Time to complete: 90 minutes

**CONTENT STANDARD**

Family and Consumer Science Standards: 2.5.1, 2.5.4, 2.6.1, 2.6.2, 3.3.1, 3.3.4  
National Council on Economic Education Teaching Standards: 10, 11  
National Standards for Business Education
- Career Development:  
- Economics: III.2, VII.1  
- Personal Finance: VI.1

**OBJECTIVES**

Upon completion of this lesson, students will be able to:
- Define depository institution
- Explore checking accounts
- Explore savings tools

**INTRODUCTION**

Throughout the course of an individual’s day, he/she accesses multiple businesses that sell products or offer services to people. For example, a hospital offers medical care, a grocery store sells food, and a construction business builds houses. A depository institution is a business that offers and sells financial services to people, such as savings and checking accounts. They assist people with daily financial tasks and play an important role in individual’s day-to-day living.

There are many different types of depository institutions such as a credit union, savings and loan institution, and a commercial bank. The most common is a **commercial bank** which lends, issues, borrows, and protects money. They offer many services to people. For example, banks offer savings and checking accounts, issue loans and credit cards, and provide customers with financial advice. Banks also offer a better way for people to manage money. They provide records of money put into an account, or **deposited**, and money taken out of an account, or **withdrawn**. This allows for better tracking of money spent and saved in order to manage money wisely.

Banks offer a wide variety of accounts. A **checking account** is a very common type of account that offers safety and convenience. Frequent withdrawals and deposits are expected with a checking account. **Checks** are used to withdraw money from a checking account. Checks are legal documents that function like cash. They are used to make purchases, but there must be sufficient funds in a checking account to write a check. If a person writes a check from an account that does not have sufficient funds, it is referred to as “bouncing a check.” If an individual “bounces a check” he/she may be charged a fee and harm future credit opportunities. A **debit card** is a plastic card that is electronically connected to the cardholder’s checking account and can be used to make purchases instead of writing a check. When a purchase is made, money is automatically withdrawn from the designated account. Debit cards require using a **personal identification number (PIN)** to access the account to perform transactions. A PIN confirms that the user of the debit card is authorized to access the account.
A new government law called **Check Clearing for the 21st Century Act (Check 21)** has made it difficult to bounce a check. With Check 21, money is automatically withdrawn from an account when the check is written. Therefore, an individual must have money in his/her account to make a purchase.

To open a checking account, an individual must first read through the contract from the bank. Then, if they understand and agree with the terms of the contract, they will complete a **signature authorization card**. This includes all important information that a bank needs, including an individual’s printed name, signed name, social security number, telephone number, address, and date of birth. Only the people who have their names on the signature authorization card will be allowed to make withdrawals and deposits from that account. The final step in opening a checking account is to make an initial deposit.

Most checking accounts do not pay interest, or additional money, so only money used on a daily basis should be deposited. **Interest** is the amount of money that is either gained or lost when accessing services offered by a depository institution. The **interest rate** is the percentage used annually to calculate the total interest either gained or lost from an account supplied by a depository institution. Banks also offer different savings tools, such as a **savings account**, **money market deposit account**, and **Certificate of Deposits**. When money is placed into a savings tool, it has the opportunity to earn interest. The amount of interest earned depends on many factors, such as the type of account used, and how long money is kept in the account.

A **savings account** is an account that keeps money safe until the owner needs to use for it emergencies or to purchase expensive items. Money can be deposited and withdrawn from a savings account an unlimited number of times during a month, but there are no check-writing privileges. However, a debit card may be used to withdraw funds from specific savings accounts. Money deposited in a savings account has the opportunity to earn more interest than money deposited in an interest earning checking account.

A **money market deposit account** pays a higher interest rate than a savings account, but usually requires more money to open. Also, the owner may be able to withdraw money through a limited number of transactions each month by writing checks or using a debit card.

A **Certificate of Deposit (CD)** is a tool that pays interest on a lump sum of money. However, once money is placed into a CD, it is required to stay there for a specific period of time. If money is withdrawn early, the owner will have to pay a penalty fee. Once the time period is complete, the money and interest earned can be withdrawn. The rate of interest money earns in a CD is usually higher than a money market deposit account and increases as the time period a person agrees to keep their money in the account increases.

There are many places that an individual can choose to store their money. Choosing to store money at home can be very risky, because money can be lost to a fire, burglary, or some other type of disaster. Banks have many security measures that keep money safe and secure and most are insured by the Federal Deposit Insurance Corporation (FDIC). The FDIC protects an individual’s money from loss.

In this lesson, students will define depository institution and explore checking accounts and savings tools by creating posters describing the characteristics and services provided by each.

**BODY**

*Note to educator - Depository Institution Discovery PowerPoint presentation 2.7.2.G1 is available for your use. However, the following facilitation instructions use the Depository Institution Frenzy information sheet 2.7.2.F1 as the primary information dissemination tool.*
**Before the lesson** – Print all necessary materials. Cut apart the Business Services brainstorming cards 2.7.2.H1 and tape each to light colored pieces of construction paper.

1. Tape all five sheets of construction paper with the Business Services brainstorming cards 2.7.2.H1 attached around the room.
2. Instruct students to walk to each Business Service brainstorming card 2.7.2.H1 and write down at least one service each business provides to community members on the construction paper.
   a. For example, a library provides community members with reading materials, internet services, youth reading programs, adult book clubs and many more services depending on your location and community.
3. Once all students are finished, summarize the written responses from the five Business Services brainstorming cards 2.7.2.H1 adding in additional services where necessary.
4. Working in pairs, instruct students to define a depository institution and write it on a scratch piece of paper.
   a. Ask groups to share their definitions.
   i. A depository institution is a business that offers and sells financial services to people. They assist people with daily financial tasks and play an important role in daily living.
5. In pairs, instruct students to now determine what services a depository institution provides and write ideas on a scratch piece of paper.
   a. Ask students to share their responses with the class.
   i. Depository institutions provide checking accounts, savings tools, ATM and debit cards, issue loans and much more.
   b. Explain to students that depository institutions provide many services similar to the businesses on the brainstorming cards. During the remainder of the class period they will learn more about depository institutions and the services they provide to community members.
6. Break students into small groups of 3 to 4 students and have them sit together in pods around the room.
7. Pass out one Depository Institution Discovery information sheet 2.7.2.F1 to each student.
8. Explain to students that they will work together in their small groups by taking turns reading one paragraph at a time and answering the questions on their information sheet. As each section is complete, each group will be asked to share their answer to the question with the rest of the class.
9. Instruct one person from each group to read the first paragraph about commercial banks.
10. Allow time for the groups to answer the next question, “Why is it important to track money spent and saved?”
11. Ask groups to share their responses.
   a. It is important to track money spent and saved to prevent overspending and plan for future expenses.
12. Allow students to take turns reading all five paragraphs on the top half of page two of the information sheet and answer the question below on the “negative consequences of bouncing a check.”
13. Ask students to share their answers.
   a. The negative consequences of bouncing a check include paying an overdraft fee, and possibly harming future credit opportunities.
14. Instruct one student in each group to read the final paragraph about interest earning accounts and answer the last question on the page, “What is an advantage to having an interest earning checking account instead of a regular checking account?”
17. Allow time for students to read and answer the question.
18. Ask for students responses.
   a. One advantage to having an interest earning checking account instead of a regular checking account
      is the opportunity to earn additional money or interest.
19. Have one student from each group read the first paragraph on page three and answer the question, “Why is it
    wise to store larger amounts of money in a savings tool rather than a checking account?”
20. Ask for students responses.
   a. If an individual has money to save, it is wiser to store it in a savings tool instead of a checking
      account because savings tools generally have higher interest rates and the opportunity to earn
      interest is greater.
21. Instruct students to take turns reading the final four paragraphs on the information sheet.
22. Once all groups are finished, ask students if they have any questions on the material read.

CONCLUSION
Pass out one Depository Institution Facts note taking guide 2.7.2.L1 to each student. Instruct students to
individually use their information sheet a reference to answer all questions on their note taking guide.

ASSESSMENT
Finding the Financial Facts worksheet – 2.7.2.A1

Optional Assessment: If time allows, have students create checking account and savings tools posters. Print off an
equal number of the Checking Account Poster grading rubric 2.7.2.B1 and Savings Tools Poster grading rubric
2.7.2.B2. Have students randomly choose a checking account or savings tools grading rubric which will designate
which type of poster they will create. Review all guidelines on the grading rubrics so students are aware of the
information that must be included on their poster. Allow time for students to sketch their poster on a scratch piece
of paper using their Depository Institution Discovery information sheet 2.7.2.F1 as a reference. When students are
finished with their sketch, instruct them to review their grading rubric to ensure all necessary information is on the
poster. Working individually at a computer, allow time for students to create a poster following their sketch. Once
all students are finished, create a bulletin board to display their posters.

MATERIALS
Finding the Financial Facts worksheet – 2.7.2.A1
Checking Account Poster grading rubric – 2.7.2.B1
Savings Tools Poster grading rubric – 2.7.2.B2
Depository Institution Facts note taking guide – 2.7.2.L1
Depository Institution Discovery information sheet – 2.7.2.F1
Depository Institution Discovery PowerPoint presentation – 2.7.2.G1
Business Services brainstorming cards – 2.7.2.H1
Construction Paper
Tape
Depository Institution Facts

<table>
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<tr>
<th>Total Points Earned</th>
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<tr>
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<td>Date ______________________</td>
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<td>Percentage</td>
<td>Class ______________________</td>
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Directions: Complete the following note taking guide using the Information Sheet as a reference.

Depository Institution

A **depository institution** is a business that offers and sells financial services to people, such as _________ and _________ accounts. (2 points)

They assist people with daily financial tasks and play an important role in day-to-day living. There are many different types of depository institutions such as credit unions, savings and loan institutions and commercial banks.

A **commercial bank** is the most common ____________________ which lends, issues, borrows, and protects money. (1 point)

Commercial banks also present a better way for people to manage money. They provide records of money put into an account, or _________________, and money taken out of an account, or _______________. (2 points)

Checking Account

What does the **Check Clearing for the 21st Century Act** enforce? (1 point)

Describe the characteristics and benefits of an interest earning checking account. (1 point)

Describe the steps to opening a checking account. (3 points)

What must be included on a **signature authorization card**? (6 points)

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## Savings Tools

- **Savings tools** keep money safe until the owner needs to use it for ___________________________ or to ___________________________. (2 points)

- Money deposited in a savings tool has the opportunity to earn _________________ which is calculated by taking a percentage of the total amount of money to see what is gained. (1 point)

<table>
<thead>
<tr>
<th>Savings Account (4 points)</th>
<th>Characteristics and Benefits</th>
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<tbody>
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<table>
<thead>
<tr>
<th>Money Market Account (3 points)</th>
<th>Characteristics and Benefits</th>
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<table>
<thead>
<tr>
<th>Certificate of Deposit (5 points)</th>
<th>Characteristics and Benefits</th>
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# Finding the Financial Facts

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<td>Total Points Possible</td>
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<tr>
<td>Percentage</td>
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</tbody>
</table>

Name ______________________  
Date ______________________  
Class ______________________  

**Directions:** Match the following terms on the left with their definitions on the right. Each question is worth 1 point.

____ 1. A business that offers and sells financial services to people.  
A. Deposit

____ 2. The most common type of depository institution.  
B. Depository Institution

____ 3. Money put into an account.  
C. Withdraw

____ 4. Money taken out of an account.  
D. Commercial Bank

**Directions:** Circle True or False for the following statements. Each question is worth 1 point.

True/False  5. A checking account is a very common type of account that offers safety and convenience.

True/False  6. Most checking accounts do not pay interest.

True/False  7. Checks and debit cards can be used to withdraw funds or make purchases from a checking account.

True/False  8. An individual can “bounce a check” if he/she has sufficient funds in a checking account.

True/False  9. Using a PIN (Personal Identification Number) is optional when using a debit card.

True/False  10. Check 21 allows individuals to bounce checks easily.

True/False  11. To open a checking account, an individual must complete a signature authorization card and make an initial deposit.

True/False  12. An interest earning checking account does earn a small amount of interest.
**Directions:** Match the following type of savings tool on the left with the various characteristics on the right. Each savings tool will have two characteristics to match. Each question is worth two points.

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13. Savings Account

A. Can withdraw money through an unlimited number of transactions each month.

14. Money Market Deposit Account

B. If money is withdrawn early, the owner must pay a penalty fee.

C. Money must remain in this tool for a specific period of time.

D. Using checks or a debit card are two ways money can be withdrawn.

15. Certificate of Deposit (CD)

E. The account usually requires more money than a savings account to open.

F. This account pays the least amount of interest.
# Checking Account Poster Rubric

<table>
<thead>
<tr>
<th>Information</th>
<th>Exemplary-3</th>
<th>Satisfactory-2</th>
<th>Unsatisfactory-1</th>
<th>Rating</th>
<th>Weight</th>
<th>Score</th>
</tr>
</thead>
<tbody>
<tr>
<td>* Description of a checking account and signature card</td>
<td>All information (as described in the first column) in the poster is accurate, clearly and concisely stated.</td>
<td>There are one to three errors in the poster.</td>
<td>More than three errors are present in the poster.</td>
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<td>5</td>
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<tr>
<td>* Definition of checks and a debit card</td>
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<tr>
<td>* Description of Check 21</td>
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<tr>
<td>* Description of an interest earning account</td>
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<tr>
<td>* How to open an account</td>
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</tbody>
</table>

<table>
<thead>
<tr>
<th>Title - Header</th>
<th>Exemplary-3</th>
<th>Satisfactory-2</th>
<th>Unsatisfactory-1</th>
<th>Rating</th>
<th>Weight</th>
<th>Score</th>
</tr>
</thead>
<tbody>
<tr>
<td>Includes student’s name, title of poster and is appealing.</td>
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<thead>
<tr>
<th>Visuals and Graphics</th>
<th>Exemplary-3</th>
<th>Satisfactory-2</th>
<th>Unsatisfactory-1</th>
<th>Rating</th>
<th>Weight</th>
<th>Score</th>
</tr>
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<tbody>
<tr>
<td>Graphics go well with the text and there is a good mix of text and graphics.</td>
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<tr>
<td>Graphics go well with the text, but there are so many that they distract from the text.</td>
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</tr>
<tr>
<td>Graphics do not go with the accompanying text or appear to be randomly chosen.</td>
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</table>

<table>
<thead>
<tr>
<th>Participation and Use of Time</th>
<th>Exemplary-3</th>
<th>Satisfactory-2</th>
<th>Unsatisfactory-1</th>
<th>Rating</th>
<th>Weight</th>
<th>Score</th>
</tr>
</thead>
<tbody>
<tr>
<td>The student used his/her time wisely to sketch and create the poster which was completed on time.</td>
<td></td>
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<tr>
<td>The student used most of his/her time wisely to sketch and create the poster which was completed on time.</td>
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<tr>
<td>The student did not use his/her time wisely to sketch and create the poster which was not completed on time.</td>
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</tbody>
</table>

* 3 bonus points are available for additional information one may need to know about a checking account.

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<thead>
<tr>
<th>Total Points Earned</th>
<th>Bonus Points Earned</th>
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<tbody>
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<td></td>
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</table>
### Savings Tools Poster Rubric

| Name: ______________________________________ | Date: ______________________ |

<table>
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<tr>
<th><strong>Information</strong></th>
<th>Exemplary-3</th>
<th>Satisfactory-2</th>
<th>Unsatisfactory-1</th>
<th>Rating</th>
<th>Weight</th>
<th>Score</th>
</tr>
</thead>
<tbody>
<tr>
<td><em>Description of a savings tool</em></td>
<td>All information (as described in the first column) in the poster is accurate, clearly and concisely stated.</td>
<td>There are one to three errors in the poster.</td>
<td>More than three errors are present in the poster.</td>
<td>5</td>
<td></td>
<td></td>
</tr>
<tr>
<td><em>Description and benefits of a savings account</em></td>
<td>Includes student’s name, title of poster and is appealing.</td>
<td>Includes student’s name and is appealing.</td>
<td>The title or header is not present.</td>
<td></td>
<td></td>
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</tr>
<tr>
<td><em>Description and benefits of a Money Market Deposit Account</em></td>
<td>Graphics go well with the text and there is a good mix of text and graphics.</td>
<td>Graphics go well with the text, but there are so many that they distract from the text.</td>
<td>Graphics do not go with the accompanying text or appear to be randomly chosen.</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><em>Description and benefits of a CD</em></td>
<td>The student used his/her time wisely to sketch and create the poster which was completed on time.</td>
<td>The student used most of his/her time wisely to sketch and create the poster which was completed on time.</td>
<td>The student did not used his/her time wisely to sketch and create the poster which was not completed on time.</td>
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</tbody>
</table>

* 3 bonus points are available for additional information one may need to know about savings tools.

<table>
<thead>
<tr>
<th>Total Points Earned</th>
<th>Bonus Points Earned</th>
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<tbody>
<tr>
<td></td>
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</table>
Grocery Store

Barber Shop

Laundromat
GAS STATION

LIBRARY