



Bank

Financial Education



CHECKING ACCOUNTS AND ALTERNATIVE BANKING METHODS

Key concepts

Types of payment, checking accounts, interest, ATM transactions, debit and credit cards, purpose of saving

Summary

This lesson introduces the various options used to pay for goods and services, including cash (ATM transactions), checks, debit cards and credit cards and saving for future purchases.

Overview & Lesson Objectives

This lesson is intended for high school students in ninth through twelfth grades. The lesson teaches students the purpose of saving, how saving generates interest, the purpose of a checking account, and how to write a check. The introduction of ATM transactions, debit and credit cards are also presented in this lesson.

Students will be able to:

- Describe the purpose of a checking account
- Label the parts of a check
- Write a sample check
- Record transactions (deposits and debits) on a check register
- Describe the purpose/working of ATM transactions
- Distinguish between debit and credit cards

Time Allocation:

15 – 20 Minute Prep

35 – 40 Minutes Engagement

Materials:

- Copies of Damper Check and Blank Check Register worksheet (one per student)
- Copies of Blank Checks worksheet (two per student)
- Copy of ATM card debit card



Lesson Begins: Setting the Stage

Background Builder #1: Ask students the following questions:

- How do you pay for your clothes?
- How do you pay for other activities or items? (movies, eating out, snacks, video games, etc.)
- How would your parents pay for you to participate in a sport?
- Each month your parents receive bills for things like electric, telephone, the car, etc. how do they pay these bills?

One of the answers students should tell you is that their parents write checks. Next, elicit from the students why their parents use checks. (Easier than using a large sum of bills, a check serves as a receipt, etc.) As an alternative option parents may use automatic bill pay or pay their bills online.

State the Objective: tell the students what they will be able to do upon conclusion of the lesson.

“At the end of this lesson, you will be able to write a check and keep track of activity (deposits and withdrawals) in a checking account. You will also be able to discuss ATM, credit, and debit cards listing advantages and disadvantages of each.”

Lesson Continues

People can use a bank account to pay for goods and services like shopping at the mall or going to an amusement park. Your parents may use their bank account to buy food when you go to the grocery store.

They may also pay for your activities such as soccer, cheerleading, or basketball with a check. Your parents have probably used checks to pay for school book clubs, school pictures, or other expensive school trips/items.

Paying by check is a safe way to pay for things because you give permission to only one company or one person to receive a specific amount of money.

There are six parts to a check. (Explain each part to the students)

- D** Date – The date the check is issued
- A** Amount – This is the amount of money to be paid to Payee
- M** Maker - This is the person responsible for the amount shown above. A signature is used to approve the money written in the Amount box.
- P** Payee – This is the person getting the money written in the Amount Box.
- E** Endorsement – This is a signature of the person cashing or getting the amount in the Amount Box.
- R** Routing Number – Identifies the bank the check belongs to.



Explain that people must write out a check correctly or the bank will not pay out the money. It is absolutely necessary for your check to be processed correctly with all six parts of the check we just learned. Remember DAMPER?

Explain that checks cannot be written for more money than a person actually has in a checking account. The bank will charge you a fee and make you pay the money back.

Distribute a copy of a sample check and the blank check worksheet

- Ask students to label the parts of a check (DAMPER) on the first blank check
- Now it is time to practice writing a check. Distribute a copy of the blank checks to each student. Instruct students how to fill out each part of a check and the importance of being exact when writing a check.

Ideas for writing a sample check:

- Pay to the order of a local gym or swimming pool for \$250, regarding yearly membership.
- Pay to the order of a local retailer for \$65 regarding a new pair of sneakers.
- Pay to the order of a local cable company or satellite provider for \$75 regarding monthly service.
- Pay to the order of an Internet provider for \$75 regarding monthly service.
- Pay to the order of a music service provider for \$50 for an annual subscription.

As students complete the blank check worksheet, circulate throughout the class, complimenting students who are completing the work successfully, answering questions, and offering help to anyone who may require it.

Once everyone has written two checks, distribute a checking account register sheet to each student.

Things can become disorganized if you do not keep track of your money and your checks. When you open a checking account, you receive a **check register**. This is the place to record every check you write, every ATM withdrawal you make, and every deposit that you make. You will always know if you have enough money to pay for the checks you have written, so that you don't overdraw your account and get into serious financial trouble. When you write a check, you must subtract the amount you spent from your balance. A deposit means you can add the amount to your balance. Careful arithmetic is very important!

Proceed to discuss the aspects of an entry in a check register <refer to check register>: the check number, the date it was written, the description of the check/debit or deposit, the amount of the check/debit or the deposit, and the balance forward. Instruct students to begin with a balance of \$400. Next, direct students to complete entries for the two checks they have written in their checking account registers.

Alternative banking: ATM (Automated Teller Machines) cards, debit cards and credit cards

- Show students a copy of a debit card
- ATM stands for automated teller machine. A teller is the title of a person who usually handles your business at the bank. An ATM is a machine that can do that job twenty-four hours a day. Just like



with a person, you can deposit money, withdraw money, or even check an account balance at an ATM. ATMs have many locations.

- Banks always want to keep money safe, so in order to use your ATM card you're allowed to create your own personal identification number (PIN). You will use this number when using an ATM machine. This is a secret, and it should never be shared with anyone or someone could take all your money. You shouldn't even lend your ATM card to someone. If it is lost or stolen, you must tell your bank immediately so that they can do everything possible to protect your money.
- ATM transactions are not always free. Some banks charge a nominal fee to use your ATM card. However, if you use an ATM card at the same Bank's ATM, there is no transaction fee.
- At this time have students make an entry on their checking account registers for a withdrawal of \$100 from their checking account at their own Bank's ATM. Remind students of the importance of recording the transaction and the need for accuracy.
- Now have students make an entry for a \$20 withdrawal from an ATM at another bank. Don't forget to include the fee of \$3.00!

Debit Cards

- Another card people can use as a form of payment is a debit card. While it may look like a credit card, a debit card works differently. A debit card transaction automatically subtracts the transaction amount from your checking account, unlike the credit card that allows you to borrow money you do not have and pay the bank back a debt over time. You can use a debit card in stores, restaurants and for purchases online. Interest does not accrue on a debit card since you pay for each purchase with your own money immediately.
- Have the students make an entry on their checking account registers for a purchase of \$13 using their TD Bank debit card. Remind students of the importance of recording the transaction and the need for accuracy.

Have the students tally their account balance in their checking accounts.

Ask students what happens if they would overdraw their accounts. It is important to remind them of the severity of this action. However, overdraft protection is a feature that is offered by most banks. It connects your checking and savings accounts together so that if your checking account does not have sufficient funds to cover a transaction the bank will automatically use funds from your savings account.

Credit Cards

Sometimes a bank will allow you to borrow money if you need it for something important. The bank allows you to borrow a certain amount of money to use, and then you pay back what you borrowed at a later date you agree on.

When you don't pay the bank back in full before the deadline, they will charge you extra money in the form of a late fee and interest that you must also pay back. You access this loaned money often on a credit card. If the bank decides to offer you credit, you may have to pay a fee every year to use this service.



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Explain how a credit card works.

- You buy some new clothes.
- You have found things you like, but you don't have enough money.
- You give the store your credit card. The store will scan your credit card on their machine to make sure that your bank is allowing you to have this borrowed money.
- When the bank has given its OK, you sign your name to authorize the bank to pay this money on your behalf. It's similar to writing a check.
- At the end of the month, the bank will send you a statement of what you borrowed and any extra money that you may owe. You must pay that entire amount before the deadline or the bank will continue to charge you extra money for the privilege of using the money it loaned you.
- A bank will place a limit on how much money you can borrow, so that people don't have too many problems. When you have reached your limit you must pay the bank money, or it will not allow you to borrow any more money on your credit card.

Lesson Closes

Review with students the parts of a check, proper procedure for writing checks and using a checking account register. Review key points of ATM, debit and credit cards. Remind students that having a checking account, ATM card, debit/credit cards are serious responsibilities and should not be treated lightly. See the suggestions page for "Additional Engagement Opportunities / Resources", for additional ideas.



Additional Engagement Opportunities / Resources

Pair and Share: Group students into pairs and ask each pair to exchange two or three new things learned during the day's lesson. Call on select pairs to share with the whole class what has been learned.

Sample questions:

- What is an ATM?
- How does a credit card work?
- How is a credit card different from a debit card?
- Is a debit card transaction a money loan from the bank?
- Describe one area on a check the writer must complete.
- How can you use an ATM machine?

Misinformation: Quote information from the day's lesson purposely erroneous. Call on various students to restate the information correctly.

Samples:

- ATM transactions are always free
- The "R" in "D.A.M.P.E.R" for check writing, stands for the person **R**eceiving the money?
- Debit cards are a way to borrow money.
- There are no fees associated with a credit card.

What's left out? Supply students with statements that have some information missing. This can be done verbally or it can be done on a board. Ask students to provide the missing information.

Samples:

- A debit card transaction automatically subtracts the money from your _____
 - *Answer is "checking account"*
- Your _____ number for your ATM card should always be kept secret for security reasons
 - *Answer is "PIN" or "Personal Identification Number"*
- If you use your credit card, and don't pay the full balance by the due date, the bank will charge you _____.
 - *Answer is "interest" and/or "late fees".*
- Consistently using a _____ will ensure you have accounted for all transactions within your checking account, ensuring an accurate running balance.
 - *Answer is "Checking Register"*



Educational Standards

National Council of Teachers of Mathematics Principles and Standards for School Mathematics, 2000.

Number and Operations – (Students will) Understand numbers, ways of representing numbers, relationships among numbers, and number systems.

Number and Operations – (Students will) Understand meanings of operations and how they relate to one another.

Number and Operations – (Students will) Compute fluently and make reasonable estimates.

Communication – (Students will) Organize and consolidate their mathematical thinking through communication.

Representation – (Students will) Create and use representations to organize, record, and communicate mathematical ideas.

NJ Core Curriculum Content Standards for Personal Financial Literacy 2014:

Standard 9.1: 21st Century Life and Careers

9.1 B. Money Management: 9.1.12.B.1, 9.2.12.B.10,

National Standards in K– 12 Personal Finance Education (from Jump\$tart Coalition) 2017:

Financial Decision Making:

Standard 1, “Recognize the responsibilities associated with personal financial decisions.”

Standard 4, “Make criterion-based financial decisions by systematically considering alternatives and consequences.”

Standard 7, “Control personal information.”

Spending and Saving:

Standard 1, “Develop a plan for spending and saving.”

Standard 3, “Describe how to use different payment methods.”



Sample Checks

Tom Dominic
123 Federal Avenue NW
Washington, DC 20036

101
00-00/000

Date _____

Pay to the Order of _____ \$ _____

Dollars Security Features. Details on Bank.

TD Bank
America's Most Convenient Bank®

For _____ MP

⑆000000000⑆ 123 456789 0101

Personal Check TD Bank, N.A.

Tom Dominic
123 Federal Avenue NW
Washington, DC 20036

101
00-00/000

Date _____

Pay to the Order of _____ \$ _____

Dollars Security Features. Details on Bank.

TD Bank
America's Most Convenient Bank®

For _____ MP

⑆000000000⑆ 123 456789 0101

Personal Check TD Bank, N.A.



Bank

Financial Education



Debit Card Sample



Authorized Signature – Not Valid Unless Signed



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