

Lesson 8, Unit 3

On Banking

Banks are institutions where people save their money and receive other financial services

At a bank, people

- Deposit checks
- Withdraw checks
- Keep savings accounts
- Take out loans



Banks and credit unions provide the same services



Banks and credit unions are safe, reliable places to keep your money.

Can you name any local banks or credit unions?



Banks and credit unions are secure

Banks and credit unions
are

- Confidential
- Insured



How do you know your money is
guaranteed safe?

Payday loan stores and check cashing outlets end up costing you a lot of money

They give you your money quickly, but they charge you a lot to get it.

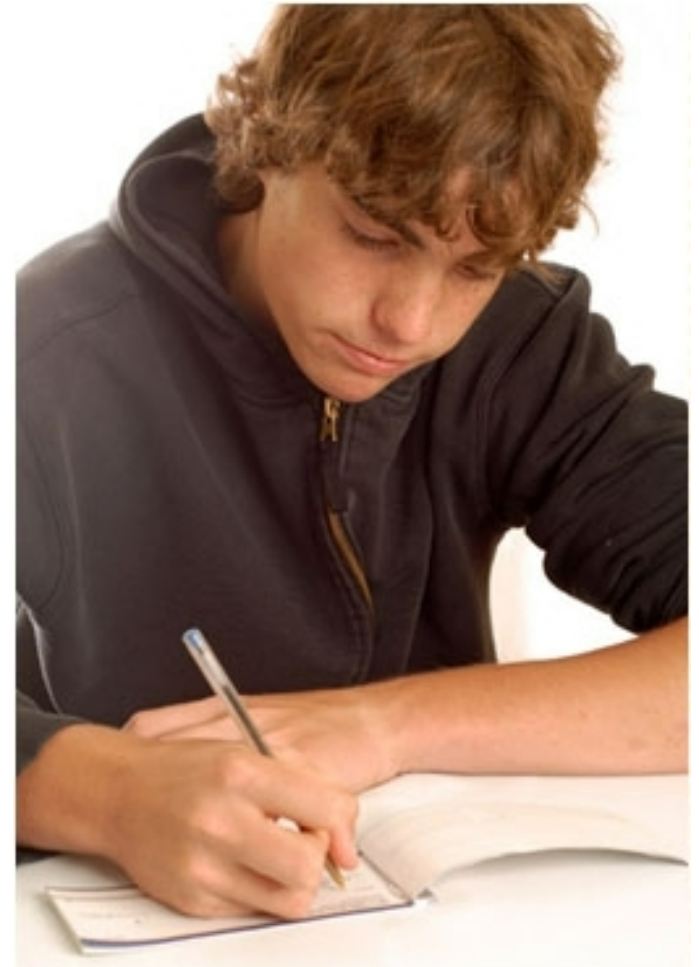
Why do you think people use these options?



Many people open a checking account at a bank



A checking account allows you to write checks or to make payments.



Here is what a completed check looks like

Tre Jones 1234 Main St. Anytown, CA 90809		101
1. DATE <u>January 7, 2011</u>		
PAY TO THE ORDER OF	2. <u>Julio Martinez</u>	4. \$ 23.00
3. <u>Twenty-three Dollars and 00/100 Cents</u>		DOLLARS
Your Bank Address of Your Bank Anytown, CA 90809		
FOR <u>concert ticket</u>		5. <u>Tre Jones</u>
6. <u>Tre Jones</u>		
<div style="display: flex; justify-content: space-between;"><div style="border: 2px solid red; border-radius: 50%; padding: 5px;">①: 123456789:①</div><div style="border: 2px solid red; border-radius: 50%; padding: 5px;">0000...1234567②</div><div style="border: 2px solid red; border-radius: 50%; padding: 5px;">101</div></div>		

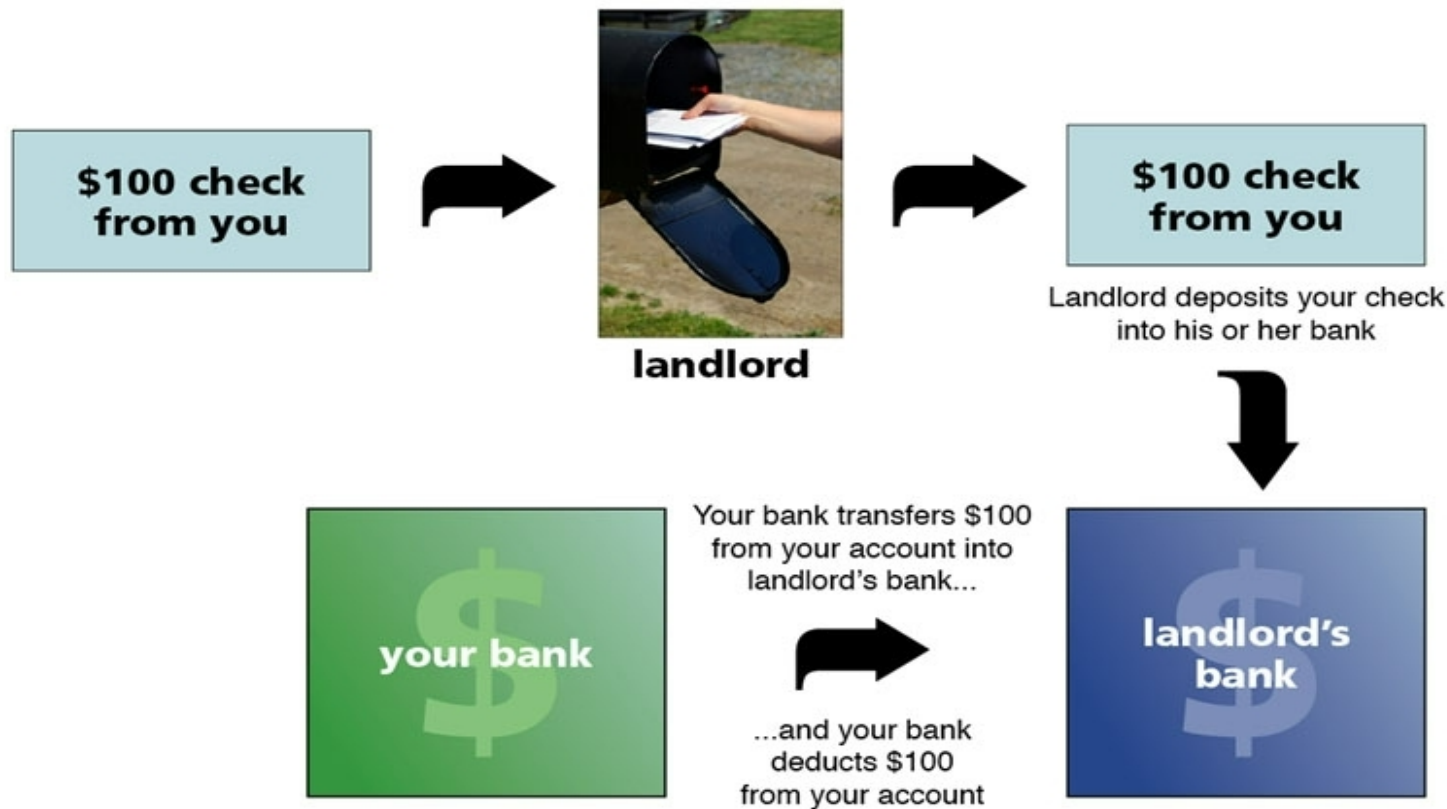
Routing number:
tells other banks
where your account
is located

**Checking account
number:** tells your
bank which account
is yours

Check number:
indicates which
check is being used
and the order of the
checks

Checks go through a predictable process in order to clear

Here's what happens once you send your check in the mail:



You need to track checks in your check register

Check Number	Date	Transaction Description	√	Payment/ Debit	Deposit/ Credit	Balance
	1/03	deposit			200.00	200.00
101	1/07	Julio Martinez	√	23.00		177.00
	1/07	ATM		20.00		157.00
102	1/12	Electric Company		76.89		

The bank sends you a statement every month



Debit = Money taken out of your account, like when a check you wrote to pay a bill clears

Credit = Money deposited in your account, like when you deposit a paycheck

Balance = The amount of money you have in your account after all of your checks and other expenses have cleared

You need to make sure you have enough in your checking account to cover your expenses

Some people bounce checks or rely on overdraft protection too much.



What does it mean to “bounce” a check?

You can use your ATM card to withdraw money from your linked bank account



1. Put your card in the slot



2. Type in your PIN and how much cash you want to withdraw

3. Take your cash and your receipt

Like ATM cards, debit cards are associated with a checking or savings account



If you have money in your account but you have no cash, you can use your debit card to pay.

The money comes right out of your account. It only works if you have money in there!



Money in a savings account earns more money, called *interest*



The bank pays you to keep your money in a savings account. If you put \$100 in, you could get \$101 back. You don't do anything to get that extra dollar—you just let the money sit in the bank without spending it.



Money saved at home does not earn interest. It's also tempting to spend it instead of saving it.

The interest rate tells you how much money you will earn

When you open a savings account, the bank will tell you what the interest rate is. That tells you what you will earn.

How much interest would you earn if you deposited \$500 in a savings account earning 1% interest?

For example, if you deposit \$100



in a savings account earning 1% interest

1%

you will earn 1% of \$100, or \$1



If you add to your savings, they will grow quickly

Save This Each Week...	Without Earning Interest	In 10 Years, You Will Have...
\$7	0%	\$3,640
\$14	0%	\$7,280
\$21	0%	\$10,920

Save This Each Week...	At This Interest Rate...	In 10 Years, You Will Have...
\$7	5%	\$4,720
\$14	5%	\$9,440
\$21	5%	\$14,160

What could you do to save \$7 this week?

Online banking is growing in popularity

Online banking means managing your money over the Internet instead of going to a bank branch.



What are some advantages to online banking?



Banks can help you reach your financial goals

1. Use a checking account to help you keep track of your spending habits and bills.
2. Put aside a little bit of every paycheck in a savings account.
3. Eventually, you will have a nest egg that will help you pay for college.



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