



Jump\$Tart Washington Curriculum Unit Three Chapter Twelve: Take It to the Bank

Chapter Learning Objectives

1. Become familiar with the various products and services that banks offer.
2. Learn how kids can use the bank.
3. Learn how a bank makes money.
4. Learn financial terms.

Episode 508 Synopsis

Get a kid's view of the services which banks, credit unions, and other financial institutions offer – and why you should use them early in life. Learn the different products and services that banks offer, and how to shop for the right bank for you.

Jump\$Tart Standards Correlations

Financial Responsibility and Decision-Making

- Take responsibility for personal financial decisions.
- Find and evaluate financial information from a variety of sources.
- Make financial decisions by systematically considering alternatives and consequences.

Credit and Debt

- Identify the costs and benefits of various types of credit.

Saving and Investing

- Discuss how saving contributes to financial well-being.

Washington State Standards Correlations

SOCIAL STUDIES

2. ECONOMICS - The student applies understanding of economic concepts and systems to analyze decision-making and the interactions between individuals, households, businesses, governments, and societies.

2.1 Understands that people have to make choices between wants and needs and evaluate the outcomes of those choices. (Grades 1-2 and 4-12)

Lesson Prep and Supplies

Getting Started

1. Familiarize yourself with this **BizKid\$** episode by watching it ahead of time. The episode will serve as a springboard to student learning, discussions, vocabulary exploration, and related hands-on activities.
2. Determine what equipment is required to show the episode in the classroom and request it if needed.
3. Choose an activity and gather supplies to learn about “Take It to the Bank.”

Equipment & Supplies for Preview and Screening

Time Needed: 45-60 minutes

Items Needed For Class:

TV/DVD Player
DVD of Episode 508
Projection System

Items Needed for Each Student:

Pencil or Pen
Paper for taking notes
Copy of BizTerms sheet for each student

Activity One: Preview and Screening

Introduction

Briefly explain that **BizKid\$** is a public television series that teaches kids about money and business. Mention that the bizkids.com website has lots of video clips, games, a blog, and other resources to help kids start businesses and learn about money.

Episode Preview Activity

Before you show **BizKid\$** episode 508, “Take It to the Bank,” lead your students in a brief activity.

- Distribute paper and pen or pencil to each student. Let students know to list any questions they have for later discussion.

Ask students the following discussion questions:

- When you think of a bank, what words come to mind?
- How many of you already have an account at a bank or credit union, and what was your purpose for opening that account?
- How much money do you think it takes to open a bank account?
- Did you know that there are different types of banks?

After the students discuss these questions as a group, tell them what they will see in episode 508 “Take It to the Bank” as described below.

About the Episode

Get a kid’s view of the services which banks, credit unions, and other financial institutions offer – and why you should use them early in life. Learn the different products and services that banks offer, and how to shop for the right bank for you.

Next Steps

Show the BizKid\$ episode. After the episode, ask students if they found answers to any of the questions they wrote on their sheets. Allow them to share and ask any questions that remain. Did they learn anything from the episode that will influence their behavior?

Distribute the list of BizTerms vocabulary to each student. Have them look up definitions. Papers are due in about 30 minutes. After 30 minutes have passed, give the students a copy of the definition sheet and they can check their own answers against the sheet.

Activity Two: BizTerms Vocabulary and Definitions

BizTerms Vocabulary

1. Assets
2. Checking account
3. Credit Union
4. FDIC
5. Federal Reserve
6. Insurance
7. Interest
8. NSF
9. Retail bank
10. Savings account

BizTerms Definitions

1. Assets are things that you own which have significant monetary value, which can be used to help you make more money.
2. A checking account is an account that is used for spending money with checks or debit cards. These accounts usually do not earn interest on the money that is deposited in them.
3. A Credit Union is a non-profit banking organization where individuals and small businesses can make deposits, take loans, and open checking and savings accounts. The members of the credit union own and control the business. To become a member you have to qualify.
4. FDIC stands for Federal Deposit Insurance Corporation, a government organization that will insure, or keep safe, the money you deposit in a bank or credit union up to \$250,000.
5. The Federal Reserve is the government organization that is responsible for the money supply and for interest rates.
6. Insurance is a guarantee or promise that your money is going to be safe.
7. Interest is extra money that is paid back in return for letting someone borrow a specific amount of money. For example, 10% interest on \$100 would be \$10 extra that is paid back at the end of the loan in addition to paying back the \$100 that you borrowed.
8. NSF stands for Non-Sufficient Funds, which means not enough money in your account to cover the amount you wrote a check for. There is usually a fee or penalty that you must pay in addition to bringing in the amount of money that you owe for the check.
9. A retail bank is a for-profit bank where individuals and small businesses can make deposits, take loans, and open checking and savings accounts.
10. A savings account is an account that is used for saving money and not spending it. These accounts usually earn interest on the money that is deposited in them.

Activity Three: Choose Your Financial Institution

Activity Learning Objectives

- Understand how to choose a financial institution.

Supplies Needed

- Pen or pencil
- Student copies of “Choose Your Financial Institution” worksheet

Directions

- Distribute a “Choose Your Financial Institution” worksheet and a pen or pencil to each student.
- Allow 15 to 30 minutes for students to read the problems and write down possible solutions.
- Then have a class discussion to determine if students chose the same or different solutions to each particular problem. There can be more than one way to solve a problem. Have students support their choices by explaining their thinking.

Choose Your Financial Institution Worksheet

You have choices when it comes to financial institutions. Learn how to choose the best one for you.

SAVINGS ACCOUNTS	Interest on savings account?	How much to open an account?	Minimum balance?	Monthly Fees?	Do you offer online banking services?
Retail Bank #1	0.01% annual percentage yield	\$25	None.	None.	Yes.
Retail Bank #2	0.01% annual percentage yield	\$25	None.	\$5 per month unless customer has minimum daily balance of \$300.	Yes.
Credit Union #1	.10% annual percentage yield	\$25	None.	None.	Yes.
Credit Union #2	0% on balances under \$100; .05% on balances of \$100 or more	\$25	None.	\$5 per month unless under age 18 or if customer has minimum daily balance of \$200.	Yes.

1. Based on the information above, what account would be the best choice, and why?

2. What if you know that you will have a \$400 minimum balance all the time, does that change your answer? Why or why not?

3. What if you're under age 18, does that change your answer? Why or why not?

4. If you deposit \$400 for one year at each of the financial institutions listed above, how much money will you have in one year at each location if they calculate interest once at the end of the year?

SAVINGS ACCOUNTS	Interest on savings account?	Starting Balance	Interest Earned for one year	Ending Balance (Starting Balance plus Interest Earned).
Retail Bank #1	0.01% annual percentage yield	\$400	0.01% x \$400 = \$	\$
Retail Bank #2	0.01% annual percentage yield	\$400	\$	\$
Credit Union #1	0.10% annual percentage yield	\$400	\$	\$
Credit Union #2	0% on balances under \$100; 0.05% on balances of \$100 or more	\$400	\$	\$

5. In today's economy, savings accounts do not earn much interest. Hop into a time machine, back to the year 1987. The interest rate on your savings account is 13% annual percentage yield. If you have \$400 in your account for one year, at 13% interest, then how much would you have in your account at the end of that year?
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6. If a regular savings account does not earn much, what else can you do with your money to earn more interest?
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Have students discuss these ideas and share their answers with the class.

Activity Four: How Banks Make Money

Activity Learning Objectives

- Understand how banks make money.

Supplies Needed

- Pencil with eraser
- Student copies of “How Banks Make Money” worksheet

Directions

- Distribute a “How Banks Make Money” worksheet and a pen or pencil to each student.
- Allow 15 to 30 minutes for students to read the problems and write down possible solutions.
- Then have a class discussion to determine if students chose the same or different solutions to each particular problem. There can be more than one way to solve a problem. Have students support their choices by explaining their thinking.

'How Banks Make Money' Worksheet

It is important to know how banks make money. Assume that this is a small town with only one bank where everyone deposits their money and their loans.

1. It makes a difference if you ROUND UP (.025 becomes .03) or if you TRUNCATE (.025 becomes .02) numbers when doing the math in the table below. Both methods are valid, just pick one method and be consistent. Compare answers with students who choose the other method.

Example:

90% of \$0.81 is \$0.729 so if you ROUND UP then you get \$0.73 but if you TRUNCATE you get \$0.72.

I will use the following method: _____

2. Fill in the table below to find out how your deposit of \$1 in the bank helps you, helps the bank, helps your neighbors, and helps the economy.

Customer	Deposit	Bank holds 10% as required by the Federal Reserve	Bank loans out 90% to borrower	Borrower	Borrower pays 6% interest to the bank on the loaned amount	Depositor earns 1% on the original Deposit	Bank profit (6% loan interest minus Depositor earnings)
You	1.00	0.10	0.90	Alice	0.05	0.01	0.04
Alice	0.90			Ben			
Ben				Chad			
Chad				Devin			
Devin				Ed			
Ed				Faye			
Faye				Gina			
Gina				Henry			
Henry				Isaac			
Isaac				Jen			
Jen				Keith			
Keith				Lon			
Lon				Mike			
Mike				Neal			
TOTALS	\$	\$	\$		\$	\$	\$
	Customer deposits	Bank reserves	Bank loans out		Borrowers pay	Depositors earn	Bank profit

3. Why would the bank NOT want to loan out money after 'Neal' borrows in the table above?

4. How much TOTAL money does the bank make (profit) when you deposit \$1 for a year, if they loan it out to everyone else at 6% and pay you and other customers an interest rate of 1% on deposits?

5. How many people are you able to help with your \$1 deposit at the bank? Explain your answer.

6. Why do borrowers have to pay a higher interest rate on their loans than what depositors earn in interest?

7. What would happen if the bank charged only 5% interest on their loans instead of 6%? How many people could they loan to? What would happen to the bank's profit?

8. Besides charging interest on loans, what are some other ways that banks can earn money? (Hint: Think about other services they offer, and think about how you get access to your cash.)

9. A bank is a 'for-profit' organization, while a credit union is 'not-for-profit' and is owned by the members. If the credit union is 'not-for-profit' – what can they do with the money they would earn in the 'bank profit' column of the table above?

Have students discuss the concept of how banks make money and share their answers with the class.

Resources

BusinessDictionary.com	A reliable source for the definition and explanation of financial terms.
MyMoney.gov	The U.S. government website dedicated to teaching Americans the basics of financial education.
National Financial Educators Council (NFEC)	NFEC and the NFEC EduNation Campaign provides complementary personal finance materials for parents, educators and concerned citizens interested in teaching children about money. http://www.financialeducatorsCouncil.org
360 Degrees of Financial Literacy	This is a free program to help Americans understand their personal finances through every stage of life. It is sponsored by the American Institute of Certified Public Accountants. http://www.360financialliteracy.org
Banking and Financial Systems	This is a textbook published by Goodheart-Wilcox. The ISBN number is 978-1-60525-778-5. http://www.g-w.com
Voluntary National Content Standards in Economic Education	This book is the 2 nd edition from the Council for Economic Education. The ISBN number is 978-1-56183-733-5. http://www.councilforeconed.org
Improving Financial Literacy: What Schools and Parents Can and Cannot Do	This book is published by Jump\$tart Coalition for Personal Financial Literacy. The ISBN number is 0-9666010-1-7. http://www.jumpstart.org