

Chapter Two: Banking Basics

BANKING BASICS



Lesson Plan

Materials

1. 1 gallon jug of water
2. Definition Cards
3. Banking Basics Vocabulary Worksheet Instructor Copy
4. Fountain of Wealth Apparatus (See Appendix II pg. 190-202)
5. Green food coloring (add to the water for the FoW)
6. Laminated Signs for Checking, Savings, and Investment Accounts
7. Types of Accounts Worksheet Instructor Copy
8. Bucket labeled "other people's money"
9. Cup labeled Credit Union Cup
10. Flexible drinking straws
11. At least two cups
12. Dry Erase Markers
13. Student Materials Packets

Outline

1. Review
2. Spending record
3. Check Register
4. New additions
5. Vocabulary
6. Fountain
7. Spending straws
8. Savings Accounts
9. Types of Accounts
10. IEAL
11. Checks
12. Homework

Lesson Objectives

1. The student will be able to define terms associated with opening and using an account at a financial institution.
2. The student will be able to analyze different types of accounts and find one that is right for them based on certain criteria.
3. The student will be able to describe the importance of saving money.
4. The student will explain how their money flows from income to expenses.

Procedure

Note: This lesson is best done with the Fountain of Wealth (directions on how to make it are in Appendix II), however the lesson can be done by drawing the Fountain of Wealth on the board and showing the flow of water with different colors.

REVIEW (5 min.)

1. Draw the IEAL chart on the board and ask one student to come up for each part. Have the student label any square they want to and then put one example under that heading.

SPENDING RECORD (1 min.)

2. *Take out your **Spending Records** and check to see what you have spent your money on in the last week. I want you to continue keeping track of your spending for the next week. We will use the collected information in a future lesson.*

CHECK REGISTER (1 min.)

3. *Remember that last week we had you write a check out to yourself from me for the amount you felt you had put into the class. We are going to have you fill out another check again at the end of class, but we must keep an accurate check register. So what you need to do is take the check register sheet and move it to the back of your binder. We will keep doing this at the beginning of every class and re-use this register whenever we write out a check.*

HAND OUT NEW ADDITIONS (1 min.)

4. *Today we will be talking about vocabulary words that are important to financial education. We will work on the definitions together as a class.*

VOCABULARY (10 min.)

5. Directions: Pass out a card to nine students. The card template is at the end of this lesson. *Each card has a vocabulary word and a definition. One student will start off by standing up and reading the definition on their card. The rest of the class has to pay attention and listen to see if they think they have the vocabulary word that matches the definition that was just read out loud. The student who has the correct vocabulary word must then stand up and read the word out loud. The person who just finished reading the definition should then sit down and the cycle continues in that fashion until all the vocabulary words and definitions have all been read. While we go through this activity you will need to have the **Banking Basics Vocabulary Worksheet** in front of you in order to, write the number of the correct word next to its definition on the sheet.*

FOUNTAIN OF WEALTH (15 min.)

6. *I will need two volunteers for this activity.*
7. Choose two students and give them the cups.
8. *This is your income for two weeks, you need to buy groceries with it, pay some bills and put some in your savings. This is all you get for two weeks so you have to make sure to stretch it out so it covers the whole period of time.*

9. Show the students the Fountain of Wealth. Explain that each bottle represents a type of account.
10. Have one student come up and give them a cup.
11. Ask: *What kind of job did you draw in your picture of your future?*
12. Whatever job they tell you, fill their cup only halfway and explain...
13. *You are still in college/training for the job you chose, therefore you aren't getting paid a lot of money, and your cup represents your income for a two week pay period.*
14. Have the student deposit their income into the checking/draft account.
15. *The first one is a Checking or Draft Account; this is where your paycheck gets deposited. What can you do with this type of account?* Find out what students already know about checking accounts.

SPENDING STRAWS (8 min.)

16. Turn to the class and ask...
17. *What expenses will this student have if they are living on their own?*
18. As students answer ask them to come up and put a **straw** into the checking account container representing money being sucked out of the account to pay a bill.
19. After you have five straws in the account ask....
20. *How could this student pay these bills so that the money would come directly out of the account?*
21. Here is where you discuss the information from the **Types of Accounts Worksheet - Instructor Copy**.
22. Write on the chart next to the label "Checking Account" all the things you need to look out for when choosing and using a checking account, using the **Types of Accounts Worksheet- Instructor Copy**.
23. *After all these straws have been put into the account what happens to the money inside it? **It becomes other people's money!***
24. *This is how most people pay their bills but money-smart people **Pay Themselves First!** So let's rewind, take these spending straws out and Pay Ourselves First.*
25. Write Pay Yourself First over the savings account.
26. Remove the straws and twist the valve to let money flow into savings.
27. *We just took 10% of what this student was paid and put it into her/his savings account, turning that money into an **Asset** that earns interest. We will learn more about this in our next lesson. The rest of the money pays bills and becomes **Other People's Money**.*

28. Make sure the valve is closed and disconnect the tube that runs out of the checking account from the valve and point it down into the **Other People's Money** bucket.
The rest of the water will flow into the bucket.
29. Have the next student come up to the front and give them a cup and ...
30. Ask: *What kind of job did you draw in your picture of your future?*
31. *You got that job and are making a good salary so we will fill your cup up all the way. You are able to save more if you don't add a lot more spending straws.* (This is an important point and you can discuss it further if you have time. Living frugally can help you save but people tend to spend more the more they make, which is the opposite of what you should do.)
32. Have the student pour their water into the checking account container.
33. *We will now Pay Ourselves First and then put the straws back in, but this time we will let the water flow into the savings longer because there is more money to save. 10% of the money you put in should be saved but 10% is more money for this student than the first student.*
34. Let the student twist the valve and choose how much to save, they should choose to save more money than the student who made less.
35. Then pour the rest of the money into the **Other People's Money** bucket.
36. *What if your account looks like this (point at the empty checking account) and you write a check to spend more money?* You bounce a check and it goes on your record and they charge you a fee.
37. *In Credit Union terms we call this INSUFFICIENT FUNDS or OVERDRAWN.*

SAVINGS ACCOUNT (2 min.)

38. Get your Credit Union cup and pour a little water into the savings account.
39. *What does this represent?* Interest being added to your account.
40. *We will talk more about how interest works in the next class but here are some important tips to remember about savings accounts. (The tips are on the Types of Accounts Worksheet Instructor Copy under the savings account heading)*
41. Write the information from the Savings Account box on the **Types of Accounts Worksheet Instructor Copy** under the savings account heading on the Fountain of Wealth.

TYPES OF ACCOUNTS (15 min)

42. Ask students to take out the Types of Accounts Worksheet
43. Show me what you have learned about these types of accounts by matching the pictures to the correct type of account sheet.

44. Have the students cut the pictures out of the Types of Accounts Cut Outs sheet.

Glue under the appropriate heading on the Types of Accounts Worksheet.

IEAL CHART (5 min.)

45. **Draw the IEAL Chart on the board**

46. *Which parts of this chart would you use the checking account for?*

47. *Which parts of this chart would you use a savings account for?*

48. *What about an investment account?*

CHECKS (8 min.)

49. *Before we leave I want you to write a check to yourself from me for the amount of money you think you earned today in this class based on the work you put in. Did you participate? Did you put in \$50 worth of effort or \$100 worth of effort? I will come around and sign your check after you finish.*

50. *Then I want you to fill out the check register to keep track of your effort in this class. We will come around and help you with this. Hopefully by the end of class you will have worked so hard you will have lots of money.*

HOMEWORK (1 min.)

51. Write assignments on the board.

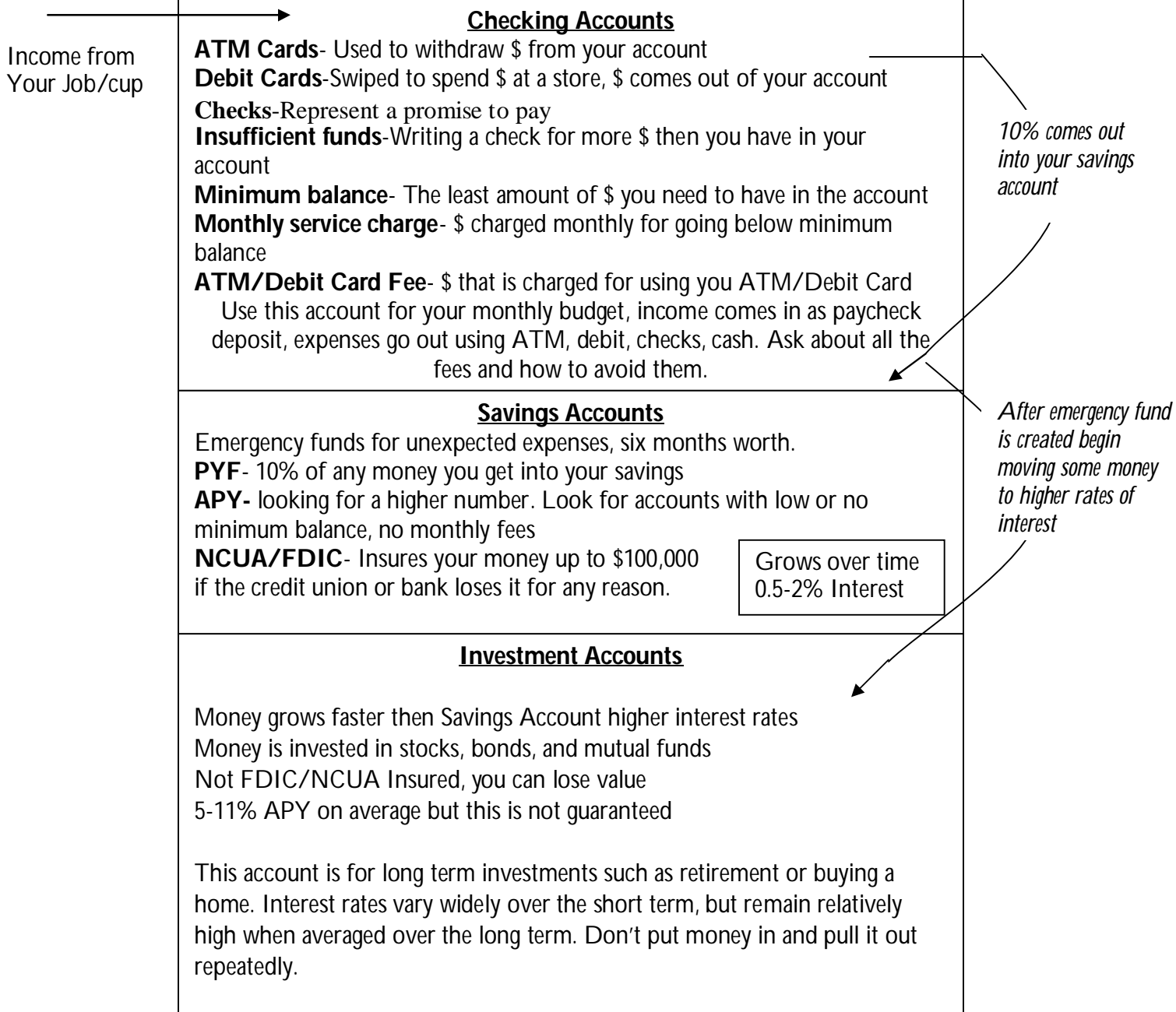
52. *Track your expenses for this week on the **Spending Record** worksheet. You will need this information for a future lesson.*

Note to instructor:

We have calculated this at 73 minutes of teaching time. This is the minimum, it can take much longer. Feel free to adjust time according to students' needs.

Types of Accounts

Instructor Copy



Banking Basics Vocabulary Worksheet
Instructor Copy

Name_____

Date_____

Directions

Listen to your fellow students as they read and define each word in the box below. Match the number of the correct word to its definition below the box.

- | | |
|--|---|
| 1. Savings/Share Accounts
2. Minimum Balance
3. Investment
4. Checking/Draft Account
5. Pay Yourself First | 6. Minimum Balance Fee
7. Insufficient Funds
8. Debit Card Fee
9. ATM Service Charge
10. Overdraft protection |
|--|---|

- a. 10 A checking account feature that attaches a line of credit to your account. If you write a check for more than you have in your account, you receive an "instant loan" to cover whatever is left over. This keeps you from being overdrawn on your account, but it is a loan so pay it back fast. The longer it takes to pay off the more interest you are charged by the bank.

- b. 2 The least amount of money you can have in an account before the bank charges you a fee.

- c. 9 The fee you get charged for using an ATM that is not owned by your credit union or bank.

- d. 4 An account you use to deposit money, write checks, and/or use your debit card to pay for expenses.

- e. 1 A secure place to save your money and allow interest on your money to grow.

- f. 5 To put 10% of every dollar you earn into a savings account before you do anything else with the money.

- g. 8 A charge on your account for using your debit card.

- h. 7 Writing checks for more money than you have in your account, resulting in your balance dropping below zero and the bank or credit union charging you a fee.

- i. 3 An asset or item that is purchased with the hope that it will generate more wealth for you.

- j. 6 Money the bank takes out of your account because the amount of money in your account is less than the amount required by the bank.

Definition Cards Template

Teacher Directions

Make a copy of this sheet on cardstock paper. Then take the cardstock and carefully cut out along the lines. (We recommend laminating the game pieces to preserve their longevity.)

VOCAB WORD: Minimum Balance

DEFINITION: A checking account feature which attaches a line of credit to your account, if you write a check for more than you have in your account you receive an "instant loan" to cover whatever is left over. This keeps you from being overdrawn on your account, but this is a loan so pay it back fast because the longer it takes the more interest you get charged.

VOCAB WORD: ATM Service Charge

DEFINITION: The least amount of money you can have in an account before the bank charges you a fee.

VOCAB WORD: Overdraft protection

DEFINITION: The fee you get charged for using an ATM that is not owned by your credit union or bank.

VOCAB WORD: Pay Yourself First

DEFINITION: An account you use to deposit money, write checks, and/or use your debit card to pay for expenses.

VOCAB WORD: Insufficient Funds

DEFINITION: A secure place you can save your money and allow interest to grow.

VOCAB WORD: Savings/Share Account

DEFINITION: To put 10% of every dollar you earn into a savings account before you do anything else with the money

VOCAB WORD: Checking/Draft Account

DEFINITION: A charge on your account for using your debit card.

VOCAB WORD: Investment

DEFINITION –Writing checks for more money than you have in your account, resulting in your balance dropping below zero and the bank or credit union charging you a fee.

VOCAB WORD: Minimum Balance Fee

DEFINITION: An asset or item that is purchased with the hope that it will generate more wealth for you.

VOCAB WORD: Debit Card Fee

DEFINITION: Money the bank charges you because the amount of money in your account is less than the amount required by the bank.

BANKING BASICS



Banking Basics Vocabulary Worksheet

Name_____

Date_____

Directions

Listen to your fellow students as they read and define each word in the box below. Match the number of the correct word to its definition below the box.

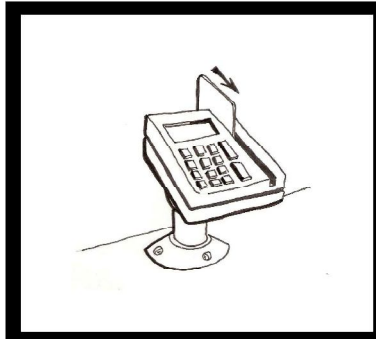
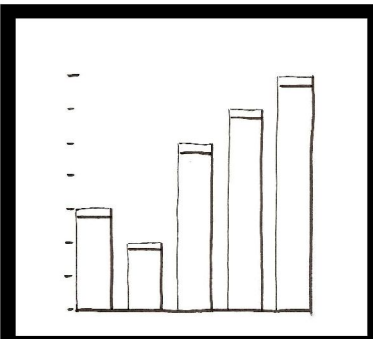
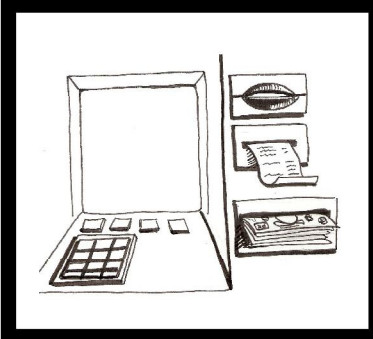
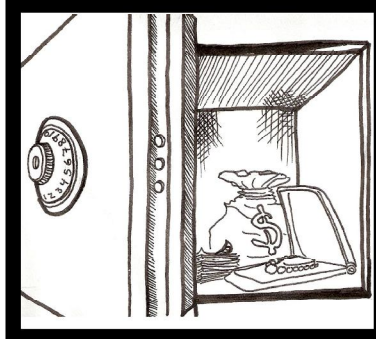
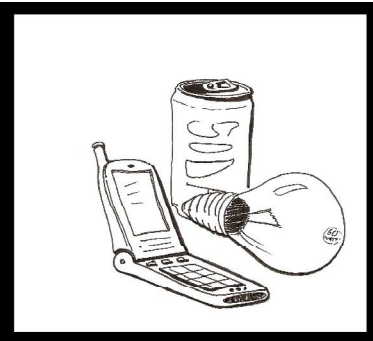
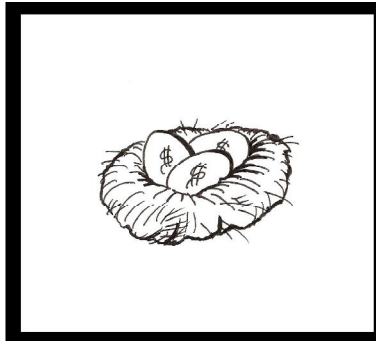
- | | |
|---------------------------|--------------------------|
| 1. Savings/Share Accounts | 11. Minimum Balance Fees |
| 2. Minimum Balance | 12. Insufficient Funds |
| 3. Investment | 13. Debit Card Fee |
| 4. Checking/Draft Account | 14. ATM Service Charge |
| 5. Pay Yourself First | 15. Overdraft protection |

- a. _____ A checking account feature that attaches a line of credit to your account. If you write a check for more than you have in your account, you receive an "instant loan" to cover whatever is left over. This keeps you from being overdrawn on your account, but it is a loan so pay it back fast. The longer it takes to pay off the more interest you are charged by the bank
- b. _____ The least amount of money you can have in an account before the bank charges you a fee.
- c. _____ The fee you get charged for using an ATM that is not owned by your credit union or bank.
- d. _____ An account you use to deposit money, write checks, and/or use your debit card to pay for expenses.
- e. _____ A secure place to save your money and allow interest on your money to grow.
- f. _____ To put 10% of every dollar you earn into a savings account before you do anything else with the money.
- g. _____ A charge on your account for using your debit card.
- h. _____ Writing checks for more money than you have in your account, resulting in your balance dropping below zero and the bank or credit union charging you a fee.
- i. _____ An asset or item that is purchased with the hope that it will generate more wealth for you.
- j. _____ Money the bank takes out of your account because the amount of money in your account is less than the amount required by the bank.

Types of Accounts Cut Outs

Directions

Cut out each of the pictures below and decide whether they go with a Checking/Draft account or a Savings/Share account. Glue them under the correct heading on the Types of Accounts Worksheet.



Types of Accounts Worksheet

Name_____

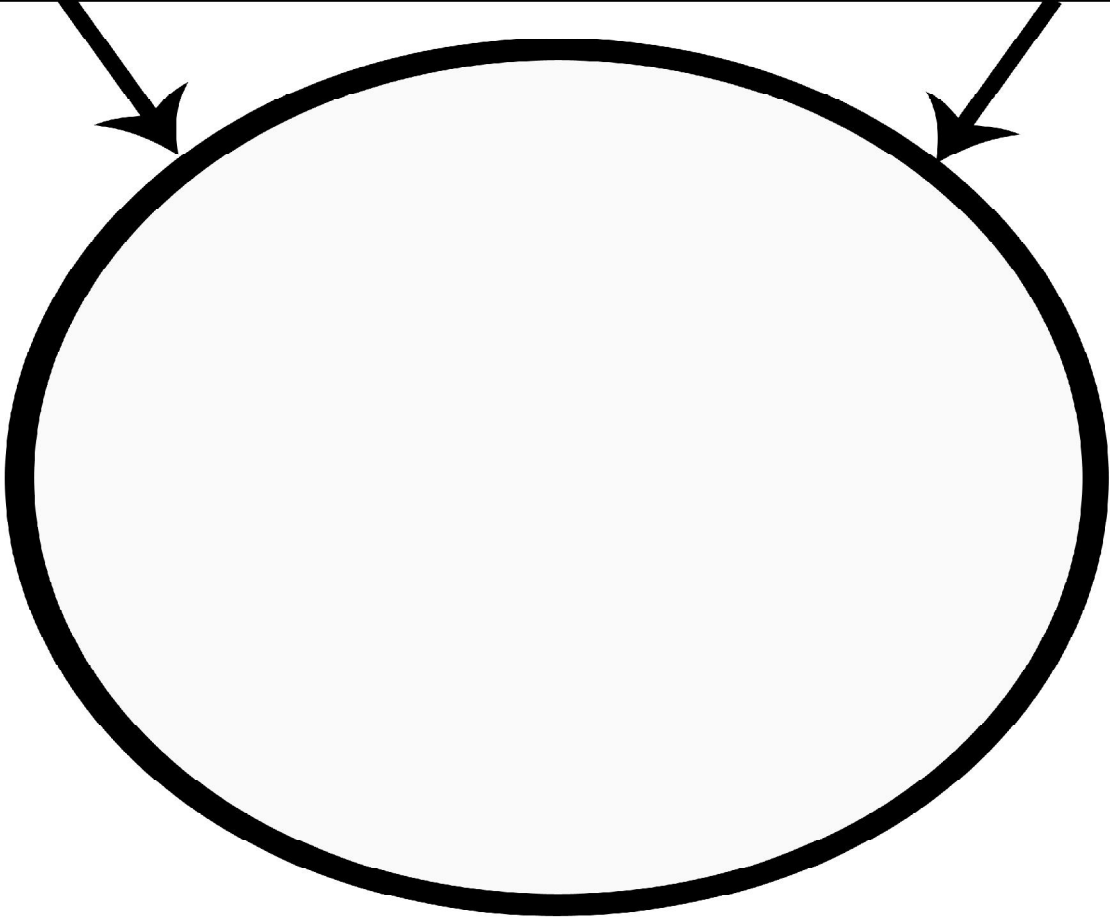
Date_____

Directions

Paste the cut-outs under the correct label based on your knowledge of how these accounts are used.

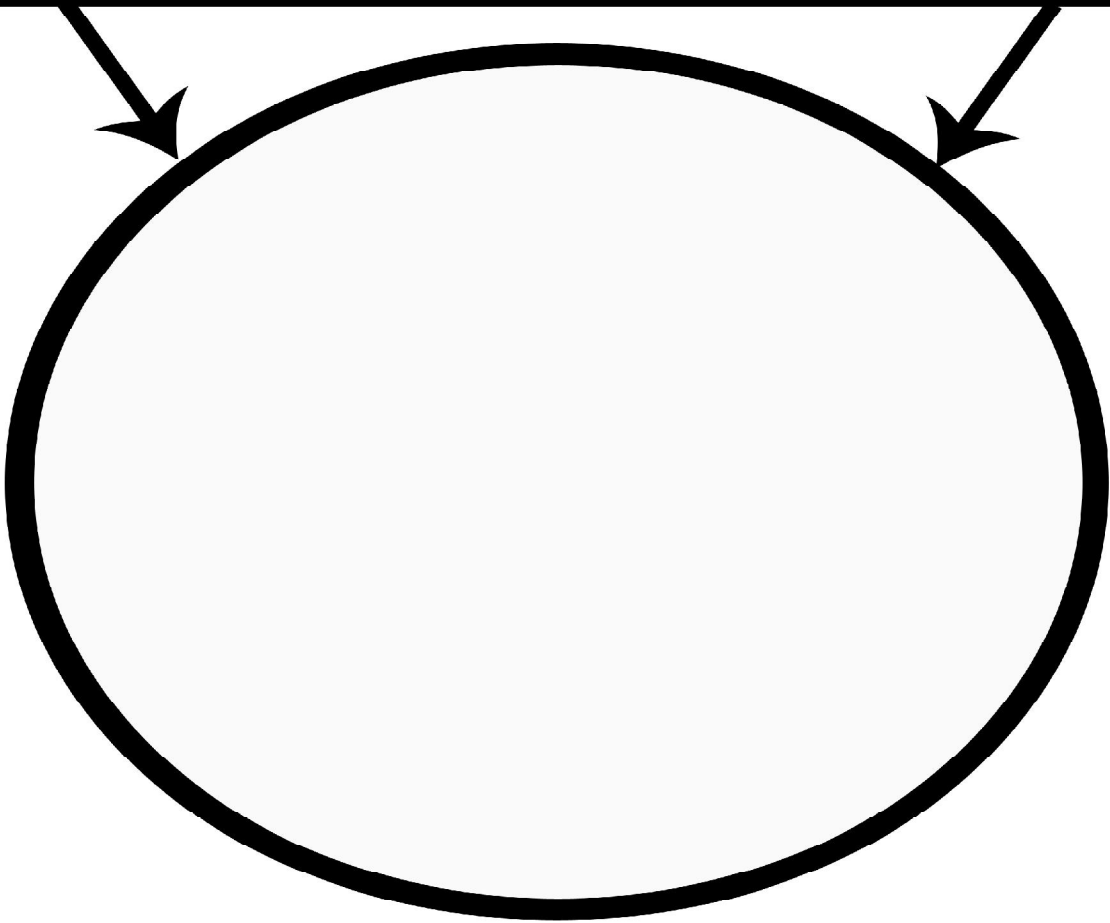
Checking Account

Money you need to access everyday to
pay your expenses.



Savings Account

Money saved for future use.



Pay Yourself What You Earned

Name_____

Date_____

Directions

We want you to think about the work that you put into this class today. Did you listen and participate? Do you take part in the activities we worked on? How much do you think I should pay you for what you did today? Write out the check below for an amount between one and one hundred dollars depending on how much effort you think you put in today.

Thomas Dellwo 600 Euclid Avenue Syracuse, NY 13210		102
Date_____		
PAY TO THE ORDER OF_____	<div style="border: 1px solid black; display: inline-block; padding: 5px 20px;">\$</div>	
_____DOLLARS		
<small>Syracuse</small> Cooperative Federal <small>Credit Union</small>	Eastside Office <small>723 Westcott Street Syracuse, NY 13210</small> Southside Office <small>401 South Avenue Syracuse, NY 13204</small>	
For _____	Signature _____	
■ 057383645 ■ 65 7495 ■ ■ ■ 4207		