

Grades 2-3

Lesson 3



CHECKING ACCOUNTS AND ALTERNATIVE BANKING METHODS

Rationale: This lesson is intended for elementary students in second through third grades during a forty minute time period. The lesson teaches students the purpose of saving, how saving generates interest, the purpose of a checking account, and how to write a check. The introduction of ATM transactions, credit and credit cards are also presented in this lesson. The activities deal with checking and savings accounts. The activities rely on a variety of interactive and visual formats designed to be interesting and fun.

Lesson Objectives: Students will be able to:

- Describe the purpose of a checking account.
- Label the parts of a check.
- Write a sample check.
- Describe the purpose/working of ATM transactions.
- Provide a simple explanation of credit and credit cards.

Materials:

- Resource Files: Blank checks, Parts of a Check, DAMPER cards
- ATM card

**Materials not attached to this file may be found in a separate resource file.*

Setting the Stage:

Background Builder #1: Remind students that they learned about savings accounts as a safe place to keep money in a previous lesson. Ask students if they know about any other types of bank accounts where people keep their money. Show students a check and ask them if they know what it is.

State the Objective: tell the students what they will be able to do upon conclusion of the lesson.

“At the end of this lesson you will be able to identify the parts of a check, write a check correctly, and tell what people use checks, ATM cards, and credit cards for.”

The Lesson Procedure:

People can use a bank account to pay for food and services like shopping at the mall or at the grocery store. I'm sure your mom and dad take you to the grocery store. They may also pay for your activities with a check such as little league registration or gymnastics.

Paying by check is a safe way to pay for things because you give permission to only one company or one person to receive a specific amount of money.

- **The six parts to a check**

- The purpose of this activity is to engage students in understanding the parts of a check. Distribute to various students one letter in the word DAMPER. Place them in order while explaining each part of a check using the sample check on an overhead transparency. Collect the papers, redistribute randomly, and challenge the students to assemble in the proper order. Use the Parts of a Check sample to assess the outcome.

Display overhead sample of check and label the following parts of a check:

- **D** Date – The date the check is issued
 - **A** Numerical Amount – This is the amount of money to be paid to Payee
 - **M** Maker - This is the person responsible for the amount shown above. A signature is used to approve the money written in the Amount box.
 - **P** Payee – This is the person getting the money written in the Amount Box.
 - **E** Endorsement – This is a signature of the person cashing or getting the amount in the Amount Box.
 - **R** Routing Number – Identifies the bank the check belongs to.
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- Checks come in many styles and colors, and some banks require you to buy them since they are personalized.
 - Explain that people must write out a check correctly or the bank will not pay out the money. It is absolutely necessary for your check to be processed correctly with all six parts of the check we just learned. Remember DAMPER?
 - Also explain that checks cannot be written for more money than a person actually has in a checking account. The bank will charge you a fee and make you pay the money back.

Distribute a copy of the TD Bank blank check to everyone in the class. Have students label the parts of a check (DAMPER) on their sample. Walk students through the proper steps of writing a check, but note for them the importance of writing a dollar amount in numbers and then writing it out in words,

especially with a line extended to prohibit someone from adding his/her own name or adding a dollar amount. For example: Writing only the word “twenty” would allow someone to add “twenty thousand” but writing “twenty and 00/100 --- -----” does not.

Acknowledge and reinforce the efforts of each student who has completed the check correctly.

- **Alternative banking: ATM cards and credit cards**

- ATM stands for automated teller machine. A teller is the title of a person who usually handles your business at the bank. An ATM is a machine that can do that job twenty-four hours a day. Just like with a person, you can deposit money, withdraw money, or even check an account balance at an ATM. ATMs have many locations.
- Banks always want to keep money safe, so in order to use your own ATM card you receive a password. This is a secret, and it should never be shared with anyone or someone could take all your money. You shouldn't even lend your ATM card to someone. If it is lost or stolen, you must tell your bank immediately so that they can do everything possible to protect your money.

- **Credit Cards**

- Sometimes a bank can let you borrow money if you need it for something important such as buying a house or a car. When you deposit money into a checking or savings account, the bank will lend it to someone else, who must pay extra for the privilege of receiving money when he/she didn't have enough. Usually this is loaning, but you can also receive credit. The bank allows you to have a certain amount of money to use now, and you pay that all back plus extra at another time. You access this loaned money often on a credit card.
- Explain how a credit card works.
 1. You decide to buy some new clothes.
 2. You have found things you like, but you don't have enough money.
 3. You give the store your credit card. The store will call a special location and make sure that your bank is allowing you to have this extra money.
 4. When the bank has given its OK, you sign your name to authorize the bank to pay this money on your behalf. It's a little like writing a check.
 5. At the end of the month, the bank will send you a bill including the extra money that you owe. You must pay that entire amount at one time or the bank will continue to charge you money for the privilege of using the money it loaned you.
 6. So that people don't have too many problems, because a bank really wants you to be satisfied with its service, a bank

will place a limit on how much it will allow you to charge. When you have reached your limit you must pay the bank money, or it will not allow you to borrow any more money on your credit card.

Closing the Lesson:

Redistribute the cue cards to students and have them assemble in the proper order for identifying the parts of a check. See the suggestion page for “Ways to End and Review Lessons”, for additional ideas.

National Council of Teachers of Mathematics Principles and Standards for School Mathematics, 2000.

Number and Operations – (Students will) Understand numbers, ways of representing numbers, relationships among numbers, and number systems.

Communication – (Students will) Organize and consolidate their mathematical thinking through communication.

Ways to End and Review Lessons

Quizbowl: Separate the students into two teams and ask questions related to the lesson, i.e. What is an ATM? How does a credit card work?

Jigsaw: Jigsaw students into three groups and assign each a specific question from the lesson to answer together, with one person from each team acting as the spokesperson.

Sample questions:

Describe one area on a check the writer must complete.

How can you use an ATM machine?

Discuss how a credit card works.

Misinformation: Quote information from the day's lesson purposely erroneous. Call on various students to restate the information correctly.

What's left out? Supply students with statements that have some information missing. This can be done orally or it can be done on a blackboard. Ask students to provide the missing information.

Pair and Share: Group students into pairs and ask each pair to exchange two or three new things learned during the day's lesson. Call on select pairs to share with the whole class what has been learned.