

Lesson 2: In the Aftermath

Lesson Description

In this module, students look at the financial lessons learned by a teen and his family. The lesson content examines important financial documents and strategies for preparing for an emergency. Using hands-on learning strategies and Internet resources, students evaluate types of financial institutions and deposit accounts, as well as complete basic financial tasks. Students also explore the benefits of establishing a relationship with financial institutions.

The lesson is designed for personal finance-related classrooms and is presented in two formats: 1) SMART Board-based lesson, and 2) PowerPoint-based lesson.

The video component of the lesson shares the financial and personal experiences of a young man and his family when they were forced to flee New Orleans during Hurricane Katrina and after they returned.

Time Required

Three to four 45-minute class periods for the entire lesson.

The SMART Board and PowerPoint lessons and/or individual lesson components can be used in single-class-period segments.

Concepts

Account management	Electronic check conversion (ECC)
Account statement	Emergency preparedness
Annual percentage yield (APY)	Federal Reserve Bank
ATM card	Financial institution
Certificate of deposit	Financial preparedness
Check	Liquidity
Checking account	Magnetic ink character recognition (MICR)
Commercial bank	Mobile banking
Credit union	Money market account
Debit card	Online banking
Decision making	Overdraft
Deposit	Reconciliation
Deposit slip	Savings account
Direct deposit	

Objectives

The students will be able to:

- Adopt strategies for managing important documents.
- Analyze various deposit accounts.
- Compare and contrast the various banking tools.
- Demonstrate skill in basic financial tasks.
- Evaluate types of financial institutions.
- Explore the benefits of a positive relationship with financial institutions.
- Identify types of important documents.

Materials

- **Presentation:** *Katrina's Classroom* Lesson 2 — SMART Notebook file* or PowerPoint presentation
- **“In the Aftermath” video:** DVD, flash drive or online (www.youtube.com/watch?v=ZiquE75-TPI)
- **Handouts 1–6:** 1 copy for each student

*SMART Notebook files for all lessons can be found at www.frbatlanta.org/edresources/classroomeconomist/.

National Curriculum Standards

COMMON CORE STANDARDS

Grades 6–8 students	Grades 9–10 students	Grades 11–12 students
College and Career Readiness Anchor Standards for Reading Key Ideas and Details		
1. Read closely to determine what the text says explicitly and to make logical inferences from it; cite specific textual evidence with writing or speaking to support conclusions drawn from the text.		
College and Career Readiness Anchor Standards for Writing Production and Distribution of Writing		
1) Produce clear and coherent writing in which the development, organization, and style are appropriate to task, purpose, and audience.		
College and Career Readiness Anchor Standards for Writing Research to Build and Present Knowledge		
7. Conduct short as well as more sustained research projects based on focused questions, demonstrating understanding of the subject matter under investigation.		
Reading Standards for Literacy in History/Social Studies 6 – 12 Key Ideas and Details		
2. Determine the central ideas or conclusions of a text; provide an accurate summary of the text distinct from prior knowledge or opinions.	2. Determine the central ideas or conclusions of a text; trace the text’s explanation or depiction of a complex process, phenomenon, or concept; provide an accurate summary of the text.	2. Determine the central ideas or conclusions of a text; summarize complex concepts, processes, or information presented in a text by paraphrasing them in simpler but still accurate terms.
Integration of Knowledge and Ideas		
7. Integrate visual information (e.g., in charts, graphs, photographs, videos, or maps) with other information in print and digital texts.	7. Integrate quantitative or technical analysis (e.g., charts, research data) with qualitative analysis in print or digital text.	7. Integrate and evaluate multiple sources of information presented in diverse formats and media.
Writing Standards for Literacy in History/Social Studies 6 – 12 Research to Build and Present Knowledge		
7. Conduct short research projects to answer a question (including a self-generated question), drawing on several sources and generating additional related, focused questions that allow for multiple avenues of exploration.	7. Conduct short as well as more sustained research projects to answer a question (including a self-generated question) or solve a problem; narrow or broaden the inquiry when appropriate; synthesize multiple sources on the subject, demonstrating understanding of the subject under investigation.	7. Conduct short as well as more sustained research projects to answer a question (including a self-generated question) or solve a problem; narrow or broaden the inquiry when appropriate; synthesize multiple sources on the subject, demonstrating understanding of the subject under investigation.

National Curriculum Standards (continued)

JUMP\$TART NATIONAL PERSONAL FINANCE STANDARDS

8 th Grade Students Additional Expectations	12 th Grade Students Additional Expectations
Financial Responsibility and Decision Making	
Standard 1: Take responsibility for personal financial decisions.	
Identify ways to be a financially responsible young adult. Give examples of the benefits of financial responsibility and the costs of financial responsibility.	Explain how individuals demonstrate responsibility for financial well-being over a lifetime.
Standard 2: Find and evaluate financial information from a variety of sources.	
Identify online and printed sources of product information and list the strengths and weaknesses of each.	Determine whether financial information is objective, accurate, and current. Given a scenario, identify relevant financial information needed to make a decision.
Standard 4: Make financial decisions by systematically considering alternatives and consequences.	
Evaluate the results of a financial decision.	Give examples of how decisions made today can affect future opportunities
Planning and Money Management	
Standard 2: Develop a system for keeping and using financial records.	
	Describe recordkeeping features that financial institutions provide for online account management.
Standard 3: Describe how to use different payment methods.	
Discuss the advantage and disadvantages of different payment methods, such as stored-value cards, debit cards, and online payment systems. Compare the features and costs of a checking account and a debit card offered by different local financial institutions.	Demonstrate skill in basic financial tasks, including scheduling bill payments, writing a check, reconciling a checking/debit account statement, and monitoring printed and/or online account statements for accuracy.
Standard 4: Apply consumer skills to purchase decisions.	
Given an age-appropriate scenario, describe how to use systematic decision making to choose among courses of action that include a range of spending and non-spending alternatives.	Apply comparison shopping skills to purchasing decisions. Describe the effect of inflation on buying power.

National Curriculum Standards (continued)

JUMP\$TART NATIONAL PERSONAL FINANCE STANDARDS (CONTINUED)

8 th Grade Students Additional Expectations	12 th Grade Students Additional Expectations
Saving and Investing	
Standard 1: Discuss how saving contributes to financial well-being.	
Give examples of how saving money can improve financial well-being.	Identify and compare saving strategies, including “paying yourself first,” using payroll deduction, and comparison shopping to spend less.

Lesson Procedures

Specific instructions for SMART Board and PowerPoint are highlighted with a dotted border.

SLIDE 1. IN THE AFTERMATH (TITLE PAGE)

This lesson will cover information related to strategies for managing important documents, evaluating types of financial institutions and deposit accounts, and completing basic financial tasks. Students will also explore the benefits of establishing a relationship with financial institutions.

SLIDE 2. LESSON OBJECTIVES

This slide provides information about the lesson objectives. The concepts covered in this lesson include identifying important documents, strategies for managing important documents, benefits of positive financial relationships, types of financial institutions and accounts, basic financial tasks, and various types of banking tools.

Students will learn the value of keeping important documents and records in a safe place and the benefits of keeping money in bank accounts.

“In the Aftermath” is a foundational piece that helps students better understand these concepts.

SLIDE 3. WHAT WOULD YOU NEED IF THERE WERE AN EMERGENCY?

During ordinary times, people with financial knowledge and skills contribute to a stable economy by consuming wisely, saving, and investing. In the face of a natural disaster—such as a hurricane, like Hurricane Katrina; tornado, or earthquake—or of a personal crisis or tragedy, the financially prepared are generally able to recover more quickly, which helps the economy remain stable.

During Hurricane Katrina and in other recent natural disasters, we have learned valuable lessons about the importance of planning. There are certain essential items that that you should have readily available.

ASK THE STUDENTS

Are there personal items you would take if you had to evacuate your home?

Possible responses: Pictures, clothes

How much money would you need?

Possible responses: Enough to get through the emergency, specific dollar amounts,

How would you access your money?

Possible responses: Use an ATM machine, write a check, use cash I have with me

What important documents would you need?

Possible responses: Birth certificate, bank account documentation, social security card

SLIDE 4. “IN THE AFTERMATH” VIDEO

Explain to the students that they are going to watch the story of Nick, a young man whose family fled New Orleans during Hurricane Katrina and stayed in Atlanta, Georgia. Ask them to pay attention to what Nick and his family took with them and how they were able to get money while they were gone.

Click the picture to go to the Katrina’s Classroom “In the Aftermath” video.
www.youtube.com/watch?v=ZjquE75-TPI.

SLIDE 5. WHAT DID NICK’S FAMILY TAKE WHEN THEY FLED NEW ORLEANS?

Use the next two slides to debrief the video.

ASK THE STUDENTS

What personal items did Nick take?

Possible responses: Pictures, collectibles, clothes, shoes

What important documents did the family take?

Possible responses: Birth certificates, social security cards, passports, checkbook, bank statement, bank account information, insurance documents, mortgage papers

How did they access their money?

Possible responses: Their money was electronically deposited, and then they withdrew cash using ATM machines and wrote checks.

Why didn’t they have to take money with them?

Possible responses: They were able to access their money electronically and by writing checks.

Be sure to note that having some cash in an emergency is ideal. However, carrying large amounts of cash can have potential safety issues.

How did their emergency preparations help once they returned home?

LESSON 2: IN THE AFTERMATH

Possible responses: They were able to prove their identity and show they owned their home. Then they were able to focus on recovery since they had funds being automatically deposited into their accounts.

Positive relationships with financial institutions and advanced planning allowed Nick's family to be prepared before, during, and after this emergency.

Click the picture to go to a site with an Emergency Financial First Aid Kit. This kit is full of tips on how to be better prepared for an emergency and can help you organize your important financial documents. www.operationhope.org/emergency-kit

SLIDE 6. EMERGENCY FUND

An emergency fund can be vital not only when you are coping with natural disasters, but also when you face unexpected life situations such as a loss of job. An emergency fund is money set aside that you can access quickly for unexpected expenses. An emergency fund is vital for emergencies including natural disasters and unexpected life situations.

It is recommended that most people have an emergency fund equal to three to six months of their living expenses. For example, if a family's monthly living expenses are \$1,000 per month, they will need to have \$3,000 to \$6,000 (three to six months of living expenses) in an emergency fund to tide them over if there is a disruption in income due to an emergency. That may seem like a lot of money to save, but you can reach your savings targets by setting financial goals.

SLIDE 7. BANKING RELATIONSHIPS

As the video demonstrated, establishing positive relationships with financial institutions is critical to developing sound financial management. Having bank accounts allows individuals to create financial stability and plan for emergencies. Additionally, consumers are able to use financial services to manage spending, saving, payments, investments, and more. It is essential to evaluate the institution and tools available to ensure alignment with your needs and goals. Since the financial world is always changing, it is important to know the rules of the tools you use.

Throughout the remainder of this lesson, we will be further exploring the banking system, types of deposit accounts, and the tools available to help in managing your money.

SLIDE 8. FINANCIAL INSTITUTIONS AND THE FED

The world of banking can be quite complex, with the wide variety of financial institutions and products from which to choose. It is therefore important to understand the different services that organizations provide.

SMART Board Instructions

Use your finger to pull out each tab for each organization listed. When you click on the boxes with the names of the organizations, they will take you to more information about the institutions on slides 32, 33, and 34. Then press the blue arrow on the information screen to return to slide 8 to continue the lesson. Below is additional information about each organization. Click the arrow on

LESSON 2: IN THE AFTERMATH

each slide to return to the presentation. Click the picture on slide 32 to go to the video “The Federal Reserve and You: The Payments System.”

www.phil.frb.org/education/federal-reserve-and-you/chapters.cfm?chapter=5

PowerPoint Instructions

Provide an overview of each of the listed organizations. Additional information about each organization is below. Click the picture at the bottom of the Federal Reserve Bank column to go to the video “The Federal Reserve and You: The Payments System.”

www.phil.frb.org/education/federal-reserve-and-you/chapters.cfm?chapter=5

FEDERAL RESERVE

- Central banking system of the United States
- A bank for other banks and the U.S. government—provides payment services for banks
- Along with other federal and state regulators, supervises and regulates financial institutions
- Responsible for U.S. monetary policy, which influences how much money and credit will be available to the U.S. economy
- Also helps to:
 - Along with other agencies, protect the credit rights of consumers
 - Maintain the stability of the financial system

COMMERCIAL BANK

- For-profit business with the goal of making a profit for shareholders
- A bank for consumers and businesses
- Accepts deposits and makes loans
- Provides a variety of services (demand deposit, saving, investing, and loans)
- Insured by Federal Deposit Insurance Corporation (FDIC)—\$250,000 on checking, savings, CDs, and money market deposit accounts

CREDIT UNION

- Not-for-profit organization
- A financial institution for members (not open to general public) that share a common bond (for example, they work for the same company)
- Accepts deposits and makes loans
- Insured by National Credit Union Administration (NCUA)—\$250,000 on checking, savings, CDs, and money market deposit accounts

SLIDE 9. TYPES OF DEPOSIT ACCOUNTS

Bank accounts are secure places to keep money. The different types of accounts are designed to meet the different needs and financial goals of individuals.

The deposit accounts differ in their features, benefits, and fees.

ASK THE STUDENTS

Do you know what type of bank account that you or members of your family have?

Possible responses: Checking account, savings account

What would be the benefits of keeping your money in a bank account instead of at home as cash?

Possible responses: Bank account keeps money safe, helps you keep track of your money, may earn interest, can help you save, is accessible even when not at home

During emergencies, the Federal Reserve works closely with banks to keep cash, check, and automated payments flowing. During Hurricane Katrina and its aftermath, the Fed worked with banks to waive fees, honor checks from other banks, and defer mortgage payments. This was an extreme situation in which many people were displaced, and the Fed worked to maintain the stability in the payments system.

SMART Board Instructions

Use your finger to pull out each tab for each organization listed. When you click on the boxes with the names of the organizations, they will take you to slides 35, 36, 37, and 38. Press the blue arrow on the information screen to return to slide 9 to continue the lesson. Additional information about each type of deposit account is below.

PowerPoint Instructions

Provide an overview of each type of deposit account. Additional information about each type of deposit account is below.

CHECKING ACCOUNT

- Most common form of demand deposit (money available on demand)
- Designed for frequent transactions
- Uses money you have available in your bank account
- May have monthly fees
- May earn interest
- FDIC- or NCUA-insured.

SAVINGS ACCOUNT

- Designed to help save money
- Often used for emergency fund and other short-term savings goals
- May have minimum balance requirements and withdrawal restrictions
- May have monthly fees
- Earns interest
- FDIC- or NCUA-insured.

CERTIFICATE OF DEPOSIT

- Deposit locked in for a specific amount of time and interest rate
- Often used for intermediate-term savings goals
- Minimum opening balance requirements
- Penalties for early withdrawal
- Earns interest
- FDIC- or NCUA-insured.

MONEY MARKET ACCOUNT (MMA)

- Offers variable interest rate and has potential of risk of loss
- Generally offers higher rates of return on deposits
- Minimum balance requirements
- May have monthly fees
- Earns interest
- FDIC- or NCUA-insured.

Note: A money market mutual fund (MMMF) is an investment tool that offers variable interest rates and has the potential of risk of loss. MMMFs are not FDIC- or NCUA-insured.

SLIDE 10. LIQUIDITY CHALLENGE

A new term to consider is liquidity. Liquidity means how easily an asset can be converted into cash, or the ready availability of money each of us has. The more quickly an asset can be converted to cash, the more liquid it is.

ASK THE STUDENTS

Why would liquidity be important in an emergency?

Possible answers: May need quick access to cash to pay for goods and services; if electricity is out, then may not be able to use ATM machines to get cash

In emergencies, it would be beneficial to have some cash on hand until you are able to access your bank accounts.

SMART Board Instructions

Use your finger to arrange the financial tools in order of liquidity, with the most liquid being on the top and the least liquid being on the bottom. You should arrange the financial tools as follows, from top to bottom (most to least liquid): 1) cash, 2) checking account, 3) savings account, 4) money market account, and 5) certificate of deposit. After you have placed all tools, check the answers by touching the gold star with the checkmark, which links to slide 39, and then press the blue arrow on the information screen to return to slide 10 to continue the lesson.

PowerPoint Instructions

Ask students which of the listed financial tools would be most liquid. Select **Enter** to reveal the answers. The financial tools in order of liquidity (most to least liquid) are: 1) cash, 2) checking account, 3) savings account, 4) money market account, and 5) certificate of deposit.

SLIDE 11. LEARNING MORE ABOUT DEPOSIT ACCOUNTS

We have just done a very general overview of the different deposit accounts. Now it is the students' turn to learn more about the specific account characteristics and to find out which ones might be right for them.

Tell the students:

When deciding what type of account to put your money in, there are a few things you want to look at before you make a decision. The matrix on the slide provides an overview of some of the key areas to consider when deciding what account is the right account based on an individual's situation, including: 1) What is the minimum balance to open the account? 2) How much do you have to deposit to avoid fees? 3) What fees are associated with the account? 4) What is the annual percentage yield (APY) on the account? Banks commonly use APY to express the rate of return on balances in interest-bearing deposit accounts. It is an annualized rate that calculates for the effect of compounding interest. 4) How much interest would you earn monthly (or quarterly or yearly)? The more frequently the interest compounds, the more money you earn.

Distribute "Handout 1: Learning More about Deposit Accounts" to each student.

Have a student read the following scenario: You are a high school junior and have inherited \$2,000 and would like to use the money for college.

Students should follow the instructions on the handout to conduct Internet research for both online-only and local brick-and-mortar banks to determine which type of account would be the best choice. Depending on the constraints of your classroom, you could have students work individually or in groups for this activity.

SMART Board Instructions

Click the name of each deposit account to go to Bankrate.com, where students can conduct the account research.

www.bankrate.com/checking.aspx

Click on the calculator graphic to go to the APY calculator at My Bank Tracker, where students can calculate the APY.

www.mybanktracker.com/apy-calculator

The websites are also listed on the student handout.

PowerPoint Instructions

Click on the college graphic to go to Bankrate.com, where students can conduct the account research.

www.bankrate.com/checking.aspx

Click on the calculator graphic to go to the APY calculator at My Bank Tracker, where students can calculate the APY.

www.mybanktracker.com/apy-calculator

The websites are also listed on the student handout.

ASK THE STUDENTS

What did you learn about the accounts?

Possible responses: Differences in minimum balance requirements, some accounts have significant fees, APY varies by account

Were there differences between online-only and local banks? Which would you prefer?

Possible responses: Higher rates of return from online banks, convenience of physical location in your town

Given the scenario that you are a high school junior and inherited \$2,000 that you wanted to put away for college, what do you think would be the best choice for the money? Why?

Possible responses: Savings account in case there is an emergency, certificate of deposit because of the rate of return, money market account because of the rate of return and fewer penalties than CD.

SLIDE 12. IT'S IN YOUR HANDS: WHERE WOULD YOU PUT THE MONEY?

Students will apply their knowledge of deposit accounts in an activity that presents nine statements. The students must determine in which account they would put their money. Each scenario may have more than one correct answer. Students must justify their answers based on the information they obtained about deposit accounts.

SMART Board Instructions

Have students volunteer to come to the board and read the card to the class then sort the card into the proper categories. They will need to use their finger to drag and drop the card into the appropriate categories. After they have placed all cards, touch the gold question mark with the checkmark to check the answers, which links to slide 40. Then press the blue arrow on the answer screen to return to the sorting activity and continue the lesson.

PowerPoint Instructions

Press **Enter** and the scenario will appear. Ask a student to read the scenario and have the class determine which type of account should be used. Press **Enter** again to reveal the answer (remember, there may be more than one correct answer). Press **Enter** again to make the next statement appear. Continue for all nine scenarios.

SCENARIOS AND ANSWERS

- 1) You received your monthly allowance and will need to pay for incidentals like gas and fast food.

Answer: Checking account

- 2) You received a dividend from your money market account of \$50.

Answer: Money market account (MMA)

- 3) You receive a \$100 birthday gift from a relative.

Answer: Savings account

- 4) You are 30 years old with a steady job. After paying bills, you have \$500 left over.

Answer: Savings account

- 5) You are in college and have a job. Money is tight, but you have managed to save \$1,000.

Answer: Savings account

- 6) You receive your paycheck and need to pay your monthly bills.

Answer: Checking account

- 7) You receive an income tax refund in the amount of \$500.

Answer: Certificate of deposit (CD)

LESSON 2: IN THE AFTERMATH

- 8) Your retired grandparents are searching for a safe way to keep \$5,000 and have ready if they need it.

Answer: Money market account (MMA)

- 9) You are saving \$50 a week from a summer job for college in a few years.

Answer: Certificate of deposit (CD)

SLIDE 13. BENEFITS OF CHECKING ACCOUNTS

As you have already found from your research, there are a number of benefits to having a deposit account. Some benefits of a checking account may include:

- Convenience
- Flexibility
- Reliability
- Funds that are directly deposited are available the same day
- Security
- Variety of account tools

SMART Board Instructions

Use your finger to pull the benefits out of the box. Touch the gold star with the checkmark to check the answers or to see all these grouped together as an end product, which is on slide 41, then press the blue arrow on the information screen to return to slide 13 and continue the lesson.

SLIDE 14. CHECK

A check is negotiable instrument, which means it can be exchanged for money, as well as a written set of instructions to your financial institution. A check transfers money from your account to another account and is paid on demand, meaning that once the payee presents the check for payment, it must be honored. It cannot be subject to another action (for example, "Pay if plumber completes job").

The check includes the name and contact information for the account holder in the upper left corner.

There are a variety of blanks on a check that, when filled in, tell your financial institution:

1. The date you want to transfer the funds
2. To whom you want the funds to go
3. The amount of money you want to transfer
4. That you authorize the transfer (by signing the check)

SMART Board Instructions

First, pull the tab on the right. This will provide an overview of a check. Next, pull the tab on the top. This will provide instructions for completing the check. Have students follow the instructions. Touch the gold star with the checkmark to check the answers or to see all these grouped together as an end product, which is on slide 42. Then press the blue arrow on the information screen to return to slide 13 and continue the lesson.

PowerPoint Instructions

Press **Enter**. The blanks of the check populate and correspond with the numbers on the slide.

Distribute “Handout 2: Blank Checks” to each student.

Using check #1, have the students complete the check as shown in the lesson example. The check should be made payable to John Smith for \$100. The correctly completed check should look as follows:



Have students review one another’s completed checks for accuracy.

Next, have students use check #2 to Amy Day for \$22.10. In the address block in the upper left corner, have them write their name and address in the upper left and sign the check using their own signature (NOTE: remind them that they cannot change the name on real checks). The correctly completed check should look as follows:



Have students review one another’s completed checks for accuracy.

A third check is included in the student handout in case an error is made on one of the above checks or you would like to assign another scenario for completing a check.

SLIDE 15. CHECK MICR LINE

As we explore the check a little further, you will notice a series of numbers at the bottom of the check. Together, these numbers make up the MICR line. MICR is short for magnetic ink character recognition. This is a character-recognition technology used primarily by the banking industry to facilitate the processing and clearance of checks and other documents. The technology allows MICR readers to scan and read the information directly into a data collection device.

The MICR line is composed of 1) the bank routing number, 2) an individual's account number, and 3) the check number. An additional component, the dollar value of the check, is added either at the retailer or the bank.

SLIDE 16. ELECTRONIC CHECK CONVERSION (ECC)

A process called electronic check conversion (ECC) uses the check MICR line to make a one-time electronic payment from your account, an electronic funds transfer. Many big box retailers and doctors use electronic check conversion. You may have seen them scan the check and hand it back to you along with your receipt. Electronic transactions may process faster than a check, though the speed of check processing has increased in recent years. Whether you are making a purchase with a check or through an electronic check conversion, be sure you have enough money in your account at the time you make a purchase.

You have different consumer rights in an electronic check conversion transaction than you do when you use your check as payment.

When you provide your check, you have the right to receive notice of any fee that the merchant will collect from your account electronically. For example, if you do not have enough money in your account to cover the transaction, your check may be returned to the merchant for nonsufficient funds (NSF), and the merchant may charge you a fee. This fee is similar to a bounced-check fee.

You have the right to receive a receipt when you make a purchase at a store. The receipt will contain information about the transaction, including the date, amount, location, and name of the merchant. You have the right to have this same transaction information included as part of the regular account statement from your financial institution. You have the right to ask your financial institution to investigate any electronic fund transfers from your account that you believe are unauthorized or incorrect.

Click the link to go to "When a Check Is Not a Check: Electronic Check Conversion."
www.federalreserve.gov/pubs/checkconv/

SLIDE 17. CHECK ENDORSEMENTS

You endorse a check when you deposit it, cash it, or transfer it to someone else. When you endorse a check, you turn the check over and sign it on the back. You should sign your name exactly the same way it is written on the front. It is important that you sign the check underneath the words "ENDORSE CHECK HERE." Do not make any marks under the line that reads "Do Not Write below This Line."

SMART Board Instructions

Use your finger to touch each circle with the question mark to reveal details on each of the three endorsements. If you tap the circle again, it will disappear. Have students practice completing the endorsement. After completing all the endorsements, check your answers by touching the gold star with the checkmark, which links to slide 43. Then press the blue arrow on the information screen to return to slide 17 and continue the lesson. Below is additional information about each type of endorsement.

PowerPoint Instructions

As you hit **Enter** or the down arrow, information will populate on each type of endorsement. The information about the endorsement will appear first, and then the sample endorsement appears. Below is additional information about each type of endorsement.

Distribute Handout 3: “Check Endorsements” to each student.

Tell the students that they will practice endorsing a blank check in three different ways: 1) blank endorsement, 2) restrictive endorsement, and 3) special endorsement. As you explain each type of endorsement, have the students complete their handout for that type of endorsement.

BLANK ENDORSEMENT

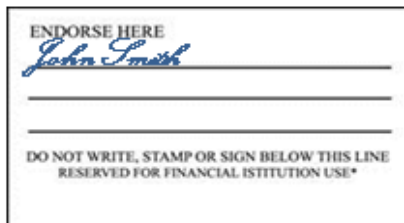
- Do not sign your check with a blank endorsement until you are about to either cash or deposit it. Once you endorse a check with a blank endorsement, anyone can cash the check.
- When you are ready to sign, sign your name the same way it appears on the front of the check.

Here is an example of a blank endorsement:

ENDORSE CHECK HERE

John Smith

A correctly completed blank endorsement should look like the example below, except the signature should be the student’s name:



LESSON 2: IN THE AFTERMATH

Have students review one another's completed checks for accuracy.

RESTRICTIVE ENDORSEMENT

- This method is safer than a blank endorsement, and is recommended if you are mailing the deposit to your bank or if someone else is depositing your check into your account for you.
- Write the phrase "For Deposit Only" and then sign your name the same underneath.
- Now the check can be deposited only to your specific bank account.

Here is an example of a restrictive endorsement:

ENDORSE CHECK HERE

For Deposit Only

John Smith

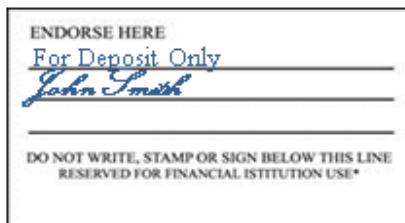
-or-

ENDORSE CHECK HERE

For deposit to account no. 0358247

John Smith

The correctly completed restrictive endorsement should look as follows (with the exception that the signature should be the student's name):



Have students review one another's completed checks for accuracy.

SPECIAL ENDORSEMENT

- A special endorsement allows you to sign your check over to someone else (a third party) who may then deposit or cash it.
- Write "Pay to the order of" and then the name of the person to whom you are giving the check.
- Then sign your name underneath.

LESSON 2: IN THE AFTERMATH

Here is an example of a restrictive endorsement:

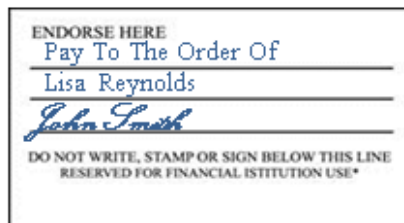
ENDORSE CHECK HERE

Pay to the order of

Lisa Reynolds

John Smith

The correctly completed special endorsement should look as follows (with the exception that the signature should be the student's name):



Have students review one another's completed checks for accuracy.

SLIDE 18. DEPOSIT SLIP

One way that people put money into their checking accounts is by making a deposit. Deposits can be made in person at a bank with a teller, at an ATM machine, by mail, or by electronic direct deposit.

For in-person deposits, a deposit slip is often used. The deposit slip, similar to the check, provides information about the account holder and the account. The deposit slip includes the name and contact information for the account holder in the upper left corner. The deposit slip also includes the bank routing number and the individual's account number in the same location as the check MICR line.

SMART Board Instructions

Have a student read the scenario. Demonstrate or have a student complete the deposit slip. After completing the deposit slip, check your answers by touching the gold star with the checkmark, which links to slide 44. Then press the blue arrow on the information screen to return to the slide 18 to continue the lesson.

PowerPoint Instructions

As you hit **Enter** or the down arrow, the deposit scenario will appear. Have a student read the scenario. As you hit **Enter** or the down arrow, the deposit slip will populate with the deposit information.

Distribute "Handout 4: Deposit Slips" to each student.

Tell the students that they will practice completing deposit slips.

LESSON 2: IN THE AFTERMATH

DEPOSIT SLIP		CASH
JANE DOE 123 Main Street Anytown, ST 12345-6789		50.00
DATE	1-1-14	20.00
<small>DEPOSITS MAY NOT BE AVAILABLE FOR IMMEDIATE WITHDRAWAL</small> <small>SIGN HERE IF CASH RECEIVED FROM DEPOSITOR</small>		10.00
<input type="checkbox"/> TOTAL ITEMS <input type="checkbox"/> LESS CASH		80.00
<input type="checkbox"/> SUBTOTAL NET DEPOSIT \$		80.00

Y Your Bank

⑆012345678⑆ 0186789⑆

Using deposit slip #1, have the students complete the deposit slip as shown in the lesson example. The deposit should include \$50 cash, check 1217 for \$20, and check 809 for \$10. The total deposit will be for \$80. The correctly completed deposit slip should look as follows:

Have students review one another's completed checks for accuracy. Next, have them use deposit slip #2 using the same scenario as above except this time, they want to get \$40 cash back. To get cash back, the deposit slip must also be signed. The correctly completed deposit slip should look as follows:

DEPOSIT SLIP		CASH
Write Your Name and Address Below:		50.00
DATE	1-1-14	20.00
<small>DEPOSITS MAY NOT BE AVAILABLE FOR IMMEDIATE WITHDRAWAL</small> <small>SIGN HERE IF CASH RECEIVED FROM DEPOSITOR</small>		10.00
<input type="checkbox"/> TOTAL ITEMS <input type="checkbox"/> LESS CASH		80.00
<input type="checkbox"/> SUBTOTAL NET DEPOSIT \$		40.00

Y Your Bank

⑆012345678⑆ 0186789⑆

Have students review one another's completed checks for accuracy.

A third deposit slip is included in the student handout in case an error is made on one of the above deposit slips or you would like to assign another scenario for completing a deposit slip.

SLIDE 19. AUTOMATED TELLER MACHINE (ATM) CARD

ATM stands for "automated teller machine." An ATM is a computer terminal that allows bank customers to perform basic financial transactions such as obtaining cash, transferring funds, performing loan payments, making deposits, and checking account balances. Daily withdrawal limits vary by bank and account type.

Often, ATMs of different banks are linked together via networks to allow you to perform these transactions at various locations. However, there can be fees associated with using the ATM machines of other financial institutions.

LESSON 2: IN THE AFTERMATH

To access an ATM, you will need your personal identification number (PIN, or password) and the plastic card issued by the bank, either an ATM card or a debit card. An ATM card can only be used at an ATM and not for transactions at retailers.

SLIDE 20. DEBIT CARD

A debit card is similar to an ATM card in that it can be used at an ATM machine to perform basic financial transaction and you must use your personal PIN (password). However, you can also use a debit card for purchases at retailers. While it looks like a credit card since it carries the VISA or MasterCard logo, the transaction will be deducted directly from your checking account, unlike a credit card, which provides you with a revolving line of credit.

Because you can use the debit card to make transactions, you should protect it just like it is cash since the money will come directly from your bank account. To limit your liability, call the card issuer immediately if you lose the debit card or it's stolen. It is important to read the disclosures provided by your bank to fully understand your responsibilities and liabilities.

Click the picture to go to additional information about ATM and debit cards.

www.usa.gov/topics/money/banking/atm-debit.shtml

SLIDE 21. ONLINE BANKING

Online banking is an organizational and financial management tool for your bank accounts. Online banking allows you to view balances, see recent transactions, make transfers between accounts, and make payments from your computer or mobile device. Online banking allows for better money management. Consumers can view statements online daily if necessary.

Online banking options vary by financial institution. In some cases, online banking tools may allow you to track spending in specific categories to help with budgeting, which can provide a snapshot of your spending habits, or the application may interface with your computer's budgeting software.

Online banking often allows for the option of paying bills online. Online bill pay allows consumers to enter payments online that the bank then sends electronically or as a check to a payee. Bill pay is often offered as a free service to customers that have online banking. Bill pay saves money and time because you can save on the cost of stamps and on mailing time, although there may be a delay in the payee receiving the payment if the bank sends a physical check. Online bill pay generally allows you to manage payments more efficiently and effectively. It is important to understand how the bank is making the payment. If it is sending a physical check, the money may be withdrawn from your account before the payee actually receives the payment.

Online banking also offers you the flexibility to make scheduled payments. Auto debit payments are payments that are scheduled and then automatically debited from your account each month. Auto debit saves time because on a predetermined date the payment is automatically debited from the account. Some banks may offer lower loan rates—for cars or mortgages, for example—if the monthly payment is on auto debit.

Click the picture to go to an article about online banking.

www.frbatlanta.org/pubs/extracredit/12fall_high_tech_banking.cfm

SLIDE 22. MOBILE BANKING

Consumers are increasingly adopting mobile devices as tools for banking, making payments, budgeting, and shopping. Mobile phones are changing the way consumers access financial services and make payments. Ongoing innovations in mobile finance allow banks to continuously provide consumers new services and methods of conducting financial transactions.

Some of the mobile phone financial account services include mobile web browsers, Smartphone apps, and text banking. Each of these is described below.

MOBILE WEB BROWSER

- Pay bills and transfer funds
- Send money to other bank customers
- Explore detailed account activity

SMARTPHONE APPS

- Deposit checks
- Pay bills and transfer funds
- Manage accounts and review activity

TEXT BANKING

- See account balances
- Review recent account activity
- Transfer funds

Click the picture to go to a report about mobile financial services.

www.federalreserve.gov/econresdata/mobile-device-report-201203.pdf

SLIDE 23. EVOLVING ACCOUNT TOOLS

While mobile phones seem to be a popular way to manage bank accounts, banking and account tools are continually evolving. The evolution of banking technology has the potential to further empower consumers and expand access to financial services.

Some of the innovative tools currently being used or further developed include smart chip and fingerprint technology.

Smart chip technology is already being used with some cards. A chip is embedded in the card, which the user can either scan or insert it into a slot and then punch in a PIN code to finalize a transaction. This technology is currently popular in Europe and Asia, but usage has started to increase in the United States. However, there are concerns over the potential fraud issues related to smart chip technology

Fingerprint technology is a recent cashless and cardless option that uses biometric identification as part of the payment transaction. A consumer first signs up by having a finger scanned into a database by a special machine and then designating a specific account to which purchases will be charged. Then, to make a purchase, that individual will allow a device to read his or her finger

at checkout. For this technology to be successful, retailers must be willing to install such devices and consumers must be willing to have their biometric (fingerprint) information stored. The fingerprint technology is expected to speed customer checkout and cut identity fraud. However, this technology also tests consumers' willingness to give up some privacy to gain convenience.

ASK THE STUDENTS

How comfortable are you or will you be with using the latest payment technologies, including online banking, mobile banking, or the technologies described on this slide?

Possible responses: Very comfortable since I always have the latest technology, a little skeptical since I am unsure who has access to my data.

What do you think the next new payments technology will be?

Possible responses: Bluetooth payments, retinal scan payments

While we may not know what the next financial tool may be, one thing is certain: change and advancement are inevitable.

It is important to understand the potential responsibilities and risks of the financial tools you use. Based on your account agreement with your financial institution, you have the obligation to use the tools responsibly. Additionally, you should also consider the different levels of potential fraud and risk associated with each tool. All of this is just part of the decision-making process.

Click the link to go to a blog post about mobile banking and payments risk.

portalsandrails.frbatlanta.org/2013/05/which-is-riskier-change-or-avoiding-it.html

SLIDE 24. ELECTRONIC DEPOSITS

We previously covered how to make deposits using a deposit slip, but there are other electronic methods that you can use for making deposits.

One is direct deposit, which is the electronic deposit of funds (such as paychecks or government entitlements such as social security) to your account. In the "In the Aftermath" video, this is the method that Nick's mother uses to receive her check. Benefits of direct deposit include:

- **Availability:** You can access funds the same day the deposit is made.
- **Convenience:** You do not have to make a trip to the bank to deposit the check, so even if you are out of town, live far from a bank, or are busy or sick, your deposit will be in your account.
- **Reliability:** Your money is almost always in your account on time, and there is no waiting for a check to arrive in the mail or to catch up with you if you move.
- **Security:** You do not have to worry about lost, stolen, or misplaced checks.
- **Flexibility:** You can easily switch the account into which the direct deposit is made simply by filling out a form at the organization making the deposit on your behalf.

You can make deposits at the ATM using an ATM or debit card, and you can deposit both checks and cash. At many ATMs, you do not need to use a deposit slip. Some ATMs even have technology that allows you to insert checks and cash directly into the ATM, which then makes images of the checks and the cash for counting at the time of the deposit.

Mobile banking technology with a smartphone app allows you to make check deposits. You take a picture of the front and back of the check, and then the app lets you deposit the check by sending the pictures with other information—no trip to the bank or ATM is necessary.

Financial institutions have many methods for you to deposit funds into your account.

ASK THE STUDENTS

Have any of you or your parents used these methods for making deposits?

Possible responses: Answers may vary, but students may have seen parents make deposits or made deposits themselves using an ATM or smartphone app, or they may have had a paycheck direct deposited

SLIDE 25. CHECKING ACCOUNT REGISTER

A checking account register is an informal record of all deposits to and withdrawals from a specific checking account. The register has the following fields:

- **Number:** Check number, cash, transfer, deposit fee, etc.
- **Date:** Transaction date
- **Transaction description:** Details about the transaction
- **Deposit/Credit (+):** Transactions that are putting money into the account are recorded in this column.
- **Payment/Fee/Withdrawal (-):** Transactions that are taking money out of the account are recorded in this column.
- **Balance:** Calculate the current balance using the previous balance plus or minus the transaction listed.
- **Checkmark (reconciliation indicator):** This column will be used later for reconciling the account.

Every time you perform a transaction—whether you make a deposit into the account, a purchase at a retailer, or an ATM cash withdrawal—you should record the transaction in the register immediately. The register is an account management tool that helps you understand your current account balance.

One strategy for managing the account register is to list the transactions as they occur so they appear in order by date. Using online banking tools can also help you to account for all transactions.

SMART Board Instructions

Explain each column of the checking account register to the students. Follow the instructions below for having the students complete the check register. You may want students to use the information on Handout 5 to complete the checking account register on the SMART Board. After completing the checking account register, touch the gold star with the checkmark to check the answers, which links to slide 45. Then press the blue arrow on the information screen to return to slide 25 to continue the lesson.

PowerPoint Instructions

Explain each column of the checking account register to the students. Follow the instructions below for having the students complete the check register. After students complete their checking account registers, hit **Enter** or the down arrow to reveal the correctly completed account register. Have students compare their account registers to the one displayed on the screen.

Distribute “Handout 5: Checking Account Register” to each student.

Students should follow the instructions on the handout to complete the checking account register. Have students work in groups. When students have completed their registers, reveal the completed register on the SMART Board or PowerPoint slides. Have students check their work for accuracy.

The correctly completed checking account register should look as follows:

Number	Date	Transaction Description	Deposit Credit (+)	✓	Payment Fee Withdrawal (-)	\$ Balance
		Beginning Balance				612.04
181	4/1	Books			15.00	597.04
182	4/3	Donation to XYZ			17.00	580.04
Cash	4/3	ATM withdrawal			40.00	540.04
Cash	4/4	ATM withdrawal			20.00	520.04
Cash	4/5	ATM withdrawal			20.00	500.04
Transfer	4/8	Transfer from savings	1,200.00			1,700.04
183	4/10	Utilities payment			217.54	1,482.50
Fee	4/15	Monthly maintenance fee			3.50	1,479.00
Deposit	4/16	ATM deposit	521.78			2,000.78
184	4/20	House payment (mortgage)			1,232.27	768.51
185	4/20	Gym membership fee			25.00	743.51
186	4/21	Cell phone payment			54.47	689.04
Deposit	4/27	Direct deposit (paycheck)	258.90			947.94
187	4/28	Personal loan payment			53.97	893.97
Deposit	5/1	ATM Deposit	50.00			943.97

ASK THE STUDENTS

Why is it important to keep up with your account register?

Possible responses: to ensure that you know how much money you really have in your account

What strategies might be useful for ensuring all transactions are accounted for?

Possible responses: record transactions as they occur, use cell phone apps to help keep track of account

SLIDE 26. RECONCILING YOUR ACCOUNT

An important document that your bank will provide you each month for your checking account is an account statement. The statement is a record of your withdrawals and deposits, as well as interest you have earned and fees you have incurred, such as for having a checking account or for using ATMs that do not belong to your bank. The bank will either provide this document by mail or make it available through its online banking service.

You use the bank statement and the checking account register to reconcile your account, which means that you ensure you have accounted for all transactions and that the balances of both agree.

Have students refer to Handout 5: Checking Account Register. On the checking account register between the deposit/credit column and the payment/fee/withdrawal column, there is a column with a checkmark. This column will be used when reconciling your account statement to your account register. A checkmark is placed in this column next to the transaction when it has been accounted for on the bank statement. It is often helpful to put a checkmark beside the transaction on the bank statement as well to help keep track of the transactions that have been reconciled. It is likely that not all of the transactions you have made will appear on your bank statement because you may have made purchases after the statement was run or you may have written a check to someone who has not yet deposited the check into their account.

Explain the different part on the bank statement:

- **Account holder:** shows who the account belongs to
- **Statement period:** indicates the timeframe for the transactions included in the statement
- **Deposits and other credits:** shows all deposits and other credits (e.g., ATM deposits, credits from retailers, etc.) made to the account
- **Checks and other debits:** checks are show in numerical order and an asterisk (*) is used to indicate any missing checks from the sequence; other debits (i.e., ATM withdrawals, account fees, etc.) are shown below the checks
- **Total statement activity:** provides a recap of credits and debits as well as the statement account balance

SMART Board Instructions

Follow the instructions below for having the students reconcile the account. After reconciling the account, check your answers by touching the gold star with the checkmark, which links to slide 46, and then press the blue arrow on the information screen to return to the slide 26 and continue the lesson.

PowerPoint Instructions

Follow the instructions below for having the students reconcile the account. After students complete their reconciliation, hit **Enter** or the down arrow, to reveal the correctly reconciled account register. Have students compare their account registers to the one displayed on the screen.

Distribute Handout 6: Account Statement to each student.

Students will follow the instructions on the handout to reconcile the account. Have students work in the same groups they were in for completing the check register. When students have completed the reconciliation process, reveal the reconciled register on the SMART Board or PowerPoint slides. Have students check their work for accuracy.

The correctly reconciled register should look as follows:

Number	Date	Transaction Description	Deposit Credit (+)	✓	Payment Fee Withdrawal (-)	\$ Balance
		Beginning Balance				612.04
181	4/1	Books		✓	15.00	597.04
182	4/3	Donation to XYZ		✓	17.00	580.04
Cash	4/3	ATM withdrawal		✓	40.00	540.04
Cash	4/4	ATM withdrawal		✓	20.00	520.04
Cash	4/5	ATM withdrawal		✓	20.00	500.04
Transfer	4/8	Transfer from savings	1,200.00	✓		1,700.04
183	4/10	Utilities payment		✓	217.54	1,482.50
Fee	4/15	Monthly maintenance fee		✓	3.50	1,479.00
Deposit	4/16	ATM deposit	521.78	✓		2,000.78
184	4/20	House payment (mortgage)		✓	1,232.27	768.51
185	4/20	Gym membership fee			25.00	743.51
186	4/21	Cell phone payment		✓	54.47	689.04
Deposit	4/27	Direct deposit (paycheck)	258.90	✓		947.94
187	4/28	Personal loan payment		✓	53.97	893.97
Deposit	5/1	ATM Deposit	50.00			943.97

There are two transactions that were not included on the statement: 1) check 185 on 4/20 for \$25; 2) ATM deposit on 5/1 for \$50.

ASK THE STUDENTS:

Why would reconciling your bank account be important?

Possible responses: to ensure that you keep track of all the transactions, to know how much money is really in your account

What sort of transactions might you easily forget to enter in your check register, but be on your statement? Why?

Possible responses: monthly maintenance fees since the bank is automatically charging these every month, ATM withdrawals since you could easily lose a receipt

SLIDE 27. OVERDRAFT

An overdraft on your bank account occurs when you do not have enough money in your account to cover a transaction, but the transaction is still processed by the financial institution. The overdraft transaction may occur when you write a check, make an ATM transaction, use your debit card to make a purchase, or make an automatic bill payment or other electronic payment for an amount greater than the balance in your bank account.

To avoid overdrafts, it is your personal responsibility to manage your finances. Maintaining a checking account register and reconciling your statement are ways that you take responsibility for your finances. Knowing how much is in your account and not spending more than this is also part of that personal responsibility.

Having overdrafts can be costly. Financial institutions charge overdraft fees for each transaction that overdrafts the account. The overdraft charges can range from \$20 to \$40 per transaction. For example, if your account balance is \$100 and you write a check for \$150, your account is overdrawn for \$50. And then if the overdraft fee your bank charges is \$30, your account balance is now -\$80. The overdraft fees apply whether it is the \$150 check for a phone bill or a \$10 debit transaction for a pizza. Additionally, retailers may also charge you fees for the overdraft payment.

Banks offer a service called overdraft protection, which covers the transactions when you overdraw your accounts. You may be able to link a line of credit or a savings account to your checking account to cover these transactions. Banks typically charge a fee each time you overdraw your account, but these overdraft protection plans may be less expensive than standard overdraft charges. Under the new overdraft rules that cover debit and ATM cards, you now have the flexibility to opt in or opt out of overdraft protection.

A bank must first get your permission to apply its standard overdraft practices to everyday debit card and ATM transactions before it can charge you overdraft fees or the overdraft protection service goes into effect. To grant this permission, you will need to respond to the notice and opt in (agree). If you opt out, it may mean that your transactions are declined at the point of sale when you don't have enough money in your account, but as a result you will not be charged overdraft fees.

The new rules do not cover checks or automatic bill payments that you may have set up for paying such bills as your mortgage, rent, or utilities. Your bank may still automatically enroll you in their standard overdraft practices (that is, they may charge overdraft fees) for these types of transactions. If you do not want your bank's standard overdraft practices in these instances, talk to your bank. You may or may not have the option to cancel.

ASK THE STUDENTS

What strategies can you use to prevent an overdraft on your account?

Possible responses: record all transactions and fees in check register, reconcile the account, know how much money is in the account, use overdraft protection services

Click the picture to go to the new overdraft rules for debit and ATM cards.

www.federalreserve.gov/consumerinfo/wyntk_overdraft.htm

SLIDE 28. CHOOSING AND ESTABLISHING A RELATIONSHIP

When you are ready to choose a financial institution and establish a relationship, you should consider a variety of factors. The research that you conducted on the various online and traditional banks provided you with some insights into various accounts and their related fees and interest. Additionally, you will need to consider whether you are comfortable with an online-only bank or would prefer a bank with a physical location, what sort of access you need to your funds, and whether the financial institution meets your needs.

There is no one right answer for the best financial institution. It is an individual choice based on your personal needs. However, it is an important decision since it involves your money.

ASK THE STUDENTS

What criteria are important to you in selecting a financial institution?

Possible responses: lots of ATM locations, using a local bank, having a high interest rate

SLIDE 29. TRADITIONAL VERSUS NONTRADITIONAL INSTITUTIONS

A number of nontraditional financial options such as check cashing stores are available to customers. However, these often have very high, short-term interest rates.

Traditional financial institutions like commercial banks and credit unions generally provide services that have lower fees than other types of financial institutions. In addition, their accounts may earn interest and be more safe and secure. These traditional institutions also cover certain deposits with FDIC/NCUA deposit insurance, provide additional products and services, offer monthly statements to help manage expenses and savings, and offer even more to help you better manage your money.

Click the picture to go to a simulated instant messaging session related to payday loans.

www.stlouisfed.org/education_resources/personal_finance/PaydayLoan.html

SLIDE 30. IN SUMMARY

LESSON 2: IN THE AFTERMATH

In this lesson, we learned that:

- Adopting strategies for managing important documents can help your family recover from an emergency more quickly.
- Establishing a positive relationship with a financial institution helps develop sound financial management, create financial stability, and plan for emergencies.
- Benefits of checking accounts include convenience, flexibility, reliability, direct deposit funds available the same day, security, and offer a variety of account tools.

CLOSING ACTIVITY

The closing activity for this lesson challenges students to reflect on the lesson and the information learned by writing a letter to a friend or relative encouraging him or her to open a bank account. Tell students to refer back to their completed Handout 1 for specific evidence about the accounts they researched.

The letter should be 3–6 paragraphs long and should:

- Describe the account.
- Cite specific evidence about the specific account type (fees, interest rates, etc.).
- Describe how the account would be beneficial to the friend or relative.
- Detail where more information can be obtained about the account.

Handout 1: Learning More about Deposit Accounts

When deciding what type of account to put your money in, you will want to look at a few things before making a decision. The matrix on the slide provides an overview of some of the key areas to consider when you are trying to decide what account is the right account based on your situation, including:

- 1) What is the minimum balance to open the account?
- 2) How much do you have to deposit to avoid fees?
- 3) What fees are associated with the account?
- 4) What is the annual percentage yield (APY) on the account?
- 5) How much interest would you earn monthly/quarterly/yearly?

Scenario

You are a high school junior and have inherited \$2,000 and would like to use the money for college.

Directions

Use the handout to record your answers. Conduct Internet research for both online-only and local banks for the accounts listed. Determine which type of account would be the best choice for the above scenario.

For questions 1–4 on each account, go to the following website:

www.bankrate.com/checking.aspx, then follow the instructions below. Complete questions 1–4 for all the accounts, then complete question 5.

In answering question 5, you will calculate the APY for the account. The annual percentage yield (APY) is the annualized (based on a 365-day period) rate that accounts for the effect of compounding interest. The more frequent the compounding, the greater the effective return for the saver.

Go to this website: www.mybanktracker.com/apy-calculator. Use the calculator to answer question 5 for each account.

After answering the questions about the accounts, go to the last page to answer additional questions.

Checking Account

INTERNET-BASED BANK: CHECKING ACCOUNT

Start by clicking the Internet-based bank and answer the following questions.

- 1) What is the minimum balance to open an account? _____
- 2) How much do you have to have on deposit to avoid fees? _____
- 3) What fees are associated with the account? _____
- 4) What is the APY on the account? _____
- 5) How much interest would you earn monthly? _____
Quarterly? _____
Yearly? _____

LESSON 2: IN THE AFTERMATH

Now click on the local/traditional button and include your location information.

TRADITIONAL/LOCAL BANK: CHECKING ACCOUNT

- 1) What is the minimum balance to open an account? _____
- 2) How much do you have to have on deposit to avoid fees? _____
- 3) What fees are associated with the account? _____
- 4) What is the APY on the account? _____
- 5) How much interest would you earn monthly? _____
Quarterly? _____
Yearly? _____

Savings Account

On the Bankrate.com site, when you select the Checking & Savings tab along the top, then go to the Find a Money Market Account/Savings rate box and click Search, you'll see a page that lists rates. Savings and money market accounts are combined on the same page—if you look under the company logos listed in the left-most column, you'll see whether you are looking at rates for a savings or money market account. Note: You can move the "Minimum Deposit" slide to \$0 to sort more easily.

INTERNET-BASED BANK: SAVINGS ACCOUNT

Start by clicking on the "Find a Money Market Account/Savings rate." Click the Internet-based bank and answer the following questions.

- 1) What is the minimum balance to open an account? _____
- 2) How much do you have to have on deposit to avoid fees? _____
- 3) What fees are associated with the account? _____
- 4) What is the APY on the account? _____
- 5) How much interest would you earn monthly? _____
Quarterly? _____
Yearly? _____

Now click on the local/traditional button and include your location information.

TRADITIONAL/LOCAL BANK: SAVINGS ACCOUNT

- 1) What is the minimum balance to open an account? _____
- 2) How much do you have to have on deposit to avoid fees? _____
- 3) What fees are associated with the account? _____
- 4) What is the APY on the account? _____
- 5) How much interest would you earn monthly? _____
Quarterly? _____
Yearly? _____

Money Market Account

INTERNET-BASED BANK: MONEY MARKET ACCOUNT

Answer the following questions about the money market accounts.

- 1) What is the minimum balance to open an account? _____
- 2) How much do you have to have on deposit to avoid fees? _____
- 3) What fees are associated with the account? _____
- 4) What is the APY on the account? _____
- 5) How much interest would you earn monthly? _____
Quarterly? _____
Yearly? _____

Now click on the local/traditional button and include your location information.

TRADITIONAL/LOCAL BANK: MONEY MARKET ACCOUNT

- 1) What is the minimum balance to open an account? _____
- 2) How much do you have to have on deposit to avoid fees? _____
- 3) What fees are associated with the account? _____
- 4) What is the APY on the account? _____
- 5) How much interest would you earn monthly? _____
Quarterly? _____
Yearly? _____

Certificate of Deposit

On the Bankrate.com site, start by clicking on the Internet-based bank and answer the following questions. You will need to indicate that you would like to leave your money in the account for 1 year.

INTERNET-BASED BANK: CERTIFICATE OF DEPOSIT ACCOUNT

- 1) What is the minimum balance to open an account? _____
- 2) How much do you have to have on deposit to avoid fees? _____
- 3) What fees are associated with the account? _____
- 4) What is the APY on the account? _____
- 5) How much interest would you earn monthly? _____
Quarterly? _____
Yearly? _____

LESSON 2: IN THE AFTERMATH

Now click on the local/traditional button and include your location information.

TRADITIONAL/LOCAL BANK: CERTIFICATE OF DEPOSIT ACCOUNT

- 1) What is the minimum balance to open an account? _____
- 2) How much do you have to have on deposit to avoid fees? _____
- 3) What fees are associated with the account? _____
- 4) What is the APY on the account? _____
- 5) How much interest would you earn monthly? _____
Quarterly? _____
Yearly? _____

Making a Decision

As a reminder, you were given the scenario that you are a high school junior and have inherited \$2,000 and would like to use the money for college.

Based on your research, which account or accounts would you select? Why?

Handout 2: Blank Checks

Check #1

Complete the check as shown in the lesson example. The check should be made payable to John Smith for \$100. Have someone sitting near you review your check for accuracy.

A blank check form with the following details:

- Payor: **JANE DOE**, 123 Main Street, Anytown, ST 12345-6789
- Amount: **1000**
- DATE: _____
- PAY TO THE ORDER OF: _____ \$
- DOLLARS: _____
- Bank logo: **Y** Your Bank's Information
- Routing and Account Numbers: **0123456789 01867891 1000**

Check #2

In the address block, write your name and address (in the location where Jane Doe is in the above check). Write a check to Amy Day for \$22.10. Sign the check using your signature. Have someone sitting near you review your check for accuracy.

A blank check form with the following details:

- Instruction: Write Your Name and Address Below:
- Amount: **1000**
- DATE: _____
- PAY TO THE ORDER OF: _____ \$
- DOLLARS: _____
- Bank logo: **Y** Your Bank's Information
- Routing and Account Numbers: **0123456789 01867891 1000**

LESSON 2: IN THE AFTERMATH

Extra Check

This check is an extra in case an error is made on one of the above checks or you would like to practice writing an additional check.

Write Your Name and Address Below: 1000

DATE _____

PAY TO THE ORDER OF _____ \$

DOLLARS

Y Your Bank's Information

⑆012345678⑆ 0186789⑆ 1000

Handout 3: Check Endorsements

Endorsement #1: Blank Endorsement

Sign (in cursive) your name next to the "X".

ENDORSE CHECK HERE
X
DO NOT WRITE, STAMP, OR SIGN BELOW THIS LINE

Endorsement #2: Restrictive Endorsement

Write "For Deposit Only" next to the "X".

Sign (in cursive) your name on the next line.

ENDORSE CHECK HERE
X
DO NOT WRITE, STAMP, OR SIGN BELOW THIS LINE

LESSON 2: IN THE AFTERMATH

Endorsement #3: Special Endorsement

Write “Pay To The Order Of”.

Write “Lisa Reynolds” on the next line.

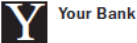
Sign (in cursive) your name on the next line.

ENDORSE CHECK HERE
X
DO NOT WRITE, STAMP, OR SIGN BELOW THIS LINE

Handout 4: Deposit Slips

Deposit Slip #1


Complete the deposit slip as shown in the lesson example. The deposit should include \$50 in cash, check number 1217 for \$20, and check number 809 for \$10. Have someone sitting near you review your deposit slip for accuracy.

DEPOSIT SLIP		CASH
JANE DOE 123 Main Street Anytown, ST 12345-6789		
DATE _____ <small>DEPOSITS MAY NOT BE AVAILABLE FOR IMMEDIATE WITHDRAWAL</small>		
_____ <small>SIGN HERE IF CASH RECEIVED FROM DEPOSIT</small>		
	TOTAL ITEMS	
	SUBTOTAL	
	LESS CASH	
	NET DEPOSIT	\$

⑆012345678⑆ 0106789⑆

Deposit Slip #2

In the address block, write your name and address. Complete the deposit slip using the same scenario as above except this time, get \$40 cash back. In order to get cash back, you must sign the deposit slip. Have someone sitting near you review your deposit for accuracy.


DEPOSIT SLIP		CASH
Write Your Name and Address Below:		
DATE _____ <small>DEPOSITS MAY NOT BE AVAILABLE FOR IMMEDIATE WITHDRAWAL</small>		
_____ <small>SIGN HERE IF CASH RECEIVED FROM DEPOSIT</small>		
	TOTAL ITEMS	
	SUBTOTAL	
	LESS CASH	
	NET DEPOSIT	\$

⑆012345678⑆ 0106789⑆

LESSON 2: IN THE AFTERMATH

Extra Deposit Slip

This deposit slip is an extra in case an error is made on one of the above deposit slips or you would like to fill out another deposit slip.

DEPOSIT SLIP	
Write Your Name and Address Below: _____ _____ _____ DATE _____ <small>DEPOSITS MAY NOT BE AVAILABLE FOR IMMEDIATE WITHDRAWAL</small> _____ <small>SHOW HERE IF CASH RECEIVED FROM DEPOSIT</small>	CASH ▶ _____ _____ _____ _____ TOTAL ITEMS <input type="checkbox"/> SUBTOTAL ▶ LESS CASH ▶ NET DEPOSIT \$
 Your Bank	
⑆012345678⑆ 0186789⑆	

Handout 5: Checking Account Register

Directions

Complete the checking account register on the second page of this handout using the following information.

STEP #1

Your beginning account balance is \$612.04. Record this information on the first line.

STEP #2

The transactions are listed below by transaction type so you will need to sort by date for all transactions (you may want to first number the transactions in the order by date).

Checks

4/1	181	\$15.00	Books
4/3	182	\$17.00	Donation to XYZ
4/10	183	\$217.54	Utilities payment
4/20	184	\$1,232.27	House payment (mortgage)
4/20	185	\$25.00	Gym membership fee
4/21	186	\$54.47	Cell phone payment
4/28	187	\$53.97	Personal loan payment

ATM Cash Withdrawals

4/3	\$40.00
4/4	\$20.00
4/5	\$20.00

Bank Fee

4/15	\$3.50	Monthly maintenance fee
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Deposits

4/16	\$521.78	ATM deposit
4/27	\$258.90	Direct deposit (paycheck)
5/1	\$50.00	ATM deposit

Transfer from Savings Account to Checking Account

4/8	\$1,200.00
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STEP #3

Record the following transactions in date order on the checking account register. For each transaction, record the following information:

- **Number:** Check number, cash, transfer, deposit fee, etc.
- **Date:** Transaction date
- **Transaction description:** Details about the transaction
- **Deposit/Credit (+):** Transaction amounts that are putting money into the account are recorded in this column.
- **Payment/Fee/Withdrawal (-):** Transaction amounts that are taking money out of the account are recorded in this column.
- **Balance:** Calculate using the previous balance plus or minus the transaction listed.
- **Checkmark:** This column will be used later for reconciling the account.

Checking Account Register

CHECK REGISTER									
NUMBER	DATE	TRANSACTION DESCRIPTION	DEPOSIT CREDIT (+)		✓	PAYMENT, FEE, WITHDRAWAL (-)		\$ BALANCE	

 Your Bank

Handout 6: Account Statement

Directions

You will be reconciling your account using your checking account register (Handout 5) and the account statement (Handout 6).

On the checking account register between the deposit/credit column and the payment/fee/withdrawal column, there is a column with a checkmark. You will use this column when you reconcile your account statement to your account register. You will place a checkmark in this column next to the transaction when you have accounted for it on the bank statement. It is often helpful to put a checkmark beside the transaction on the bank statement as well to help keep track of the transactions that you have reconciled. It is likely that not all of the transactions you have made will appear on your bank statement because you may have made purchases after the statement was run or you may have written a check to someone who has not yet deposited the check into their account.

Account Statement



4/1/2007 thru 4/30/2007

Deposits and Other Credits

Date	Amount	Description
4/8	1,200.00	Transfer from 403-9557 at ATM Main St.
4/16	521.78	Customer Deposit at ATM Second St.
4/27	258.90	Direct Deposit from #02523

Total **\$1,980.68**

Checks and Other Debits

Check	Date Paid	Amount	Check	Date Paid	Amount	
181	4/3	15.00	184	4/21	1,232.27	
182	4/8	17.00	*186	4/28	54.47	
183	4/11	217.54	187	4/29	53.97	
				Withdrawal #00281 at ATM Main St.	4/3	40.00
				Withdrawal #02628 at ATM Second St.	4/4	20.00
				Withdrawal #08744 at ATM Second St.	4/5	20.00
				Monthly Maintenance Charge	4/15	3.50

* Indicates a break in check number sequence

Total **\$1,673.75**

Checking Account - 15380-03

Previous Statement Balance On 3/31/07	612.04
Total of 3 Deposits For	1,980.68 +
Total of 9 Withdrawals For	1,670.25 -
Total Service Charges	3.50 -
New Balance	\$918.97 +

Katrina's Classroom was developed by a team of senior economic and financial education specialists at the Federal Reserve Bank of Atlanta.

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For additional classroom resources and professional development opportunities, please visit [www. frbatlanta.org/edresources](http://www.frbatlanta.org/edresources)