Lesson 3:

Cash the Check and Track the Dough

Standards and Benchmarks (see page 3.24)

Lesson Description

Students learn about checking accounts, savings accounts, and check-cashing services. They learn the components of a check and how to organize and enter information into a bank account register, balance a monthly account statement, and write a check. They also learn why maintaining account records is important.

Grade Level

6-12

Concepts

Check
Check-cashing services
Checking account
Direct deposit
Electronic payments
Overdraft
Savings account

Compelling Question

How do people manage bank accounts?

Objectives

Students will be able to

- compare checking accounts, savings accounts, and check-cashing services;
- explain what automatic/direct deposits, electronic payments, and checks are; and
- explain the importance of maintaining records of deposits to, withdrawals from, and payments from a bank account.

Time Required

60-75 minutes

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Materials

- PowerPoint slide deck for "It's Your Paycheck! Lesson 3: Cash the Check and Track the Dough"
- Handout 3.1, one copy cut apart
- Handouts 3.2, 3.3, 3.5, and 3.6, one copy of each for each student
- Handout 3.4 and Handout 3.4 Answer Key, one copy of each for each pair of students
- Handouts 3.5 and 3.6 Answer Keys, one copy of each for the teacher
- A calculator for each student

Preparation

Prior to this lesson, have students read *Page One Economics®: Focus on Finance* "Banking Basics" found at this link: https://www.econlowdown.org/resource-gallery/focus-on-finance-banking-basics.

Procedure

1. Distribute the cards from *Handout 3.1: How to Turn a Paycheck into Cash* to two students. Have the student with card number 1 read the card. Discuss the following:
   - How many of you have a savings or checking account? (*Answers will vary.*)
   - Why do you have savings and/or checking accounts? (*Answers will vary but may include the following: My parents made me. Banks are a safe place to keep money. An account was needed to deposit a regular paycheck.*)

2. Explain the following:
   - Banks and credit unions can be physical places, but there are also online banks and credit unions. Banks and credit unions are safe places to keep your money.
   - Two common types of accounts at banks and credit unions are checking accounts and savings accounts.

3. Display Slides 1-2 and explain the following:
   - A **checking account** is an account held at a bank, credit union, or other financial institution in which account owners deposit funds. Account owners have the privilege of using debit cards, using automated teller machine (ATM) cards, and writing **checks** on their accounts to access funds.
   - A **savings account** is an account at a bank, credit union, or other financial institution in which account owners deposit funds. Account owners are paid interest on the amount deposited in their accounts. Account owners can withdraw funds but do not write checks on these accounts. The number of withdrawals in a given period may be limited.

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4. Have the student with card number 2 read the card. Discuss the following:
   - How many of you have heard of or used (or had a family member use) a **check-cashing service**? (*Answers will vary.*)
   - Why do people use check-cashing services? (*They likely don't have checking or savings accounts. The services are quick and convenient.*)

5. Distribute a copy of *Handout 3.2: What Do You Know?* to each student. Divide the class into pairs. Instruct the pairs to read each statement and decide whether the statement is true or false.

6. Allow time for pairs to work and then display Slides 3-7. Tell students that they should give a thumbs-up if they think the statement is true and a thumbs-down if they think the statement is false. Explain each statement as noted in the following:

   a. People can make deposits to and withdrawals from both savings accounts and checking accounts. (*True*)

      With a savings account, there may be limits to the number of withdrawals you can make in a given period of time.

   b. Check-cashing services charge minimal fees for cashing checks. (*False*)

      The fees for check-cashing services vary, but these companies charge either a percentage of the check amount or a minimum fee to cash a check—typically up to $10 each time a check is cashed. For example, if you cash a $100 paycheck and you have to pay a $10 fee, you are paying 10 percent of your earnings to cash that check.

   c. People with a savings or checking account are usually able to cash checks for free or a small fee (less than a few dollars a month) at the bank where they have an account. (*True*)

      Often students can take advantage of low or no monthly fees that many banks and credit unions offer to students. A student who has a no-fee student checking account would not pay a fee to cash a check. If savings or checking accounts do have fees, they rarely add up to more than a few dollars a month. Therefore, the monthly fees, if any, for a basic savings or checking account are usually less than the fee charged by a check-cashing service to cash just one check.

   d. There are fees or costs associated with a checking account. (*True*)

      There are fees associated with a checking account. For example, there are fees for ordering checks and fees if an **overdraft** occurs and you have requested that the bank cover your overdrafts. An overdraft occurs when the account holder authorizes a withdrawal through an **electronic payment**, a debit card, an ATM, or a check when the account does not have enough money to cover the transaction. Fees may also be charged if you are required to keep a certain amount (a "minimum balance") in your account and you don't. If you lose a check and ask the bank to issue a "stop-payment order" for the check in case someone finds it and tries to cash it, you'll also be charged a fee.

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e. Savings accounts pay interest on the balance in the account. (*True*)

Keeping your savings in an account that earns interest is a way to make your savings grow.

f. It isn't legal for companies to require employees to use **direct deposit**. (*False*)

A direct deposit is money deposited electronically directly into a payee's bank account from a payer's bank account. It is legal for companies to require employees to receive paychecks by direct deposit, and many companies do have this requirement. Businesses actually consider direct deposit to be an employee benefit because direct deposit is considered to be safer, more convenient, and more efficient than cashing paper checks.

g. With a checking account, you can use a debit card for transactions; make electronic payments for bills; use an ATM to access funds; or go old-school and write checks. (*True*)

For example, if you have a checking account, you could use an electronic payment app on your phone or write a check to pay for your school yearbook. And you could pay your car insurance electronically.

h. There are no fees associated with savings accounts. (*False*)

There may be fees associated with a savings account. For example, you may be required to have a minimum balance. If the amount in your account falls below that amount, you may be charged a fee. Also, there may be a limit on how often you may make a withdrawal from a savings account. If you make more withdrawals than allowed, you may be charged a fee.

i. You may use an ATM or a debit card with both savings and checking accounts. (*True*)

You can make arrangements with your bank to have a debit card that you can use to make withdrawals and deposits from your checking and/or savings accounts.

j. Check-cashing services are open more hours than banks and credit unions and have convenient locations. (*True*)

Check-cashing services are open evenings and weekends, and they are conveniently located. Banks and credit unions may be open fewer hours, but if you have your paycheck deposited directly into your account, you can access your account using either an electronic payment app on your phone, a debit card, or an ATM. You will have to pay a fee to use an ATM outside your bank's network; however, the fee for getting your money is much less than the fee charged by a check-cashing service.

k. Banks and credit unions are safe places to keep your money. (*True*)

The Federal Deposit Insurance Corporation (FDIC) insures deposits in checking and savings accounts up to $250,000 per person per banking institution, and the National Credit Union Association (NCUA) insures deposits in checking and savings accounts up to $250,000 per person per credit union.

l. You must go to a bank or credit union to make deposits, withdraw money, or pay bills. (*False*)

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Both banks and credit unions allow their customers to bank online. That is, customers can use an electronic payment system through the bank's or credit union's website or app to make payments and accept deposits. Online financial institutions—banks and credit unions that operate without actual buildings—offer all of their services online as well.

7. Ask students how well they did with answering the questions on Handout 3.2. (*Answers will vary.*) Display Slide 8 and discuss the following:

   - What would you do if your employer didn't require direct deposit? Would you open a checking or savings account, or would you use a check-cashing service? Why? (*Answers will vary.*)
   - Suppose your company requires direct deposit and you open a checking account. How will you know how much money is in the account, particularly as you begin to withdraw, spend, and make additional deposits? (*Answers will vary.*)

8. Explain that it is really important to know how much money is available in an account to avoid an overdraft—that is, the result of taking out more money than is in the account. When a person overdraws an account, the bank charges the account holder a fee. The fee can be quite high—as much as $35 per overdraft. Display Slides 9-10 and discuss the following:

   - If you want to keep track of the money in your account, what information do you need? (*Answers will vary, but some students may suggest that you need a list of all your deposits and withdrawals, including all scheduled payments.*)

     To keep track of the money in your bank account, you need to know the amount and date of each deposit, withdrawal (including from ATMs), automatic payment, purchase made with an electronic payment app or a debit card, and check written.
   - How could you keep track of the money moving in and out of your account— that is, your financial transactions? (*Answers will vary but may include a computer spreadsheet, computer program, phone app, or notepad.*)

9. Display Slide 11 and explain that at one time, customers regularly used a tool that banks and credit unions provided to account holders—a bank account register. A bank account register is essentially a table in which account holders record their financial transactions to keep track of their money. Banks and credit unions still provide these, along with paper checks.

   However, today, bank and credit union customers have access to online banking services. This allows account holders to transfer money electronically and view all the financial transactions recorded for their accounts, including all deposits and withdrawals.

10. Explain that students will view an online list of recent transactions—deposits, withdrawals, and payments. Display Slide 12 and explain that deposits include cash and payments deposited to an account by the customer and direct deposits—the electronic transfer of funds to an account.

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Deposits are credited, or added, to an account. Withdrawals can be made several ways, particularly when making payments. Withdrawals are debits to an account; they are subtracted from an account.

11. Explain that bank customers can make payments using checks. Display Slide 13 and discuss the following:
    - Checks are printed forms directing a bank to withdraw money from an account and pay it to another account.
    - Each check has a unique number in the top right-hand corner. The check number is also the final set of digits along the bottom of the check. When you write a check, you should record the check number in your bank account register.
    - Each check has a place to enter the date the check was written. You should also enter the date in your bank account register.
    - Each check has a line to enter the name of the person or company to which the check is being written. This line often begins with "Pay to the order of." You should also enter the name of the payee in your bank account register.
    - Each check has two places to record the amount of the check. One is on the line under "Pay to the order of." Here you spell out the dollar amount of the payment rather than use numerals. The other place you record the amount is in the box to the right of the dollar sign. Here you write the payment amount using numerals. It is important that your spelled-out check amount matches the numerical amount because the spelled-out amount is the legally binding amount. You should also enter the amount of the check in your bank account register.
    - Each check has a signature line. By signing the check, you give your bank permission to transfer money from your account to the account of the person or company to whom you have written the check.
    - Each check shows a bank routing number, which is the same on all of your checks. This is the first nine digits at the bottom of the check and indicates the financial institution responsible for payment. These numbers are the electronic address for your bank. If you use direct deposit or wish to allow automatic payments from your account, such as a payment for your car insurance, you will have to include this number on the payment instructions.
    - Each check displays the account number. This is the second set of numbers along the bottom of the check. You will have to include your account number when arranging direct deposits to or automatic payments from your account.
    - Each check provides a memo line. Use this line for notes that may be helpful to you or the payee. When you view a copy of the check online, you will be able to see the memo line.

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12. Display Slide 14 and explain that it is an example of a bank account register in which people can record transactions. Many people use their bank's online banking tools instead of writing checks. You may choose to use your bank's online banking tools instead of writing checks, but you should still record all of your transactions in the bank account register.

13. Display Slide 15. Explain that this is a screenshot of John's online bill payment center after he set up payments on January 31. As shown in the "Pending Payments" section, in a previous session, John chose February 2 as the payment date for his cell phone bill, gasoline credit card, and rent. He chose February 17 as the payment date for his car insurance. The two payments John has just entered, one for his cable bill and one for his gym membership, will move into the Pending Payments section after he hits the "Submit Payments" button. These two bills will be paid on February 5. Ask the following questions:

    - What is the total amount of John's pending payments (before he adds the two new payments)? (*$1,024.48*)
    - What is the available balance in his checking account as of January 31, 2015? (*$1,805.36*)
    - Is his available balance sufficient to cover his pending payments? (*Yes*)
    - What will be his available balance after his pending payments are made on February 2? (*$760.88*)

14. Display Slide 16 and distribute a copy of *Handout 3.3: John Dough's Online Recent Transactions List* and a calculator to each student. Explain that the bank they choose will keep a list of transactions similar to this one. Discuss the following while having students take turns identifying the transactions. Students should identify the date of the transaction, the type of transaction, the amount of the transaction, whether the transaction is a credit or a debit, and the new balance.

02/01/15		**Electronic deposit Technix Corp.**		**$1,256.83**	**$1,805.36**

    - This transaction is John Dough's salary paid by direct deposit.
    - This transaction is a credit.
    - The amount is added to John's balance of $548.53, making his new balance $1,805.36.

02/02/15		**Web-authorized pmt Cell Nation**	**$82.48**		**$1,722.88**

    - John did not write a check for this payment but, rather, used the online bill payment feature offered through his bank. Paying bills online is a convenient way to make and keep track of those withdrawals. It eliminates the expense of checks, envelopes, and postage. Also, it takes less time than paying by check.
    - This transaction is an $82.48 web-authorized payment to Cell Nation.
    - This transaction is a debit.
    - The $82.48 is subtracted from John's balance, making his new balance $1,722.88.

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02/02/15		**Web-authorized pmt Midwest G&P**	**$113.00**		**$1,609.88**

- This transaction is a $113.00 web-authorized payment to Midwest G&P.
- This transaction is a debit.
- John's new balance is $1,609.88.

02/02/15		**Web-authorized pmt Rosewood Prop.**	**$750.00**		**$859.88**

- This transaction is a $750.00 web-authorized payment to Rosewood Properties for John's rent.
- This transaction is a debit.
- John's new balance is $859.88.

02/03/15		**ATM withdrawal**	**$60.00**		**$799.88**
02/03/15		**ATM out-of-network fee**	**$1.50**		**$798.38**

- These two entries are the result of one transaction. John made an ATM withdrawal of $60.00 and was charged a $1.50 out-of-network ATM fee.
- Both transactions are debits.
- John's new balance is $798.38.
- If John has used an ATM in his network, he would not have had to pay a fee. Fees for using an out-of-network ATM vary but can be as high as $6. Some banks have broader ATM networks and lower fees, which is worth considering when choosing a bank.

02/05/15		**Purchase with PIN Hamburger Haven**	**$15.63**		**$782.75**

- "Purchase with PIN" means a debit card was used and the account holder had to enter a personal identification number (PIN) on a keypad. Bank customers can get a debit card tied to their checking account. The debit card can be used for payment at stores, restaurants, and gas stations, among other places. When a debit card is used, payment is withdrawn directly from the cardholder's bank account.
- This transaction is a $15.63 debit card purchase at Hamburger Haven.
- This transaction is a debit.
- John's new balance is $782.75.

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02/05/15		**Web-authorized pmt Community Cable**	**$52.00**		**$730.75**

- This transaction is a $52.00 web-authorized payment to Community Cable.
- This transaction is a debit.
- John's new balance is $730.75.

02/05/15		**Web-authorized pmt Strong Man Gym**	**$52.67**		**$678.08**

- This transaction is a $52.67 web-authorized payment to Strong Man Gym
- This transaction is a debit.
- John's new balance is $678.08.

02/05/15		**Purchase with PIN Gas 'n Go**	**$14.68**		**$663.40**

- This transaction is a $14.68 debit card purchase at Gas 'n Go.
- This transaction is a debit.
- John's new balance is $663.40.

02/06/15		**Check view**	**$20.00**		**$643.40**

- This transaction is $20 for check #128. (John wrote this check to his niece for her birthday about a week earlier.)
- February 6 is the date the check was cashed.
- This transaction is a debit.
- John's new balance is $643.40.
- The "view" link in the middle box allows you to view a copy of the check online.

02/08/15		**ATM withdrawal Bank of Everywhere**	**$60.00**		**$583.40**

- This transaction is a $60 ATM withdrawal from an ATM operated by John's bank. He did not have to pay a fee.
- This transaction is a debit.
- John's new balance is $583.40.

02/09/15		**Debit Food for Less**	**$63.87**		**$519.53**

This transaction is a $63.87 debit card purchase at Food for Less (a grocery store).

This transaction is a debit.

John's new balance is $519.53.

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02/15/15		**Electronic deposit Technix Corp.**		**$1,256.83**	**$1,776.36**

- This transaction is an $1,256.83 direct deposit from John Dough's employer.
- This transaction is a credit.
- John's new balance is $1,776.36.

15. Explain that many people sign up for automatic payments to their service providers, such as electric companies, gas companies, insurance companies, and phone companies. With automatic payment, a bill is paid automatically from a person's checking or savings account on the payment due date. This payment method differs from the online-payment feature banks offers. Automatic payments are set up through individual companies and not through the bank. These payments won't appear on the account's online recent transactions list until payment is made.

16. Display Slide 17 and tell students to compare John Dough's personal bank account register on the slide with the online bank-provided recent transactions list on Handout 3.3.
    - In what ways are the lists similar? (*Both lists contain information about deposits and withdrawals.*)
    - In what ways are the lists different? (*John's personal bank account register has the following entries that are not on the recent transactions list:*

      2/02, Safe Gecko [web-authorized pmt on 2/17], $79.00

      2/15, Zoe Dough [car pmt #5], check #129, $225.00

      2/16, Debit, C-Stop, $18.57

      2/16, Auto pay, Metro Health payment, $105.00)
    - Why would there be an online payment on the bank account register that is not on the recent transactions list? (*The payment has not yet been made and is on the online pending payments list for the account. The transaction will not appear on the recent transactions list until it is paid.*)
    - Why would there be a check listed on the bank account register that is not listed on the recent transactions list? (*The person to whom John wrote the check has not cashed it or deposited it yet. The check will only appear on John's online recent transactions list after it is cashed.*)
    - Why would there be a debit on the bank account register that is not on the recent transactions list? (*The payment was likely made on the same date as the recent transactions list. It hasn't been processed yet.*)
    - Why would John's payment to Metro Health appear on his bank account register but not on the recent transactions list? (*Automatic payments are debited on a schedule. On 2/16, John noted the payment in his bank account register. Although the automatic payment is*

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scheduled for 2/16, it may not appear as paid on the recent transactions list until the day following the payment date, in this case 2/17. Automatic payments do not appear on the pending payments list because they are not set up through the bank. They are set up through the individual companies being paid.)

- Which list provides a more accurate report of John's transactions and bank account balance? (*John's bank account register is a more accurate report of his balance because it contains a record of checks that have been written but not cashed, payments that are pending, and automatic payments that have been requested but haven't been paid.*)

17. John holds a credit card issued by the Bank of Everywhere. He would like to pay the entire balance on the card, which amounts to $621.00. Would you advise John to pay the entire balance this month or just some portion of the balance? Why or why not? (*John should pay the entire balance this month. His recent transactions list shows he has a balance of $1,808.36. After making the payment, his balance will be $1,380.79, well more than what is necessary to cover the online payment scheduled for 2/17 [$79.00], check #129 that has not been cashed [$225], the debit card purchase on 2/16 that hasn't been processed [$18.57], and the automatic payment scheduled for 2/16 [$105.00]*). Explain that students will now record transactions to practice keeping track of an account balance. Divide students into pairs. Distribute a copy of *Handout 3.4: What's the Balance?* to each pair of students.

18. Explain that Andrew Anakoa has not been entering his transaction information into a bank account register or online. He has kept receipts, but he doesn't know his current balance. Tell the pairs to enter the transactions chronologically into the bank account register on Handout 3.4 and determine Andrew's balance. Allow time for students to work.

19. Display Slide 18 and distribute a copy of *Handout 3.4: What's the Balance?—Answer Key* to each pair of students. Discuss the following:

    - What are fees that Andrew paid? (*$1.50 for use of an out-of-network ATM*)
    - What was Andrew's balance on June 8? (*$35.80*)
    - What would happen if Andrew tried to withdraw $40, make a debit purchase for $40, or write a check for $40 on June 8? (*Although Andrew could go ahead and write a check, and the bank might allow him to use his debit card, he wouldn't have enough money in his account to cover the expense. If Andrew had opted for overdraft protection, the bank would allow the card to be used—so the person or business would be paid—and charge him an overdraft fee. That fee can be very high—as much as $35.00 for each overdraft. If Andrew had not chosen overdraft protection, if he used a check, the bank would return the check to the person or business Andrew paid and Andrew would pay an overdraft fee. For a debit card transaction, his card would be declined at the point of the purchase.*)
    - Why is it important for people to keep records of all deposits to and withdrawals from an account? (*Answers will vary but should include the following: to be certain that you do not spend*

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money that isn't in your account, to avoid overdrafts and fees, to manage your spending, and to make sure that you can verify that the bank has recorded account transactions accurately.)

20. Explain that when people have bank accounts, they receive bank statements every month or quarter in the mail and/or the bank provides account information online. The statement lists all transactions made during a given period and allows account holders to determine if their records match the bank records. Display Slide 19 and distribute a copy of *Handout 3.5: Balancing Andrew Anakoa's Bank Account* to each student. Refer students to Handout 3.4. Discuss the following and refer to Handout 3.5 as you go through the process of balancing Andrew's checking account with the students:
    - The first step in balancing an account is to put a check mark in the account register by all checks that have cleared and all deposits that have been credited to the account.
    - What is the first item listed on the bank statement? (*A $155.76 deposit on May 1*) Find that item on the check register and put a check next to the item. It is important to place a check mark next to the item on the bank statement, too.

21. Tell students to continue placing check marks in the bank account register by items listed on the bank statement until reaching the bottom of the bank statement. When students have completed this process, display Slide 20 and explain that the next step is to enter the ending balance shown on the bank statement in the box on the bank statement worksheet. Discuss the following, referring to *Handout 3.5: Balancing Andrew Anakoa's Bank Account—Answer Key* as needed:
    - What is the ending balance on the bank statement? (*$192.52*) Have the students enter the ending balance on the bottom portion of Handout 3.5.
    - Are there any deposits listed in the bank account register that do not appear on the bank statement—that is, deposits that do not have a check mark by them? (*No*)
    - If there were additional deposits, they would be added to the balance on the statement because the bank has not recorded those transactions on this bank statement. Because there are no additional deposits, the total is equal to the ending balance—$192.52. Instruct the students to enter the information on Handout 3.5.
    - Are there any debits—checks, ATM withdrawals, or debit purchases—with no check mark in the bank account register? (*Yes*) Are there any fees that do not have a check mark by them? (*Yes*) Have the students list these items in the "Enter items outstanding" area of the statement on the handout.
    - Items outstanding must be added together and recorded on the "Total items outstanding" line. (*$156.72*) Add the outstanding items and have the students do the same.
    - The total amount outstanding is subtracted from the ending balance. (*$192.52 – $156.72 = $35.80)* Instruct the students to write the total balance on Handout 3.5.

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- The total balance should match the amount shown as the balance in the bank account register. (*$35.80*)
- If the statement balance and the bank account register balance do not match, you have made an error. It could be a small entry error—for example, entering $8.97 when the debit amount was actually $9.97. It could also be that you failed to enter a debit or ATM withdrawal or service fee in your bank account register. And there is always the possibility that the bank has made an error.

Closure

22. Display Slides 21-24 and review key points of the lesson by discussing the following:
    - What are some advantages of having a checking or savings account? (*Answers will vary but may include that money is safe in a bank, money deposited may earn interest depending on the type of account, there are low or no fees for cashing checks, banks provide a record of transactions, and you likely have 24-hour access to your money through ATMs.*)
    - What is a disadvantage of using check-cashing services? (*Their fees are very high.*)
    - What are direct deposits? (*Direct deposits are monies deposited electronically and directly into a payee's bank account from a payer's bank account. For example, the company you work for deposits your monthly paycheck into your account from theirs.*)
    - What are electronic payments? (*These are payments made electronically from an account online. Payment is withdrawn [debited] from your account and deposited into someone else's account to pay a bill or pay for a purchase.*)
    - What are checks? (*Checks are printed forms directing a bank to withdraw money from an account and pay it to another account.*)
    - Why is it important to maintain account records and keep track of bank account balances? (*To avoid paying overdraft fees, to make certain the records are accurate and show the correct balance, and to know where your money is going*)

Assessment

23. Distribute a copy of *Handout 3.6: Assessment* to each student. Review the instructions and allow time for students to work.

24. Review student answers using *Handout 3.6: Assessment—Answer Key*.

25. Instruct students to send Sandra a memo advising her of the problems they found in her record-keeping and explaining the value of keeping accurate records of her income and expenditures.

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26. Assign a brief essay in which students provide an argument for or against using checking accounts. Arguments in favor of using checking accounts should include the following:

    - You can make deposits and withdrawals.
    - There are no fees for cashing checks.
    - There are low or no fees for writing checks.
    - Checks can be used to pay for goods and services.
    - Transactions are recorded by the bank.
    - There is 24-hour access to your money through ATMs.
    - A debit card can be tied to the account.
    - Money is safe in a bank.

    Arguments against using checking accounts should include the following:

    - Overdrafts result in large fees.
    - A minimum balance may be required to receive free checking.
    - Check-cashing services are open more hours than banks.

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Handout 3.1: How to Turn a Paycheck into Cash

1.

John Dough got his first job. He thought he had done everything he needed to do to start working, but then there was a surprise. His employer, ABC Mart, doesn't issue paper paychecks. Employees must have a savings or checking account at a bank or credit union. The company pays its employees by direct deposit to a bank account only. John doesn't have a bank account and isn't so sure that he wants one. ABC Mart gave him the forms he must complete for the direct deposit. Now, John is going to talk with his mom about opening a bank account.

2.

Alesandra Monter has a summer job at 62 Flavors and Counting ice cream shop. She received her first paycheck and took it to the Check 'n Cash store down the street. She had to pay a $7 fee to have her check cashed, but now she has lots of cash in her wallet.

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Handout 3.2: What Do You Know?

Directions: Working with a partner, read each statement and then decide together whether the statement is true (T) or false (F). Circle your answers. Be prepared to share your answers with the class.

T o r F a. People can make deposits to and withdrawals from both savings accounts and checking accounts.

T or F b. Check-cashing services charge minimal fees for cashing checks.

T or F c. People with a savings or checking account are usually able to cash checks for free or a small fee (less than a few dollars a month) at the bank where they have an account.

T or F d. There are fees or costs associated with a checking account.

T or F e. Savings accounts pay interest on the balance in the account.

T or F f. It isn't legal for companies to require employees to use direct deposit.

T or F g. With a checking account, you can use a debit card for transactions; make electronic payments for bills; use an ATM to access funds; or go old-school and write checks.

T or F h. There are no fees associated with savings accounts.

T or F i. You may use an ATM or a debit card with both savings and checking accounts.

T or F j. Check-cashing services are open more hours than banks and have convenient locations.

T or F k. Banks and credit unions are safe places to keep your money.

T or F l. You must go to a bank or credit union to make deposits, withdraw money, or pay bills.

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Handout 3.3: John Dough's Online Recent Transactions List

Bank of Everywhere YOUR NEIGHBOR, YOUR BANK!

Online Banking for John Dough **February 16, 20XX**
Checking Account xxxxxxxx5189
Account Balance $1,808.36 **Available Balance $1,808.36**

Recent Transactions

Date	Check Number	Description	Payment (Debit)	Deposit (Credit)	Balance
					$548.53
02/01/XX		Electronic deposit Technix Corp.		$1,256.83	$1,805.36
02/02/XX		Web-authorized pmt Cell Nation	$82.48		$1,722.88
02/02/XX		Web-authorized pmt Midwest G&P	$113.00		$1,609.88
02/02/XX		Web-authorized pmt Rosewood Prop.	$750.00		$859.88
02/03/XX		ATM withdrawal	$60.00		$799.88
02/03/XX		ATM out-of-network fee	$1.50		$798.38
02/05/XX		Purchase with PIN Hamburger Haven	$15.63		$782.75
02/05/XX		Web-authorized pmt Community Cable	$52.00		$730.75
02/05/XX		Web-authorized pmt Strong Man Gym	$52.67		$678.08
02/05/XX		Purchase with PIN Gas 'n Go	$14.68		$663.40
02/06/XX	128	Check view	$20.00		$643.40
02/08/XX		ATM withdrawal Bank of Everywhere	$60.00		$583.40
02/09/XX		Debit Food for Less	$63.87		$519.53
02/15/XX		Electronic deposit Technix Corp.		$1,256.83	$1,776.36

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Handout 3.4: What's the Balance?

Directions: Andrew Anakoa recently opened a bank account but has not tracked his financial transactions in a bank account register. Using his receipts, he jotted this list of expenditures. Record his transactions in chronological order in the bank account register and calculate his current balance.

Andrew Anakoa's Transactions

Check Number	Date	Transaction	Amount
97	6/8	Books Galore	$16.25
	5/1	Paycheck	$155.76
	5/2	ATM withdrawal	$40.00
	5/5	Debit – Grocery Gallery	$47.30
	5/17	Safety First Insurance (online)	$95.00
	5/17	World Cellular (online)	$45.00
96	5/22	Hannah Anakoa (b'day)	$20.00
	5/31	Debit – Picture Posers (Sr. pictures deposit)	$69.00
	5/16	Paycheck	$128.30
	5/31	Paycheck	$155.76
	6/2	Debit – Hamburger Haven	$9.97
	6/4	ATM withdrawal (fee $1.50)	$61.50

Andrew Anakoa's Bank Account Register

Check Number	Date	Transaction	Payment (Debit)	✔	Fee (Debit)	Deposit (Credit)	Balance
	5/1	Paycheck				$155.76	$155.76

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Handout 3.4: What's the Balance?—Answer Key

Andrew Anakoa's Bank Account Register

Check Number	Date	Transaction	Payment (Debit)	✔	Fee (Debit)	Deposit (Credit)	Balance
	5/1	Paycheck				$155.76	$155.76
ATM	5/2	Withdrawal	$40.00				$115.76
Debit	5/5	Grocery Gallery	$47.30				$68.46
	5/16	Paycheck				$128.30	$196.76
Online	5/17	Safety First Insurance	$95.00				$101.76
Online	5/17	World Cellular	$45.00				$56.76
96	5/22	Hannah Anakoa	$20.00				$36.76
	5/31	Paycheck				$155.76	$192.52
Debit	5/31	Picture Posers (Sr. pictures deposit)	$69.00				$123.52
Debit	6/2	Hamburger Haven	$9.97				$113.55
ATM	6/4	Withdrawal	$60.00		$1.50		$52.05
97	6/8	Books Galore	$16.25				$35.80

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Handout 3.5: Balancing Andrew Anakoa's Bank Account

Bank Statement				
Andrew Anakoa 1234 Kingsway Our Town, USA 23456	Million Dollar Bank 100 Dollar Lane Our Town, USA 223456		Statement Period: 5/1/15-5/31/15 Account Number: 1234567890	
Date	**Item**	**Withdrawal**	**Deposit Amount**	**Balance**
1-May	Opening balance/deposit			$155.76
2-May	ATM withdrawal	$40.00		$115.76
5-May	Debit card	$47.30		$68.46
16-May	Deposit		128.30	$196.76
17-May	Online	$95.00		$101.76
17-May	Online	$45.00		$56.76
25-May	Check #96	$20.00		$36.76
31-May	Deposit		$155.76	$192.52
31-May ENDING BALANCE				**$192.52**
Check #	Amount			
#96	$20.00			

In your bank account register, place a check mark beside each check paid, ATM or debit withdrawal made and certified, and deposit credited.	
Enter the ending balance shown on the bank statement	**$**
Enter deposits that do not appear on the statement.	
TOTAL (Ending balance plus deposits not shown on this statement)	**$**
Enter items outstanding (withdrawals that have been entered in the bank account register but do not appear on this statement)	
TOTAL ITEMS OUTSTANDING	**$**
Subtract TOTAL ITEMS OUTSTANDING from the amount listed on the TOTAL line above and record the new amount on the TOTAL BALANCE line.	
TOTAL BALANCE	**$**
The TOTAL BALANCE should equal the balance in your bank account register. If it does not, then your account does not balance and there is an error.)	

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Handout 3.5: Balancing Andrew Anakoa's Bank Account—Answer Key

Bank Statement				
Andrew Anakoa 1234 Kingsway Our Town, USA 23456			Statement Period: 5/1/15-5/31/15 Account Number: 1234567890	
Date	**Item**	**Withdrawal**	**Deposit Amount**	**Balance**
1-May	Opening balance/deposit			$155.76
2-May	ATM withdrawal	$40.00		$115.76
5-May	Debit card	$47.30		$68.46
16-May	Deposit		128.30	$196.76
17-May	Online	$95.00		$101.76
17-May	Online	$45.00		$56.76
25-May	Check #96	$20.00		$36.76
31-May	Deposit		$155.76	$192.52
31-May ENDING BALANCE				**$192.52**
Check #	Amount			
#96	$20.00			
In your bank account register, place a check mark beside each check paid, ATM or debit withdrawal made and certified, and deposit credited.				
Enter the ending balance shown on the bank statement				***$192.52***
Enter deposits that do not appear on the statement.				*$0.00*
TOTAL (Ending balance plus deposits not shown on this statement)				***$192.52***
Enter items outstanding (withdrawals that have been entered in the bank account register but do not appear on this statement)				
Debit				*$69.00*
Debit				*$9.97*
ATM				*$60.00*
Fee				*$1.50*
Check #97				*$16.25*
TOTAL ITEMS OUTSTANDING				***$156.72***
Subtract TOTAL ITEMS OUTSTANDING from the amount listed on the TOTAL line above and record the new amount on the TOTAL BALANCE line.				
TOTAL BALANCE				***$35.80***
The TOTAL BALANCE should equal the balance in your bank account register. If it does not, then your account does not balance and there is an error.)				

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Handout 3.6: Assessment

Directions: Reorder Sandra Sherril's transactions, record them in chronological order in the bank account register, and calculate her current balance.

Sandra Sherril's Transactions

Check Number	Date	Transaction	Amount
	6/10	Deposit (check from John D.)	$28.13
	6/15	Paycheck	$150.80
ATM	6/1	ATM withdrawal	$40.00
Debit	6/5	PB Gasoline	$47.30
Online	6/16	Insurance Geek (car insurance)	$95.00
	5/31	Paycheck	$167.00
Online	6/16	City Cellular	$38.00
Check #117	6/5	Kylie Devers	$20.00
Atm	6/2	Withdrawal (out-of-network fee $1.50)	$20.00
Debit	6/25	Hamburgers to Go	$8.68
Debit	6/26	Clothes Rack	$18.72
Debit	6/12	Vending Venues	$15.26
ATM	6/12	Withdrawal (out-of-network fee $1.50)	$20.00

Sandra Sherril's Bank Account Register

Check Number	Date	Transaction	Payment (Debit)	✔	Fee (Debit)	Deposit (Credit)	Balance

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Handout 3.6: Assessment—Answer Key

Sandra Sherril's Bank Account Register

Check Number	Date	Transaction	Payment (Debit)	✔	Fee (Debit)	Deposit (Credit)	Balance
	5/31	Paycheck				$167.00	$167.00
ATM	6/1	ATM withdrawal	$40.00				$127.00
ATM	6/2	ATM withdrawal out of network	$20.00		$1.50		$105.50
	6/4	Deposit (check from John D.)				$28.13	$133.63
Debit	6/5	PB Gasoline	$47.30				$86.33
#117	6/5	Kylie Devers	$20.00				$66.33
	6/12	ATM withdrawal out of network	$20.00		$1.50		$44.83
	6/15	Paycheck				$150.80	$195.63
Debit	6/16	Vending Venues	$15.26				$180.37
Online	6/16	Insurance Geek	$95.00				$85.37
Online	6/16	City Cellular	$38.00				$47.37
Debit	6/25	Hamburgers to Go	$8.68				$38.69
Debit	6/26	Clothes Rack	$18.72				$19.97

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Standards and Benchmarks

National Standards for Personal Financial Education

Standard II. Spending

- **Benchmarks: Grade 8**

    3. When evaluating information about goods and services, a consumer can better assess the quality and usefulness of the information by understanding the incentives of the information provider.

    4. Consumers weigh the costs and benefits of different payment methods to determine the best option for purchasing goods and services.

Standard III. Saving

- **Benchmarks: Grade 8**

    3. Financial institutions pay interest to depositors and loan out the money to borrowers who pay interest on their loans.

    6. Checking and saving deposit accounts in many financial institutions are insured up to certain limits by the federal government.

- **Benchmarks: Grade 12**

    1. Financial institutions offer several types of savings accounts, including regular savings, money market accounts, and certificates of deposit (CDs), that differ in minimum deposits, rates, and deposit insurance coverage.

    2. Deposit account interest rates and fees vary between financial institutions and depend on market conditions and competition.

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