



**FINANCIAL
FOUNDATIONS**

A Financial Beginnings Financial Education Program

BANKING

Presented by



BANKING

SESSION OBJECTIVES

Banking is important to understand because participation in banking services is typically one's first exposure to the financial world. Having a strong relationship with a financial institution and properly managing a bank account can provide a strong foundation for future financial transactions one might require. In this section, we introduce financial institutions, how they work, and how you can utilize them in managing your money.

By the end of this session you will:

- ★ Be able to explain the difference between banks and credit unions.
- ★ Understand how to choose the right bank or credit union for you.
- ★ Understand the benefits and services that financial institutions provide.
- ★ Understand how to avoid banking fees.
- ★ Learn how to calculate the different types of interest.

SUBJECT INDEX

WHAT IS MONEY? - - - - -	2
WHAT IS A BANK OR CREDIT UNION ACCOUNT? - - - - -	2
WHY IS IT IMPORTANT TO HAVE A BANK OR CREDIT UNION ACCOUNT? - - -	3
CHOOSING A BANK OR CREDIT UNION - - - - -	3
OPENING AN ACCOUNT - - - - -	4
CHECKING AND SAVINGS ACCOUNTS - - - - -	4
WHAT IS INTEREST? - - - - -	5
OTHER TYPES OF ACCOUNTS AND SERVICES - - - - -	5
MANAGING YOUR ACCOUNT - - - - -	6
IDENTITY THEFT - - - - -	7
MAINTAINING A GOOD RELATIONSHIP WITH YOUR BANK/CREDIT UNION - -	8
INFLATION AND PURCHASING PRICE - - - - -	8
USEFUL RESOURCES - - - - -	9
BANKING SESSION SUMMARY - - - - -	10
APPENDIX A: Choosing a Bank or Credit Union Account - - - - -	11
APPENDIX B: Bank Account Review - - - - -	12
ACTIVITY: Monica & Sarah - - - - -	13
ACTIVITY: Banking Bingo - - - - -	14
SURVEY: Banking - - - - -	15

WHAT IS MONEY?

Before there was money, people traded goods and services in a manner called bartering. Caveman Thor told Caveman Zog, “I give you meat if you bring me five days of firewood.” But bartering didn’t always work well. If Caveman Zog already had enough meat and Thor had nothing else he wanted, then there would be no transaction. However, if Caveman Thor had money to pay Zog, the transaction could be made.

Money is anything that members of a community accept in exchange for goods or services. Early Chinese cultures used shells as money and later used colored pieces of leather. Native Americans used wampum, essentially beads interwoven with shells. Pieces of silver were first used as money about 500 B.C.E., and by the time of the Roman Empire, other valuable metals, such as bronze and gold, were used as well. Today, money is not only a **medium of exchange**; it is also used as a **measure of value** (for example, a laptop computer that costs \$500 is worth more than a printer that costs \$100). Money is also used as a **store of value**, which means that it can be set aside for the future use and it will hold its value over time.



To be effective, money must be **durable** (not wear out too quickly or break), it must be **transportable** (easy to carry or move), it must be **divisible** into quantities of practical sizes (if money only came in \$1,000 bills, how would we get change when we bought a loaf of bread?), and it must be **hard to counterfeit** (what would happen if everyone could make their own money?).

★ WHAT IS A BANK OR CREDIT UNION ACCOUNT?

A **bank** or **credit union** account houses money that a customer deposits into the account and from which the customer can make withdrawals. The bank/credit union provides the customer with a periodic (usually monthly) summary of the deposits and withdrawals made to or from the account so that the customer can keep track of his or her income and expenses.

How do banks make money?

Banks are just like any other for-profit business: they exist to make money. A bank makes money through:

- 🏧 Deposits.
- 🏧 Lending at an interest rate that is higher than the rate which it pays on depositors’ accounts. The interest rate a bank charges for loaned funds depends on how many people want to borrow money and how much money the bank has available for lending. The less money that is available, the more it costs to borrow it.
- 🏧 Fees charged for service.

Banks can’t loan out all of their money because they are required by law to keep a small percentage on hand. The amount they must keep on hand is set by the Federal Reserve.

What are the differences between a bank and a credit union account?

A bank is a for-profit company that makes money from charging fees and lending money to its customers. Banks also pay taxes back into the community in which they do business.

A credit union is a non-for-profit cooperative financial institution owned and controlled by its members. Credit unions generally serve groups that share something in common, such as their profession, place of worship or neighborhood.

To find out if you are eligible to join a credit union, call the Credit Union National Association at 800-358-5710, or visit its web site www.cuna.org

Banks and credit unions both offer similar services and products. When making the choice between a bank or credit union one should consider such things as; interest rates, fees, locations and other services offered such as mobile banking.

So which is right for you? Use **Appendix A: Choosing a Bank or Credit Union Account** to help you choose between a bank or credit union account.

What is the Federal Reserve System?

The Federal Reserve System, also known as the “Fed” is the central bank of the United States. In its role as a central bank, the Fed is a bank for other banks and a bank for the federal government. It was created to provide the nation with a safer, more flexible, and more stable monetary and financial system.

SOURCE: <http://www.federalreserve.gov/>

What are some reasons to maintain a bank or credit union account?

- _____
- _____
- _____
- _____



★ WHY IS IT IMPORTANT TO HAVE A BANK OR CREDIT UNION ACCOUNT?

It keeps your money safe

Keeping your money in a bank account ensures that your money will be safe. Not only does having a bank account help to avoid theft or loss of your money, but it also assures that if your bank or credit union is mismanaged and loses your money, you are protected against your losses by insurance.

All money deposited in an insured bank is currently protected up to \$250,000 by the Federal Deposit Insurance Corporation (FDIC). The FDIC is an independent agency of the United States government. More information on the FDIC and how it keeps your money safe can be found at: www.fdic.gov/deposit/deposits/insured/basics.html

Credit union deposits are insured very much like bank deposits, but are insured through the National Credit Union Share Insurance Fund (NCUSIF), which is also backed by the federal government. NCUSIF provides insurance up to \$250,000 per individual, and \$250,000 for retirement accounts. More information can be found at: www.ncua.gov/

It can provide proof that you paid your bills

Each month, banks and credit unions provide summaries (called **bank statements**) of all the activity in an account so that the owners of those accounts can confirm that bills were properly paid and deposits were added. If there are any questions about whether an individual bill was paid or a deposit made, the bank statement will provide written evidence as to what really happened. Bank statements can be mailed to the account owner (often there is a fee

for mailing) or they can be accessed online or printed out at a bank branch location.

It makes it easier to track and manage your money

Having a bank account and account statements are also advantageous in tracking and managing your money, and thus, creating a better personal budget. Each account statement can be reviewed to identify unnecessary or excessive spending in particular areas. You can use this information to better manage money the following month.

Many banks and credit unions offer on-line budgeting features to help you to better manage your money. Transactions can be categorized and even compared to a budget. This can help to identify budget busters such as eating out or clothing.

It builds a relationship with the financial institution

Some banks require that you have an account with them for a certain period of time prior to approving you for a loan. Maintaining a good relationship with your bank (e.g., keeping a positive account balance, few or no overdrafts, etc.) will make it easier if you need a loan to buy your first car or pay for college expenses or tuition. This is because your account activity will offer the financial institution insight as to how responsible you may or may not be in repaying a loan if they choose to provide you with one.

★ CHOOSING A BANK OR CREDIT UNION

As with choosing anything else, to find the best deal on an account you must shop around. Begin your search by visiting local branches and asking questions about the services and products they offer. Or you may choose to initially compare financial institutions on the Internet, and narrow down the top alternatives, before you visit a local branch.

When comparing information on various institutions, keep the following in mind:

➤ What benefits can the financial institution offer?

Benefits can include having lower minimum balance requirements, ability to waive monthly maintenance fees, higher rates on savings accounts and lower rates on loans and credit cards.

✚ What are the financial institution's fees and policies?

What is the cost of overdrawing your account? How much are the monthly maintenance fees – is the bank willing to waive them? How much will the bank charge you if you fall below the minimum balance requirement?

✚ What kind of accessibility do they offer?

Where in town are they located and how many locations do they have? What are their hours – are they open on weekends? Do they offer online banking? Do they have nearby ATM locations?

✚ What is important to you?

Some things you might consider in terms of what is important to you are account types offered (does the financial institution offer student accounts?), locations and hours, fees, etc.

OPENING AN ACCOUNT

When you go to open a new account, bring:

- ✓ Photo identification, such as a driver's license, state ID card or passport.
- ✓ Proof of your address, such as a piece of mail.
- ✓ Your Social Security number for tax purposes.



What questions should you ask?

- ✚ What is the minimum to open an account?
- ✚ What is the interest rate on the account?
- ✚ Is there a monthly fee?
- ✚ Is there any way to avoid monthly fees?
- ✚ Is there a minimum balance requirement?
- ✚ What happens if my balance falls below the minimum requirement?
- ✚ Is there a maximum number of checks I can write each month?
- ✚ Is there a fee for using your ATMs?

CHECKING AND SAVINGS ACCOUNTS

Checking Accounts

Most checking accounts come with the following features:

- ✚ **Direct deposit** allows your employer or others to make deposits directly into your account.
- ✚ **Online banking and bill payment** allows you to pay your bills electronically using the Internet and view these transactions as they post.
- ✚ **Low cost accounts** for seniors or students.
- ✚ **ATM/Debit cards** allow you to get cash at ATM machines and to make purchases at point-of-sale terminals (such as at the supermarket).
- ✚ **Checks.** Keeping a record of your checks, through a check register, can help avoid bouncing checks. It can also keep track of how much money you have in your account and help you stick to a budget.

Savings Accounts

How is a savings account different from a checking account?

Savings accounts differ from checking accounts in that you earn interest on your money. In many cases there is a limited number of withdrawals allowed. Interest rates on savings accounts will vary depending on the type of savings account you open. Usually, the higher the interest rate on the account, the higher the required minimum balance.

When opening a savings account, inquire about the various account options and determine what will work best for you. Many savings accounts have minimum balance requirements. Be sure that you can maintain the minimum balance, because if you cannot, the penalty fee for falling below the minimum balance will end up being much more than the interest you earn. Several financial institutions offer savings accounts for students that do not require a minimum balance.

Using your ATM/debit cards

In most cases, your debit card can be used to make purchases where credit cards are accepted. This means you are able to use it at stores and restaurants that accept credit cards without providing your PIN. However, make sure you have your ID available, as you may be asked to show it and also to sign a receipt.

If your debit card is lost or stolen, alert your bank as soon as possible. A thief will likely try to use your card immediately. The longer you wait, the more money you might be responsible for if a thief uses your card for unauthorized transactions.

☆ WHAT IS INTEREST?

Interest is the cost of using someone else's money. When a bank or credit union gives you a loan, you pay interest on the amount borrowed. When you keep money in your savings account, you earn interest because the bank turns around and uses your deposit to make loans to others.

Calculating Interest

In the past, interest rates were quoted to borrowers in a variety of confusing ways. As a result, the financial industry is now required to use a standard method to quote interest rates. This standardized method is called **annual percentage rate (APR)**, and it allows consumers to compare alternatives on an “apples-to-apples” basis. Although the interest rate is quoted on an annual basis, borrowers typically pay, and depositors typically earn, interest on a monthly basis. For ease of calculation, consumers simply divide the APR, an annual rate, by 12 to get the monthly interest rate.

For example, if you left \$100 on deposit in a savings account for one year at 2% APR, you would earn \$2 in interest at the end of the year. Since interest is normally paid monthly you would earn about \$0.17 each month (\$2/12).

There are two types of interest:

- ✚ Simple interest
- ✚ Compound interest

The difference between simple and compound interest is the way in which they are calculated.

Simple interest is the interest you earn on your initial deposit. The formula to calculate simple interest is:

$$I = P \times r \times t$$

Where I = Total simple interest
 P = Principal (the amount deposited)
 r = Annual Interest Rate (APR), as a decimal
 t = Number of years
 the interest is repaid (time)

Compound interest is interest earned (or paid, depending on whether you are the borrower or the lender) on the then current balance (as opposed to the original balance). Therefore interest paid for the current month is calculated on a balance which includes all of the interest paid during the prior months. Although compound interest is a more effective way to pay or earn interest than simple interest, compound interest rate calculations are a bit more difficult to determine without a calculator. The formula to calculate compound interest is:

$$I = P \times (1 + i)^n$$

Where I = Total compound interest paid
 P = Principal (the amount borrowed)
 i = Annual interest rate (APR)
 n = Number of years before the interest is repaid

Note that interest can be earned (if you are an investor or a lender) as well as paid out (if you are a borrower). The same formulas above would apply in both cases.

EXAMPLE: You deposit \$100 into your savings account and earn 5% APR for the next 20 years. Assuming interest is paid only once a year, let's compute the difference between simple and compound interest.

	Simple Interest	Compound Interest	Principal + Simple Interest	Principal + Compound Interest
1 year	\$5.00	\$5.00	\$105.00	\$105.00
5 years	\$25.00	\$27.63	\$125.00	\$127.63
10 years	\$50.00	\$62.89	\$150.00	\$162.89
15 years	\$75.00	\$107.89	\$175.00	\$207.89
20 years	\$100.00	\$165.33	\$200.00	\$265.33

OTHER TYPES OF ACCOUNTS AND SERVICES

Overdraft protection

Customers must opt in to receive **overdraft protection**, a line of credit offered to customers when they spend more than what is in their account. Overdraft fees can add up and customers should carefully consider if this is a service they would like to opt in to.

Each time you overdraw your account, you will be charged a fee, typically about \$35. Even if the overdraft amount is only a few dollars, the fee will still be the same. When opening an account, ask the banker about these fees and what can be done to avoid them. Often, a checking account can be linked to your savings account, so that if you overdraw in your checking account your savings account can automatically fund it. This may eliminate or lower the overdraft fee.

Certificates of deposit (CDs)

A CD is a kind of savings account in which you leave your money on deposit for a set period of time in order to earn a higher amount of interest. The longer the term and higher the deposit in your CD, the higher the interest rate will be.

But there's a catch! If you withdraw your money before the term ends, you will lose the interest and might have to pay a penalty fee.

Safe deposit boxes

A safe deposit box is a small drawer in a secure, fireproof vault at the bank or credit union. The box itself requires two keys to open (one kept by you and the other by the bank or credit union). To access the safe deposit box, you must go to the bank or credit union with your key and usually present a form of identification. Once inside the vault, an employee will use both your key and their key to open the small door to your box and hand you the inner box so that you can add or remove important documents and various items. Once your business has been completed, the box is reinserted into its space, and the door is double-locked. Typical things stored in a safe-deposit box include copies of mortgages, insurance policies, jewelry, stock certificates, birth certificates, etc.

Online banking

Advantages of online banking:

- ✚ Ability to view account balances and transfer money between accounts 24 hours a day.
- ✚ Online bill pay services.
- ✚ The ability to transfer money to other account holders.
- ✚ Mobile banking.
- ✚ Remote deposit.

MANAGING YOUR ACCOUNT

Monitoring your accounts

Monitoring your accounts can help identify bank errors, unauthorized charges and/or identity theft. If your bank or credit union makes a mistake such as a mixed-up deposit, no-show bill payment or double debit, you have the right to complain.

How to solve a bank problem if one occurs:

- ✚ Report the issue as soon as you can.
- ✚ Always write down the name of the person who helped you.
- ✚ Offer a solution and ask the bank or credit union to correct the problem.
- ✚ Don't lose your temper.
- ✚ If you aren't satisfied with the bank's proposed solution to your problem, send a summary letter (registered mail receipt requested) to prove you took timely action.

How to avoid bank fees:

- ✚ Combine checking and saving balances to avoid monthly fees.
- ✚ Save on ATM fees by using an authorized machine.
- ✚ If you can't avoid an ATM fee, take out larger sums less frequently.
- ✚ Keep track of your spending!
- ✚ Set up direct deposit—many banks or credit unions waive minimum balance requirements with direct deposit.
- ✚ Ask for reversal of the occasional late fee or bounced check fee.

EXAMPLE OF BANK FEES AND COSTS

- ✚ A monthly maintenance fee without a minimum balance can average anywhere between \$5 and \$15 per month; this is \$60 to \$180 a year!
- ✚ Many banks or credit unions charge \$2 to \$3 for using ATMs other than their own. Plus there may be a fee from the ATM you use. A withdrawal for \$20 may end up costing you \$26!
- ✚ Overdraft fees can cost you between \$20 and \$35 per transaction. That means if you overdraw your account by just \$10 with 5 transactions of \$2, bank overdraft fees can be as much as \$175!

FEES!!!

Debit & credit cards

While debit and credit cards look alike, the two are very different from one another. To clear things up, here are the details:

Debit cards	Credit cards
Available to virtually all checking account holders, as well as to holders of savings and other accounts. ATM-debit cards can be used to take cash out of an ATM or get cash back on a purchase.	You must be 21 years old in order to receive a credit card on your own. Otherwise, the bank will need a parent or guardian to co-sign or proof of income for those between the ages of 18 and 21 years old.
You are spending your own money by drawing it directly from your checking account.	You are borrowing money from the credit card company, subject to a preapproved credit limit.
No additional processing or future bill payments are required on your part, which means no interest payments.	You promise that you will make monthly payments for purchases over an extended time period. Good for emergencies or large purchases.
Offers two forms of security options: Personal Identification Number (PIN) and/or signature-based transactions. Usually Visa and Master Card offer the same protection on a debit purchase as they do a credit purchase.	Signature is the dominant form of transaction authorization in the U.S. Check with the credit card company prior to traveling overseas, to ensure that your card will still be functional.
Some financial institutions are offering rewards for using your debit card.	Many credit card companies offer you rewards for making purchases with your card.

ATM Cards-Similar to a debit card but can generally only be used at ATMs.

IDENTITY THEFT

What is identity theft?

According to the Federal Trade Commission's (FTC) identity theft website, "identity theft occurs when someone uses your personal identification information, like your name, Social Security number, or credit card number, without your permission, to commit fraud or other crimes." In recent years, millions of Americans have had their identity used fraudulently (about 1 in 20 people). Annual losses associated with identity theft are more than \$50 billion dollars in the U.S., making it a serious and growing problem for all Americans.

Methods used by identity thieves to get your personal information:

- ✚ **Dumpster diving**—They rummage through trash looking for bills or other paper with your personal information on it.
- ✚ **Skimming**—They steal credit/debit card numbers by using a special storage device which reads and saves personal information acquired during a legitimate transaction by you.
- ✚ **Phishing**—They pretend to be financial institutions or companies and send spam, pop-up messages or even call you to get you to reveal personal information.
- ✚ **Changing your address**—They divert your billing statements to another location by completing a change of address form.

- ✚ **Old-fashioned stealing**—They steal wallets, purses, mail, including bank and credit card statements, preapproved credit offers, new checks, and tax information. They steal personnel records, or bribe employees who have access.
- ✚ **Pretexting**—They use false pretenses to obtain your personal information from financial institutions, telephone companies, and other sources.

How to keep your account information safe and avoid identity theft:

- ✚ Shred unneeded financial documents rather than simply throwing them away.
 - ✚ Be careful about giving out your account information. If you notice changes to your account that you did not make, contact your financial institution as soon as possible.
 - ✚ Do not carry your Social Security card or financial account information in your wallet or purse.
 - ✚ If your information has been stolen, contact your financial institution as soon as possible.
 - ✚ Do not share your passwords or PINs with anyone (even close family and friends). Do not make your passwords or PINs easy for someone to guess.
- More information on identity theft and what you should do if it happens to you can be found at: www.ftc.gov/bcp/edu/microsites/idtheft/

MAINTAINING A GOOD RELATIONSHIP WITH YOUR BANK/CREDIT UNION

It is important to maintain a good relationship with your bank or credit union. Failure to do so can affect your ability to have an account in the future.

ChexSystems

ChexSystems is the major national account verification company. It is like a report card or credit report, of your banking history. When you apply for a new account, the bank or credit union finds out if you are in the ChexSystems database. If you've abandoned a checking account with a negative balance, you are probably listed in the ChexSystems database. ChexSystems reports about overdrafts or closed accounts which can remain in your file for five years.

You can get a copy of your report by contacting ChexSystems. You have the right to dispute inaccurate information in your account verification report.

You can get a free copy of your ChexSystems report if:

- ✚ You have been denied a bank account in the past 60 days because of information provided by ChexSystems.
- ✚ Your checks were stolen and used by an impostor or you are the victim of any bank fraud.

You are entitled to one free report a year. For more information visit:

www.consumerdebit.com/consumerinfo/us/en/index.htm

INFLATION AND PURCHASING PRICE

What is inflation?

Inflation means that the general prices of goods and services are increasing. When inflation is rapid, the prices of goods and services can increase faster than consumers' income, and that means the amount of goods and services consumers are able to purchase goes down. In other words, the purchasing power of money has declined. With inflation, a dollar buys less and less over time. Take the example on page 7, if your savings account earns 5% annually but inflation is 4%, the "real" interest rate your money is growing is only 1% ($5\% - 4\% = 1\%$).

SOURCE: <http://www.federalreserve.gov/>

Inflation is calculated by comparing the Consumer Price Index ("CPI") at the beginning and the end of a specified period of time (typically a year but sometimes a month).

The U.S. Bureau of Labor Statistics calculates the CPI each month by determining the change, if any, of a group of specific items used by consumers. These specific items are called the **market basket** of goods and services and include such things as food, housing, clothing, education, transportation, medical expenses, recreation, etc.

Here's how the CPI has changed over the past 100 years:

Year	CPI
1913	10
1920	20
1935	15
1960	30
1983	100
2000	172
2012	229



What this tells us, among other things, is that the market basket of consumer goods and services that cost \$10 in 1913 costs \$229 as of 2012. Consumer prices today are roughly 23 times higher than they were in 1913.

If prices have increased so much over the past 100 years, how can consumers afford them?

Because consumers are earning much more money now than they did in 1913.

If the CPI increases 4% and wages also increase 4% over a 12 month period, then the consumer is no better off, even with a wage increase because the cost of the market basket of goods and services has fully offset his or her increase in wages. His or her ability to purchase goods and services has not really changed. An economist would say that the worker's purchasing power remains the same and they are no better off because inflation has offset the wage increase. In a sense, inflation has "stolen" your wage increase.

If an automobile manufacturer gave all of its employees a 5% raise, employees might feel better off than they were. However, for the automobile manufacturer to make the same profit as before, it would need to raise its prices to offset the 5% raise it gave to its employees. If all employers in the U.S. gave their employees a 5% raise, then the cost of their goods and services would increase as well. The purchasing power of the employees would likely remain unchanged.

Workers obviously want to increase their purchasing power, but for this to happen, wages must increase faster than inflation. Wages increase faster than inflation when an employer and employees come up with better ways to make the employer's products, thereby increasing the productivity of employees. An increase in productivity could be the result of a smarter or more educated workforce, the use of machines to make the product faster or more accurately, better product design, etc. More productive employees are generally paid more and therefore have a better chance of increasing their purchasing power.

Deflation is the opposite of inflation. It occurs when prices (and usually wages) go down. Deflation occurred during the Great Depression of the 1930s and, to a much lesser extent, during the recent recession.

SOURCES: www.bls.gov/cpi/



BANKING SESSION SUMMARY

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How to choose a bank or credit union?

As with choosing anything else, to find the best deal on an account, you must shop around. You may begin your search by visiting local branches and asking questions about the services and products they offer. Or you may choose to initially compare financial institutions on the Internet and once the search has been narrowed down to the top alternatives visit a local branch. When making the choice between a bank or credit union one should consider such things as: interest rates, fees, locations and other services offered such as mobile banking.

What accounts and services would benefit you?

Most checking accounts come with the following features: direct deposit, online banking and bill payment, low cost accounts for seniors or students, ATM/Debit cards, and checks. Savings accounts differ from checking accounts in that you earn interest on your money, and in many cases, there are a limited number of withdrawals. Interest rates on savings account will vary depending on the type of savings account you open. Usually the higher the interest rate on the account, the higher the minimum balance requirement is.

How can you avoid fees?

Combine checking and saving balances to avoid monthly fees. Save on ATM fees by using your own bank's machines. If you can't avoid an ATM fee, take out larger sums less frequently. Keep track of your spending! Set up direct deposit—many banks waive minimum balance requirements with direct deposit. Your goal should be to pay no fees!!!

How can you decrease the risk of identity theft?

Shred and destroy unwanted documents that contain personal information. Bring your mail in daily—don't leave mail in your mailbox. Immediately report lost or stolen credit cards. Review and monitor your consumer credit reports regularly. Do not carry your Social Security card or your birth certificate. Keep these tucked away in a safe place. Be aware and note when your monthly financial statements arrive in the mail. Notify your financial institutions when they don't arrive when expected. Watch your financial statements and ensure all charges made are yours. Keep your ATM and debit card receipts; do not leave these behind. Shred every piece of mail containing personal and financial information. Do not share passwords or PINs.

APPENDIX A: Choosing a Bank or Credit Union Account

Instructions: Take this form home with you to use when shopping for a bank or credit union account that suits your needs. Not all the questions may be applicable to your needs or the bank you are considering. You will learn a lot about available services by asking a bank or credit union employee to answer some or all of these questions.

Bank/ credit union name:		
1. Do you have a free account with no monthly maintenance fee?		
2. What are the requirements for a free account? (If you like the bank's free account option, you can skip to #6.)		
3. Do you offer a low-cost "lifeline" (basic) account?		
4. What are the requirements for a "lifeline" (basic) account?		
5. What is the monthly service fee?		
6. How much do I have to keep in the account to avoid a monthly fee?		
7. How much money do I need to open an account?		
8. How many checks can I write each month without an additional fee?		
9. How many withdrawals can I make each month without an additional fee?		
10. Does an ATM or debit card come with this account?		
11. How much is the fee to use my card at another institution?		
12. Do you offer overdraft protection?		
13. Is it linked to savings, credit card or line of credit?		

APPENDIX B: Bank Account Review

What bank(s) or credit union(s) do you hold checking or savings accounts at?

If you have accounts at multiple institutions, why?

How long have you had your account at the institution(s)?

What were your reasons for choosing the institution(s)?

Use the table below to do a review of your checking account. Then look up two other institutions (one a bank and one a credit union) and compare a checking account offered by that institution.

	Your Account	Comparison A	Comparison B
Institution			
Monthly Fee			
Minimum Balance			
Interest Earned			
ATM Fees			
Locations			
Mobile Banking			
Other positives or negatives			

What did you learn from this comparison?

ACTIVITY: Monica & Sarah

Sarah and Monica are two friends who have just started the same job working at the mall. Both girls make \$300 a week, and since they are best friends, they often spend the same amount. Both girls have an expensive week coming up with \$215 in expenses. Each girl wants to open a bank account. After shopping around, Monica found one account and Sarah found a different one. Both accounts are with local banks. The banks have plenty of locations and ATMs, and they even have Saturday hours, but the girls are not sure which account is best for them. Both accounts come with ATM/debit cards, free transactions at bank ATMs, and unlimited teller transactions.

Account A: Student Checking

No minimum balance
 \$15 monthly fee
 \$35 fee per overdraft
 \$20 for checks

Account B: Premium Checking

\$100 minimum balance on checking
 complimentary checks
 \$10 overdraft protection fee
 \$20 fee per month for failure to maintain minimum balance

Subtract the fees from each account from the initial deposit. Then, subtract out the expenses. Find out which account is better for Monica and Sarah. Don't forget to count any fees that the girls may incur. Account A has been started for you.

Account A

Debit	Credit
	\$300
-\$15	
-\$20	
-\$215	

Ending Balance: _____

Account B

Debit	Credit
	\$300

Ending Balance: _____

ACTIVITY: Banking Bingo

Directions:

1. Randomly write the numbers 1-25 in the boxes above.
2. Answer the questions the presenter asks with the choices listed at right. Mark off the corresponding numbers in the boxes.
3. Shout Bingo when you mark off a line vertical, horizontal, or diagonal.

- 1) ATM
- 2) Withdrawal
- 3) Savings account
- 4) Credit union
- 5) Bank
- 6) Balance
- 7) Deposit
- 8) Interest
- 9) Inflation
- 10) ChexSystems
- 11) FDIC
- 12) Direct deposit
- 13) Debit card

- 14) Checking account
- 15) APR
- 16) Simple interest
- 17) Compound interest
- 18) Banking basics
- 19) Financial Beginnings
- 20) Fees
- 21) Register
- 22) Online banking
- 23) Overdrawn
- 24) Overdraft protection
- 25) Check

SURVEY: BANKING

School _____ Teacher _____

Date _____ Class Time _____

Please rate how much you agree with the following statements:

	Strongly Disagree	Disagree	Agree	Strongly Agree
After participating in the Banking program, I know how to protect myself from identity theft.				
After participating in the Banking program, I know how to choose a bank or credit union that benefits me.				
After participating in the Banking program, I know how to avoid or decrease banking fees.				
Before participating in the Banking program, I knew how to protect myself from identity theft.				
Before participating in the Banking program, I knew how to choose a bank or credit union that benefitted me.				
Before participating in the Banking program, I knew how to avoid or decrease banking fees.				

How often do your parents/guardians discuss banking with you?

- Never
- Rarely
- Sometimes
- Frequently
- Very frequently

Before today's program, I learned about banking in school:

- Strongly Agree
- Agree
- Disagree
- Strongly Disagree

Learn More

Financial Foundations

The Financial Foundations program is divided into five distinct modules that include specific activities and learning objectives:

Banking	Banking is important to understand because participation in banking services is typically one's first exposure to the financial world. Having a strong relationship with a financial institution and properly managing a bank account can provide a strong foundation for future financial transactions one might require. In this section, we introduce financial institutions, how they work, and how you can utilize them.
Budgeting	Budgeting is the foundation of personal financial planning. Budgeting allows us to manage our money by tracking our income and expenses. Since every person is different, it is important to know how to create a budget to use for our own specific needs.
Credit	In today's economy, it would be rare not to use credit to pay for large purchases, such as car repairs or any type of emergency situation. Credit can be an overwhelming topic, but understanding credit is critical for managing one's finances responsibly, as credit can affect many aspects of your life.
Investing	Investing is an excellent way to build wealth and achieve your financial goals in life. Understanding risk versus return, time value of money and how to navigate the financial system helps individuals to meet their long term goals.
Risk Management	Many times, individuals feel that they are paying money into insurance policies but not getting their fair share back. This is not how insurance should be viewed. Purchasing insurance is a way to manage risk. With insurance, you are paying for the protection of your assets and should hope that you do not have to use it, since using insurance sometimes means something bad happened.

Financial Beginnings

Our Mission

Financial Beginnings was founded in 2005 with the following mission:




Financial Beginnings empowers youth and adults to take control of their financial future. We provide educational programs that incorporate all aspects of personal finance to give individuals the foundation they need to make informed financial decisions.

Our Model

We have a simple and full-service approach to program delivery:

Learning Materials	Students and hosts receive a resource guide full of valuable and applicable financial lessons.
State Standards	Our curricula meet state content standards for both Oregon and Washington.
Trained Volunteers	We train industry professionals to deliver our programs as volunteers at no cost to schools or community groups.
Simple Registration	Schools and community groups register online. We take care of the rest.

Our Programs

	<p>FINANCIAL FRAMINGS</p>	<p>FINANCIAL FOUNDATIONS</p>
<p>This program is an introduction to money and personal finances or elementary students.</p>	<p>This program relates personal finance to the global economy for middle school students.</p>	<p>This program provides personal finance education for high school students and adults.</p>
<p>PATHWAYS</p>		
<p>This program provides lessons for high school and college students on career, college, and money management.</p>	<p>This program is a series of public forums about relevant and timely personal finance topics.</p>	<p>This annual conference is provided for educators to learn more about personal finance education, pedagogy, and resources.</p>