

Building **Wealth**

In the Classroom

Interactive Lessons

Lesson 3

Put It in the Bank

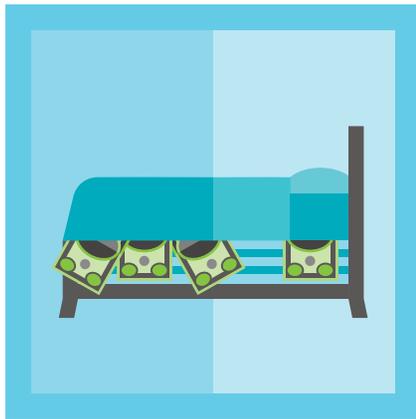


Instructional Objectives

Students will:

- Describe the benefits of using a bank.
- Evaluate the role of banks as financial intermediaries between savers and borrowers.
- Compare various accounts offered by commercial banks.
- Reconcile a bank statement.
- Define and describe interest.
- Compare growth of savings using simple and compound interest.
- Use the rule of 72 to estimate the time required for savings to double in value.

A Tale of Two Savers





What's Wrong with a Mattress Full of Money?

The Role of Banks



Types of Bank Accounts



Reconciling Your Accounts



Sonya's Statement May 2014

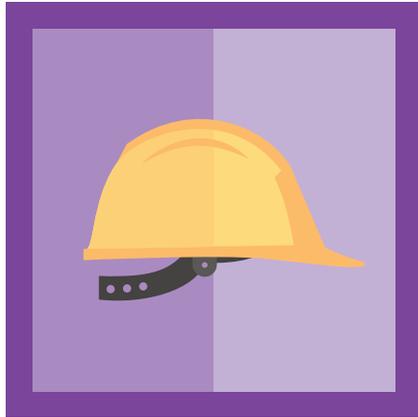
Checking Account xxxx-3476

Posting	Transaction Type	Amount	Balance
1-May	Beginning Balance		\$ 335.25
7-May	Debit Card: BW Movie Lights 17	\$ -15.65	339.60
7-May	Debit Card: BW Pump & Go, LLC	-45.50	294.08
11-May	Direct Deposit BW Greasy Spoon, LLC	356.28	650.36
11-May	ACH Payment: Automobile Insurance Company of Building Wealthopolis	-125.18	525.18
14-May	Debit Card: BW Pump & Go, LLC	-44.66	480.52
14-May	Internet Transfer to Savings Ending in 7762	-100.00	380.52
21-May	Check #1347	-81.16	299.36
21-May	Debit Card: Wealth Builders Fine Dining, LP	-35.16	264.20
21-May	Debit Card: BW Special Occasions Floral Designs	-25.24	238.96
24-May	Check #1347	-81.16	157.80
25-May	Direct Deposit BW Greasy Spoon, LLC	356.28	514.08
28-May	Internet Transfer to Savings Ending in 7762	-100.00	414.08
28-May	ACH Payment: Wealthopolis Wireless	-62.89	351.19
30-May	Debit Card: BW Pump & Go, LLC	-45.15	306.04
31-May	Check # 1348	-81.16	224.88
31-May	Monthly Maintenance Fee	-12.00	212.88
31-May	Ending Balance		212.88

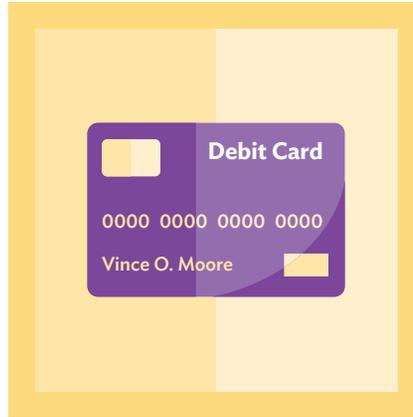
Savings Account xxxx-7762

1-May	Beginning Balance		\$ 450.00
14-May	Internet Transfer from Checking Ending in 3476	\$ 100.00	550.00
31-May	Interest Payment @ .85% annual	0.39	550.39
			550.39

Incentives for Banking



Safety

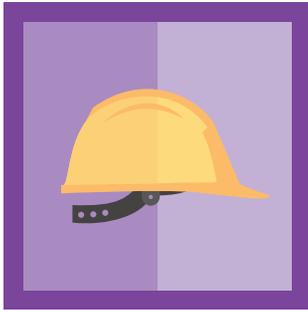


Convenience



Interest

Safety



FDIC

Basic FDIC Deposit Insurance Coverage Limits

Single Accounts (owned by one person)	\$250,000 per owner
Joint Accounts (two or more persons)	\$250,000 per co-owner
Certain Retirement Accounts (includes IRAs)	\$250,000 per owner
Revocable Trust Accounts	\$250,000 per beneficiary
Corporation, Partnership and Unincorporated Association Accounts	\$250,000 per corporation, partnership or unincorporated association
Employee Benefit Plan Accounts	\$250,000 for the noncontingent, ascertainable interest of each participant
Government Accounts	\$250,000 per official custodian

Source: <http://www.fdic.gov/deposit/index.html>

Convenience

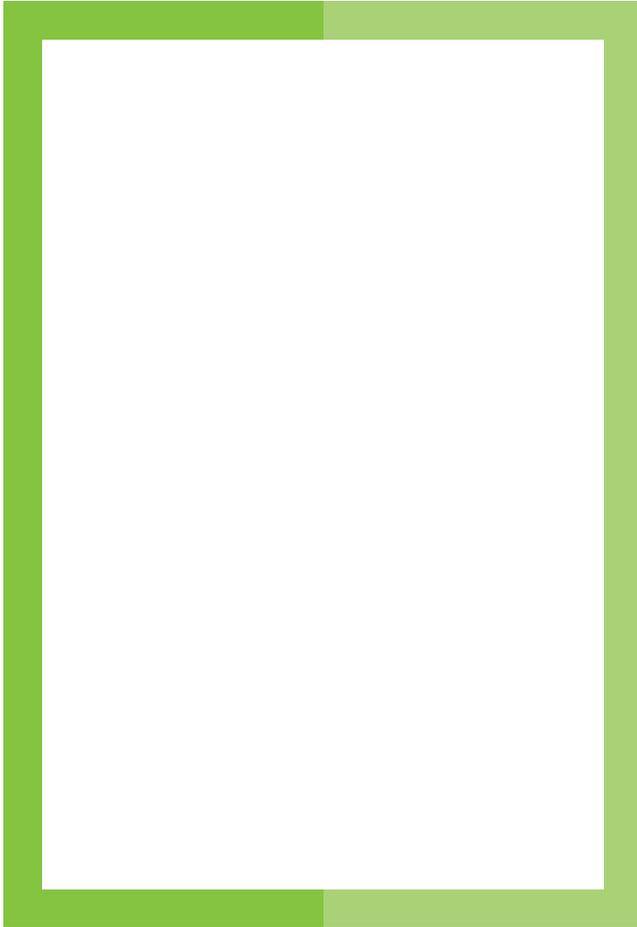


Interest

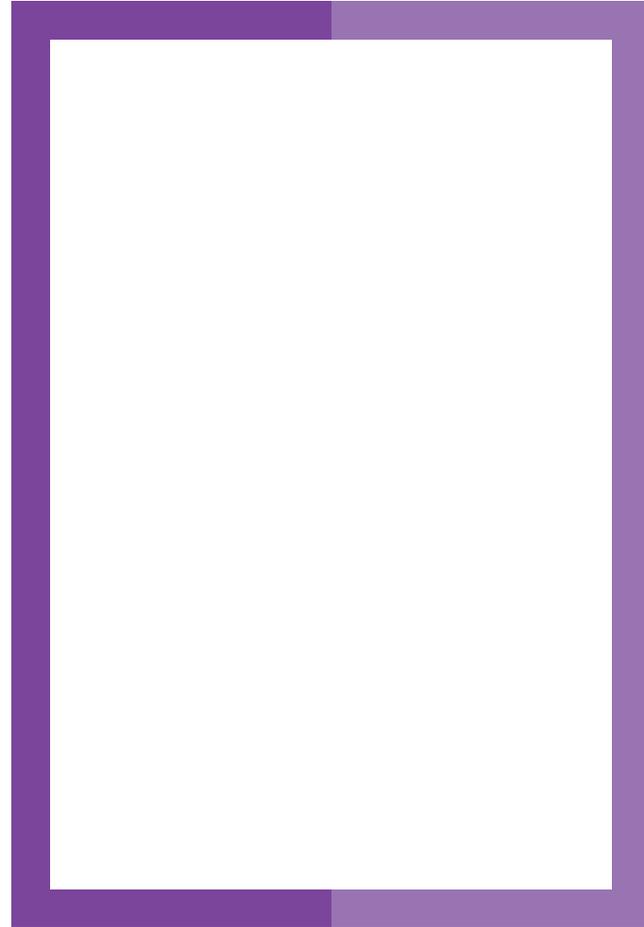
- A fee paid for the use of money over time. For savers, it is the money earned for keeping money in certain bank accounts.
- Cost to borrower; income to saver (lender)

Two Types of Interest

Simple



Compound



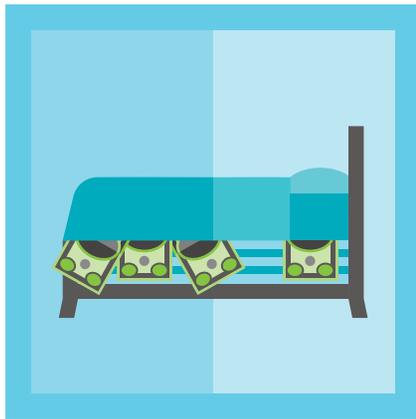
Simple and Compound Interest



The Rule of 72

$$72 / (\text{Interest Rate Received}) = \text{Number of Years to Double Your Money}$$

A Tale of Two Savers



Assessment