



Grades 9-12

Lesson 1

CHECKING ACCOUNTS and ATM TRANSACTIONS

Key concepts: Checking accounts, ATMs, debit cards, credit cards, bank fees and regulation, safeguarding personal information

Summary: This lesson introduces students to alternative payment options such as checks, ATM withdrawals, debit cards and credit cards.

NJ Core Curriculum Content Standards for Personal Financial Literacy:

Standard 9: 21st Century Life and Careers

9.2 B. Money Management: 9.2.12.B.1, 9.2.12.B.10, 9.2.12.B.11

National Standards in K – 12 Personal Finance Education (from Jump\$tart Coalition):

Financial Responsibility and Decision Making:

Standard 1, "Take responsibility for personal financial decisions."

Standard 4, "Make financial decisions by systematically considering alternatives and consequences."

Standard 6, "Control personal information."

Planning and Money Management:

Standard 1, "Develop a plan for spending and saving."

Standard 3, "Describe how to use different payment methods."

National Content Standards in Economics (from Council for Economic Education): N/A

Rationale: This lesson is intended for high school students in ninth through twelfth grades during a forty minute time period. The lesson teaches students how to write checks and record transactions properly in a check register. ATM, credit, and debit cards are introduced. Bank fees and regulations are also presented in this lesson. 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 rules and regulations of a checking account.
- Label the parts of a check.
- Write a sample check.
- Record transactions (deposit and debit) on a check register.

- Describe the purpose/working of ATM transactions.
- Distinguish between debit and credit cards.

Materials:

- Resource Files: Blank check (1/student), DAMPER Check (1/student), Blank Check Register (1/student), Completed Check Register (1/student)
- ATM, credit, and debit cards if available.
**Materials not attached to this file may be found in a separate resource file.*

Setting the Stage:

Background Builder #1: Ask students the following questions:

1. How did you pay for your physical education uniform?
2. How do you deposit money into your lunch account? (check to see if this situation exists)
3. How would you pay for your senior trip? (this question may be appropriate for 11th and 12th grade students only)
4. Each month your parents receive bills for things like electric, telephone, the car, etc. how do they pay these bills?

Students should tell you that their parents write checks. Next, elicit from the students why their parents use checks. (Easier than using a large sum of bills, a check serves as a receipt, etc.)

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 write a check and keep track of activity (deposits and debits) in a checking account using a checking account register. You will also be able to discuss ATM, credit, and debit cards listing advantages and disadvantages of each.”

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 soccer, cheerleading, or basketball. Your parents have probably used checks to pay for school portraits, class trips, or other expensive school trips/items.

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.

Review 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.
- 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?
 - 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.
 - Also explain to students that banks often require minimum balances or a maintenance fee is charged.

Distribute a copy of the TD Bank blank checks to everyone in the class. 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. Now it is time to have the students practice writing two checks.

1. Pay to the order of Sneaker World for \$87 regarding a new pair of sneakers.
2. Pay to the order of your school for \$18 regarding a new physical education uniform.

As students complete the blank check worksheet, circulate throughout the class, complimenting students who are completing the work successfully, answering questions, and offering help to anyone who may require it.

Once everyone has written two checks, distribute a checking account register sheet to each student.

Things can become disorganized if you do not keep track of your money and your checks. When you open a checking account, you receive a check register. This is the place to record every check you write, every ATM withdrawal

you make, every debit card purchase, and every deposit that you make. You will always know if you have enough money to pay for the checks you have written, so that you don't overdraw your account and get into serious financial trouble. When you write a check, you must subtract the amount you spent from your balance. A deposit means you can add the amount to your balance. Careful arithmetic is very important!

Proceed to discuss the aspects of an entry in a check register: the check number, the date it was written, the description of the check or deposit, the amount of the check or the deposit, and the balance forward. Instruct students to begin with a balance of \$300. Next, direct students to complete entries for the two checks they have written in their checking account registers.

- Alternative banking: ATM cards and credit/debit 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.
 - ATM transactions are not always free. Many banks charge a nominal fee just to have an ATM card as well as to use the service. However, if you use a TD Bank ATM card at a TD Bank ATM there is no transaction fee.
 - At this time have students make an entry on their checking account registers for a withdrawal of \$100 from their checking account at a TD Bank ATM. Remind students of the importance of recording the transaction and the need for accuracy.
 - Now have students make an entry for a \$20 withdrawal from an ATM at another bank. Don't forget to include the fee of \$1.50!

- 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.
- Debit Cards
 - Sometimes people use a plastic card to pay for a purchase. While it may look like a credit card, it is actually a debit card. A debit card transaction automatically subtracts the transaction amount from your checking account, unlike the credit card that allows you to pay a debt over time. You can use a debit card in stores and restaurants. Interest does not accrue on a debit card since you pay for each purchase immediately.
 - At this time have students make an entry on their checking account registers for a purchase of \$13 using their TD Bank debit card. Remind students of the importance of recording the transaction and the need for accuracy.

At this time, you may want to have students exchange checking account registers and have them check for accuracy of addition and subtraction, as well as for proper entry procedure.

Students should have a balance of \$60.50 in their checking accounts.

Students may ask what happens if they overdraw their accounts. It is important to remind them of the severity of this action. However, overdraft protection is a feature that is offered by most banks. It connects your checking and savings accounts together so that if your checking account does not have sufficient funds to cover a transaction the bank will automatically use funds from your savings account.

Closing the Lesson:

Review with students the parts of a check, proper procedure for writing checks and using a checking account register. Review key points of ATM, credit and debit cards. Remind students that having a checking account, ATM card, credit/debit cards is an awesome responsibility and should not be treated lightly. See the suggestions 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.

Number and Operations – (Students will) Understand meanings of operations and how they relate to one another.

Number and Operations – (Students will) Compute fluently and make reasonable estimates.

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

Representation – (Students will) Create and use representations to organize, record, and communicate mathematical ideas.

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.