



SAVINGS ACCOUNTS:

Review: (Piggy SA Spreadsheet_3)

FOR 2004:

GIVEN: Annual Interest Rate = 4%, Compounded Annually

STEP 1: Enter your “PIGGY BANK” 12/31/03 balance as “Beginning Balance”(BB) for 1/1/2004.

STEP 2: Calculate “Interest Payment”(IP): $0.04 \times BB = IP$

STEP 3: Customer makes her 6th deposit. Enter under “Deposits”(D)

STEP 4: Calculate “Ending Balance” for 2004: $BB + IP + (D - W) = EB$

STEP 5: REPEAT STEPS 1-4 FOR 2005 (IR=5%); 2006 (IR=6%);
2007 (IR=7%)

FAME

Building Your Future

Chapter 2: Checking Accounts

Recommended Reading: M.S.: 3,4

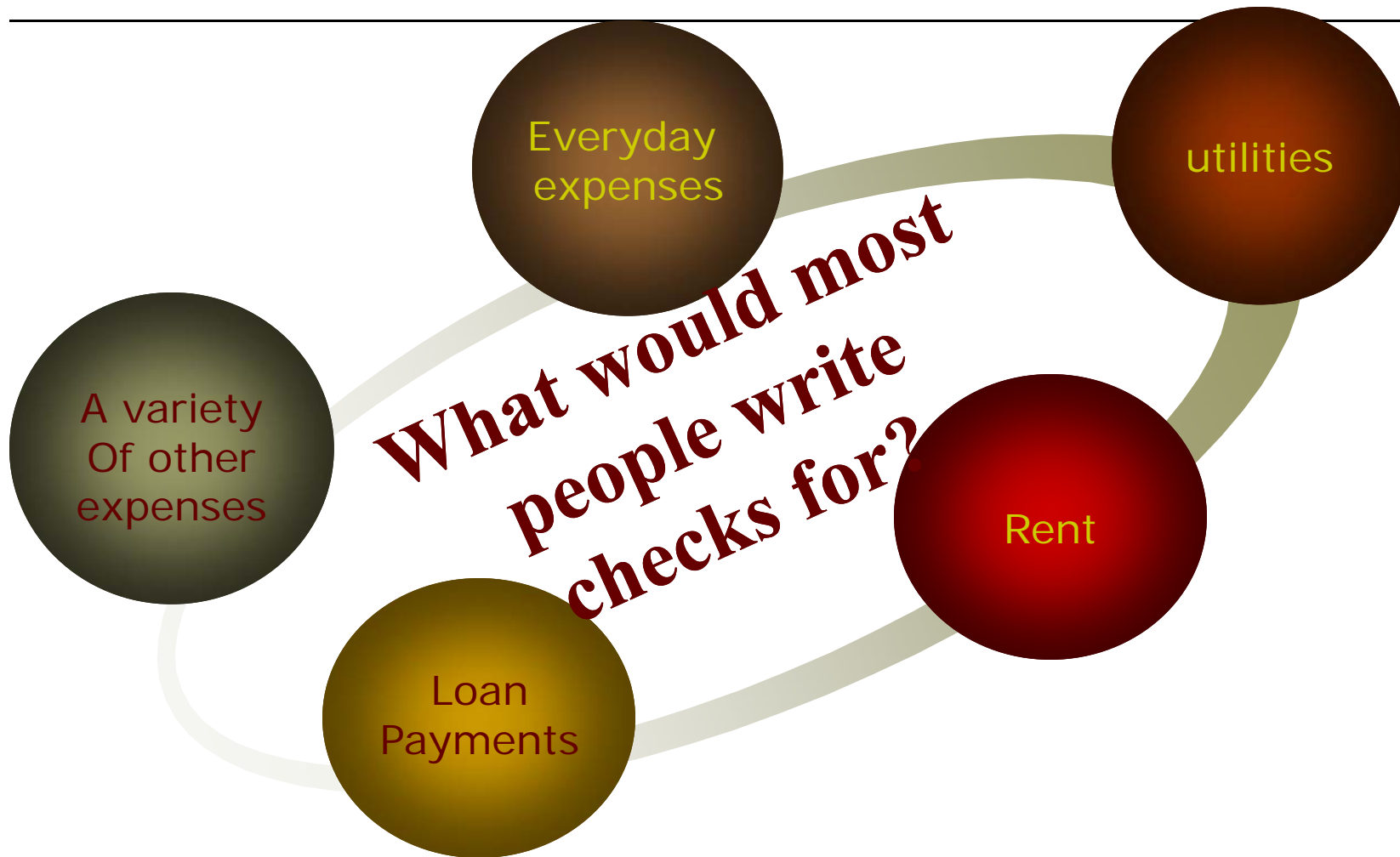




Key Terms

- Check
- Credit
- Debits
- Balance/reconcile
- Statement balance
- Debit card
- PIN
- EFT
- Online banking
- Overdrawn
- Overdraft penalty
- Minimum account balance
- Interest bearing account

Checking Account Basics



Checking Accounts HAS Changed

Many checking accounts now offer many privileges than in the past...

Checks (p10)

Written order specifying the amount of money to be paid and the name of the person or company who should receive the funds

Debit Cards/PIN (p13)

cards used to take out cash from your bank accounts
Can be used where credit cards are accepted (i.e. in-store or online shopping)

EFT (p13)

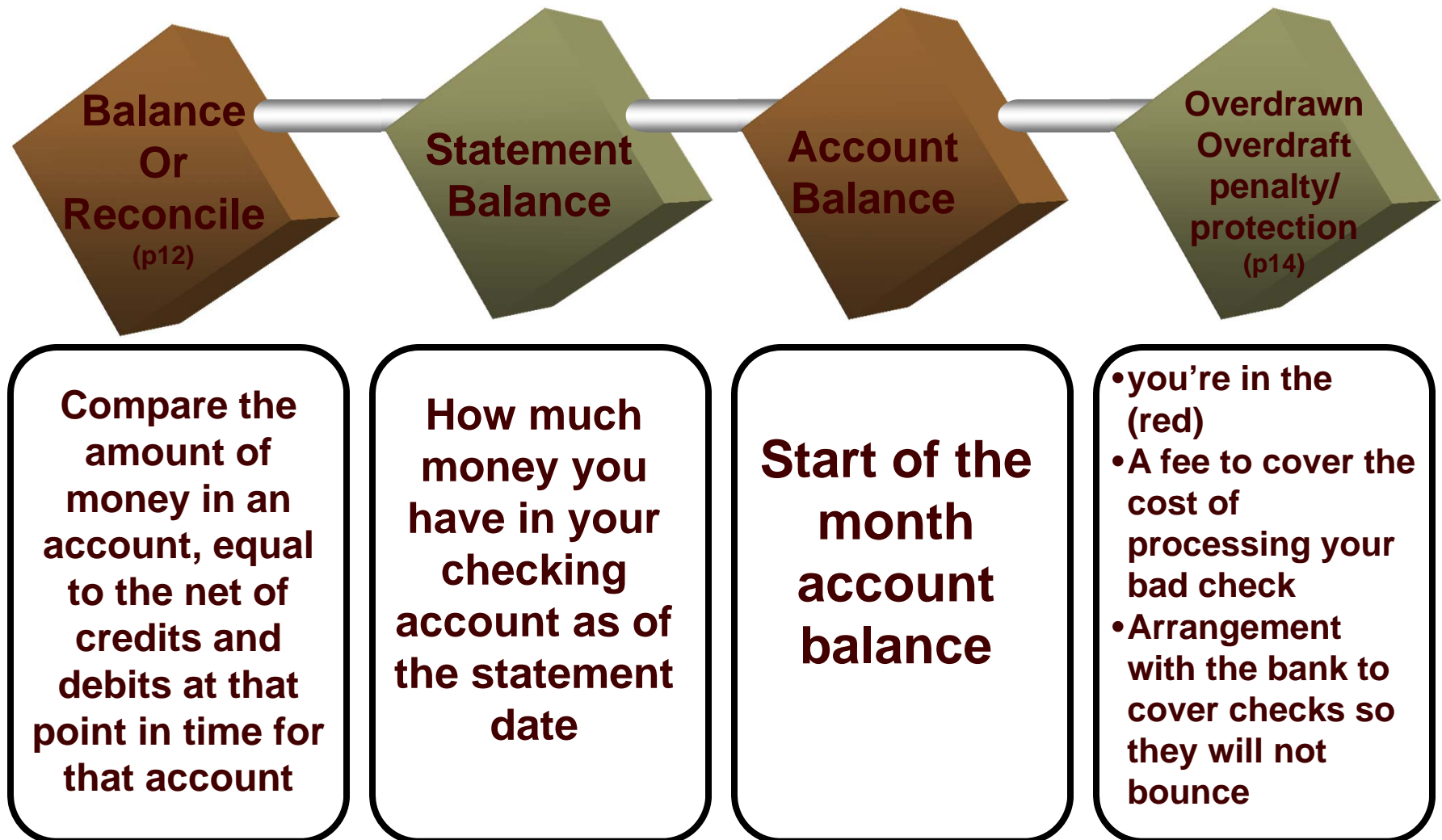
Movement of funds using computer systems, telephones, or electronic terminals (ATM)

Online Banking (p13)

Allows account holders to access their account information; view transaction history; and perform banking transactions via the internet

CHECKING ACCOUNT BALANCES

Keeping track of your CREDITS (deposits) and DEBITS (withdrawals)





TRY IT!

Examples and Practice: BYF page 12

GIVEN:

End of the month account balance in August = \$143.68

During September:

1st deposit of \$105.78

2nd deposit of \$108.78

Wrote 9 checks for total of \$289.44

What will your account balance be at end of September?



TRY IT!

Examples and Practice: BYF page 14

End of the month account balance in August = \$143.68

During September:

1st deposit of \$105.78

2nd deposit of \$108.78

Wrote 9 checks for total of \$289.44

OOPS!!!

Went to movies and spent \$22.94

Wrote your last check for \$62.97

What should your account balance be at end of September?

What will happen to the last check you wrote?

What will happen as a result of your failure to record the debit?

(Think of 3 possibilities)

LET'S BREAK!

39

WHEW!!!

2 girls

seafood

Hip-Hop

Tae-Kwon-Do

See movies

Math-n-Science

S-T-E-M

"Heal
The
World"

paint

drawing



Choosing a CHECKING Account

(p15)



**Regular
CHECKING**

***LOW MINIMUM ACCOUNT
BALANCE***

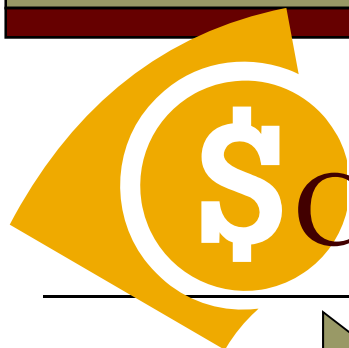
INTEREST

BEARING ACCOUNT

***EARNS LOW RATE OF
INTEREST; HIGH MIN.
BALANCE***

**MINIMUM
ACCOUNT BALANCE**

The amount of money you must keep in the account to avoid service charges; qualify for special service or earn interest on checking account



Checking Accounts: Let's Practice



March 1: Initial deposit = Beginning balance \$250



March 2: Check # 101 payable to Washington D.C. Food Fund; amount was \$150



March 4: EFT paycheck deposit; amount was \$86.63



March 7: debit card purchases to (1) Student Gear for \$25.73 - new backpack; (2) My Favorite School for \$18.45 – new sweatshirt for the trip



March 11: Check # 102 payable to the M and M Market for \$11.87 (for your snacks)



Practice continues....

March 14: Cash withdrawal = \$75

March 15: debit card purchases to (1) White House Souvenirs for \$37.56 – for your family and (2) History Museum for \$7 – for admissions

March 16: (1) debit card purchase to The Museum of Famous Americans for \$7 – for admissions; (2) paycheck direct deposit via EFT for \$77.45

March 18: Check #103 payable to Steve Friend for \$40

March 19: debit card purchase at the Discount Drug Store for \$11.36 – for digital pictures

Your BANK

discussions....

- *What are the advantages of having a checking account?*
- *Based on your personal experience OR our Practice activity, what do you think are the most challenging aspects of having a checking account?*
- *Do you think that paper checks will always be used, OR do you believe online banking will become the only form of checking available over time? Why?*