

HIGH SCHOOL SAVING AND BANKING ACTIVITY



Items Needed

- Download or print copies of OKMM's Your Money Matters high school guide for each student or direct them to the online version at OklahomaMoneyMatters.org.
- Download or print copies of the "Savings and Banking" scenario cards found at OklahomaMoneyMatters.org.

Opening Activity/Dialogue

- Why do people save money? What are you saving for?
- What money-saving tips have people shared with you?
- What are the pros and cons of keeping your money in a bank or credit union rather than keeping it at home?
- What are the benefits of having a checking or savings account?

Content

The answers you receive from these questions will tell you a lot about how your students feel about saving and using banking services. Many students may see the value in saving rather than using credit to purchase items they want and need, but they may not know how to start.

Everyone has a money personality that influences how they spend and save. Whether your students are natural spenders or savers, they can reach their financial goals by learning to spend and save money wisely. Explain to your students that a bank account is a great tool to help them better manage their money. As they go through this lesson, ask them to identify their savings goals and then explore how opening a checking or savings account at a local bank or credit union can help them reach those goals.

Through this lesson, you'll show them:

- Easy ways to save money.
- Why it's best to save early and often.
- The requirements and benefits of opening a checking and savings account.
- Features to look for in banking products and financial institutions.

Use the savings and banking content and resources on pages 4, 5, 8 and 9 of the *Your Money Matters* high school guide. Ask your students to read pages 4-5 and 8 and be prepared to answer the following questions.

- Which one of the savings tips on page 4 makes the most sense to you?
- What surprised you most about the "Savings Growth Chart"?
- Why is it important to review your bank statement each month?
- What's the difference between a bank and a credit union?

Teacher's note: Explaining the difference between a bank and a credit union can help students understand which institution will best meet their needs. While both provide many of the same services, they have some distinct differences.

Banks are for-profit businesses that provide an array of services, like savings accounts, checking accounts and consumer loans, that generate revenue through interest and fees. Most banks are insured by the Federal Deposit Insurance Corporation (FDIC), which insures the account holder's money up to \$250,000. To qualify for an account, individuals must meet the bank's financial and/or credit requirements.

Credit unions are member-owned, not-for-profit organizations that offer an array of services similar to banks. Most credit unions insure their account holder's money - up to \$250,000 - through the National Credit Union Association (NCUA). To become a member of a credit union, individuals must meet the credit unions' financial and/or credit requirements, and may need to live or work within a certain area or work in a particular profession, like teaching or serving in the military.

Application

Now that your students are more familiar with both banks and credit unions, distribute a copy of the "Saving and Banking" scenario cards and a *Your Money Matters* guide to each student. Ask them to read about Ethan and his money situation. Then using the "Checking Out Checking Accounts" worksheet on page 9 of their guide, ask students to compare the three financial institutions listed on their scenario cards to determine which institution will best meet Ethan's needs. Once finished, ask the class to share their decisions and discuss why they chose that particular option.

Ethan has a part-time job and routinely puts 25 percent of each paycheck into a joint savings account he has with his parents. His ultimate goal is to buy a car, but he also wants access to his money so he can pay for clothes, school activities and fuel. His savings account only allows three withdrawals per month without a penalty fee. Ethan wants to open his own checking account so he has easier access to his money. Ethan would like to find a financial institution that offers:

- Free or low-fee checking accounts that earn interest.
- Free ATM/debit card with his photo on the front.
- Free direct deposit.
- Free checks.
- Free online banking, including a free smartphone app.
- Overdraft protection.
- A reward program for earning good grades, paying on time, etc.
- FDIC or NCUA insurance.
- Multiple locations.
- Multiple ATM locations with free withdrawals.
- Locations that are open past 5 p.m. on weekdays and on Saturday mornings.

After researching several banks and credit unions, Ethan found three financial institutions he likes. Each has different features, but none completely fulfills all of Ethan's requirements. Read each institutions's list of services and use the worksheet on page 9 of the *Your Money Matters* guide to help determine which financial institution is his best option.

Institution 1: First National Bank of USA

- \$50 to open an account.
- \$6.95 monthly maintenance fee.
- Free checks.
- Free ATM/debit card with free photo identification on the front.
- Free online banking and smartphone app.
- Free direct deposit.
- Overdraft protection, \$30 per transaction.
- ATMs at 11,000 locations in the United States and abroad.
- Hours - Mon. through Thurs. 8 a.m. - 4 p.m., Fri. 8 a.m. - 5 p.m., Sat. closed.
- Three convenient bank locations.
- Member: FDIC.

Institution 2: Oklahoma Students and Teachers Credit Union (OSTCU)

- \$5 to open an account.
- Accrues 3 percent interest per month.
- No monthly maintenance fee.
- Annual fee of \$25.00.
- ATM/debit card with photo on the front, \$8.95 per month.
- Online banking and smartphone app, \$5.95 per month.
- Free direct deposit and online bill pay.
- "Good Grades, Get Money" program for students. Earn money for your grades!
- Free checks for students.
- Many convenient bank and ATM locations, throughout the city and the state.
- Hours: Mon. - Fri. 8 a.m. - 6 p.m., Sat. 9 a.m. - 12 p.m.
- Member: NCUA.

Institution 3: Neighborhood Partner Community Bank and Trust, NA

- \$35 to open an account.
- No monthly maintenance or annual fee.
- First box of checks (200 total) for free.
- Free ATM/debit card. Photo on front of card for \$4.95 (one-time fee).
- Low ATM withdrawal fees: \$1.00 per transaction.
- Overdraft protection, \$22 per transaction.
- Direct deposit, \$6.95 per month.
- Hours: Mon. - Fri. 8 a.m. - 8 p.m., Sat. 8 a.m. - 5 p.m.
- Many banking locations, including most grocery stores throughout Oklahoma.
- Member: Oklahoma Bank and Trust Association (OBTA).

Teacher Notes/Comments:

This exercise requires your students to think critically about the elements that Ethan would like to find in a banking service compared to what each of the three institutions has to offer. You may want to explain to your students that it may be rare to find a service provider that offers absolutely everything they'd like to have from a service. That's why it's so important to comparison shop and choose the one that comes closest to meeting their needs.

Additional activity

Ask your students to discuss the following questions:

- Since none of the institutions offer everything on Ethan's list, which features should he give up?
- Which features should he keep?
- Some of the things he prefers, like his photo on his debit card, come at a cost. Are these items worth paying for? Why or why not?
- If an institution offered everything on Ethan's list, but wasn't insured, is it worth the risk to do business there?

To learn more about OKMM, visit our website,
OklahomaMoneyMatters.org.

