



Kids' version

Instructor guide

Hands on Banking® Instructor Guide Kids' Version (Grades 4 and 5)

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Introduction

The **Hands on Banking**[®] program is an interactive financial-literacy curriculum for students grades 4-12 and adults. This teacher's guide is designed for the Kids' (grades 4 and 5) curriculum of the program.

The *Hands on Banking* program was developed to teach both the basics of good money management and the skills needed to create a brighter financial future. The lessons examine financial concepts and decision-making through illustration, real-life problems, and mathematical computation. The curriculum is relevant to students' lives, and is designed to support their financial success.

This fun and innovative program was developed by Wells Fargo as a free community service. It is intended for educational purposes only and contains no commercial content.

The *Hands on Banking* program is available free of charge in both English and Spanish, both on the Web (at www.handsonbanking.org and www.elfuturoentusmanos.org) and on CD-ROM. The curriculum is designed for self-paced, individual learning or for classroom use.

This teacher's guide is designed to be used alone or as an adjunct to the online program.

Educational standards

The lessons in this program adhere to the following mathematics and financial literacy standards:

- National Council of Teachers of Mathematics (*Principles and Standards for School Mathematics*, 2000)
- National Council of Economic Education and the National Association of Economics Educators and the Foundation for Teaching Economics, *Voluntary National Content Standards in Economics* (1997)
- JumpStart Coalition for Personal Financial Literacy, *National Standards in K-12 Personal Finance Education* (2007)

The **No Child Left Behind Act** is a federal law designed to improve the academic achievement of all students, particularly those who are minorities, disabled, economically disadvantaged, or have limited English proficiency. The Act requires teachers of mathematics to provide all students with equal opportunities to excel and the mathematical skills and knowledge they need to actively participate in American society. Consistent with the objectives of the No Child Left Behind Act, the *Hands on Banking / El futuro en tus manos* curriculum and supplemental materials for grade levels 4-12 are aligned with both state and national educational standards for mathematics, reading, and economics.

Teachers are encouraged to integrate the content into other lesson plans, and use the curriculum as a springboard to address real-life situations.

Please refer to your own state, local, district, or school standards to determine the appropriateness of the lessons for your students.

Curriculum overview

The online Kids' curriculum of the *Hands on Banking* program is divided into four units, plus an assessment. Each unit contains multiple lessons. The teacher's guide condenses each online unit's lessons into a smaller number of sections. The lessons in this guide contain activity worksheets for you to use with your students.

This curriculum is designed to be presented in the given lesson sequence. However, depending on what is appropriate for your students, you may wish to establish your own sequence.

Problem solving is woven into all of the program's units. Students apply both their understanding of basic banking concepts as well as strategies to solve challenging problems in different contexts.

To be successful with the *Hands on Banking* curriculum, students should be able to:

- Perform basic functions on a calculator
- Read proficiently at a level commensurate with their grade level
- Follow basic written and oral directions, and readily understand oral dialogue

Because students' mathematical skills vary, teachers should review the problems in this guide before having students use the *Hands on Banking* Web site.

To request a free CD-ROM

To request a CD-ROM for your classroom, please contact us via email at HOBCE@wellsfargo.com. The CD-ROM contains both the English and Spanish versions of the program for all age groups. There is no charge for small quantities of the CD-ROM. Please call for information regarding high-volume requests. Please allow two weeks for delivery.

Your thoughts are welcome

We welcome your comments and suggestions for future versions of the *Hands on Banking* curriculum and this teacher's guide. Please contact us via email at HOBinfo@wellsfargo.com.

Thank you for sharing these valuable financial literacy programs with students and adults in our communities. As a teacher, your training and guidance will provide others with the knowledge and skills they need for a brighter financial future!

How to Use This Guide

The purpose of this teacher's guide is to support the effective presentation of the *Hands on Banking* curriculum in your classroom. As a first step, we strongly encourage you to review the program online (at www.handsonbanking.org and www.elfuturoentusmanos.org). Even if your students will not be using computers at school, gaining familiarity with the program will help you present it more effectively.

Five ways this guide can help you

This teacher's guide is designed to be used alone or as an adjunct to the online program. If you're a teacher or group leader, this guide can help you in five ways:

1. Gain familiarity with the program: Reviewing this guide is a convenient way to familiarize yourself with the Kids' curriculum if you do not have ready access to a computer or the Internet.
2. Prepare lessons: If your students will not have access to computers, you can use this teacher's guide as a resource for preparing your lesson plan.
3. Utilize worksheets: The teacher's guide includes activity worksheets which allow your students to apply what they have just learned to real-life scenarios. A teacher's copy of each worksheet, including answers and hints, follows the students' worksheet.
4. Extend or modify lessons: The guide features suggested teaching tips. Use these additional activities to extend or modify the unit objectives to best meet the needs of your students.
5. Assess progress: Finally, this guide includes an assessment that students can use to test their knowledge.

How the guide is organized

This guide covers four units, followed by an assessment and a dictionary of financial terms.

The *Hands on Banking* curriculum is designed to be presented in unit and lesson sequence. However, depending on what is appropriate for your students, you may use this guide to establish your own sequence. You may choose to present individual units or lessons on a stand-alone basis, or in different combinations, based on your specific educational objectives.

Each unit of this guide adheres to the following format:

- *Unit Overview*
A summary of the unit's content.
- *Learning Objectives*
The specific financial-literacy and mathematical objectives of the lessons.
- *Alignment with Educational Objectives*
The financial-literacy and mathematics standards, by grade level, to which these lessons are aligned.



Sections

A grouping of related Hands on Banking lessons. Each individual section includes:



Opening Questions

Questions to start your students thinking about the concept and how it relates to them.



Key Points

A series of bullet points summarizing critical concepts. Please note that this portion of the guide frequently includes extra information to complement and enrich what is offered in the online/CD-ROM version of the Hands on Banking program.



Activities

Indicates that a worksheet follows.



Student worksheet

These worksheets allow your students to apply what they have just learned to real-life scenarios.



Teacher's copy of Worksheet

A teacher's copy of each worksheet, including answers and hints, follows the students' worksheet. The students' copy can be duplicated or made into an overhead transparency for a whole-class activity.



Teaching Tips

Use these additional activities to extend or modify the unit objectives to best meet the needs of your students.



About content modifications

Please note that in some cases the content of the teacher's guide has been modified from the online program. (For example, the online lesson may ask students to use a calculator, ATM simulator, or computerized worksheet – features that are available to only those students using a computer.) In these cases, a modification icon appears in the teacher's guide. Watch for this icon – it will quickly alert you to any content that differs from the online curriculum.



About the narrator

The online narrator of the Kids' version of the *Hands on Banking* program is a friendly space alien named Zing. Zing shares his adventures as he learns about money and money management on planet Earth.

Prepare yourself – and your students

Prepare your students for a positive learning experience with the *Hands on Banking* program:

- *Know the program.* Get familiar with each unit and its lessons. If possible, review the program online.
- *Review the math concepts.* Before assigning students to work on any unit, review with them the underlying mathematical concepts needed for problem solving. Be sure your students are able to do the necessary level of computation before they begin.
- *Introduce financial vocabulary.* Be sure your students gain a working understanding of new financial terms. Key terms, shown in **boldface**, appear in the dictionary at the back of this guide.
- *Prepare for work.* Encourage students to bring a calculator and pencil and paper to work through the math, whether or not they are at a computer.
- *Encourage collaboration.* Allow students to work in pairs on the worksheet problems. Encourage them to share their approaches to finding the solutions.
- *Promote discussion.* Discuss the examples with your students. Talk through the problems and how to arrive at the solutions. Math problems in the online/CD-ROM program provide both answers and hints to arrive at the solutions. This guide provides hints and answers only on the teacher's copy of each activity.
- *Use the teaching tips.* Refer to the teaching tips found at the end of each unit in this guide to modify and extend the new ideas presented in the *Hands on Banking* curriculum.

If your students are using computers

- *Review the basics of computer literacy.* To be successful, students should be able to work with a mouse (to scroll, highlight, and drag and drop words and numbers) and enter an answer on the screen.
- *Orient students to the site.* Help students explore how to navigate the program and access its primary features.
- *Use the computerized calculators.* Introduce students to the basic calculator featured on the Web site and CD-ROM. It can be accessed by clicking the Tools button.
- *Take advantage of on-screen hints.* With an incorrect answer to a problem, students may be shown a hint automatically.
- *Encourage ATM practice.* Introduce students to the ATM simulator, which can be accessed by clicking the Tools button.

- *Use the Glossary.* Teach students how to access the glossary of financial terms, which can be accessed from each page. Key terms are shown in **boldface** in the site's closed-captioning.

After studying the curriculum

- *Encourage students to take the assessment.* Students may use the assessment to test their knowledge of the *Hands on Banking* curriculum for their specific age group.
- The teacher's copy of the assessment, including hints and answers, follows the students' worksheet.
- Ask students to complete the assessment after they have studied the curriculum. Students should use their incorrect answers to identify areas for review, and following a review, take the assessment again.
- If using the online or CD-ROM versions of the *Hands on Banking* program, the program will automatically score the results. For a score of 70% or higher, students can print out a certificate of achievement, personalized with their names. If you are not online or using the CD-ROM, a certificate of achievement template is included for photocopying.

You and Your Money

Unit Overview

In these lessons, students in grades 4 and 5 are introduced to money, and the concept that money is earned and used to buy things. Students are also introduced to the basic purposes of banks and banking. At the end of these lessons, students will be able to identify the basic concepts of money, how money is earned, how money is used, and the essential role of banks.

In the online/CD-ROM version of the *Hands on Banking* program, there are six lessons. These are condensed into three sections in this guide:

Section 1: The Meaning of Money

What is money, and how is it used in our society?

Section 2: Earnings

Students identify sources of income and identify ways they can earn money. Students do simple calculations involving dollars and cents.

Section 3: Banking

Students recognize some of the basic purposes of banks.

Learning Objectives

The financial literacy objectives of these lessons are for students to identify sources of income, recognize the importance of money in society, and describe the role of banks.

The mathematical objectives of these lessons are for students to do mathematical computations in the process of solving real-life mathematical problems.

Alignment with Educational Standards

National Council of Economic Education and the National Association of Economics Educators and the Foundation for Teaching Economics, *Voluntary National Content Standards in Economics* (1997), Grade 4:

- Content Standard 10: "Describe the roles of various financial institutions."
- Content Standard 11: "Understanding what determines the real buying power of money and earnings will help students make better decisions about their jobs and spending. Money makes it easier to trade, borrow, save, invest, and compare the value of goods and services."

JumpStart Coalition for Personal Financial Literacy, *National Standards in K-12 Personal Finance Education* (2007), Grade 4 Standards:

- Financial Responsibility and Decision Making
- Income and Careers

National Council of Teachers of Mathematics *Principles and Standards for School Mathematics*, (2000), Grades 3-5:

- Number and Operations Expectations: "... develop fluency in adding, subtracting, multiplying, and dividing whole numbers; develop and use strategies to estimate the results of whole number computations and to judge the reasonableness of such results; develop strategies for computing with familiar fractions and decimals; select appropriate methods and tools for computing with whole numbers..."
- Problem Solving Expectations: "... solve problems that arise in mathematics and in other contexts; apply and adapt a variety of appropriate strategies to solve problems."



Section 1: The Meaning of Money

What is money, and how is it used in our society?



Opening Questions

Use these or similar questions to start your students thinking about this concept and how it relates to them:

- Have you ever received money in exchange for your work? Describe the work that you did and how you were paid.
- Have you ever received money as a gift? What did you do with that money?
- What's the difference between earning money and receiving money as a gift?
- What kinds of things can you buy with your money?
- Are the things you buy or pay for always products, something you can see and touch? For example, what if you paid someone for a haircut?
- Does anyone know where money comes from – how is money produced originally?



Key Points

- Individuals receive money in exchange for their work. This is known as **earnings** or **income**. If you work for an employer, the money you earn is called wages, or salary. People sometimes receive money as gifts, but usually they have to *earn* it by working for it.
- You can use money to buy goods and services.
- Where does money come from? It all starts at a country's Treasury. The Treasury mints coins and prints bills for everyone to use. Money is constantly changing hands, between people, businesses, and **banks**.



Section 2: Earnings

Students identify sources of income and identify ways they can earn money.



Opening Questions

Use these or similar questions to start your students thinking about this concept and how it relates to them:

- Do you know any individuals who work on their own, or who own a business? How about someone who works for another person or a company? Describe the work that person is paid to do. Who pays him or her?
- Have you ever earned money for your work? What work did you do and how much did you get paid? Why did you get paid more for one type of work than another?



Key Points

- Some people earn money by working on their own, or owning their own business. Other people earn money by working as employees – they work for another person, organization or company, who is called their employer.
- The money workers make is called **income**, or **earnings**.
- **Earning power** is the ability to earn money in exchange for work. There are several ways that you can increase your earning power.
- One way to increase your earning power is to increase the amount of time you work. If you get paid by the hour, for example, you can earn more by working more hours.
- A second way to increase your earning power is to achieve more results on the job. For example, if you have a job as a salesperson, you may be paid more for making more sales, no matter how much time it took you to do it.
- A third way to increase your earning power is to do work of high quality. For example, let's say you had your own business making furniture. Customers might pay more for your furniture than for someone else's because they believe your product is of better quality.
- One of the most valuable ways you can increase your earning power is by gaining new knowledge, experience, or skills. A few examples include knowing how to use a computer, being a good writer, having math skills, and knowing a foreign language. If you have knowledge, skills and experience that are valuable to an employer, you may have the ability to handle a wider variety of jobs, more challenging jobs, and jobs that pay more.



Activity

Students use the following worksheet to determine earning power. The teacher's copy of this activity follows the students' worksheet.



Earning Power Worksheet

Name _____



1. If Zing wants to wash cars to earn gas money, how many cars must he wash to make *at least* \$26?
2. If Zing runs errands 3 times and walks the dogs 3 times, will he make the \$26 he needs to fill his tank?
3. If Zing earns \$21.75 by running an errand 3 times and walking the dog 3 times, how many more times must he walk the dogs to earn \$26 and fill his tank?
4. How much will Zing have earned if he has \$21.75 and walks the dogs 2 more times?
5. If Zing babysits (\$5.00) and washes 2 cars (\$15), how many dogs must he walk to earn \$26?
6. If Zing finds a \$5.00 bill, and he washes a car and babysits 2 times, how much money will Zing now have?



Teacher's Copy of Earning Power Worksheet



1. If Zing wants to wash cars to earn gas money, how many cars must he wash to make at least \$26?
(4)
Hints
 - You can add, subtract, multiply or divide to solve this problem!
 - If you add, add $\$7.50 + \$7.50 + \$7.50$ as many times as you need to until you reach \$26, or just exceed \$26. Keep track of how many times you add \$7.50 to reach \$26.
 - If you subtract, subtract \$7.50 from \$26 until you can't subtract anymore, and count the number of times you subtracted.
 - If you multiply, see what number times \$7.50 will equal or just exceed \$26.
 - If you divide, divide \$26 by \$7.50.
2. If Zing runs errands 3 times and walks the dogs 3 times, will he make the \$26 he needs to fill his tank?
(No)
Hints
 - Calculate how much Zing will earn if he runs an errand 3 times by multiplying $\$3.50 \times 3$. Or, you can add $\$3.50 + \$3.50 + \$3.50$.
 - Do the same thing for walking a dog. Either multiply $\$3.75 \times 3$, or add $\$3.75 + \$3.75 + \$3.75$.
 - Add the two amounts you calculated together. Do they equal at least \$26?
3. If Zing earns \$21.75 by running an errand 3 times and walking the dog 3 times, how many more times must he walk the dogs to earn \$26 and fill his tank?
(2)
Hints
 - Subtract \$21.75 from \$26. That is the amount Zing still needs to fill his tank.
 - You can solve this problem by adding, subtracting, multiplying, or dividing. If you subtract, you can calculate how many more times Zing must walk the dog by subtracting \$3.75, the amount Zing gets for walking the dog, from the amount he still needs. How many times do you need to subtract? That is your answer.
4. How much will Zing have earned if he has \$21.75 and walks the dogs 2 more times? _____
(\$29.25)
Hints
 - How much did Zing earn by walking the dogs 2 more times? You can either add $\$3.75 + \3.75 or multiply $\$3.75 \times 2$ to figure it out.
 - Add that answer to \$21.75, which is the amount we know Zing had already earned.

5. If Zing babysits (\$5.00) and washes 2 cars (\$15), how many dogs must he walk to earn \$26?

(2)

Hints

- Add together the amounts Zing earns for babysitting and washing 2 cars. Subtract that answer from \$26 to know how much more Zing must earn.
- Use one of the methods you tried in the previous questions to figure out how many times Zing must now walk the dog.
- Remember, you can solve this by adding, subtracting, multiplying or dividing!
- One way to solve this problem is by division. Divide the amount Zing still needs to earn by \$3.75 (the amount Zing gets for walking the dog). If your answer isn't a whole number, you'll need to round your answer up, because Zing is paid for the whole job only.

6. If Zing finds a \$5.00 bill, and he washes a car and babysits 2 times, how much money will Zing now have? (Encourage students to do this as a mental arithmetic problem.)

(\$22.50)

Hints

- How much will Zing earn if he babysits 2 times? ($\$5.00 + \5.00)
- Add that amount to the \$5.00 bill Zing found.
- Now add \$7.50 to the new total, because Zing receives \$7.50 for washing a car.



Section 3: What Banks Do

Students recognize some of the basic purposes of banks.



Opening Questions

Use these or similar questions to start your students thinking about this concept and how it relates to them:

- Have you ever been to a bank? What did you see there?
- Do you save your money? Why do you save?
- Does anyone here have a savings account at a bank? Why did you open the account?



Key Points

- Banks are trusted businesses where people can safely keep their money. Banks offer a number of tools for managing your money.
- If you put your money in a savings account, the bank will pay you a small amount of money, called interest, on the amount you save. Your money stays safe – and it grows!
- Banks also offer checking accounts. These allow people to pay for things like rent, electricity, groceries and other bills, using checks instead of cash. Writing a check can be safer and more convenient than carrying around a lot of cash.
- There are different ways to do business with a bank. You can:
 - Go to the bank and talk with a bank employee
 - Use an Automated Teller Machine (ATM)
 - Do your banking over the phone
 - Use online banking services
 - Use a banking store located in a grocery store
- People can also *borrow* money from a bank. By borrowing money, you can buy high-priced things like cars, homes, or education, and pay the money back over time. When you borrow money from a bank, *you* pay interest to the bank for *lending* you the money. Common ways to borrow money are loans and credit cards.
- Money changes hands frequently – it's exchanged everyday between people, businesses, and banks.

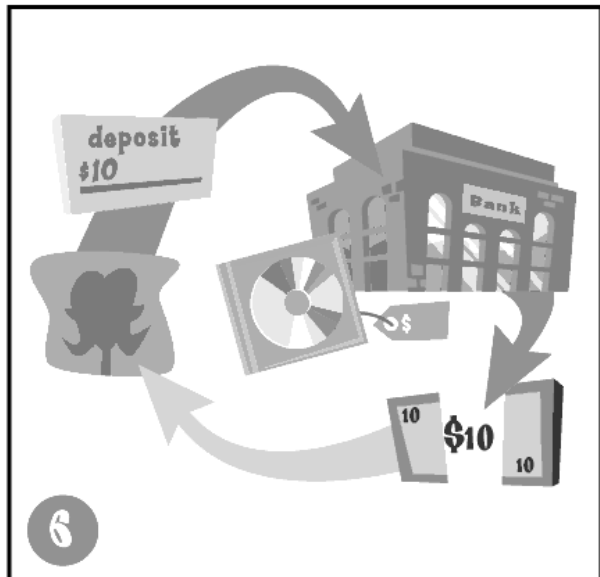
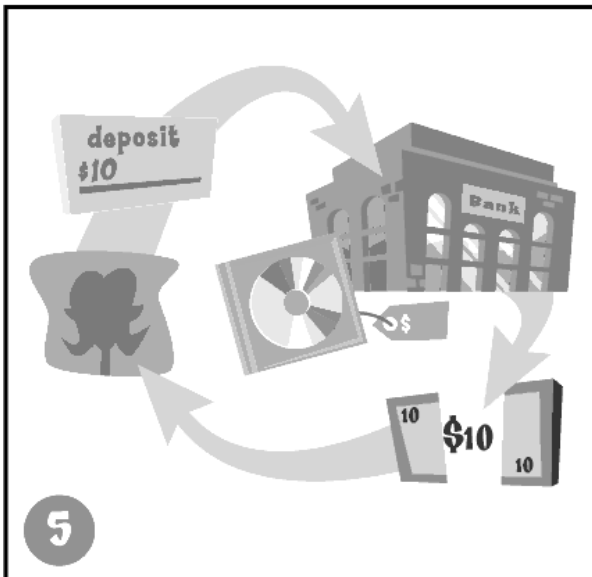
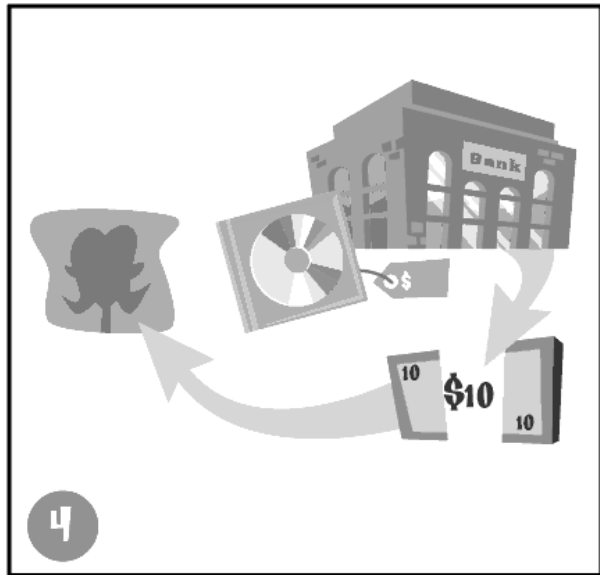
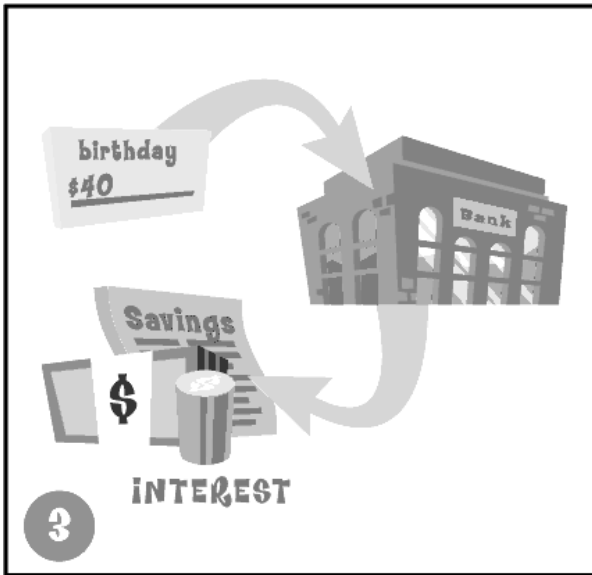
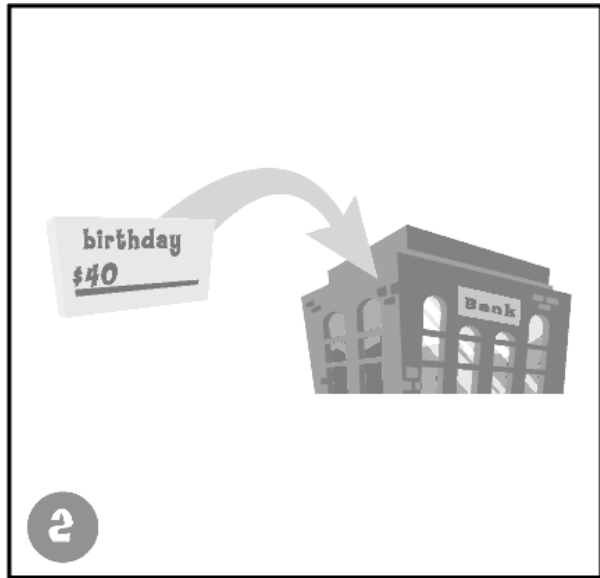
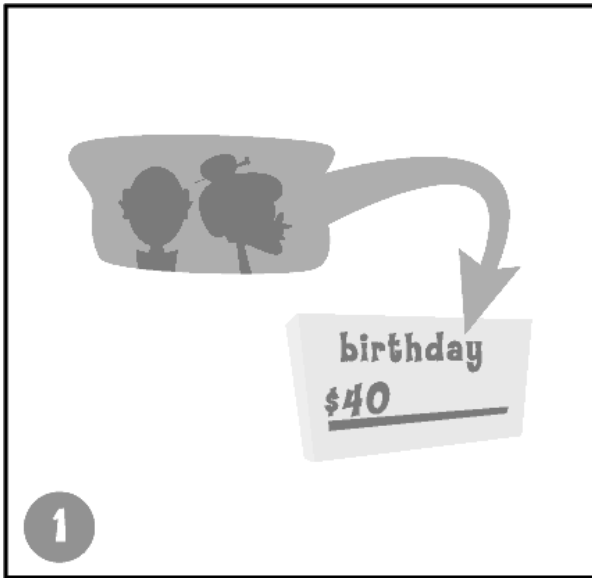


Activity

Introduce students to the money cycle in the diagram on the following page. Use the examples below to discuss how money flows from hand to hand:

- First, pretend that your grandparents give you \$40 for your birthday. You don't want to lose it, so you take it to your bank and deposit it into your savings account. The bank is now paying you interest – so you're earning money!
- Now, imagine that two months later your favorite game goes on sale. You go to the bank and withdraw \$10 cash from your savings account, and then you go buy the game. Now your \$10 is in the hands of the **store owner**, who deposits the money in her bank account.
- So you see? The money has moved circularly, from hand to hand, first to the bank and then back again!

As you can see from this diagram, money can be saved and spent – and over time, it's always changing hands.





Teaching Tips



Use these additional activities to extend or modify the unit objectives to best meet the needs of your students.

1. Adjust the incomes for each job to suit the levels and specific needs of your students. Use amounts such as \$1.00, \$5.00, and \$10 for students who require more basic computation practice. Using these amounts can also provide good mental-math practice for all students. Use amounts such as \$1.98, \$3.29, and \$9.59 to challenge more-capable students or to provide appropriate calculator practice for all students.
2. Discuss different ways to solve this problem:
If Zing wants to wash cars to earn gas money, how many cars must he wash to make at least \$26?
(4)
Hints
 - You can add, subtract, multiply or divide to solve this problem!
 - If you add, add $\$7.50 + \$7.50 + \$7.50$ as many times as you need to until you reach \$26, or just exceed \$26.
 - If you subtract, subtract \$7.50 from \$26 until you can't subtract anymore, and count the number of times you subtracted.
 - If you multiply, see what number times \$7.50 will equal or just exceed \$26.
 - If you divide, divide \$26 by \$7.50.
 - Now, change the income from walking the dogs (\$3.75/dog) to $\$3.75/\text{hour}$. Create similar problems to solve using the new rate.
3. Let students create new rates for each of the jobs, or create new jobs with specified rates. You or your students can create new problems to be solved.
4. Write 3 things you would like to do or to have. Next to each item, explain a way you could use that item or do that activity without spending money.
5. Describe two different ways people can get money.
6. Describe three ways you could earn money working for someone else. Estimate how much money you think you could earn doing each job.
7. You and a friend decide to go into business for yourselves. You decide to sell lemonade. The frozen lemonade costs \$1.50 a can, and 1 can will make 10 cups of lemonade. You and your friend buy and prepare 2 cans of frozen lemonade, and you decide to sell the lemonade for \$.50 a cup.
 - How many cups of lemonade do you and your friend need to sell to cover the cost of the 2 cans of frozen lemonade?
(6)
 - How much money is the most you can make together if you sell all of the lemonade?
(\$7.00)
 - "Profit" is the positive gain from a business operation after subtracting all expenses. If you and your friend evenly split the money you bring in and the cost of making the lemonade, how much is the most profit you each can make?
(\$3.50)
8. Lucky you! You received a crisp, new \$10 bill for your birthday! Explain what you are going to do with it, and tell how you made that decision.
9. You have a balance of \$100 in your savings account. The bank has sent you a statement that shows you have \$103.52 in your account. Where did the \$3.52 come from?
 - If you had put the \$100 in your piggy bank, how much money would be there now?
 - Why does the bank pay you interest for keeping your money in a savings account?
(Because you are allowing the bank to use your money for a period of time – until you choose to take the money out of your savings account.)

10. Create a combinations problem for your students. Using the rates of “Walk the Dogs, \$5.00, Pull Weeds, \$1.00, and Wash a Car, \$10.00” how many different ways can students come up with to earn \$20? \$25? \$30? Encourage students to create a table such as the one below to organize their thinking. Do students see any patterns emerging from the table? Have students explain their thinking either in writing or in a small group discussion. (If you have play money available, it may be useful for some students to use it to help solve this problem.)

Earnings for Different Jobs

\$1.00 Pull Weeds	\$5.00 Walk the Dogs	\$10.00 Wash a Car	Total Earned
25	0	0	\$25.00
20	1	0	\$25.00
15	2	0	\$25.00
15	0	1	\$25.00
?	?	?	\$25.00
?	?	?	\$25.00

Students can use the following worksheet to create their own combinations problem similar to the one above.



Name _____

Earnings Worksheet

\$ earned: \$ _____ Job: _____	\$ earned: \$ _____ Job: _____	\$ earned: \$ _____ Job: _____	Total Earned: \$

Budgeting

Unit Overview

In these lessons, students in grades 4 and 5 are introduced to a basic personal budget. Students will also do computations involving 10% sales tax. At the end of the lessons, students will be able to identify basic budget concepts.

In the online/CD-ROM version of the *Hands on Banking* program, there are six lessons. These are condensed into two sections in this guide:

Section 1: Needs versus Wants

People must make choices about how to spend the money they have. Students allocate a fictional weekly allowance.

Section 2: Budgets

Budgets are personal plans for spending and saving income. In this section, students have the opportunity to experience how budgets allow individuals to balance their expenses with their income. Students will do simple calculations involving percents and identify the steps to making good financial decisions.

Learning Objectives

The financial-literacy objective of these lessons is for students to recognize that because individuals have finite financial resources, they cannot have everything they want. Making a personal budget can help you plan wisely for spending your money.

The mathematical objectives of these lessons are for students to compute the sum or difference of whole numbers and positive decimals to two places, to compute a given percent of a whole number, and to estimate computations involving decimals and percents.

Alignment with Educational Standards

National Council of Economic Education and the National Association of Economics Educators and the Foundation for Teaching Economics, *Voluntary National Content Standards in Economics* (1997), Grade 4, Content Standard 2.

- “Few choices are all-or-nothing decisions: they usually involve getting a little more of one thing by giving up a little of something else.”

JumpStart Coalition for Personal Financial Literacy, *National Standards in K-12 Personal Finance Education* (2007), Grade 4 Standards:

- Planning and Money Management

National Council of Teachers of Mathematics *Principles and Standards for School Mathematics*, (2000), Grades 3-5:

- Number and Operations Expectations: “... develop fluency in adding, subtracting, multiplying, and dividing whole numbers; develop and use strategies to estimate the results of whole-number computations and to judge the reasonableness of such results; develop strategies for computing with familiar fractions and decimals; select appropriate methods and tools for computing with whole numbers...”
- Algebra Expectations: “... investigate how a change in one variable relates to a change in a second variable.”
- Problem-Solving Expectations: “Solve problems that arise in mathematics and in other contexts; apply and adapt a variety of appropriate strategies to solve problems.”
- Connections Expectations: “Recognize and apply mathematics in contexts outside of mathematics.”



Section 1: Needs versus Wants

People must make choices about how to spend the money they have. Students allocate a fictional weekly allowance.



Opening Questions

Use these or similar questions to start students thinking about this concept and how it relates to them:

- Describe a time when you wanted to buy something but didn't have enough money to pay for it.
- Explain ways you could save money for something you wanted to buy.
- What are examples of something you or your family *need* to buy – versus something you'd *like* to have?



Key Points

- Every month, adults have things they *have* to pay for, for example, a place to live, food, and transportation. There are also things they would *like* to spend money on – just for fun! All of these costs are called monthly **expenses**.
- Most people have a limited amount of money available, so they have to make choices about how to spend their money. They need to make decisions based on whether they *need* something, or just *want* it.
- To be a good money manager, you need to distinguish between *needs* and *wants*. One person's needs and wants may be very different from another's, but in general, *needs* are items or activities you must have in order to live. *Wants* are things you would like to have or do, but that you could live without.
- Plan how you will spend your money so you can buy what you *need* first – and if there's money left over, you can save for the things you *want*. This is called making a **budget** – a written plan for using your money.
- If you don't have enough money to buy everything you need and want, you may have to make "tradeoffs." This means choosing not to buy one thing in order to have enough money to buy another. Making tradeoffs isn't always easy. *Before* you go out to buy something, ask yourself the following questions – and be ready for tradeoffs!
 - Is it something you *need* or is it something you *want*?
 - Is it cheaper at another store?
 - Is there something similar that's cheaper and that you can live with instead?
 - Is there a better way to spend your money?
 - How can you budget your money to afford what you want?



Activity

Students use the following worksheet to practice budgeting. The teacher's copy of this activity follows the students' worksheet.



Personal Budget Worksheet

Name _____

Your Weekly Budget

Description	Income (+)	Expense (-)	\$ Available
Allowance	\$10.00		\$10.00
Snacks		\$2.00	\$8.00
Entertainment		\$5.00	\$3.00

Suppose that every week you earn \$10 in **income** for making your bed, washing dishes, and feeding the dog every day. Use the information in the Weekly Budget above to answer the following questions.

1. You want to go to a concert that costs \$20. You have to get the ticket very soon, so you decide to combine both your entertainment budget and your leftover money (your available money). How many weeks will it take you to have enough money to go to the concert?

2. This week, you didn't spend any money on snacks! Explain how you know if you will have enough money now to go to a movie that costs \$6.50?



Teacher's Copy of Personal Budget Worksheet

Your Weekly Budget

Description	Income (+)	Expense (-)	\$ Available
Allowance	\$10.00		\$10.00
Snacks		\$2.00	\$8.00
Entertainment		\$5.00	\$3.00

Pretend that every week you earn \$10 in **income** for making your bed, washing dishes, and feeding the dog every day.

1. You want to go to a concert that costs \$20. You have to get the ticket very soon, so you decide to combine both your entertainment budget and your leftover money (your available money). How many weeks will it take you to have enough money to go to the concert?

(3 weeks)

Hints

- At the end of each week, you have \$3.00 available in your budget, plus you budget \$5.00 a week for entertainment.
- If you have \$8.00 a week available for the \$20 concert ticket, how many weeks will you have to save to have enough money for the ticket?

2. This week, you didn't spend any money on snacks! Will you have enough money now to go to a movie that costs \$6.50? (Ask students to explain how they know.)

(Yes)

Hint

- Add the \$2.00 you will save (by not purchasing snacks) to the \$5.00 you budget each week for entertainment. Is the total of these two amounts enough to buy a \$6.50 movie ticket?



Section 2: Budgets

Budgets are personal plans for spending and saving income. In this section, students have the opportunity to see how budgets allow individuals to balance their expenses with their income. Students will do simple calculations involving percents, and identify the steps to making good financial decisions.



Opening Questions

Use these or similar questions to start students thinking about this concept and how it relates to them:

- Describe a time you wrote down a plan to do something.
- If you've written a plan, how did writing down your ideas on paper help you? If you haven't, how do you think it could help you?
- What are some reasons you might want to have a written plan for how you are going to spend your money?



Key Points

- Budgeting means creating a written plan for how to use your money.
- Creating a budget is easy. You write down on paper how much money you have coming in, and what you will spend, on a weekly or monthly basis.
- Budgeting your money helps to ensure you can pay for all of your *needs* before you spend on your *wants*.
- A budget can help you identify items that cost too much and to prepare for future expenses.
- Each person's needs and wants are a little different, so create a budget that makes sense for you.



Activity

Students use the following worksheet to practice shopping with a budget. You may want to allow students to use calculators. The teacher's copy of this activity follows the students' worksheet.



Shopping With a Budget Worksheet

Name _____

Imagine that you've saved what you can from your allowance for a long time. Now it's time to go shopping at the mall! But don't forget – you'll have to pay **sales tax**. (Sales tax is one way governments raise money to pay for public services such as schools and roads. The amount of sales tax varies by location.)

It's important to include the sales tax when you are figuring out how much an item will cost. The total cost (the cost of the item plus the sales tax) is the amount you need to budget for.

- 1 Let's say you've budgeted \$100 to spend. You've also made a list of what you'd like to buy. Keeping your budget in mind, buy what you like – and as many of the items as you like! Just remember, the sales tax at this mall is 10%. If your merchandise costs more than \$100, you'll have to choose which items to return so that you'll stick to your budget.

Budget: \$100
What I want:



Shirt
\$12.99



Scooter
\$45.99



Headset
\$28.95



Sweatshirt
\$15.99



Athletic shoes
\$38.95



Backpack
\$19.00

2. How much will it cost to buy 1 scooter and 2 shirts? Remember to calculate 10% sales tax and add it to the total.
3. Can you buy 1 scooter, 1 headset, and 1 pair of athletic shoes, and yet stay within your \$100 budget? Remember to calculate 10% sales tax and add it to the total. __
4. How much, with sales tax, is the least you can spend if you buy at least 1 item? Don't forget the 10% sales tax!

Shopping With a Budget Worksheet (continued)

5. Which combination of items can you purchase without spending more than \$100, including 10% sales tax?
- a. 2 shirts, 1 scooter, and 1 pair of athletic shoes
 - b. 1 backpack, 1 scooter, and 1 pair of athletic shoes
 - c. 1 pair of athletic shoes, 1 headset, and 1 sweatshirt
 - d. 10 shirts



Teacher's Copy of Shopping with a Budget Worksheet

Imagine that you've saved what you can from your allowance for a long time. Now it's time to go shopping at the mall! But don't forget – you'll have to pay **sales tax**. (Sales tax is one way governments raise money to pay for public services such as schools and roads. The amount of sales tax varies by location.)

It's important to include the sales tax when you are figuring out how much an item will cost. The total cost (the cost of the item plus the sales tax) is the amount you need to budget for.

1. Let's say you've budgeted \$100 to spend. You've also made a list of what you'd like to buy. Keeping your budget in mind, buy what you like – and as many of the items as you like! Just remember, the sales tax at this mall is 10%. If your merchandise costs more than \$100, you'll have to choose which items to return so that you'll stick to your budget.

Budget: \$100

What I want:



Shirt
\$12.99



Scooter
\$45.99



Headset
\$28.95



Sweatshirt
\$15.99



Athletic shoes
\$38.95



Backpack
\$19.00

2. How much will it cost to buy 1 scooter and 2 shirts? Remember to calculate 10% sales tax and add it to the total.

(\$79.17)

Hints

- Add together the cost of the scooter and the cost of 2 shirts. ($\$45.99 + \$12.99 + \$12.99$).
- Calculate the sales tax on that total by multiplying $\$71.97 \times .10$ (10%). Remember to round the answer to the nearest hundredth.
- Add the 10% tax amount to $\$71.97$ to calculate the total cost of the 3 items plus tax.

3. Can you buy 1 scooter, 1 headset, and 1 pair of athletic shoes, and yet stay within your \$100 budget? Remember to calculate 10% sales tax and add it to the total.

(No. The total is \$125.28 with tax. This is a good problem for students to use estimation skills.)

Hints

- Estimate the cost of 1 scooter, 1 headset, and 1 pair of athletic shoes. ($\$46 + \$30 + \$40$). Is the total within your \$100 budget?
- Or, you can calculate the cost of 1 scooter, 1 headset, and 1 pair of athletic shoes by adding $\$45.99 + \$28.95 + \$38.95$.
- You don't need to calculate the sales tax because you know that the total cost of the 3 items is over your \$100 budget already.

4. How much, with sales tax, is the least you can spend if you buy at least 1 item? Don't forget the 10% sales tax!
(\$14.29 if you buy 1 shirt.)

Hints

- What is the price of the cheapest item you can buy?
- Multiply $\$12.99 \times .10$ (10%) to calculate the sales tax on 1 shirt. Remember to round your answer to the nearest hundredth.
- Add the amount of sales tax to the price of the shirt.

5. Which combination of items can you purchase without spending more than \$100, including 10% sales tax?
- a. 2 shirts, 1 scooter, and 1 pair of athletic shoes
 - b. 1 backpack, 1 scooter, and 1 pair of athletic shoes
 - c. 1 pair of athletic shoes, 1 headset, and 1 sweatshirt
 - d. 10 shirts

(c)

Hints

- Can you eliminate any of the answers right away? Do you have enough money to buy 10 shirts if each shirt costs \$12.99?
- Use your estimation skills. For each item, round the amounts up to the nearest whole number and then add the amounts together.



Activity

Individuals need to take personal responsibility for how they use their money. Wise money management begins with a personal budget, which includes realistic plans for earning, spending, and saving.

Students use the following worksheet to practice building their own personal budgets. The teacher's copy of this activity follows the students' worksheet.



Build Your Own Budget Worksheet

Name _____

Instructions:

1. Start by listing the money you have available on the first line in column "D."
2. On the next line, in column "B," enter your income. Income is money you receive, usually for doing work.
3. Now, add your income to your available money in column "D."
4. On the next lines, in column "A," enter the names of the items you will spend your money on. Those are your **expenses**. Write the dollar amount of each expense in column "C."
5. Now, subtract the amount of each expense from the money you have available in column "D." The total is the new amount of money you now have available.
 - What will you do with any extra money you have available after you have identified all the items you will spend your money on?
 - What will you need to do if you don't have enough money available for all the items you want or need?



Teacher's Copy of Build Your Own Budget Worksheet

Use the sample Personal Budget below to allow your students to make decisions about spending and saving. Provide students with a fictitious allowance amount. You can vary the amounts for different students, depending on their mathematical skill levels. You may choose to designate specific categories of the budget, or you can leave those designations up to your students.

When students have finished creating their budgets, be sure to check them for mathematical accuracy. Sharing how students decide to allocate their income is an important part of learning how to make wise financial decisions about their money.

Instructions:

Example

Monthly Budget for: Zing A. Ling			
A Description	B Income (+)	C Expense (-)	D \$ Available
Earnings	\$ 128		\$ 128
Gas		\$ 26	\$ 102
Food		\$ 50	\$ 52
Video Games		\$ 10	\$ 42
Movies		\$ 20	\$ 22
Music		\$ 16	\$ 6
Total	\$ 128	\$ 122	\$ 6

1. Start by listing the money you have available on the first line in column "D."
2. On the next line, in column "B," enter your income. Income is money you receive, usually for doing work.
3. Now, add your income to your available money in column "D."
4. On the next lines, in column "A," enter the names of the items you will spend your money on. Those are your **expenses**. Write the dollar amount of each expense in column "C."
5. Now, subtract the amount of each expense from the money you have available in column "D." The total is the new amount of money you now have available.
 - What will you do with any extra money you have available after you have identified all the items you will spend your money on?
 - What will you need to do if you don't have enough money available for all the items you want or need?



Teaching Tips



Use these additional activities to extend or modify the unit objectives to best meet the needs of your students.

1. Students can create a "spending diary" to track how they spend their money over a given period of time.
2. After students have completed the personal budget activity, provide them with newspaper advertisements or catalogs. Have them choose an item they would like to save for, and have them plan how they will allocate money for that item in their budget. How long will it take the student to save for this item?
3. After the shopping activity, encourage students to find as many different ways as they can to create shopping lists that will come close to \$100 without going over \$100. You can vary the total amount to meet the needs of individual students.
4. Encourage students to think about the shopping activity. Do they have to spend all of the \$100? What else could they do with the money? Have students search the advertisements in the newspaper or look through a catalog. What else could they buy for \$100? (Don't forget sales tax!)
5. The sales tax in these lessons is set at 10% to encourage students to estimate and to use mental arithmetic. As a calculator activity, have students recalculate their shopping lists using the actual sales tax in your area.
6. How much money do you think you need to do all the things you would like to do and to buy all the things you would like to have? Be realistic. Where will all the money come from?

Spending Diary Example

Things I would like to do or to have ...	Source of money for this ...

7. Now list the things you would like to do or to have and indicate whether each item is a need or a want. That is, must you have the item or do the activity in order to live, or is this just something that would be nice to have or fun to do?

Need vs. Want List

Things I would like to do or to have ...	Is this a NEED or a WANT?

Savings and Checking Guide

Unit Overview

In this unit, students in grades 4 and 5 investigate savings and checking accounts. Students study the concept of interest and learn how to balance a checkbook. At the end of this unit, students will recognize how savings and checking accounts work.

In the online/CD-ROM version of the *Hands on Banking* program, there are 14 lessons. These are condensed into 6 sections in this guide:

Section 1: Savings Accounts

Saving means putting money aside for a future use. Banks offer incentives for people to keep their savings in savings accounts. Students practice filling out a savings deposit slip.

Section 2: Savings Withdrawals

After you have deposited money in a savings account, you can make a withdrawal at the bank or by using an Automated Teller Machine (ATM).

Section 3: Keeping Track of Your Savings

Part of good money management is keeping careful record of deposits and withdrawals from bank accounts. It's essential to make careful calculations in order to be certain of the exact balance in your savings account.

Section 4: Writing a Check

Knowing how to write a check correctly is fundamental to good money management.

Section 5: Keeping Track of Your Checking Account

Part of good money management is keeping careful records of deposits and withdrawals from bank accounts. It's essential to make careful calculations in order to be certain of the exact balance in your checking account.

Section 6: The Concept of Balancing a Checking Account

"Balancing" a checking account means comparing your records to the bank's records to make sure they match. The process requires careful mathematical computation

Learning Objectives

The financial-literacy objective of these lessons is for students to recognize the services banks provide and how to use these institutions and their services more effectively.

The mathematical objective of this unit is for students to compute the sum or difference of whole numbers and positive decimals to two places.

Alignment With Educational Standards

National Council of Economic Education and the National Association of Economics Educators and the Foundation for Teaching Economics, *Voluntary National Content Standards in Economics* (1997), Grade 4, Content Standard 10:

- "Banks are institutions where people save money and earn interest, and where other people borrow money and pay interest. Saving is the part of income not spent on taxes or consumption."

JumpStart Coalition for Personal Financial Literacy, *National Standards in K-12 Personal Finance Education* (2007), Grade 4 Standards:

- Planning and Money Management
- Saving and Investing

National Council of Teachers of Mathematics, *Principles and Standards for School Mathematics*, (2000), Grades 3-5:

- Number and Operations Expectations: "(Students will) develop and use strategies to estimate computations involving fractions and decimals in situations relevant to students' experience. They should be able to develop strategies for computing with familiar fractions and decimals."
- Problem-Solving Expectations: "Solve problems that arise in mathematics and in other contexts; apply and adapt a variety of appropriate strategies to solve problems."
- Connections Expectations: "Recognize and apply mathematics in contexts outside of mathematics."



Section 1: Savings Accounts

Saving means putting money aside for a future use. Banks offer incentives for people to keep their savings in savings accounts. Students practice filling out a savings deposit slip.



Opening Questions

Use these or similar questions to start your students thinking about this concept and how it relates to them:

- Are you saving money for something you want or need? Describe how you are managing to save money.
- In your opinion, what's the best thing about saving your money?
- Why would you recommend opening a savings account to someone who doesn't have one yet?



Key Points

- Saving means putting money aside for a future use. Banks and other financial institutions offer incentives for people to keep their savings in savings accounts. These incentives are referred to as “earning **interest**.”
- The amount of interest people will earn depends on the type of savings account they have, which financial institution has the account, and how long they keep their money in the account.
- If you want to be a better saver, try this: Pay yourself first. In other words, whenever you receive money, put some of it into your savings account right away. That's the best way to be sure you won't spend it on things you don't really want or need.
- Even fourth- and fifth-graders can open their own savings account at a bank. A parent or adult guardian must accompany the child to open a savings account.
- There are many different savings accounts available, so do some research to determine which account is best for you.

Here are some guidelines for how to open a savings account, and what you need to bring with you to the bank:

Opening a Savings Account What to Bring

A parent or guardian must accompany a person under 18 and must bring 2 forms of current photo ID, including:

- Driver's license or state ID
- Passport
- U.S. military ID
- Alien Registration card
- Matricula Consular card

OR

- bring 1 item from the above list *and*
- a major credit card or gas card.

The person under 18 may be asked to provide 1 of the following *current* IDs with photo, such as:

- Student ID
- Passport

Plus

- Your Social Security number or individual tax ID number (ITIN)
- Money to deposit – ask if there's a minimum.

Bank requirements may vary, so ask your local bank what they require.

Depositing money in a savings account

- To put money in your savings account at the bank, you fill out a **deposit slip**. A deposit slip is a form used to record the details of the transaction. Once you've filled out the deposit slip, you give it to the **bank teller**, who will take care of the rest. You're done!
- Another way to put money in your account is by using an **ATM**, which means **automated teller machine**. Instead of going inside a bank, you use a machine located outside the bank or at another location. ATMs are almost everywhere, and they're really convenient. (Check with your bank to see how old you have to be to use an ATM.) Students can practice using an ATM simulator on the *Hands on Banking* Web site or CD-ROM.



Activity

Students use the following worksheet to practice filling in a savings deposit slip.



Savings Deposit Worksheet

Name _____

A deposit slip is a form you complete to put money in your account. Let's fill one out right now to put \$25 in a practice account.

- Write today's date in the space marked "A."
- Write your account number on the line marked "B." (Since this is just for practice, you'll need to create your own account number.)
- If you are depositing cash, put the total amount in the box marked "C."
- If you're depositing checks, enter the check amounts in the space marked "D."
- Then add up everything and enter the total at the bottom in the space marked "E."

Deposit: (Check one) <input type="checkbox"/> Checking <input type="checkbox"/> Savings		Date	
Checking or savings account number		Cash	
B <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/>			C
Name		Total Checks	D
Address		Subtotal	
Please sign in teller's presence		Less Cash Received	
		Total \$	E



Teacher's Copy of Savings Deposit Worksheet

A deposit slip is a form you complete to put money in your account. Let's fill one out right now to put \$25 in a practice account.

- Write today's date in the space marked "A."
- Write your account number on the line marked "B." (Since this is just for practice, you'll need to create your own account number.)
- If you are depositing cash, put the total amount in the box marked "C."
- If you're depositing checks, enter the check amounts in the space marked "D."
- Then add up everything and enter the total at the bottom in the space marked "E."

Note: The date in space marked "A" is for illustration purposes only.

Deposit: (Check one) <input type="checkbox"/> Checking <input checked="" type="checkbox"/> Savings		Date March 17, 2007
Checking or savings account number		Cash 25.00
1 2 3 4	5 6 7 8 9 0	Total Checks .00
Name Zing A. Ling		Subtotal
Address 100 Milky Way		Less Cash Received
<i>Zing A. Ling</i> Please sign in teller's presence		Total \$ 25.00



Section 2: Savings Withdrawals

After you have deposited money in a savings account, you can make a withdrawal at the bank or by using an automated teller machine (ATM).



Opening Questions

Use these or similar questions to start students thinking about this concept and how it relates to them:

- Let's say you have some money in a savings account, and you want to take some of the money out. Where would you go to do that, and what would you have to do?
- Even though the purpose of the account is to save money, why might it be necessary to withdraw money from a savings account?
- What do the initials "ATM" stand for, and what's the purpose of an ATM? What banking transactions can people do at an ATM?



Key Points

- You can withdraw money from a savings account by seeing a teller at the bank or by using an ATM.
- If you withdraw money at a teller's window, you'll need to show a piece of photo ID.
- In order to use an ATM, you need to apply at the bank. The bank will issue you an ATM card and a personal identification number, or PIN. Your PIN is a secret code that only you should know. (If someone else knows your PIN, they might be able to take money out of your account!) Never tell anyone your PIN.
- At an ATM, withdrawals need to be in increments of \$20. Deposits can be in any amount.
- Because ATMs issue money, always be alert and aware of people around you when using an ATM.
- Relate what students have learned about managing their money in the Budgeting unit to withdrawing money from a savings account. When might it be necessary to withdraw money from a savings account?



Students can practice using an ATM on the *Hands on Banking* Web site or CD-ROM. To request a CD-ROM for your classroom, please contact us via email at HOBCE@wellsfargo.com, or call us toll-free at 866-650-6228.



Activity

Students use the following worksheet to practice savings withdrawals. The teacher's copy of this activity follows the students' worksheet.



Savings Withdrawal Worksheet

Name _____

Here is a sample savings account withdrawal slip. Fill out the slip to withdraw \$10. Be sure to include all the necessary information on the slip.

- Write today's date in the space marked "A."
- Print your name on the line marked "B."
- Write your savings account number on the line marked "C." (Since this is just for practice, you'll need to create your own account number.)
- Write the withdrawal amount in numbers on the line marked "D."
- Write the amount you wish to withdraw (in words) on the line marked "E."
- Write your signature on the line marked "F."

	Checking, Savings, Money Market Access account number	Withdrawal Slip
C	<input style="width: 100px; height: 20px;" type="text"/> <input style="width: 100px; height: 20px;" type="text"/>	
A	Date	D \$ <input style="width: 100px; height: 20px;" type="text"/>
B	Name (please print)	
E	_____	dollars
	Bank Street Address City, State 12345	F _____
		Signature (sign in presence of bank teller)

1. You have \$226.50 in your savings account. If you withdraw \$40, how much will you have left in your savings account?

2. Next week you'll deposit a check for \$57.62. How much will you have in your savings account then?



Teacher's Copy of Savings Withdrawal Worksheet

Here is a sample savings account withdrawal slip. Fill out the slip to withdraw \$10. Be sure to include all the necessary information on the slip. This includes:

- Write today's date in the space marked "A."
- Print your name on the line marked "B."
- Write your savings account number on the line marked "C." (Since this is just for practice, you'll need to create your own account number.)
- Write the withdrawal amount in numbers on the line marked "D."
- Write the amount you wish to withdraw (in words) on the line marked "E."
- Write your signature on the line marked "F."

Note: The date in space marked "A" is for illustration purposes only.

Checking, Savings, Money Market Access account number		Withdrawal Slip	
C	1 2 3 4 5 6 7 8 9 0	D	\$ 0 0 1 0 . 0 0
A	Date July 7, 2007		
B	Name (please print) Zing A. Ling		
E	Ten and 00/100		dollars
Bank Street Address City, State 12345		F	<i>Zing A. Ling</i> Signature (sign in presence of bank teller)

1. You have \$226.50 in your savings account. If you withdraw \$40, how much will you have left in your savings account?
(\$186.50)
2. Next week you'll deposit a check for \$57.62. How much will you have in your savings account then?
(\$244.12)



Section 3: Keeping Track of Your Savings

Part of good money management is keeping careful records of deposits and withdrawals from bank accounts. It's essential to make careful calculations in order to be certain of the exact balance in your savings account.



Opening Questions

Use these or similar questions to start your students thinking about this concept and how it relates to them:

- What do we mean when we say we're "keeping track" of something? Are there things you keep track of? How do you do it?
- If you open a savings account, and start putting money in and taking money out, who's going to keep track of how much you have in the account?
- How will you be sure the bank records for your savings account are correct?



Key Points

- As part of the service they provide, banks keep track of their customers' savings accounts. However, it is the account holder's responsibility to also keep track of all the transactions on the account.
- When you open a savings account, the bank provides you with a **savings account register** to track your deposits and withdrawals.
- It's important for students to use their savings account registers, and to make careful, accurate calculations.



Activity

Students use the following worksheet to practice recording transactions in a savings register.



Savings Register Worksheet

Name _____

Use the information below to fill in a sample savings account register. Remember, when you make a withdrawal (that is, take money out of your savings account), you subtract. When you make a deposit (put money into your savings account), you add. When you get the bank's monthly statement, be sure to recheck your computation to be sure your records agree with the bank's records.

Instructions

- First, write the date of the transaction in the column marked "A."
- Now, fill in the description of each transaction in the column marked "B." In the top row, describe whether it was a withdrawal or deposit, and indicate whether it was at an ATM. In the second row, describe what the withdrawal was for, or where the deposit funds came from, such as babysitting money or a gift.
- If it's a withdrawal, write the amount in the column marked "C."
- If it's a deposit, write the amount in the column marked "D."
- As you add or subtract each amount, write your current balance in the column marked "E."

Transaction information

1. On 10/4, a cash withdrawal of \$15
2. On 10/15, a deposit of \$10 of babysitting money
3. On 10/31, a withdrawal of \$25 to buy headphones
4. On 11/3, a deposit of \$40 of birthday gift money

Savings Register						BALANCE FORWARD	
DATE	DESCRIPTION	WITHDRAWAL		DEPOSIT		\$172	50

A
B
C
D
E



Teacher's Copy of Savings Register Worksheet

Use the information below to fill in a sample savings account register. Remember, when you make a withdrawal (that is, take money out of your savings account), you subtract. When you make a deposit (put money into your savings account), you add. When you get the bank's monthly statement, be sure to recheck your computation to be sure your records agree with the bank's records.

Instructions

- First, write the date of the transaction in the column marked "A."
- Now, fill in the description of each transaction in the column marked "B." In the top row, describe whether it was a withdrawal or deposit, and indicate whether it was at an ATM. In the second row, describe what the withdrawal was for, or where the deposit funds came from, such as babysitting money or a gift.
- If it's a withdrawal, write the amount in the column marked "C."
- If it's a deposit, write the amount in the column marked "D."
- As you add or subtract each amount, write your current balance in the column marked "E."

Transaction information

1. On 10/4, a cash withdrawal of \$15
2. On 10/15, a deposit of \$10 of babysitting money
3. On 10/31, a withdrawal of \$25 to buy headphones
4. On 11/3, a deposit of \$40 of birthday gift money

Savings Register						BALANCE FORWARD	
DATE	DESCRIPTION	WITHDRAWAL		DEPOSIT			
						\$172	50
10/4	Cash withdrawal	15	00			-15	00
						157	50
10/15	Babysitting money			10	00	+10	00
						167	50
10/31	Headphones	25	00			-25	00
						142	50
11/3	Birthday gift money			40	00	+40	00
						182	50

A

B

C

D

E



Section 4: Writing a Check

Checks are legal documents that function like cash. Knowing how to write a check correctly is fundamental to good money management.



Opening Questions

Use these or similar questions to start your students thinking about this concept and how it relates to them:

- Describe other ways people can pay for things besides paying in cash.
- When people write checks, why do stores accept them? Isn't a check just a piece of paper?
- Suppose someone told you that they could write a check to pay for something even if they knew they didn't have enough money in their checking account to cover the amount of the check. What would you tell this person?
- What are some reasons that someone might want to pay by check rather than using cash?



Key Points

- Checking accounts, like savings accounts, are part of an individual's personal money management system. Checking accounts are very similar to savings accounts. Both types of accounts keep your money safe, and both are very easy to access if you need cash.
- Checking accounts are designed to be day-in and day-out money-management tools, while savings accounts are designed for long-term money-management. Unlike savings accounts, banks expect people to make frequent withdrawals and deposits to checking accounts.
- An important difference between checking and savings accounts is that checking accounts come with **checks!** Also, most savings accounts earn interest, while many checking accounts do not.
- Checks can be used to make purchases, just like cash, and they help people pay bills or make simple purchases without carrying around cash or sending it through the mail. People use checks to pay for things like rent, groceries, and electricity.
- It's important to understand that in order to write a check, there must be sufficient funds in the checking account to cover the amount. Writing a check when you know there is not enough money in the account to cover it is a violation of the law. This is called writing a **"bad check."** Individuals who write "bad checks" may be fined or otherwise punished.
- To open a checking account, students and the parent or guardian who accompanies them to the bank will probably need the same personal identification required to open a savings account. Students should check with their bank to see what they require.



Activity

Students use the following worksheet to practice writing checks.



Writing a Check Worksheet

Name _____

Fill out one of the blank checks below, using the following information:

- Today's date
- The payee, or whom is to be paid
- Fill in the numerical amount: \$36.25
- Write out the amount in words
- Write "groceries" on the memo line
- Sign the check with your complete signature

Choose your own information to complete the second check.

<p>Zing A. Ling 100 Milky Way Planet Mars</p> <p>Pay to the order of _____ \$ _____</p> <p>_____ Dollars</p> <p>Bank Street Address City, State 12345</p> <p>Memo _____</p> <p>⑆123400056⑆ 98765432⑆0102</p>	102
<p>Zing A. Ling 100 Milky Way Planet Mars</p> <p>Pay to the order of _____ \$ _____</p> <p>_____ Dollars</p> <p>Bank Street Address City, State 12345</p> <p>Memo _____</p> <p>⑆123400056⑆ 98765432⑆0103</p>	103



Teacher's Copy of Writing a Check Worksheet

Fill out one of the blank checks below, using the following information:

- Today's date
- The payee, or whom is to be paid
- Fill in the numerical amount: \$36.25
- Write out the amount in words
- Write "groceries" on the memo line
- Sign the check with your complete signature

Choose your own information to complete the second check.

Note: Illustration date only.

Zing A. Ling 102
100 Milky Way
Planet Mars Date May 1, 2007

Pay to the order of Grocery Store \$ 36.25
Thirty-six and 25/100 Dollars

Bank
Street Address
City, State 12345

Memo groceries Zing A. Ling

⑆123400056⑆ 98765432⑆0102

Zing A. Ling 103
100 Milky Way
Planet Mars Date _____

Pay to the order of _____ \$ _____
 _____ Dollars

Bank
Street Address
City, State 12345

Memo _____

⑆123400056⑆ 98765432⑆0103

Zing A. Ling 102
 100 Milky Way
 Planet Mars Date _____

Pay to
 the order of _____ \$ _____
 _____ Dollars

Bank
Street Address
City, State 12345

Memo _____

⑆123400056⑆ 98765432⑆0102

Zing A. Ling 103
 100 Milky Way
 Planet Mars Date _____

Pay to
 the order of _____ \$ _____
 _____ Dollars

Bank
Street Address
City, State 12345

Memo _____

⑆123400056⑆ 98765432⑆0103

Zing A. Ling 104
 100 Milky Way
 Planet Mars Date _____

Pay to
 the order of _____ \$ _____
 _____ Dollars

Bank
Street Address
City, State 12345

Memo _____

⑆123400056⑆ 98765432⑆0104



Section 5: Keeping Track of Your Checking Account

Part of good money management is keeping careful record of deposits and withdrawals from bank accounts. It's essential to make careful calculations in order to be certain of the exact balance in your checking account.



Opening Questions

Use these or similar questions to start students thinking about this concept and how it relates to them:

- If you open a checking account, who is responsible for keeping track of how much money is in the account?
- Earlier, we talked about keeping track of your *savings* account. Do you think keeping track of your checking account would be harder or easier or about the same? Would it take more time? Explain your answer.
- What is one thing you need to keep track of with a checking account that you don't have to track with a savings account?



Key Points

- Keeping track of your checks is easy. Remember your savings account register? Well, when you open a checking account, you get a register, too – a **check register** to keep track of the checks you write.
- You need to take personal responsibility for tracking your own checking account. It's very important to know exactly how much money you have available to spend so that you won't write a check for more money than you have in your checking account. This is called writing a **bad check**.
- Writing bad checks has costly consequences. The bank will charge you a fee, and if you wrote the check to a store, they may charge you, too. Plus, it may cause you financial problems in the future when you try to borrow money from a bank. Banks won't lend money to customers who have not been responsible managers of their money.



Activity

Students use the following worksheet to practice recording transactions in a check register.



Teacher's Copy of Check Register Worksheet

When you write a check or make a deposit to your checking account, it's very important that you immediately record that transaction in your check register. That way you will keep track of how much money you have available in your checking account, and you will be unlikely to write a "bad" check.

Using the following information, complete the check register below. Remember, when you make a deposit, you add. When you write a check or make an ATM or bank withdrawal, you subtract.

Transaction information

- On 4/2, check number 1 in the amount of \$25.89 to the Gas Company for gas for your spaceship
- On 4/15, check number 2 in the amount of \$15.62 to the Toy Store to buy a gift for your friend
- On 4/20, a deposit of \$10 of babysitting money
- On 4/21, check number 3 in the amount of \$27.92 to the Bike Store to buy a new helmet
- On 5/1, check number 4 in the amount of \$36.25 to the Grocery Store to buy food

Instructions

- First, fill in the check number in the column marked "A."
- Now, write the date of the transaction in the column marked "B."
- Write the name of the store to whom you wrote the check in column marked "C," called "Description." Below that, write what the check was for.
- If it's a withdrawal, write the amount in the column marked "D." If it's a deposit, write the amount in the column marked "E."
- As you add or subtract each amount, write your current balance in the column marked "F."

Check Register						\$ BALANCE FORWARD	
NUMBER	DATE	DESCRIPTION	✓	PAYMENT/DEBIT (-)	DEPOSIT/CREDIT(-)	152	84
1	4/2	The Gas Company Gas for spaceship		25 89		-25	89
						126	95
2	4/15	Toy Store Gift for friend		15 62		-15	62
						111	33
	4/20	Deposit (babysitting money)			10 00	+10	00
						121	33
3	4/21	Bike Store Helmet		27 92		-27	92
						93	41
4	5/1	Grocery Store Food		36 25		-36	25
						57	16

A

B

C

D

E

F



Section 6: The Concept of Balancing a Checking Account

"Balancing" a checking account means comparing your records to the bank's records to make sure they match. The process requires careful mathematical computation.



Opening Questions

Use these or similar questions to start your students thinking about this concept and how it relates to them:

- What might happen if you never double-checked your math on your check register?
- What might happen if you never compared your records to the bank's records?



Key Points

- When you have a checking account, the bank sends you a statement every month. This statement shows every **transaction** in the checking account during the last month – this means every deposit and withdrawal you've made, and every check you've written.
- If you earn interest on your checking account, or if you pay a fee for your account, you'll see those on your statement, too.
- Be sure to check your statement carefully. It may show transactions you forgot to enter or that you entered incorrectly. Banks usually record the amounts and balances correctly, but it's a good idea to double-check because mistakes can happen.
- Comparing your records to the bank's records to make sure they match is called "balancing" the account. The process requires careful mathematical computation. In Teaching Tips, you'll find an activity for introducing students to balancing a checking account.



Activity

Use the sample on the next page to introduce your students to a bank statement.

BANK
Street Address
City, State 12345

ACCOUNT STATEMENT
April 1 through April 30
Account Number: 98765432

Balance as of 4/30 \$93.41

Activity detail

Deposits

Date	Description	\$Amount
4/20	Deposit	10.00
Total deposits		10.00

Withdrawals

Checks

Number	Date	\$Amount
1	4/2	25.89
2	4/15	15.62
3	4/21	27.92
Total checks		69.43

Other withdrawals

Date	Description	\$Amount
	Total other withdrawals	0
	Total withdrawals	69.43



Teaching Tips



Use these additional activities to extend or modify the unit objectives to best meet the needs of your students.

1. Students may be familiar with other savings options such as piggy banks and savings bonds. Ask them to discuss some of the advantages and disadvantages of these options. Possible answers might include:
 - With a piggy bank, you keep your money close by, but if you have a lot of money, it will probably be safer at a bank in a savings account. Also, the amount of money you have will grow because the bank pays you interest.
 - If you invest in a savings bond, your money will earn interest. The interest on a savings bond may be higher than the interest on a savings account. However, you need to keep your money invested in the bond over a period of time, without taking it out. This can be a good thing if you want to keep your money set aside for the future.
 - With a savings account, you have easy access to your money, while still earning interest.

2. “Balancing” a checking account means comparing your records to the bank’s records to make sure they match. The process requires careful mathematical computation. In Section 6 of this unit, we present the concept of balancing an account. Some of your students may be ready to learn the complete process. It can be useful to use a calculator.
Use the activity and sample graphics below to introduce students to balancing a checking account.
 - A. Go through the register and check off (✓) each check, withdrawal, ATM transaction, and deposit listed on the bank statement.
 - B. Make sure all the deposits, withdrawals or other transactions on your statement are in your register.
 - C. Using the worksheet on the back of your statement, enter the ending balance from your statement in part 1.
 - D. Make a list of all of the deposits that are in the check register that do not appear on the bank statement. Add those deposits together and enter them in part 2. These are called “outstanding” deposits because they did not reach the bank before the date of the bank statement.
 - E. Calculate the subtotal of parts 1 and 2 and enter the amount in part 3.
 - F. Make a list of all of the checks, withdrawals, and ATM transactions that do not appear on the bank statement. Add those amounts together and enter the total in part 4. These are called “outstanding” withdrawals because they did not reach the bank before the date of the bank statement.
 - G. Subtract part 4 (your outstanding withdrawals) from part 3 (the sum of your ending balance and your outstanding deposits) and enter the amount in part 5. This new amount should be the same as the current balance shown in your check register.

BANK Street Address City, State 12345		ACCOUNT STATEMENT April 1 through April 30 Account Number: 98765432
Balance as of 4/30		\$93.41
Activity detail		
Deposits		
Date	Description	\$Amount
4/20	Deposit	10.00
Total deposits		10.00
Withdrawals		
Checks		
Number	Date	\$Amount
1	4/2	25.89
2	4/15	15.62
3	4/21	27.92
Total checks		69.43
Other withdrawals		
Date	Description	\$Amount
Total		
other withdrawals		0
Total withdrawals		69.43

BANK
Street Address
City, State 12345

**Account Balance
Calculation Worksheet**

- ENTER**
The NEW BALANCE shown on your statement. \$ _____
- ADD**
Any deposits listed in your register or transfers into your account which are not shown on your statement. \$ _____
- CALCULATE THE SUBTOTAL**
Add parts 1 and 2. \$ _____
- SUBTRACT**
The total outstanding checks and withdrawals not shown on your statement. \$ _____
- CALCULATE THE ENDING BALANCE**
(part 1 + part 2 - part 4)
This amount should be the same as the current balance in your check register. \$ _____

Check Register						\$ BALANCE FORWARD	
NUMBER	DATE	DESCRIPTION	✓	PAYMENT/DEBIT (-)		DEPOSIT/CREDIT(-)	
						152	84
1	4/2	The Gas Company Gas for spaceship		25	89		
						-25	89
						126	95
2	4/15	Toy Store Gift for friend		15	62		
						-15	62
						111	33
	4/20	Deposit (babysitting money)				10	00
						+10	00
						121	33
3	4/21	Bike Store Helmet		27	92		
						-27	92
						93	41
4	5/1	Grocery Store Food		36	25		
						-36	25
						57	16

A

B

C

D

E

F

- Your check register shows you have a balance of \$53.61 in your checking account. When you checked off all the checks that had cleared the bank since your last bank statement arrived, a check for \$15.32 is the only transaction missing.

 - What is the closing balance on the bank statement?
(\$68.93)
 - How do you know if your checking account balances?
(Subtract the outstanding check from the balance shown on the bank statement. If the totals are the same, then the account balances.)
 - If the balance in your check register is \$43.61, does your account balance?
(No, it appears you have made a computation error.)
 - If the balance in your check register is \$43.61, will you find that you have more or less money in your checking account than you thought you did, after you balance your checking account? How do you know?
(\$10 more)
 - How will you find the error?
(You will have to go back and review all the calculations in your check register since your last bank statement.)
- Use the sample checks provided and have students fill them out for different amounts. Be sure to include amounts that have no cents or no dollars.
- Make copies of the sample account register. Have students keep track of the sample checks they write by recording them in the account register. (Be sure that students have a starting balance!)
- Have students investigate the rates for cashing checks at a check-cashing store versus at a bank where they have an account.
- A sample deposit slip is on the following page. Use the following information to fill the deposit slip out:
 \$132.00 (cash)
 \$57.36 (check)
 \$25.00 (cash back)
 Remember to add the deposits to get the subtotal, and then subtract the amount of cash you want back from the deposit. That amount is the total of your deposit.

8. Create problems such as this: If you had \$552.31 in your savings account and then you withdrew \$100, how much money would you have in your savings account after the withdrawal? You can vary the amounts according to the mathematical skill levels of your students. Create problems that students can work using mental arithmetic.
9. Construct problems such as these for your students:
 - If you receive \$1.50 an hour for babysitting, how many hours did you babysit in order to deposit \$12.75 into your savings account?
 - How many hours did you babysit to earn \$10.50 to deposit ?
 Ask your students to create their own similar problems. Creating these kinds of problems allows students to practice different computation skills.
10. Use examples such as the one below to have students do computations in the sample check register on the following page. You can modify these activities by selecting different amounts for students to use based on their mathematical skill levels. Be sure to begin with a "balance" in the check register.

Sample Check Register Entries

Checks				Deposits		
Check #	Date	Description	Amount	Date	Description	Amount
100	10-2	Bicycle store	253.49	10-1	Family garage sale	282.41
101	10-3	Clothing	52.71	10-4	Birthday gift	30.00
102	10-3	Video store	15.60			
103	10-5	Books	36.25			

11. Reemphasize the importance of personal responsibility in maintaining bank accounts. Keeping track of computations in a check register provides another appropriate use of the calculator.

Credit and You

Unit Overview

In these lessons, students in grades 4 and 5 investigate the concepts of credit and credit cards. At the end of these lessons students will identify the benefits and costs of consumer credit and recognize the importance of responsible use of credit. In the online/CD-ROM version of the *Hands on Banking* program, there are six lessons. These are condensed into one section in this guide:

Section 1 Credit and Interest

Students explore the concepts of credit and credit cards, and consider what it means to buy something “on credit.”

Learning Objectives

The financial-literacy objectives of these lessons are for students to evaluate the benefits and costs of consumer credit and to recognize how an individual establishes good credit.

The mathematical objective of this unit is for students to compute the sum or difference of whole numbers and positive decimals to two places.

Alignment With Educational Standards

JumpStart Coalition for Personal Financial Literacy, *National Standards in K-12 Personal Finance Education, (2007)*, Grade 4 Standards:

- Credit and Debt Education

National Council of Teachers of Mathematics Principles and Standards for School Mathematics, (2000), Grades 3-5:

- Number and Operations Expectations, “(Students will) develop and use strategies to estimate computations involving fractions and decimals in situations relevant to students’ experience. They should be able to develop strategies for computing with familiar fractions and decimals.”
- Problem-Solving Expectations: “Solve problems that arise in mathematics and in other contexts; apply and adapt a variety of appropriate strategies to solve problems.”
- Connections Expectations: “Recognize and apply mathematics in contexts outside of mathematics.”



Section 1: Credit and Interest

Students are introduced to the concepts of credit and credit cards, and consider what it means to buy something "on credit."



Opening Questions

Use these or similar questions to start your students thinking about this concept and how it relates to them:

- What does it mean to "take personal responsibility" for something? Give an example of a situation where you have taken responsibility for making sure something got done.
- How do you know if someone will keep a promise to you? If someone were to break a promise, how would you feel the next time he or she makes a promise?
- Have you ever borrowed money from someone? What kind of agreement did you make with them about paying the money back? Did you keep your promise?
- Have you ever loaned money to someone? What kind of agreement did you make about getting paid back? Did you put your agreement in writing?



Key Points

Credit: The importance of personal responsibility

- Write the word "**RESPONSIBILITY**" on the board.
(Please note: If your students are using the online or CD-ROM versions of the Hands on Banking program, they will be asked to "enter the password" to the credit unit in order to proceed. This password is the word "responsibility." If they don't enter this word, the program will give them two hints, and two additional tries. The third time, the program will provide them with the password and allow students to advance.)
- Credit refers to the ability of a person or a business to borrow money from a lender with the intent, or promise, to pay the money back.
- Earning credit requires earning people's trust. When you borrow money from a parent, guardian, neighbor, or friend, you usually promise to pay it back by a certain time. They lend you the money because they trust you to keep your promise.
- Taking personal responsibility is absolutely essential when it comes to credit. Taking personal responsibility means keeping your promise to pay back the money you owe.
- Not everyone can borrow money from a bank. Credit is a privilege – and it's granted only to those who have demonstrated their ability to manage their money.
- To earn credit, you first have to show lenders that you're a good money manager. If you stick with your budget and manage your savings and checking accounts responsibly, you'll have what it takes to get credit in the future, after you reach age 21.
- Credit can give you added flexibility to buy things when you need them – but you should only use credit if your budget shows you can pay the money back.
- When you borrow money from a bank, the bank is giving you credit. One type of credit is a **loan** – for example, borrowing money to buy a car. Another type of credit is in the form of **credit cards**.

Credit cards

- Adults can apply for credit cards. When you have a credit card, it means the lender is lending you money and allowing you to pay it back over time. But the lender puts a limit on how much you may spend, or charge, on your card. This is called your **credit limit** or **spending limit**.
- When you use a credit card – say, to purchase a computer – you’re taking responsibility to pay the money back. You can pay it all at once or in monthly payments. But there’s a catch – if you pay it back over time, then you have to **pay interest**. Remember when we talked about *earning* interest on savings accounts? With credit, like loans and credit cards, you have to *pay* interest. And with credit cards, the **interest rate** can be *very high*.
- Different credit cards offer different interest rates, so it pays to shop around for a card with a low rate. Interest on credit is usually much higher than the interest paid by a financial institution on savings accounts. This is one way that banks and other financial institutions make money.
- When you have a credit card, each month you have to pay what’s called the **minimum payment**. The lender will calculate how much that is. The minimum is the least amount of money you can pay on your credit card every month. But think about it: the slower you pay, the more interest you’ll have to pay every month. This interest is charged on every cent of the money you borrowed that you haven’t repaid yet. So you see? When you buy something with a credit card and take time to pay it back, you end up paying more for your purchase than if you’d bought it with cash.
- Credit cards are good when you’re buying something you know you can pay back quickly, or for emergencies. The goal is to pay the money back very quickly – or you’ll pay a lot in interest.

Loans

- With loans, you borrow *all* the money you need – all at once – and pay it back monthly. With loans, you also have to pay interest – but it’s usually less interest than you’d pay with a credit card. It’s good to shop around for a loan with the lowest interest rate.
- Loans are great if you’re buying very expensive things like cars or homes, or paying for a college education. If you’ve been responsible with your money and bank accounts, banks will be more likely to give you a loan.



Activity

Students use the following worksheet to compare purchasing with cash and credit. The teacher’s copy of this activity follows the students’ worksheet.



Purchasing Worksheet

Name _____

1. You want to purchase video games that are advertised at \$100.

- Compute the total cost of the video games including 5% sales tax.

1. Now, let's say you want to purchase \$100 video games using a credit card. If you don't pay the entire cost of the video games when the first bill comes, the bank will charge you interest. Let's say you have budgeted \$20 a month to pay for the video games. Assuming that the credit card interest is at 15% a year (1.25% a month), look at the table below to see how quickly this interest adds up!

Month	Principal	Amount Paid	Interest	Balance
1	105.00	20.00	.00	85.00
2	85.00	20.00	1.31	66.31
3	66.31	20.00	1.08	47.39
4	47.39	20.00	.84	28.23
5	28.23	20.00	.60	8.83
6	8.83	8.83	.00	.00

2. How much would the bank charge in interest over the 6 months?



Teacher's Copy of Purchasing Worksheet

1. You want to purchase video games that are advertised at \$100.
 - Compute the total cost of the headphones including 5% sales tax.
(\$105)
Hint
 - Multiply $\$100 \times .05$ (5%) to calculate the sales tax.
2. Now, let's say you want to purchase \$100 video games using a credit card. If you don't pay the entire cost of the video games when the first bill comes, the bank will charge you interest. Let's say you have budgeted \$20 a month to pay for the video games. Assuming that the credit card interest is at 15% a year (1.25% a month), look at the table below to see how quickly this interest adds up!

Month	Principal	Amount Paid	Interest	Balance
1	105.00	20.00	.00	85.00
2	85.00	20.00	1.31	66.31
3	66.31	20.00	1.08	47.39
4	47.39	20.00	.84	28.23
5	28.23	20.00	.60	8.83
6	8.83	8.83	.00	.00

3. How much would the bank charge in interest over the 6 months?
(\$3.83)
Hint
 - Add up the amounts in the interest column of the chart.



Teaching Tips



Use these additional activities to extend or modify the unit objectives to best meet the needs of your students.

1. Have students solve simple problems that demonstrate what happens when you buy something on credit. Use the table below or similar ones as examples. What would be the advantages of making a purchase with a credit card and paying the money back plus interest over a six-month period? What would be the disadvantages? How much is the total interest on the example below (\$500 at 18%)? (These may be appropriate problems for students to solve using calculators.)

How Interest Works on Borrowed Money

Month	Amount Borrowed (Principal)	Amount Repaid	Interest	Amount Owing (Balance)
1	\$500	87.76	7.50	419.74
2		87.76	6.30	338.28
3		87.76	5.07	255.59
4		87.76	3.83	171.66
5		87.76	2.57	86.47
6		87.76	1.30	0
		Total Interest	26.57	0

Using a table such as this one is a good way for students to organize their work. Adjust the balances, amount paid, and interest rates to be more or less challenging depending on the needs of individual students. A blank table is available for your use on the following page.

2. Have students look through the newspaper to find advertisements that include interest rates for buying over time (cars, appliances, computers, etc.) What kind of interest rates are offered?
3. Have students look in the newspaper or online to find offers for credit cards and loans. What different interest rates are offered?
4. Have students look in the financial section of your local newspaper. What interest rates are banks in your area charging for home loans?
5. Create problems using scenarios such as this:

Your older sister wants to buy a computer for \$350. She has a credit card that charges 18% interest a year (1.5% interest a month). Your sister figures she can pay \$35 a month for the computer.

- Write a paragraph to convince your sister that using her credit card to buy the computer and paying for it over several months is not a good idea.
- Write another paragraph to explain why your sister might choose to purchase the computer using her credit card and paying for it over several months.

Assessment

Introduction

Using this Assessment, students of the **Hands on Banking**® program can test their knowledge of the Kids' (grades 4 and 5) curriculum. Students may use calculators to compute the answers.

The teacher's copy of the Assessment, including the answers, follows the students' worksheet. The teacher's copy also includes hints that you may offer to students at your option.

Ask students to complete the Assessment after they have studied the curriculum. Students should use their incorrect answers to identify areas for review, and following a review, take the Assessment again.

If using the online or CD-ROM versions of the *Hands on Banking* program, the program will automatically score the results. For a score of 70% or higher, students can print out a certificate of achievement, personalized with their names. If you are not online or using the CD-ROM, a certificate of achievement template is included for photocopying.



Assessment Worksheet

Name _____

Use this chart of Zing's jobs and earnings to answer the following questions:

Zing's Earnings

Job	Earnings
Walk a dog	\$3.75
Run an errand	\$3.50
Wash a car	\$7.50
Babysit	\$5.00

1. One weekend Zing was busy walking dogs. He earned \$15. How many dogs did Zing walk?
2. On another weekend, Zing washed 2 cars, babysat once, and ran errands for 2 different people. How much did Zing earn altogether that weekend?
3. You want to purchase a shirt that costs \$12 plus 10% sales tax. What will be the total cost of the shirt including the 10% sales tax?

Imagine that this is your weekly budget. Use this information and a calculator to answer the following question:

My Weekly Budget

Description	Income (+)	Expense (-)	\$ Available
Allowance	\$ 15.00		\$ 15.00
Snacks		\$ 4.00	11.00
Entertainment		7.00	4.00

4. How many weeks will you have to save to have enough money to buy the shirt? Remember, including the 10% sales tax, the shirt will cost \$13.20.

Imagine this is your savings account register. Fill it in using the information provided below. Then, use a calculator to answer the question.

My Savings Account Register

Date	Description	Withdrawal (-)	Deposit (+)	Balance
10-2				\$ 56.22
10-4				
10-15				
10-31				
11-3				\$

<u>Description</u>	<u>Date</u>	<u>Deposits (+)</u>	<u>Withdrawals (-)</u>
Gift for Zing	10-4		\$14.00
Babysitting money	10-15	15.00	
Shirt	10-31		\$13.20
Birthday gift money	11-3	25.00	

5. What is the final balance in your register?

6. Zing has made a \$150 purchase on his credit card. He decides to pay off the \$150 by paying \$10 a month. If the bank doesn't charge him any interest, how many months would it take Zing to pay off the \$150?

7. The bank charges Zing 15% interest a year on the unpaid balance on his credit card. If Zing decides to pay off the \$150 purchase by paying \$10 a month, he will pay \$17.07 in interest. What will the total cost of the \$150 purchase be?

8. Zing is writing a check to pay for a subscription to *Flying Saucer Weekly*. The subscription costs \$10 a year. Fill in the check below by putting the following items of information in the correct place on the check:
 - Flying Saucer Weekly
 - \$10.00
 - Ten and 00/100-----
 - subscription
 - Zing A. Ling (signature)

Zing A. Ling	102
100 Milky Way	
Planet Mars	Date _____
Pay to	
the order of _____	\$ _____
_____	Dollars
Bank	
Street Address	
City, State 12345	
Memo _____	

⑆ 1 2 3 4 0 0 0 5 6 ⑆ 9 8 7 6 5 4 3 2 ⑆ 0 1 0 2	

9. Match the words on the left with their definitions:

Word Matching Exercise

Word	Answer	Definitions
Income		A. A plan for using your money
Budget		B. The money an individual makes or earns
Responsibility		C. The password to good credit
ATM		D. The way money moves from hand to hand
Money cycle		E. Automated teller machine



Teacher's Copy of Assessment Worksheet

Use this chart of Zing's jobs and earnings to answer the following questions:

Zing's Earnings

Job	Earnings
Walk a dog	\$3.75
Run an errand	\$3.50
Wash a car	\$7.50
Babysit	\$5.00

- One weekend Zing was busy walking dogs. He earned \$15. How many dogs did Zing walk?
(4)
 Hint
 ○ How much does Zing earn for walking 1 dog? Add or multiply that amount until you reach \$15.
- On another weekend, Zing washed 2 cars, babysat once, and ran errands for 2 different people. How much did Zing earn altogether that weekend?
(\$27)
 Hints
 ○ How much did Zing earn for washing 2 cars? Add that amount to his earnings from babysitting.
 ○ Now calculate how much he earned for running errands for 2 different people.
 ○ Add together the amounts you have calculated.
- You want to purchase a shirt that costs \$12 plus 10% sales tax. What will be the total cost of the shirt including the 10% sales tax?
(\$13.20)
 Hints
 ○ Multiply $\$12 \times .10$ (10%).
 ○ Add that answer to \$12 to get the total cost of the shirt.

Imagine that this is your weekly budget. Use this information and a calculator to answer the following question:

My Weekly Budget

Description	Income (+)	Expense (-)	\$ Available
Allowance	\$ 15.00		\$ 15.00
Snacks		\$ 4.00	11.00
Entertainment		7.00	4.00

4. How many weeks will you have to save to have enough money to buy the shirt? Remember, including the 10% sales tax, the shirt will cost \$13.20.
(4 weeks)
 Hints
- Each week you have \$4.00 left over in your budget.
 - How many weeks will you have to save the \$4.00 to have enough to purchase the shirt?
 - Divide \$13.20 by 4. Remember, you can't have a fraction of a week, so you will have to round up to the nearest whole number to figure out how many weeks you need to save.

Imagine this is your savings account register. Fill it in using the information provided below. Then use a calculator to answer the questions.

Savings Account Register

Date	Description	Deposit (+)	Withdrawal (-)	Balance
10-2				\$56.22
10-4	Gift for Zing		14.00	-14.00
				42.22
10-15	Babysitting deposit	15.00		+15.00
				57.22
10-31	Shirt		13.20	-13.20
				44.02
11-3	Birthday gift money	25.00		+25.00
				69.02

5. What is the final balance in your register?
(\$69.02)
 Hints
- Enter the "Gift for Zing" on 10-4. Subtract the amount (\$14) from the balance showing on 10-2.
 - Add the deposit for babysitting on 10-15 (\$15).
 - Subtract the amount you spent on the shirt on 10-31 (\$13.20).
 - On 11-3 you deposited the \$25 you received for your birthday. Add that to the current total in your register.
6. Zing has made a \$150 purchase on his credit card. He decides to pay off the \$150 by paying \$10 a month. If the bank doesn't charge him any interest, how many months would it take Zing to pay off the \$150?
(15)
 Hint
- Divide \$150 by \$10 to calculate how many months it will take Zing to pay off the \$150.
7. The bank charges Zing 15% interest a year on the unpaid balance on his credit card. If Zing decides to pay off the \$150 purchase by paying \$10 a month, he will pay \$17.07 in interest. What will the total cost of the \$150 purchase be?
(\$167.07)
 Hint
- Add the amount of interest to the \$150 Zing charged on his credit card.

8. Zing is writing a check to pay for a subscription to *Flying Saucer Weekly*. The subscription costs \$10 a year. Fill in the check below by putting the following items of information in the correct place on the check:
- Flying Saucer Weekly
 - \$10.00
 - Ten and 00/100-----
 - subscription
 - Zing A. Ling (signature)

Note: Illustration date only.

Zing A. Ling	102
100 Milky Way	
Planet Mars	Date <u>B/15/07</u>
Pay to the order of <u>Flying Saucer Weekly</u>	\$ <u>10.00</u>
<u>Ten and ^{no}00/100</u>	Dollars
Bank	
Street Address	
City, State 12345	
Memo <u>subscription</u>	<u>Zing A. Ling</u>
⦿ 123400056 ⦿	98765432 ⦿ 0102

9. Match the words on the left with their definitions:

Answers to Word Matching Exercise

Word	Answer	Definitions
Income	B	A. A plan for using your money
Budget	A	B. The money an individual makes or earns
Responsibility	C	C. The password to good credit
ATM	E	D. The way money moves from hand to hand
Money cycle	D	E. Automated teller machine

Additional Student Activities



Proposing a Budget



Pretend that you are the principal of your school. The school district requires you to create a budget for each school year that they must approve. In order to create that budget, you will first need to find out what the current school budget is (this includes revenues and expenses). Suppose that there is a shortage of revenue, and your new budget will have to have 20% less expenses than last year's budget. Which expenses will you cut?

Graph or chart your budget proposal, and be prepared to defend your budget choices.

Brainstorm: What kinds of items would be in a typical school budget? Teacher salaries? Staff salaries? Teaching supplies? Utility charges?

Brainstorm: What do you know about the enrollment at your school? Is it going up, going down, or staying the same? Where does the funding for your school come from? Is that funding going up, down, or staying the same?

Brainstorm: Which items can be cut realistically from a school's budget that will cause the least effect on the students, faculty and staff?

Research similar necessary budget cuts in education. How did other schools and school districts handle the need to cut their budgets?



Activity

Students use the following worksheets to further explore financial education. The teacher's copies of the activities follow the students' worksheets.



Money Word Search

Name _____

See how many of the 15 words related to money you can find in the puzzle below. List the words, and write a definition for each of them.

Money Word Search

d	e	b	a	n	k	s	v	p	l	h	c
p	k	r	t	o	f	g	l	r	s	i	u
c	s	p	M	u	i	n	c	o	m	e	r
t	b	e	d	a	c	i	k	f	r	b	r
e	p	A	y	e	e	v	u	i	b	s	e
c	h	e	c	k	y	a	i	t	p	l	n
s	r	m	s	e	l	s	l	o	a	n	c
u	w	e	h	e	n	d	o	r	s	e	y
r	b	u	d	g	e	t	e	s	t	o	r
y	s	a	w	i	t	h	d	r	a	w	h
l	c	a	p	r	t	a	x	e	k	c	o

1. _____

2. _____

3. _____

4. _____

5. _____

6. _____

7. _____

8. _____

9. _____

10. _____

11. _____

12. _____

13. _____

14. _____

15. _____



Teacher's Copy of Money Word Search

Money Word Search Answers

d	e	b	a	n	k	s	v	p	l	h	c
p	k	r	t	o	f	g	l	r	s	i	u
c	s	p	m	u	i	n	c	o	m	e	r
t	b	e	d	a	c	i	k	f	r	b	r
e	p	a	y	e	e	v	u	i	b	s	e
c	h	e	c	k	y	a	i	t	p	l	n
r	s	m	s	e	l	s	l	o	a	n	c
e	w	e	h	e	n	d	o	r	s	e	y
d	h	f	b	u	d	g	e	t	t	o	r
i	s	a	w	i	t	h	d	r	a	w	h
t	c	a	p	r	t	a	x	e	k	c	o

- ATM
- Banks
- Budget
- Check
- Credit
- Currency
- Debt
- Endorse
- Income
- Loan
- Payee
- Profit
- Savings
- Tax
- Withdraw



Money Match

Name _____

Match the name of the currency with the correct location where it is used.

Money Matching Exercise

Dollar	Mexico
Euro	United States
Peso	England
Pound	Japan
Real	Europe
Yen	Brazil



Teacher's Copy of Money Match

Match the name of the currency with the correct location where it is used.

Money Matching Answers

Dollar	Mexico
Euro	United States
Peso	England
Pound	Japan
Real	Europe
Yen	Brazil



Money Bingo

Students create “bingo cards” to reinforce new vocabulary and concepts related to money, banking, and finances. A sample bingo card follows.

Students are given the following or a similar list to use to fill in their own bingo cards:

ATM	Responsibility
Bank	Sales Tax
Budget	Savings Account
Credit	Six (6)
Deposit	\$20.00
Five (5)	\$30.00
Income	Wants
Interest	Withdraw

After students have created their own bingo cards, the teacher or “caller” uses the following definitions for students to mark on their cards. When a student has four in a row, they call out “bingo.” The teacher verifies that the student has marked off the correct terms.

A financial institution that handles money, including keeping it for saving or commercial purposes, and exchanging, investing, and supplying it for loans. **(BANK)**

A monthly or yearly spending and savings plan developed by a person, family or business. **(BUDGET)**

If Zing earns \$5.00 each time he baby sits, how many times will he need to baby sit to have \$26 to buy gas for his spaceship?. **(SIX)**

To put money into your bank account. **(DEPOSIT)**

For an individual, the amount of money received during a period of time, including money received in exchange for labor or services, from the sale of goods or property, or as profit from financial investments. **(INCOME)**

Zing earns \$2.00 each time he does an errand for his neighbor. How many times did he do an errand if he earned \$10? **(FIVE)**

To take money out of an account. **(WITHDRAW)**

Things you can budget for if there is money left over after you buy what you need. **(WANTS)**

A tax charged by the state or city on the price of an item. **(SALES TAX)**

Automated Teller Machine. **(ATM)**

A bank account that allows a customer to deposit and withdraw money and earn interest on the balance. **(SAVINGS ACCOUNT)**

You had \$145.72 in your Savings Account. After making a deposit, you now have \$165.72 in that account. How much was the deposit that you made?. **(\$20.00)**

The balance in Zing’s Checking Account Register is \$120.75. After writing a check, the balance in Zing’s Checking Account is now \$90.75. For how much was the check that Zing wrote? **(\$30.00)**

The password to good credit. **(RESPONSIBILITY)**

When a bank or business allows its customers to purchase goods or services on the promise of future payment. **(CREDIT)**

The amount of money paid by a borrower to a lender in exchange for the use of the lender’s money for a certain period of time. **(INTEREST)**



Money Bingo

Bingo Card



Money Word Jumble

Name _____

Unscramble the letters below to make five words related to *MONEY*. Then use the letters in the boxes in the new words to solve the *MONEY RIDDLE*!

CMEOIN _____ _____

TIDERC _____ _____

IZNG _____ _____

NDEES _____ _____

SWATN _____ _____

Money kept in a bank savings account is never boring because it keeps giving



Teacher's Copy of Money Word Jumble

Unscramble the letters below to make five words related to *MONEY*. Then use the letters in the boxes in the new words to solve the *MONEY RIDDLE*!

CMEOIN

IIDERC

IZNG

NDEES

SWATN

Money kept in a bank savings account is never boring because it keeps giving

Answers: **INCOME, CREDIT, ZING, NEEDS, WANTS
INTEREST**



Growing Your Money

Name _____

Look how fast your money can grow!

If you save one penny a day for a week, how much money will you have at the end of one week?

Now, say you save **one penny** on the first day and then double the number of pennies you save each day for a week. Now, how much money will you have after one week???

Day 1 _____

Day 2 _____

Day 3 _____

Day 4 _____

Day 5 _____

Day 6 _____

Day 7 _____

Are you surprised?? Predict and then figure out how much money you will have at the end of two weeks!

I predict I will have _____ at the end of two weeks.

Day 8 _____

Day 9 _____

Day 10 _____

Day 11 _____

Day 12 _____

Day 13 _____

Day 14 _____

Was your prediction accurate???

After how many days will you have \$10,000?



Teacher's Copy of Growing Your Money

If you save one penny a day for a week, you will have \$.07 after one week.

If you save **one penny** on the first day and then double the number of pennies you save each day for a week, this is what you will have:

Day 1: \$.01

Day 2: \$.02

Day 3: \$.04

Day 4: \$.08

Day 5: \$.16

Day 6: \$.32

Day 7: \$.64

Total for the seven days: \$1.27

Day 8: \$1.28

Day 9: \$2.56

Day 10: \$5.12

Day 11: \$10.24

Day 12: \$20.48

Day 13: \$40.96

Day 14: \$81.92

Total for week 2: \$162.56. The total for weeks one and two together is \$163.83!!!

If you keep up this pattern, you will have over \$10,000 on Day 21! (You will have \$5242.88 on Day 20. If you double that, you will have \$10485.76 on Day 21!)

Additional Financial Literacy References for Kids*

Berg, Adriane & Arthur Berg Bochner, *The Totally Awesome Money Book for Kids*
Berg, Adriane & Arthur Berg Bochner, *The Totally Awesome Business Book for Kids*
Berger, Melvin, *Round and Round the Money Goes: What Money Is and How We Use It* (Discovery Readers)
Brennan-Nelson, Denise, *Penny: The Forgotten Coin*
Burkett, Larry, *Money Planner for Kids*
Cribb, Joe, *Money* (Eyewitness Books)
Dahl, Michael, *Pass the Buck: A Fun Song about the Famous Faces and Places on American Money (Fun Songs)*
Drobot, Eve, *Money, Money, Money: Where it Comes From, How to Save it, Spend it and Make it*
Giesecke, Ernestine, *From Seashells to Smart Cards: Money and Currency* (Everyday Economics, Series)
Godfrey, Neale S., *Why Money Was Invented*
Harman, Hollis Page, *Barron's Money Sense for Kids*, Second Edition
Kiyosaki Robert, *Rich Dad, Poor Dad for Teens: The Secrets about Money that You Don't Learn in School*
Kravetz, Stacy, *Girl Boss: Running the Show like the Big Chicks: Entrepreneurial Skills, Stories, and Encouragement for Modern Girls*
Lea, Ted & Lora Lea, *When I Grow Up I'm Going to Be a Millionaire (A Children's Guide to Mutual Funds)*
Leedy, Loreen, *Follow the Money*
Linecker, Adelia Cellini, *What Color Is Your Piggy Bank?: Entrepreneurial Ideas for Self-Starting Kids* (Millennium Generation Series)
Mayr, Diane, *The Everything Kid's Money Book: From Saving to Spending to Investing – Learn All About Money!*
McGillian, Jamie, *The Kid's Money Book: Earning, Saving, Spending, Investing, Donating*
Olsen, Timothy, *The Teenage Investor*
Roper, Ingrid & Susan Synarski, *Moneymakers: Good Cents for Girls* (American Girl Library)
Schwartz, David, *If You Made a Million*
Viorst, Judith, *Alexander who Used to be Rich Last Sunday*
Waters, Jennifer, *Money*
Young, Robert, *Money*



Glossary

Glossary

401(k) Plan A flexible retirement plan for businesses with employees. Investors in the plan don't have to pay taxes on the income they invest until they withdraw the funds at retirement age.

Account. (see Bank account)

Account balance. The exact amount of money contained in a deposit account according to the bank. This figure may be different than the amount shown in your own records because of checks you have written or deposits you have made that have not yet been processed by the financial institution.

Account fee. The amount charged by a financial institution for the services they provide in managing the account. This may also be called the monthly service fee.

Annual fee. The fee a credit card company charges a credit card holder to use the card for a year. Or, the fee a lender charges a borrower for the use of a line of credit for a year.

Automated teller machine (ATM). A specialized computer used by bank customers to manage their money, for example, to get cash, make deposits, or transfer money between accounts.

Bad check. A check that is not paid by a bank because the customer's account does not have enough money to pay it. Also known as a bounced or returned check. Banks will charge you service fees for each bad check, and writing bad checks can seriously harm your credit rating.

Bad credit. A situation in which lenders believe that, due to a borrower's poor history of repaying his or her debts, further loans to this person would be especially risky.

Balance. (see Account balance)

Balance your checkbook. The process of comparing your monthly checking account statement with your check register to make sure that your records and the bank's records match. Also called reconciling your account.

Bank. A financial institution that handles money, including keeping it for saving or commercial purposes, and exchanging, investing, and supplying it for loans.

Bank account. A banking service allowing a customer's money to be handled and tracked. Common bank accounts are savings and checking accounts.

Bank statement. A monthly accounting document sent to you by your bank that lists your account balance at the beginning and end of the month, and all of the checks you wrote that your bank has processed during the month. Your statement also lists other deposits, deductions, and fees, such as service charges.

Bounced check. (see Bad check)

Budget. A monthly or yearly spending and savings plan developed by a person, family, or business. A written budget helps people to be better money managers and to prepare for major or unexpected expenses.

Canceled check. A customer's check that the bank has paid and charged against the check writer's account. Cancelled checks may be returned to the check writer with the monthly bank statement, or they may be kept on film by the bank.

Charge card. Similar to a credit card, except that a charge card requires the card holder to pay off the entire balance monthly. See also Credit card.

Check. A written order instructing the bank to pay a specific amount of money to a specific person or entity. The check must contain a date, payee (person, company, or organization to be paid), amount, and an authorized signature.

Check register. A small notepad you receive when you open a checking account for the purpose of tracking your checks, deposits, and current balance.

Checking account. A bank account that allows a customer to deposit and withdraw money and write checks. Using a checking account can be safer and more convenient than handling cash.

Co-signer. A second person who signs your credit or loan application. Just like the borrower, the co-signer on a loan is equally responsible for repaying the debt. Also called a co-borrower.

Cost of the loan. The total amount the borrower pays for a loan, including the amount borrowed (or principal), the total interest paid over the term of the loan, and all loan fees.

Credit. When a bank or business allows its customers to purchase goods or services on the promise of future payment. Also used to describe any item that increases the balance in a bank account. Deposits and interest payments are both examples of credits.

redit card. Any card that may be used repeatedly to borrow money or buy products and services on credit. Credit cards are issued by financial institutions, retail stores, and other businesses. A credit card

offers the card holder revolving credit that can be paid monthly with as little as the required minimum payment. See also Charge card.

Credit history. A written record of a person's use of credit, including applying for credit, and using credit or loans to make purchases. Also called a credit record.

Credit limit. The maximum dollar amount the lender is willing to make available to the borrower according to the agreement between them. For example, if you have a credit card, the credit agreement will usually specify the maximum amount of money you're allowed to charge.

Credit record. (see Credit history)

Credit union. A non-profit financial institution that is owned and operated entirely by its members. Credit unions provide financial services for their members, including savings and lending. Large organizations may organize credit unions for their members, and some companies establish credit unions for their employees. To join a credit union, a person must ordinarily belong to a participating organization, such as a college alumni association or labor union. When a person deposits money in a credit union, he or she becomes a member of the union because the deposit is considered partial ownership in the credit union.

Creditor. An individual or business that lends money or extends credit.

Currency. Any form of money that is in public circulation, for example, paper bills and coins.

Debit card. A special card issued by a bank that looks like and is treated like a credit card; however, when used, the amount of the purchase or cash advance is subtracted from the user's deposit account rather than drawing on available credit.

Debt. Money, goods, or services you owe to others.

Deposit. To put money into your account.

Deposit envelope. A printed envelope provided by a financial institution. Customers place cash and checks for deposit into the envelope and record information about the deposit on the outside of the envelope.

Deposit slip. A printed form supplied by a financial institution. Customers list the amounts and types of funds (such as checks and bills) they are depositing and include the slip with their deposit.

Discretionary expense. The purchase of goods or services which are not essential to the buyer, or are more expensive than necessary. Examples include entertainment and restaurant meals.

Earning power. The amount of money a person is able to make from his or her work.

Earnings. (see Income)

Economy. Activities related to the production of goods and services in a particular geographic region, such as a country, state, or county.

Endorse. To sign the back of a check, authorizing the check to be exchanged for cash or credit.

Establishing credit. Giving lenders the trust and confidence to make loans to you based on a good history of paying your debts.

Expense. For individuals, an expense is a cost of living for example rent or groceries. For businesses, an expense is any cost resulting from the money-making activities of the business.

Federal Deposit Insurance Corporation (FDIC). An agency of the federal government that insures all bank deposits up to \$250,000 per person.

Federal Reserve. An independent governmental agency established by Congress to organize and regulate banking throughout the United States.

Fees. Charges for services by a financial institution or lender.

Finance charge. The amount of money a borrower pays to a lender for the privilege of borrowing money, including interest and other service charges.

Fixed cost, Fixed expense. For an individual, a fixed cost is an expense that stays the same each month, such as rent or a car payment. For a business, a fixed cost is an expense that does not vary depending on production or sales levels, such as an equipment lease or property tax.

Flexible expense. An expense that you can control or adjust, for example, how much you spend on groceries, clothes, or long distance phone calls.

Good credit. A situation in which lenders are willing to make loans to an individual, due to his or her good history of repaying debts.

Income. For an individual, income means the amount of money received during a period of time, including money received in exchange for labor or services, from the sale of goods or property, or as profit from financial investments. For a business, income is (all the money brought in) minus cost of sales, operating expenses, and taxes, over a given period of time.

Interest. The amount of money paid by a borrower to a lender in exchange for the use of the lender's money for certain period of time. For example, you earn interest from a bank if you have a savings account and you pay interest to a lender if you have a loan.

Interest rate. The amount of interest paid per year divided by the principal amount (that is, the amount loaned, deposited, or invested). For example, if you paid \$500 in interest per year for a loan of \$10,000, the interest rate is 500 divided by 10,000, or five percent (5%).

Joint account. A bank account owned by two or more people who are equally responsible for the account.

Late fee. The charge or fee that is added to a loan or credit card payment when the payment is made after the due date.

Lender. A business that makes money available for others to borrow.

Loan. An agreement between a borrower and a lender, where the borrower agrees to repay money with interest over a period of time.

Minimum balance. A specific amount of money required by a financial institution in order to open or maintain a particular account. In some cases, a financial institution may charge the account holder fees, or even close an account, if the minimum balance is not maintained.

Minimum payment. The least amount of money to be repaid on a loan or credit card in order to keep the account in good standing.

Online banking. A service that allows you to handle banking activities by computer, using the Internet.

Outstanding balance. The amount still owed on a bill, loan, or credit line.

Payee. The person, company, or organization to whom a check is written: a person or company who is to receive money.

Payor (or Payer). The person or company from whose account the money is to be taken to pay a check: a person or company who pays money.

Personal identification number (PIN). A secret combination of letters or numbers you use to gain access to your account through an electronic device such as an ATM.

Principal. The total amount of money borrowed, loaned, invested, etc., not including interest or service charges.

Reconcile. The process used to determine if the balance in your account register matches the balance reported by the bank on your account statement. Also called balancing your account.

Register. A small notepad you receive when you open a bank account for the purpose of tracking your deposits, withdrawals, and current balance.

Regular savings account. (see Savings account)

Risk. The measurable likelihood of loss, or less-than-expected return, on an investment or a loan.

Routing number. The nine-digit number on the bottom left hand corner of your checks, to the left of your account number. The routing number identifies the bank that issued the check. Every bank in the United States has at least one routing number.

Rule of 72. A way to estimate the time or interest rate you would need to double your money on an investment. For example, if you have an investment that's earning 8% per year, 72 divided by 8 equals 9. This means it would take about nine years for your original investment to double.

Sales tax. A tax charged by the state or city on the retail price of an item, collected by the retailer.

Savings account. A bank account that allows a customer to deposit and withdraw money and earn interest on the balance.

Savings account register. A small notepad you receive when you open a savings account for the purpose of tracking your deposits, withdrawals, and current balance.

Service fees. (see Fees)

Spending limit. (see Credit limit)

Statement. (see Bank statement)

Term. A period of time over which a loan is scheduled to be repaid. For example, a home mortgage may have a 30-year term, meaning it must be repaid within 30 years.

Unpaid balance. The amount that is still owed on a loan or credit card debt.

Value. Having worth, desirability, or usefulness.

Withdraw. To take money out of an account.

Withdrawal slip. A printed form supplied by a financial institution onto which the customer writes the amount of money to be taken out.

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