

Lesson 3: Cash the Check and Track the Dough

Standards and Benchmarks (see page B-26)

Lesson Description

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

Grade Level

6-12

Concepts

Bank account register
Check
Checking account
Check-cashing services
Direct deposit
Overdraft
Savings account

Objectives

Students will

- compare checking accounts, savings accounts, and check-cashing services;
 - explain what checks, debit cards, automatic deposits, and electronic payments are and how they are used;
 - explain the importance of maintaining records of deposits to, withdrawals from, and payments from a bank account;
 - explain the importance of balancing a bank account; and
 - demonstrate filling out and balancing a bank account register.
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Time Required

60-75 minutes

Materials

- Visuals 3.1, 3.2, and 3.3
 - Handout 3.1, one copy cut apart
 - Handout 3.2, one copy for each student
 - Handout 3.3, one copy for each student and one for the teacher to use as a visual
 - Handout 3.4, one copy for each pair of students
 - Handout 3.4—Answer Key, one copy for each pair of students and one copy for the teacher to use as a visual
 - Handout 3.5, one copy for each student and one copy for the teacher to use as a visual
 - Handout 3.5—Answer Key for the teacher
 - Handout 3.6, one copy for each student
 - Handout 3.6—Answer Key for the teacher
 - A calculator for each student
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Procedure

1. Distribute to two students the cards from *Handout 3.1: How to Turn a Paycheck into Cash*. Have the student with card number 1 read the card. Discuss the following:
 - How many of you have a savings or checking account? (*Answers will vary.*)
 - Why do you have savings and/or checking accounts? (*Answers will vary but may include the following: My parents made me. Banks are a safe place to keep money. An account was needed to deposit a regular paycheck.*)
 2. Explain the following:
 - A **checking account** is an account held at a bank, credit union, or other financial institution in which account owners deposit funds. Account owners have the privilege of writing checks on their accounts and are able to use ATM cards and debit cards to access funds.
 - A **savings account** is an account at a bank, credit union, or other financial institution in which account owners deposit funds. Account owners are paid interest on the amount deposited in their accounts. Account owners have the ability to withdraw funds but do not write checks on these accounts. The number of withdrawals in a given period of time may be limited.
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3. Have the student with card number 2 read the card. Discuss the following:
 - How many of you have heard of or used (or had a family member use) a **check-cashing service**? (*Answers will vary.*)
 - Why do people use check-cashing services? (*They likely don't have checking or savings accounts. The services are quick and convenient.*)
4. Distribute a copy of *Handout 3.2: What Do You Know?* to each student. Divide the class into pairs. Instruct the pairs to read each statement and decide whether the statement is true or false. Explain that they should be prepared to share their answers.
5. Allow time for pairs to work and then ask individual pairs to share their answers. They should give a thumbs-up if they think the statement is true and a thumbs-down if they think the statement is false. Explain each statement as noted.
 - a. People are able to make deposits to and withdrawals from both savings accounts and checking accounts. (*True*)
 - b. Check-cashing services charge minimal fees for cashing checks. (*False*)

The fees for check-cashing services vary, but these companies charge either a percentage of the check amount or a minimum fee to cash a check—typically up to \$10 each time a check is cashed. For example, if you cash a \$100 paycheck and you have to pay a \$10 fee, you are paying 10 percent of your earnings to cash that check.
 - c. People with a savings or checking account are usually able to cash checks for free or a small fee (less than a few dollars a month) at the bank where they have an account. (*True*)

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

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

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

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

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

- g. With a checking account, you can write checks to pay for many types of goods and services. (*True*)

If you have a checking account, for example, you could write a check to pay for your school yearbook or pay your car insurance.

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

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

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

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

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

Check-cashing services are open evenings and weekends, and they are conveniently located. Banks and credit unions may be open fewer hours, but ATMs allow 24-hour access to your money. You will have to pay a fee to use an ATM outside your bank's network; however, the fee for getting your money is much less than the fee charged by a check-cashing service. Also, your paycheck can be in your account available to you on payday through direct deposit.

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

The Federal Deposit Insurance Corporation (FDIC) insures deposits in checking and savings accounts up to \$250,000 per person per institution.

6. Discuss the following:

- How well did you answer the questions on Handout 3.2? (*Answers will vary.*)
- What would you do if your employer didn't require direct deposit? Would you open a checking or savings account, or would you use a check-cashing service? Why? (*Answers will vary.*)

- Suppose your company requires direct deposit and you open a checking account. How will you know how much money is in the account, particularly as you begin to withdraw, spend, and make additional deposits? (*Answers will vary.*)
7. Explain that it is really important to know how much money is available in an account to avoid an overdraft—that is, taking out more money than is in the account. When a person overdraws an account, the bank charges the account holder a fee. The fee can be quite high—as much as \$35 per overdraft. Discuss the following:
- If you want to keep track of the money in your account, what information do you need? (*Answers will vary, but some students may suggest that you need a list of all your deposits and withdrawals, including all scheduled payments.*)
To keep track of the money in your bank account, you need to know the amount of each deposit, each withdrawal (including from ATMs), each automatic payment, each check you write, and each purchase you make with a debit card.
 - How could you keep track of the money moving in and out of your account—that is, your financial transactions? (*Answers will vary but may include a computer spreadsheet, computer program, phone app, or notepad.*)
8. Explain that banks and credit unions provide each account holder a **bank account register**. A bank account register is essentially a table in which account holders record their financial transactions to keep track of their money.
Banks and credit unions provide online banking services to also allow account holders to use the Internet to transfer money electronically and view all of the financial transactions recorded for their accounts, including all deposits and withdrawals.
9. Explain that students will view a bank account register as well as an online list of recent transactions. Both are tools used to record deposits and withdrawals from a checking account. Explain that deposits include cash and checks deposited by the customer and direct deposits—the electronic transfer of funds. Withdrawals can be made several ways, particularly when making payments.
10. Explain that bank customers can make payments using checks. Display *Visual 3.1: Check Out Checks* and discuss the following:
- Each check has a unique number in the top right-hand corner. The check number is also the final set of digits along the bottom of the check. When you write a check, you should record the check number in your bank account register.
 - Each check has a place to enter the date the check was written. You should also enter the date in your bank account register.
 - Each check has a line to enter the name of the person or company to which the check is being written. This line often begins with “Pay to the order of.” You should also enter the name of the payee in your bank account register.

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- Each check has two places to record the amount of the check. One is on the line under “Pay to the order of.” Here you spell out the dollar amount of the payment rather than use numerals. The other place you record the amount is in the box to the right of the dollar sign. Here you write the payment amount using numerals. It is important that your spelled-out check amount matches the numerical amount because the spelled-out amount is the legally binding amount. You should also enter the amount of the check in your bank account register.
 - Each check has a signature line. By signing the check, you give your bank permission to transfer money from your account to the account of the person, or company, to whom you have written the check.
 - Each check shows a bank routing number, which is the same on all of your checks. This is the first nine digits at the bottom of the check and indicates the financial institution responsible for payment. These numbers are the electronic address for your bank. If you use direct deposit or wish to allow automatic payments from your account, such as a payment for your car insurance, you will have to include this number on the payment instructions.
 - Each check displays the account number. This is the second set of numbers along the bottom of the check. You will have to include your account number when arranging direct deposits to or automatic payments from your account.
 - Each check provides a memo line. Use this line for notes that may be helpful to you or the payee. When you view a copy of the check online, you will be able to see the memo line.
 - Below the check is an example of a bank account register in which people can record transactions. Many people use their bank’s online banking tools instead of writing checks. However, you should still record all of your transactions in the bank account register.
11. Display *Visual 3.2: John Dough’s Online Bill Payment Center*. Explain that this is a screenshot of John’s online bill payment center after he set up payments on January 31. As shown in the “Pending Payments” section, in a previous session, John chose February 2 as the payment date for his cell phone bill, gasoline credit card, and rent. He chose February 17 as the payment date for his car insurance. The two payments John has just entered, one for his cable bill and one for his electric bill, will move into the Pending Payments section after he hits the “Submit Payments” button. These two bills will be paid on February 5. Ask the following questions:
- What is the total amount of John’s pending payments (before he adds the two new payments)? (\$1,024.48)
 - What is the available balance in his checking account as of January 31, 2015? (\$1,405.36)
 - Is his available balance sufficient to cover his pending payments? (Yes)
 - What will be his available balance after his pending payments are made on February 2? (\$459.88)

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

02/01/15		Electronic deposit Technix Corp.	\$856.83	\$1,405.36
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- This transaction is John Dough's salary paid by direct deposit.
- This transaction is a credit.
- The amount is added to John's balance of \$548.53, making his new balance \$1,405.36.

02/02/15		Web-authorized pmt Cell Nation	\$82.48	\$1,322.88
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- John did not write a check for this payment but, rather, used the online bill payment feature offered through his bank. Paying bills online is a convenient way to make and keep track of those withdrawals. It eliminates the expense of checks, envelopes, and postage. Also, it takes less time than paying by check.
- This transaction is an \$82.48 web-authorized payment to Cell Nation.
- This transaction is a debit.
- \$82.48 is subtracted from John's balance, making his new balance \$1,322.88.

02/02/15		Web-authorized pmt Gasoline Alley	\$113.00	\$1,209.88
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- This transaction is a \$113.00 web-authorized payment to Gasoline Alley.
- This transaction is a debit.
- John's new balance is \$1,209.88.

02/02/15		Web-authorized pmt Rosewood Prop.	\$750.00	\$459.88
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- This transaction is a \$750.00 web-authorized payment to Rosewood Properties for John's rent.
- This transaction is a debit.
- John's new balance is \$459.88.

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02/03/15		ATM withdrawal	\$60.00		\$399.88
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02/03/15		ATM out-of-network fee	\$1.50		\$398.38
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- These two entries are the result of one transaction. John made an ATM withdrawal of \$60.00 and was charged a \$1.50 out-of-network ATM fee.
- Both transactions are debits.
- John's new balance is \$398.38.
- If John has used an ATM in his network, he would not have had to pay a fee. Fees for using an out-of-network ATM vary but can be as high as \$6. Some banks have broader ATM networks and lower fees, which is worth considering when choosing a bank.

02/05/15		Purchase with PIN Hamburger Haven	\$15.63		\$382.75
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- "Purchase with PIN" means a debit card was used and the account holder had to enter a personal identification number (PIN) on a key pad. Bank customers can get a debit card tied to their checking account. The debit card can be used for payment at stores, restaurants, and gas stations, among other places. When a debit card is used, payment is withdrawn directly from the cardholder's bank account.
- This transaction is a \$15.63 debit-card purchase at Hamburger Haven.
- This transaction is a debit.
- John's new balance is \$382.75.

02/05/15		Web-authorized pmt Community Cable	\$52.00		\$330.75
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- This transaction is a \$52.00 web-authorized payment to Community Cable.
- This transaction is a debit.
- John's new balance is \$330.75.

02/05/15		Web-authorized pmt Midwest G&P	\$52.67		\$278.08
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- This transaction is a \$52.67 web-authorized payment to Midwest G&P.
- This transaction is a debit.
- John's new balance is \$278.08.

02/05/15		Purchase with PIN Gas 'n Go	\$14.68		\$263.40
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- This transaction is a \$14.68 debit-card purchase at Gas 'n Go.
- This transaction is a debit.
- John's new balance is \$263.40.

02/06/15	128	Check view	\$20.00		\$243.40
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- This transaction is \$20 for check #128. (John wrote this check to his niece for her birthday about a week earlier.)
- February 6 is the date the check was cashed.
- This transaction is a debit.
- John’s new balance is \$243.40.
- The “view” link in the middle box allows you to view a copy of the check online.

02/08/15		ATM withdrawal Bank of Everywhere	\$60.00		\$183.40
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- This transaction is a \$60 ATM withdrawal from an ATM operated by John’s bank. He did not have to pay a fee.
- This transaction is a debit.
- John’s new balance is \$183.40.

02/09/15		Debit Food for Less	\$63.87		\$119.53
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- This transaction is a \$63.87 debit-card purchase at Food for Less (a grocery store).
- This transaction is a debit.
- John’s new balance is \$119.53.

02/15/15		Electronic deposit Technix Corp.		\$862.09	\$981.62
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- This transaction is an \$862.09 direct deposit from John Dough’s employer.
- This transaction is a credit.
- John’s new balance is \$981.62.

13. Explain that many people sign up for automatic payments to their service providers, such as electric companies, gas companies, insurance companies, and phone companies. With automatic payment, a bill is paid automatically from a person’s checking or savings account on the payment due date. This payment method differs from the online-payment feature banks offers. Automatic payments are set up through individual companies and not through the bank. These payments won’t appear on the account’s online recent transactions list until payment is made.
14. Display *Visual 3.3: John Dough’s Bank Account Register*. Instruct students to compare John Dough’s personal bank account register on Visual 3.3 with the online bank-provided recent transactions list on Handout 3.3.

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- In what ways are the lists similar? *(Both lists contain information about deposits and withdrawals.)*
- In what ways are the lists different? *(John's personal bank account register has the following entries that are not on the recent transactions list:
2/02, Safe Gecko (web-authorized pmt on 2/17), \$79.00
2/15, Zoe Dough (car pmt #5), check #129, \$225.00
2/16, Debit, C-Stop, \$18.57
2/16, Auto pay, Metro Health payment, \$105.00*
- Why would there be an online payment on the bank account register that is not on the recent transactions list? *(The payment has not yet been made and is on the online pending payments list for the account. The transaction will not appear on the recent transactions list until it is paid.)*
- Why would there be a check listed on the bank account register that is not listed on the recent transactions list? *(The person to whom John wrote the check has not cashed it or deposited it yet. The check will only appear on John's online recent transactions list after it is cashed.)*
- Why would there be a debit on the bank account register that is not on the recent transactions list? *(The payment was likely made on the same date as the recent transactions list. It hasn't been processed yet.)*
- Why would John's payment to Metro Health appear on his bank account register but not on the recent transactions list? *(Automatic payments are debited on a schedule. On 2/16, John noted the payment in his bank account register. Although the automatic payment is scheduled for 2/16, it may not appear as paid on the recent transactions list until the day following the payment date, in this case 2/17. Automatic payments do not appear on the pending payments list because they are not set up through the bank. They are set up through the individual companies being paid.)*
- Which list provides a more accurate report of John's transactions and bank account balance? *(John's bank account register is a more accurate report of his balance because it contains a record of checks that have been written but not cashed, payments that are pending, and automatic payments that have been requested but haven't been paid.)*
- John holds a credit card issued by the Bank of Everywhere. He would like to pay the entire balance on the card, which amounts to \$621.00. Would you advise John to pay the entire balance this month or just some portion of the balance? Why or why not? *(John should not pay the entire balance this month. Even though his recent transactions list shows he has a balance of \$981.62, his balance will be only \$554.05 after the online payment scheduled for 2/17 [\$79.00], check #129 is cashed [\$225], the debit card purchase on 2/16 is processed [\$18.57], and the automatic payment scheduled for 2/16 is processed [\$105.00].)*

15. Explain that students will now record transactions to practice keeping track of an account balance. Divide students into pairs. Distribute a copy of *Handout 3.4: What's the Balance?* to each pair of students. Continue to display Visual 3.3 as a guide.
16. Explain that Andrew Anakoia has not been entering his transaction information into a bank account register or an online spreadsheet. He has kept receipts, but he doesn't know his current balance. Tell the pairs to enter the transactions chronologically into the bank account register on Handout 3.4 and determine Andrew's balance. Allow time for students to work.
17. Display *Handout 3.4: What's the Balance?—Answer Key* and distribute a copy to each pair of students. Discuss the following:
 - What are fees that Andrew paid? (*\$1.50 for use of an out-of-network ATM*)
 - What was Andrew's balance on June 8? (*\$35.80*)
 - What would happen if Andrew tried to withdraw \$40, make a debit purchase for \$40, or write a check for \$40 on June 8? (*Although Andrew could go ahead and write a check, and the bank might allow him to use his debit card, he wouldn't have enough money in his account to cover the expense. If Andrew had opted for overdraft protection, the bank would allow the card to be used—so the person or business would be paid—and charge him an overdraft fee. That fee can be very high—as much as \$35.00 for each overdraft. If Andrew had not chosen overdraft protection, if he used a check, the bank would return the check to the person or business Andrew paid and Andrew would pay an overdraft fee. For a debit card transaction, his card would be declined at the point of the purchase.*)
 - Why is it important for people to keep records of all deposits to and withdrawals from an account? (*Answers will vary but should include the following: to be certain that you do not spend money that isn't in your account, to avoid overdrafts and fees, to manage your spending, and to make sure that you can verify that the bank has recorded account transactions accurately.*)
18. Explain that when people have bank accounts, they receive bank statements every month or quarter in the mail and/or the bank provides account information online. The statement lists all transactions made during a given period and allows account holders to determine if their records match the bank records. Display *Handout 3.5: Balancing Andrew Anakoia's Bank Account* and distribute a copy to each student. Refer students to Handout 3.4—Answer Key. Discuss the following and refer to Handout 3.5 as you go through the process of balancing Andrew's checking account with the students:
 - The first step in balancing an account is to put a check mark in the account register by all checks that have cleared and all deposits that have been credited to the account.

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- What is the first item listed on the bank statement? (*A \$155.76 deposit on May 1*) Find that item on the check register and put a check next to the item. It is important to place a check mark next to the item on the bank statement, too.
19. Tell students to continue placing check marks in the bank account register by items listed on the bank statement until reaching the bottom of the bank statement. When students have completed this process, explain that the next step is to enter the ending balance shown on the bank statement in the box on the bank statement worksheet. Discuss the following (refer to Handout 3.5—Answer Key as needed):
- What is the ending balance on the bank statement? (*\$192.52*) Enter the ending balance on the displayed handout and ask the students to do the same.
 - Are there any deposits listed in the bank account register that do not appear on the bank statement—that is, deposits that do not have a check mark by them? (*No.*)
 - If there were additional deposits, they would be added to the balance on the statement because the bank has not recorded those transactions on this bank statement. Because there are no additional deposits, the total is equal to the ending balance—\$192.52. Demonstrate this procedure by entering the total on Handout 3.5 and ask the students to do the same.
 - Are there any debits—checks, ATM withdrawals, or debit purchases—with no check mark in the bank account register? (*Yes*) Are there any fees that do not have a check mark by them? (*Yes*) List these items in the “Enter items outstanding” area of the worksheet and ask the students to do the same.
 - Items outstanding must be added together and recorded on the “Total items outstanding” line. (*\$156.72*) Add the outstanding items and ask the students to do the same.
 - The total amount outstanding is subtracted from the ending balance. ($\$192.52 - \$156.72 = \$35.80$) Write the total balance on Handout 3.5 and ask the students to do the same.
 - The total balance should match the amount shown as the balance in the bank account register. (*\$35.80*)
 - If the statement balance and the bank account register balance do not match, you have made an error. It could be a small entry error—for example, entering \$8.97 when the debit amount was actually \$9.97. It could also be that you failed to enter a debit or ATM withdrawal or service fee in your bank account register. And, there is always the possibility that the bank has made an error.

Closure

20. Review key points of the lesson by discussing the following:

- What are some advantages of having a checking or savings account? (*Answers will vary but may include that money is safe in a bank, money deposited may earn interest depending on the type of account, there are low or no fees for cashing checks, banks provide a record of transactions, and you likely have 24-hour access to your money through ATMs.*)
- What is a disadvantage of using check-cashing services? (*Their fees are very high.*)
- Why is it important to maintain account records and keep track of bank account balances? (*To avoid paying overdraft fees, to make certain the records are accurate and show the correct balance, and to know where your money is going*)

Assessment

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

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

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

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

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

Arguments against using checking accounts should include the following:

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

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Visual 3.1: Check Out Checks

Andrew Anakoia
1234 Kingsway
Our Town, USA 23456

No. 155

Pay to the order of _____ \$

_____ Dollars

Million Dollar Bank
100 Dollar Lane
Our Town, USA 23456


Memo _____ *Carol Smith*

⑆098765432 1234567890⑆ 155

Bank Account Register							
Check Number	Date	Transaction	Payment (Debit)	✓	Fee (Debit)	Deposit (Credit)	Balance

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Visual 3.2: John Dough's Online Bill Payment Center



YOUR NEIGHBOR, YOUR BANK!

My Accounts
Payment Center
Funds Transfer
Cash Advance
Online Statements
Make a Deposit

Message Center
Help

Checking Account xxxxxxxx5189

January 31, 2015

Available Balance **\$1,405.36**

Schedule a Payment

Billers Name	Amount	Pay Date
Community Cable xxxxxxxx5895	\$52.00	02/05/15
Cell Nation xxxx09-7	<input type="text"/>	<input type="text"/>
Gasoline Alley xxxxx5960	<input type="text"/>	<input type="text"/>
Midwest Gas & Power xxxxxx49385	\$52.67	02/05/15
Rosewood Properties	<input type="text"/>	<input type="text"/>
Safe Gecko Ins.	<input type="text"/>	<input type="text"/>
Zoe Dough	<input type="text"/>	<input type="text"/>
	<input type="text"/>	<input type="text"/>
<input type="button" value="Submit Payments"/>		

Pending Payments

Billers Name	Amount	Pay Date
Cell Nation	\$82.48	02/02/15
Gasoline Alley	\$113.00	02/02/15
Rosewood Prop.	\$750.00	02/02/15
Safe Gecko Ins.	\$79.00	02/17/15
Total	\$1,024.48	

Recently Paid

Billers Name	Amount	Pay Date
Cell Nation	\$83.09	01/02/15
Gasoline Alley	\$52.50	01/02/15
Midwest Gas & Power	\$113.00	01/02/15
Rosewood Prop.	\$750.00	01/02/15
Safe Gecko Ins.	\$79.00	01/17/15
Community Cable	\$52.00	12/31/14

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Visual 3.3: John Dough's Bank Account Register

Bank Account Register							
Check Number	Date	Transaction	Payment (Debit)	✓	Fee (Debit)	Deposit (Credit)	Balance
							\$548.53
128	01/30	Lottie Dough (birthday)	\$20.00				\$528.53
	02/01	Paycheck				\$856.83	\$1,385.36
online	2/02	Cell Nation	\$82.48				\$1,302.88
online	02/02	Gasoline Alley	\$113.00				\$1,189.88
online	02/02	Rosewood Properties	\$750.00				\$439.88
online	02/02	Safe Gecko (pmt on 2/17)	\$79.00				360.88
ATM	02/03	Cash (out of network)	\$60.00		\$1.50		\$299.38
Debit	02/05	Hamburger Haven	\$15.63				\$283.75
Debit	02/05	Gas 'n Go	\$14.68				\$269.07
online	02/05	Community Cable	\$52.00				\$217.07
online	02/07	Midwest G&P	\$52.67				\$164.40
ATM	02/08	Cash	\$60.00				\$104.40
Debit	02/09	Food for Less	\$63.87				\$40.53
	02/15	Paycheck				\$862.09	\$902.62
129	02/15	Zoe Dough (car pmt #5)	\$225.00				\$677.62
Debit	02/16	C-Stop	\$18.57				\$659.05
Auto pay	02/16	Metro Health payment	\$105.00				\$554.05

Handout 3.1: How to Turn a Paycheck into Cash

1. John Dough got his first job. He thought he had done everything he needed to do to start working, but then there was a surprise. His employer, ABC Mart, doesn't issue paper paychecks. Employees must have a savings or checking account at a bank or credit union. The company pays its employees by direct deposit to a bank account only. John doesn't have a bank account and isn't so sure that he wants one. ABC Mart gave him the forms he must complete for the direct deposit. Now, John is going to talk with his mom about opening a bank account.
2. Alesandra Monter has a summer job at 62 Flavors and Counting ice cream shop. She received her first paycheck and took it to the Check 'n Cash store down the street. She had to pay a \$7 fee to have her check cashed, but now she has lots of cash in her wallet.

It's Your Paycheck!

Handout 3.2: What Do You Know?

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

- T or F a. People are able to make deposits to and withdrawals from both savings accounts and checking accounts.

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

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

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

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

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

- T or F g. With a checking account, you can write checks to pay for many types of goods and services.


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

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

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

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

Handout 3.3: John Dough's Online Recent Transactions List

 Bank of Everywhere		YOUR NEIGHBOR, YOUR BANK!			
Online Banking for John Dough			February 16, 2015		
Checking Account xxxxxxxx5189					
Account Balance \$981.62			Available Balance \$981.62		
Recent Transactions					
Date	Check Number	Description	Payment (Debit)	Deposit (Credit)	Balance
					\$548.53
02/01/15		Electronic deposit Technix Corp.		\$856.83	\$1,405.36
02/02/15		Web-authorized pmt Cell Nation	\$82.48		\$1,322.88
02/02/15		Web-authorized pmt Gasoline Alley	\$113.00		\$1,209.88
02/02/15		Web-authorized pmt Rosewood Prop.	\$750.00		\$459.88
02/03/15		ATM withdrawal	\$60.00		\$399.88
02/03/15		ATM out-of-network fee	\$1.50		\$398.38
02/05/15		Purchase with PIN Hamburger Haven	\$15.63		\$382.75
02/05/15		Web-authorized pmt Community Cable	\$52.00		\$330.75
02/05/15		Web-authorized pmt Midwest G&P	\$52.67		\$278.08
02/05/15		Purchase with PIN Gas 'n Go	\$14.68		\$263.40
02/06/15	128	Check <u>view</u>	\$20.00		\$243.40
02/08/15		ATM withdrawal Bank of Everywhere	\$60.00		\$183.40
02/09/15		Debit Food for Less	\$63.87		\$119.53
02/15/15		Electronic deposit Technix Corp.		\$862.09	\$981.62

It's Your Paycheck!

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Handout 3.4: What's the Balance?

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

Andrew Anakoia's Transactions

Check Number	Date	Transaction	Amount
97	6/8	Books Galore	\$16.25
	5/1	Paycheck	\$155.76
	5/2	ATM withdrawal	\$40.00
	5/5	Debit - Grocery Gallery	\$47.30
	5/17	Safety First Insurance (online)	\$95.00
	5/17	World Cellular (online)	\$45.00
96	5/22	Hannah Anakoia (b'day)	\$20.00
	5/31	Debit - Picture Posers (Sr. pictures deposit)	\$69.00
	5/16	Paycheck	\$128.30
	5/31	Paycheck	\$155.76
	6/2	Debit - Hamburger Haven	\$9.97
	6/4	ATM withdrawal (fee \$1.50)	\$60.00

Andrew Anakoia's Bank Account Register

Bank Account Register							
Check Number	Date	Transaction	Payment (Debit)	✓	Fee (Debit)	Deposit (Credit)	Balance
	5/1	Paycheck				\$155.76	\$155.76

It's Your Paycheck!

Handout 3.4: What's the Balance?—Answer Key**Andrew Anako'a's Bank Account Register**

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

It's Your Paycheck!

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Handout 3.5: Balancing Andrew Anako's Bank Account

Bank Statement				
Andrew Anako 1234 Kingsway Our Town, USA 23456		Million Dollar Bank 100 Dollar Lane Our Town, USA 23456		Statement Period: 5/1/15-5/31/15 Account Number: 1234567890
Date	Item	Withdrawal	Deposit Amount	Balance
1-May	Opening balance/deposit			\$155.76
2-May	ATM withdrawal	\$40.00		\$115.76
5-May	Debit card	\$47.30		\$68.46
16-May	Deposit		\$128.30	\$196.76
17-May	Online	\$95.00		\$101.76
17-May	Online	\$45.00		\$56.76
25-May	Check #96	\$20.00		\$36.76
31-May	Deposit		\$155.76	\$192.52
31 May ENDING BALANCE				\$192.52
Check #	Amount			
#96	\$20.00			
<p>In your bank account register, place a check mark beside each check paid, ATM or debit withdrawal made and certified, and deposit credited.</p>				
Enter the ending balance shown on this bank statement				\$
Enter deposits that do not appear on this statement.				
TOTAL (Ending balance plus deposits not shown on this statement)				
Enter items outstanding (withdrawals that have been entered in the bank account register but do not appear on this statement).				
TOTAL ITEMS OUTSTANDING				\$
Subtract TOTAL ITEMS OUTSTANDING from the amount listed on the TOTAL line above and record the new amount on the TOTAL BALANCE line.				
TOTAL BALANCE				\$
The TOTAL BALANCE should equal the balance in your bank account register. If it does not, then your account does not balance and there is an error.				

It's Your Paycheck!

Handout 3.5: Balancing Andrew’s Anako’a’s Bank Account—Answer Key

Bank Statement				
Andrew Anako’a 1234 Kingsway Our Town, USA 23456		Million Dollar Bank 100 Dollar Lane Our Town, USA 23456		Statement Period: 5/1/15-5/31/15 Account Number: 1234567890
Date	Item	Withdrawal	Deposit Amount	Balance
1-May	Opening balance/deposit			\$155.76
2-May	ATM withdrawal	\$40.00		\$115.76
5-May	Debit card	\$47.30		\$68.46
16-May	Deposit		\$128.30	\$196.76
17-May	Online	\$95.00		\$101.76
17-May	Online	\$45.00		\$56.76
25-May	Check #96	\$20.00		\$36.76
31-May	Deposit		\$155.76	\$192.52
31 May ENDING BALANCE				\$192.52
Check #	Amount			
#96	\$20.00			
In your bank account register, place a check mark beside each check paid, ATM or debit withdrawal made and certified, and deposit credited.				
Enter the ending balance shown on this bank statement				\$192.52
Enter deposits that do not appear on this statement.				\$0.00
TOTAL (Ending balance plus deposits not shown on this statement)				\$192.52
Enter items outstanding (withdrawals that have been entered in the bank account register but do not appear on this statement).				
Debit				\$69.00
Debit				\$9.97
ATM				\$60.00
Fee				\$1.50
Check #97				\$16.25
TOTAL ITEMS OUTSTANDING				\$156.72
Subtract TOTAL ITEMS OUTSTANDING from the amount listed on the TOTAL line above and record the new amount on the TOTAL BALANCE line.				
TOTAL BALANCE				\$35.80
The TOTAL BALANCE should equal the balance in your bank account register. If it does not, then your account does not balance and there is an error.				

It’s Your Paycheck!

Handout 3.6: Assessment—Answer Key

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

It's Your Paycheck!

Standards and Benchmarks

National Standards in K-12 Personal Finance

Planning and Money Management Overall Competency: Organize and plan personal finances and use a budget to manage cash flow.

Standard 3: Describe how to use different payment methods.

- **Expectation 3, 8th Grade:** Compare the costs of cashing a third-party check at various local financial institutions, including check-cashing services.
- **Expectation 1, High School:** Demonstrate skill in basic financial tasks including scheduling bill payments, writing a check, reconciling a checking/debit account statement, and monitoring printed and/or online account statements for accuracy.

National Standards for Financial Literacy

Standard 3: Saving. Saving is the part of income that people choose to set aside for future uses. People save for different reasons during the course of their lives. People make different choices about how they save and how much they save. Time, interest rates, and inflation affect the value of savings.

- **Benchmark 1, Grade 8:** Banks and other financial institutions loan funds received from depositors to borrowers. Part of the interest received from these loans is used to pay interest to depositors for the use of their money.

Standard 5: Financial Investing. Financial investment is the purchase of financial assets to increase income or wealth in the future. Investors must choose among investments that have different risks and expected rates of return. Investments with higher expected rates of return tend to have greater risk. Diversification of investment among a number of choices can lower investment risk.

- **Benchmark 1, Grade 8:** Financial assets include a wide variety of financial instruments including bank deposits, stocks, bonds, and mutual funds. Real estate and commodities are also often viewed as financial assets.