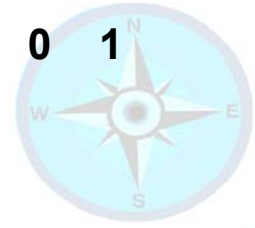


---

# N A V I G A T I O N 1 0 1

GRADE: 7

LESSON: 18



THEME: USING MONEY

---

## LESSON GOALS:

- Help students learn about banking services.
- Help students learn to balance a checkbook.

## ESSENTIAL QUESTIONS:

- What are my financial goals?
- How can I use money wisely?

## MATERIALS NEEDED:

- **Banking Handout** (*final pages of this lesson plan*)

## CLASSROOM ACTIVITIES:

1. **Review students' experience with their Student-led Conferences.** How do your students feel about their student-led conferences? How did they do? What could they have done better? What would they like to change for next year? Discuss students' experiences. You may wish to share results from your student and parent feedback questionnaires. (*5-10 minutes*)
2. **Discuss banking services.** Distribute the **Banking Handout** to your students. Review the first page of the handout with your students. Focus your discussion in particular on **why** people use banks: to **save money** for the future; and to **borrow money** so they can buy things (such as a car or a home) that they couldn't otherwise afford. Ask students if their parents use a bank. Which one? (*5 minutes*)
3. **Balance a sample checkbook.** Once students open a bank account, use a debit card, or get a job, they will need to learn to keep track of their money. This exercise will help students balance a sample checkbook. Turn to the second page of the **Banking Handout** and review the details of the checkbook balancing exercise. Then have students work alone or in small groups to enter the information provided and calculate the final checkbook balance (an answer key is included in your lead advisor's **Resource Guide**). (*10-15 minutes*)

## STUDENT PRODUCTS:

- **Sample checkbook.** Each student should complete the exercise in the **Banking Handout**.



# BANKING HANDOUT – GR 7



Name: \_\_\_\_\_ Grade: \_\_\_\_\_ Advisor: \_\_\_\_\_

## WHY USE A BANK?

People use banks for two reasons: to **save money** and to **borrow money**.

## SAVING MONEY

Banks can help you save money. Plus, banks **pay you money** (called interest) for using your money.

- **Checking/debit accounts.** People store money they need every day in their checking accounts. They spend the money by writing checks or using a debit card.
- **Savings accounts.** Savings accounts are for money you don't need right away. Most people keep a savings account to store money for emergencies.
- **Longer-term savings.** Do you have extra money you'd like to save? Banks have many other types of accounts (such as certificates of deposit or money market accounts) for money their customers won't need for six months or a year. These accounts offer higher interest.
- **Retirement savings.** Many banks also offer people a way to save for their old age (through Individual Retirement Accounts or other savings accounts). These accounts may offer a guaranteed interest rate or they may be risky – it's your choice.
- **Investments.** Some banks also let you invest your money in businesses or in the stock market. These investment accounts are not guaranteed. If the business or stock you invest in fails, you lose money; if it succeeds, you earn money.

## BORROWING MONEY

Banks also let people borrow money. Banks **charge you money** (called interest) for using their money.

- **Credit cards.** People use credit cards to buy things. You can repay your credit card bill in full each month. Or you can repay it a little at a time – but you'll have to pay a very high interest rate.
- **Personal loan, car loan, or home equity loan.** Sometimes you need money for something bigger, such as a new car or a home improvement. To do that, you can get a loan from the bank. With this type of loan, you pay the bank a little each month – both toward **principal** (or the money you borrowed) and **interest**.
- **Mortgage.** Banks also offer bigger loans, called mortgages, for people who are buying a home. You usually pay these loans off over 30 years or more.



## BALANCING A CHECKBOOK

If you write checks or use a debit card, you cannot spend more money than you have in your account. If you do, your debit card will not work, and you may be charged large “**overdraft**” fees by the bank.

How do you keep track of the money in your account? It’s a simple matter of addition and subtraction. You just have to stay organized.

Why don’t you try it? Imagine that you have a checking account and use both checks and a debit card. Here are your transactions for the last half of January. Enter them into the “checkbook” below:

- Your beginning balance is \$150.
- On January 15<sup>th</sup>, you write check #1150 to your school for \$10 for two tickets to movie night.
- On January 16<sup>th</sup>, your neighbors pay you \$75 for dog-sitting and you deposit it in the bank.
- On January 17<sup>th</sup>, you use your debit card to pay \$80 for a new pair of shoes.
- On January 17<sup>th</sup>, you use your debit card to pay \$10 for your monthly music subscription.
- On January 20<sup>th</sup>, your parents pay you \$20 in allowance and you deposit it in the bank.
- On January 25<sup>th</sup>, you write check #1151 to your school for \$10 for a ticket to the school play.
- On January 28<sup>th</sup>, you use your debit card to pay \$15 for a movie ticket and popcorn.
- On January 29<sup>th</sup>, your parents pay you \$20 in allowance and you deposit it in the bank.
- On January 30<sup>th</sup>, you use your debit card for \$25 for pizza with your friends.

## SAMPLE CHECKBOOK

Complete the checkbook below. The first several entries have been made for you:

Check or Receipt #	Date	Description of Transaction	(-) Amount of Withdrawal	(+) Amount of Deposit	BALANCE
					\$150.00
1150	15-Jan	School movie night (2 tickets)	\$10.00		\$140.00
	16-Jan	Payment for dog-sitting		\$75.00	\$215.00

What is your checkbook balance on January 30<sup>th</sup> after your dinner with your friends? Do you still have money in your account?

