Box	Student knows and can discuss how safe a SDB is	Student is not sure how safe a SDB is and cannot discuss safety without confusion	Student demonstrates little or no understanding of how safe a SDB is	
What happens if the ‘owner’ of a SDB dies	Student knows and can discuss the long term issues of ‘owning’ a SDB	Student is unsure about the long term issues of ‘owning’ a SDB	Student demonstrates little or no understanding of the long term issues of ‘owning’ a SDB	
Total Number of Points				
Total Points divided by 15 equals the GRADE				