

DOCUMENT RESUME

ED 204 240

SO 013 469

TITLE Money Management and the Consumer, Banking: "You Can Bank On It".

INSTITUTION Florida State Dept. of Education, Tallahassee. Div. of Elementary and Secondary Education.; Osceola County School District, Kissimmee, Fla.

SPONS AGENCY Office of Elementary and Secondary Education (ED), Washington, D.C.

PUB DATE 79

NOTE 205p.; For related documents, see SO 013 467-472. Not available from EDRS in paper copy due to colored ink throughout original document. Some pages may not reproduce clearly from EDRS in microfiche due to small print type throughout original document.

AVAILABLE FROM Project SCAT, Osceola County School District, PO Box 1948, Kissimmee, FL 32741 (Six units in this series are \$29.50, for cost of each unit contact the project).

EDRS PRICE MF01 Plus Postage. PC Not Available from EDRS.

DESCRIPTORS *Banking; Banking Vocabulary; *Consumer Education; *Economics Education; Educational Objectives; Learning Activities; *Money Management; Secondary Education; Teaching Methods; Units of Study; Validated Programs

IDENTIFIERS *Project SCAT

ABSTRACT

This unit, one of a series of six Project SCAT (Skills for Consumer Applied Today) units, is designed to help senior high school students develop consumer education skills. For a description of the specific objectives and format of the units, see SO 013 467. This document provides learning activities, teaching methods, and a student booklet for a unit on banking. The section on checking accounts covers advantages, disadvantages, and types of checking accounts, types of checks, procedures for opening a checking account, check writing, check endorsement, check cashing requirements, procedures for stopping payment, and procedures for balancing a checking account. The section on savings focuses on reasons for savings, personal savings considerations, savings institution considerations, alternative savings institutions, types of savings accounts, and savings account maintenance. Students make a field trip to a local bank, examine career opportunities in banking, survey bank advertisements, and make a checklist for selecting a bank. Students also interpret quotations about savings (such as "A penny saved is a penny earned"), compare interest rates of different savings institutions, investigate ways that interest is computed, set up a mock bank in the classroom, and devise games and puzzles to review the banking vocabulary. A pre- and posttest and reproducible graphics are included. The student booklet contains relevant vocabulary, readings, and worksheets. (KC)

SD 013469

ED204240

U.S. DEPARTMENT OF HEALTH, EDUCATION & WELFARE
NATIONAL INSTITUTE OF EDUCATION

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MONEY MANAGEMENT AND THE CONSUMER

Skills for Consumers Applied Today

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It is known that this consumer education instructional unit has not been endorsed by either the Florida Department of Education or the United States Office of Education; and that the points of view or opinions expressed do not necessarily represent the official policy of these agencies.

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"You Can Bank

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Teacher PAL Tips

Welcome, teachers, to this \$CAT Consumer Education Teacher PAL*. We hope you will find this a useful resource while you are teaching this subject. Features of this PAL include:

A CONTENT OUTLINE of the Student PAL subject matter to aid you in class discussions.

STUDENT OBJECTIVES which state in behavioral terms the objectives of the Student PAL.

SUGGESTED ACTIVITIES which you may wish to use as enrichment activities. These include:

INTRODUCTORY ACTIVITIES which give suggestions for introducing the topic.

DEVELOPMENTAL ACTIVITIES which give ideas for developing the major concepts in the Student PAL. These suggestions are keyed to each section of the Student PAL and include appropriate resources.

REVIEW ACTIVITIES which give suggestions to guide the culmination of the study.

RESOURCE suggestions which are of three types and coded as follows:

* Materials developed by \$CAT and included in this Teacher PAL.

+ Commercially developed materials, available at a cost.

= Commercially developed materials, available free or on a free-loan basis.

ADDRESSES of the producers of all suggested resources as well as others which you may wish to contact for additional ideas and/or materials.

* Packaged Activities for Learning

A SPECIALIZED VOCABULARY which is an alphabetized listing of all the "Passwords" listed in the Student PAL.

FILM DESCRIPTIONS for each film suggested as a resource.

INSTRUCTIONAL AIDS which include Xerox masters for the Test, the Test Answer Sheet, Student Activity Sheets, Film Guides, and Transparencies which you may wish to use in your study.

ANSWER KEYS for the Test, SCAT-developed Activity Sheets, and all pages from the Student PAL requiring student responses.

A STUDENT PAL for your reference.

In addition, some pages in the Student PALs are designed specifically to encourage class discussions, and teacher-led discussions may be necessary to insure student comprehension of the concepts presented. Such pages in the Student PAL for this topic include:

Pages 4-5: Personal opinions about money

Page 14: Determining the value of a personal checking account as a means of money management

Page 62: Personal opinions about saving

These features are suggestions only. You, the instructor, know your class best and should feel free to choose those activities and resources most appropriate for your students.

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TEST

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STUDENT PAL

STUDENT PAL GREEN

Banking

Checking Accounts

Banks are an integral part of our way of life. An understanding of the mechanics of handling money is basic to wise personal financial management. Approximately 100 million checking accounts in the United States provide 90% of all payments which are made by checks today. Cash payments continue to be less and less popular.

Every modern consumer can benefit from the wise use of a personal checking account. The advantages of a checking account; alternatives available; and the mechanics of depositing, check writing, and balancing an account are presented as a means of providing the student the skills and procedures necessary for maintaining a personal checking account.

Savings Accounts

Saving is the area of financial planning most easily and frequently overlooked by the young consumer. It is necessary to "sell" the advantages and "painlessness" of such a program.

Goals, types of accounts, and alternatives are presented with emphasis on maintaining a personal savings account.

Content Outline

Checking Accounts

- I. What checks represent
- II. Advantages of checking accounts
 - A. Protection
 - B. Convenience
 - C. Receipts
 - D. Savings
 - E. Credit reference
 - F. Economy
- III. Disadvantages of checking accounts
 - A. Identification
 - B. Refusal
 - C. Additional cost
 - D. Overdrafts
- IV. Types of checking accounts
 - A. Regular
 - B. Special
 - C. Business or commercial
- V. Types of checks
 - A. Personal
 - B. Certified
 - C. Cashier's
 - D. Traveler's
 - E. Money order
- VI. Procedure for opening checking accounts
 - A. New account information
 - B. Signature card
 - C. Check book
 - D. Deposit method

VII. Check writing

A. Procedures

1. Record all checks
2. Date
3. Name of person to whom check is written
4. Numerical amount
5. Written amount
6. Legal signature

B. Precautions

1. Use ink
2. Legal signature
3. Prevent tampering with amounts
4. Avoid premature signing of checks
5. Be aware of current balance
6. Guard against loss

VIII. Check endorsing

A. Purpose of endorsement

B. Types of endorsement

1. Blank endorsement
2. Restrictive endorsement
3. Transfer endorsement

IX. Check cashing requirements

A. Identification required

B. Fees charged

check cashing

D. Acceptability

X. Procedure for stopping payment

XI. Procedure for balancing account

A. Arrange checks by number

B. Compare cancelled checks with register

C. List outstanding checks

D. List deposits

E. Include costs

F. Calculate balance

G. Reconcile balance

Savings Accounts

I. Reasons for saving

- A. Emergency
- B. Unemployment
- C. Travel/Recreation
- D. Education
- E. Home ownership
- F. Pension supplement
- G. Consumer goods
- H. Positive credit rating

II. Personal savings considerations

- A. Needs assessment
- B. Personal goals and objectives
- C. Savings ability assessment
- D. Commitment

III. Savings institution considerations

- A. Security (e.g. FSLIC)
- B. Liquidity
- C. Interest rate

D. Convenience

E. Savings premiums offers

IV. Alternative savings institutions

- a. Credit unions
- b. Mutual savings banks
- c. Finance companies
- d. Insurance companies
- e. U.S. Government
- f. Corporate pension/retirement plans

V. Types of savings accounts

- A. Passbook savings
- B. Special accounts
- C. Certificates of deposit
- D. U.S. Savings Bonds

VI. Savings account maintenance

- A. Opening an account
 1. New account information
 2. Signature Card
 3. Passbook, if applicable
 4. Deposit
- B. Maintaining an account

Student Objectives

1. Given a description of one check component and a list of appropriate alternatives, the student will select from it the correct component.
2. Given a list of possible phrases, the student will identify the one which correctly describes what a check represents.
3. Given a paying/purchasing situation and a list of advantages/disadvantages of using checks rather than cash, the student will select the correct advantage/disadvantage for the situation.
4. Given a list of types of checks, examples of types of checks, or statements about types of checks and a question requiring identification of them, the student will select the correct alternative from the list.
5. Given a list of banking-related words, the student will choose the three that represent essential information that should be learned before opening a checking account.
6. Given a series of sentences about types of accounts and their related services, the student will identify the statements that are correct and those that are not.
7. Given a situation calling for the choice of one kind of account or check over others and a list of appropriate alternatives, the student will select the correct response from the list.
8. Given a list of elements possibly needed for opening an account, the student will choose the two that are always necessary.
9. Given a list of appropriate alternatives and a question related to filling out a deposit slip, the student will select the correct response from the list.
10. Given a list of statements about keeping a check register, the student will select the correct response from the list.
11. Given appropriate figures, a situation requiring their use as if on a check stub, and a list of appropriate alternatives, the student will choose from the list the correct figures for the situation described.
12. Given a description of one kind of check endorsement and a list of several kinds, the student will select the one described.

13. Given a series of statements regarding special information (dates, name spellings, etc.) related to endorsing and writing checks, the student will identify the statements that are correct and those that are not.
14. Given a list of possible factors in cashing checks where one is unknown, the student will select those that are most important.
15. Given several alternative outlines of the procedure for stopping payment of a check, the student will select those that are most important.
16. Given appropriate figures and information as if on a bank statement, the student will balance the account.
17. Given a situation involving the choice of one kind of savings account over others and a list of appropriate alternatives, the student will select the correct response.
18. Given a series of statements related to secondary benefits of saving, the student will identify those called the two primary "bonuses."
19. Given a list of possible concerns in choosing a savings institution, the student will select the four that are considered to be the most basic.
20. Given a list of types of savings institutions and the name of a savings insurance agency, the student will select the types of savings institutions insured by the agency.
21. Given a list of bookkeeping methods used by savings institutions, the student will choose the one which yields the greatest financial benefit.
22. Given a list of the four major types of savings accounts, a list of savings account characteristics, and a question relating the two lists, the student will select from the proper list the required response.
23. Given a question about the proper use of banking forms and a list of appropriate alternatives, the student will select the correct response for the list.
24. Given a password and several alternatives, the student will identify the definition of the password.

Introductory Activities

Generalizations	Activities	Resources
<p>Knowledge of the purpose and functions of a bank in a free enterprise society is important for modern consumers.</p>	<ol style="list-style-type: none"> 1. Administer <i>You Can Bank On It!</i> test as a Pre-test. 2. Utilize an audio-visual approach to define banking and banking services. 3. Discuss the evolution of banks as a social institution -- that even before the invention of coins, the business of money-lending and holding of valuables for people flourished. 4. Discuss the services and functions of a bank. Include: <ul style="list-style-type: none"> the bank's role in the general economy banking services offered costs of services number of services career opportunities in banking 	<ul style="list-style-type: none"> * Test Teacher, PAL + <u>Banking</u> (16 mm film - Film Guide #1) Churchill Films + <u>The Money Book</u> (book) Xerox Publications + <u>You and Your Community Bank</u> (multi-media kit) The NOW Corporation * Student PAL, pp. 3-6 = <u>Banking in Action</u> (16 mm film) Florida Bankers Assn. = <u>Banking: No Limit to Dimensions</u> (16 mm film - Film Guide #2) Florida Bankers Assn. * Transparency Master #1 Teacher PAL

Generalizations	Activities	Resources
	<p>5. Plan a field trip to a local bank. Request that the class be allowed to observe each step in the local banking operation.</p> <p>6. Arrange a bulletin board display of ads and promotional devices used by local banks.</p> <p>7. Assign an individual or groups of students to research and report on:</p> <p style="padding-left: 40px;">Agencies regulating banking</p>	<p>+ Local newspapers</p> <p>= <u>The Federal Reserve at Work</u> (pamphlet) Federal Reserve Bank of Richmond</p> <p>= <u>The Federal Reserve System</u></p> <p>= <u>How Banks Create Money</u></p> <p>= <u>How the Clearinghouse Works</u></p> <p>= <u>How Monetary and Fiscal Policies Work</u> (Student activity masters packets) Federal Reserve Bank of Minneapolis</p> <p>= <u>The Federal Reserve Today</u> (pamphlet) Federal Reserve Bank of Atlanta</p>

Generalizations	Activities	Resources
	<p>Types of local banks; the services and costs of each</p> <p>Career opportunities in banking.</p> <p>Individual research topics.</p>	<ul style="list-style-type: none"> = <u>Your Insured Deposit</u> (pamphlet) Federal Deposit Insurance Corporation = "Services and Charges" pamphlets from local banks = <u>Bank Services and Functions</u> (Student activity master packet) Federal Reserve Bank of Minneapolis Local banker + <u>Is a Career in Banking for You?</u> (16 mm film - Film Guide #3) Counselor Films, Inc. = <u>Step into Banking</u> (16 mm film) Florida Bankers Assn. = <u>Consumer Education</u> (Teaching units) The Sun Banks of Florida, Inc. + <u>How Our Bank Helps Our City</u> (pamphlet) Manufacturers Hanover Trust

Generalizations

Activities

Resources

- 8. Suggest that students prepare bank commercials for both TV and radio.
Video-tape and/or tape commercials.

+ Career Awareness, Unit I - "Kinds of Money"
(filmstrip)
Scott Education

= Your Money and the Federal Reserve System
(booklet)
Federal Reserve Bank of Minneapolis

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Developmental Activities

Activities	Resources
<p>1. Utilize WHAT ARE CHECKS?</p>	<p>* Student PAL, pp. 7-14</p>
<p>2. Discuss the purpose of a checking account, including the fact that checks represent cash on deposit.</p>	<p>= <u>Checkpoints: How to Write and Use Checks</u> (pamphlet) Federal Reserve Bank of Boston</p> <p>+ <u>Personal Checking Accounts</u> (student packet) Unigraph Products</p> <p>+ <u>A Place to Keep Your Money: A Unit on Banking</u> (multi-media kit) Grolier Educational Corp.</p>
<p>3. Survey bank advertising:</p> <p>Collect examples of advertisements offering checking account services. Have students write advertisements to encourage opening checking accounts. Suggest that students stress the benefits.</p>	<p>* Transparency Master #2 Teacher PAL</p>
<p>4. Have a committee prepare a large-size check for the bulletin board. Utilize the check throughout the study.</p>	<p>* Transparency Master #3 Teacher PAL</p>
<p>5. Prepare a bulletin board display of <u>Special Checks</u>:</p> <p>Cashier's Check Certified Check Bank Money Order Traveler's Check</p> <p>Discuss the characteristics of each.</p>	<p>= Local bank check specimens</p>

Activities

Resources

6. Display or list each type of special check and ask students to give examples of situations in which each type of check would be most appropriate.

* Transparency Master #4
Teacher PAL

1. Utilize **IS A CHECKING ACCOUNT FOR ME?**

* Student PAL, pp. 15-18

2. Develop a Checklist to use for selecting a bank in which to open a checking account. Include such questions as:

* Student Activity Sheet #1
Teacher PAL

WHAT ARE THE SERVICES OFFERED?
WHAT SERVICE FEES ARE CHARGED?
IS THE BANK COVERED BY FDIC?
IS THE BANK CONVENIENTLY LOCATED?
HOW WELL IS THE BANK KNOWN?
WHAT TYPES OF ACCOUNTS ARE AVAILABLE?
ARE THE EMPLOYEES HELPFUL AND FRIENDLY?

Discuss methods for answering these questions. Note that some of the questions may be answered by telephone survey or observation, while others may require a personal visit or a survey of the bank's customers.

Emphasize that the importance of the answers to each question vary with the consumer.

3. Discuss personal needs as an important consideration in the choosing of the proper type of checking account.

Include:

Account activity (how many deposits will be made, how many checks written)

Balance (how much must be kept in the account)

Checks (types available, cost of checks)

Charges (service charges for maintaining account)

Activities

Resources

4. Have students collect "Services and Charges" brochures from local banks. Suggest that students evaluate several of these banks as appropriate for their own individual accounts.

1. Utilize **USING A CHECKING ACCOUNT**

2. Utilize an audio-visual approach to explore the history, significance, and function of checking accounts and to illustrate how the checking system works.

3. Discuss the items necessary to open a personal checking account:

- a signature card
- a deposit
- a deposit slip

4. Have students practice completing a signature card and a deposit slip. Emphasize the need for each and the importance of accuracy.

5. Illustrate the check-writing process as a two-part process, each part consisting of 5 steps.

Emphasize the importance of completing the check register or stub first.

* Student PAL, pp. 19-40

= Paying by Check
= Story of a Check
= 24 Hours in the Life of a Check
(16 mm films)
Florida Bankers Assn.

+ Personal Checking Accounts
(learning activity package)
Unigraph Products

+ Banking and Banking Services
(multi-media kit)
Changing Times Education Service

+ Checking Accounts and How to Use Them, Tape #8 - Money Management
(cassette and transparencies)
Paul S. Amidon

Activities

Resources

6. Practice writing sample checks.
7. Illustrate the four basic types of endorsements.
8. Ask students to describe situations appropriate for each type of endorsement.
9. List the requirements for cashing a check, and discuss the fact that these requirements are often thought of as one disadvantage of using checks. Emphasize that the requirements for identity and acceptability are the reasons one may need "special checks" in certain situations.
10. List the situations in which it may be necessary to "Stop Payment" on a check.
11. Emphasize the importance of the Stop Payment order in written form and that even if the bank has been contacted by phone, the written form is a requirement.

* Student Activity Sheet #2
Teacher PAL

* Transparency Master #5
Teacher PAL

* Transparency Master #6
Teacher PAL

1. Utilize **THE BALANCING ACT**

2. Obtain and duplicate a sample bank statement and discuss each section with the class.
3. List which items in both the check register and bank statement may need to be adjusted to make an account "balance."
Include:
 - Service charges
 - Outstanding checks
 - Deposits which have not been recorded
 - Overdrafts
 - Errors in computation

* Student PAL, pp. 41-50

cup 3:

Activities

4. Discuss the methods for reconciling a bank statement and a checkbook.

IS A SAVINGS ACCOUNT FOR ME?

1. Utilize

2. Discuss reasons for saving.

3. Write ten to fifteen quotes about saving on colored construction paper and display on a bulletin board. Utilize both serious and humorous examples. Invite students to add to the list.

Resources

= About Checking Accounts
(pamphlet)
Channing L. Bete Co.

+ Banking Is
(student booklets)
National Learning Productions
Inc.

+ Environmental Survival Skills, "Money and Banking"
(teaching unit)
Mind, Inc.

+ You and Your Community Bank
"Bank Reconciliation"
(transparency)
The NOW Corporation

* Student PAL, pp. 51-64

* Transparency Master #7
Teacher PAL

Activities

Resources

4. Interpret quotations about savings.

Examples:

A PENNY SAVED IS A PENNY EARNED.

PAY YOURSELF FIRST.

SAVING BEGINS WITH GOALS AND A PLAN.

MONEY MAKES MONEY AND THE MONEY THAT MONEY MAKES, MAKES MORE MONEY.

5. Discuss goals as a factor in saving.

Include short-term and long-term goals.

Short-term: a shirt, a new set of tires, a special date, etc.

Long-term: education, a house, investments, etc.

6. Develop a list of short- and long- term student needs.

Determine how much would have to be saved per week to achieve one or more of these needs.

7. Discuss the fact that goals change with age and lifestyle.

Make a chalkboard list of saving goals for teens, young adults, newly married couples, growing families, retired persons.

OR

List savings goals and classify them according to which group or groups would have such goals.

8. Discuss opinions on saving: SOME PERSONS ARE POSSESSED WITH THE NEED TO SAVE.

OTHERS SAY LIVE IT UP BECAUSE THE OLD REASONS FOR SAVING NO LONGER APPLY.

WHO IS RIGHT?

9. Rate reasons for saving.

Prepare a class list of ten to twenty reasons for saving and ask the students to rank-order the list individually.

Discuss whether the rankings will be the same.

Why?

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+ Money Management, Saving
Unit - "A Quota of Quotes"
Changing Times Education
Service

* Transparency Master #8
Teacher PAL

* Transparency Master #9
Teacher PAL

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USING A SAVINGS ACCOUNT

1. Utilize

2. Hold a class discussion on savings.
Include such questions as:

- HOW DO ATTITUDES INFLUENCE THE HABIT OF SAVING?
- WHAT OTHER FACTORS INFLUENCE THE AMOUNT AN INDIVIDUAL OR FAMILY MAY SAVE?
- SHOULD EVERYONE SAVE PART OF HIS INCOME?
- IS IT POSSIBLE FOR A VERY LOW INCOME FAMILY TO SAVE?

3. List ways in which a saving account works for the saver.
Include:

- A feeling of security
- Reaching your goals
- Improving credit rating
- Adds to income (interest earned)

4. Discuss the criteria for choosing a savings institution:
Why is safety usually put first and earnings second?
What is meant by liquidity?
In what circumstances might liquidity be important?
How does purpose affect the choice of a savings institution?

5. List the types of savings institutions available and discuss the advantages of each.

- Commercial banks
- Savings and loan associations
- Mutual savings banks
- Credit unions

6. Ask a group of students to check interest rates paid by local savings institutions. Compare the difference in annual earnings for various amounts on deposit.

* Student

* Transp
Teache

+ Savin
(16 m
Films

Activities

Resources

7. Invite speakers from local savings and loan associations, commercial banks, and credit unions to speak to the class.

Request that speakers cover:

- How consumers are served
- Sources and use of income
- Regulations
- How accounts are insured
- Methods of computing interest
- Banking forms such as certificates of deposit

8. Invite a consumer protection agency investigator or representative to speak on current forms of financial frauds to guard against.

9. Emphasize the importance of the bookkeeping method used in computing and crediting interest to an account:

THERE ARE AT LEAST FIFTY-FOUR DIFFERENT WAYS TO COMPUTE INTEREST ON A SAVINGS ACCOUNT.

FOUR PRINCIPAL METHODS:

- FIFO (FIRST IN, FIRST OUT)
- LOW BALANCE (OR HIGHEST CONTINUOUS BALANCE)
- LIFO (LAST IN, FIRST OUT)
- DD/DW (DAY OF DEPOSIT TO DAY OF WITHDRAWAL)

GRACE DAYS -- DEPOSITS MADE AS LATE AS THE 10TH (OR IN SOME CASES THE 20TH) DAY OF ANY INTEREST PERIOD WILL BE PAID INTEREST FOR THE ENTIRE PERIOD

10. Compile a fact sheet to compare or rate different savings plans on the basis of interest paid, services offered, and degree of risk involved.

11. Compare three of the basic types of savings accounts or plans:

- Passbook savings
- Savings certificates
- U.S. Savings Bonds

Local resource persons

Local resource person

* Student Activity Sheet #3
Teacher PAL

12. Discuss the division of savings into more than one type of account when possible.

"Put your rainy-day dollars where you can get at them when the first drops fall." This usually means a passbook account. Certificates of Deposit sacrifice interest if withdrawn before maturity.

13. Stress the value of "forced" savings for those who find it difficult to save. Options available include payroll deductions and automatic transfer of funds.

14. Characterize the "Perfect" Savings Account as the account with:

DAY-OF-DEPOSIT TO DAY-OF-WITHDRAWAL FORMULA
DAILY COMPOUNDING AND CREDITING OF INTEREST
NO WITHDRAWAL PENALTIES
NO MINIMUM BALANCE REQUIRED TO EARN INTEREST

Emphasize that such an ideal account may not be available in every area. The consumer must determine how important each provision is according to the way he plans to use his account.

15. Contrast the responsibilities of the checking account customer and the savings account customer.
All record-keeping and computation is a service to the customer with a savings account.
Emphasize the importance of remembering to have all transactions recorded in the passbook, however.

Review Activities

Generalizations	Activities	Resources
<p>Basic personal banking services in a free enterprise society offer today's consumer many valuable tools in the management of his personal finances.</p>	<ol style="list-style-type: none"> Compare the difference between a checking account and a savings account: <ul style="list-style-type: none"> <u>Purpose</u>: A checking account is a convenient way to pay; helps keep track of money A savings account helps build up the money you don't spend right away <u>Payment</u>: Checking--you pay the bank a service charge Savings --the bank pays you interest for the use of your money <u>Records</u>: Checking--three records of spending: stubs or check register, monthly bank statement, and the cancelled checks Savings--only one record -- your passbook Discuss that once a bank is chosen its services should be used carefully and to the consumer's best advantage: <ul style="list-style-type: none"> Balance your checking account every time you receive a statement Use computerization services available from the bank Save regularly Maintain passbook savings Purchase Certificates of Deposit when you have three to six months' income in a passbook account Present research and report projects. 	<p>* Introductory Activities #6 and #7 Teacher PAL</p>

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Generalizations	Activities	Resources
	<p>4. Make posters, diagrams or displays illustrating the functions of banking.</p> <p>5. After students have mastered the technique of check writing, set up a mock bank in the classroom and have the students role play:</p> <p style="padding-left: 40px;">Opening checking accounts Endorsing and cashing checks written by other students Stopping payment on checks</p> <p>6. Arrange for a committee of students to present a banking display in the school media center.</p> <p>7. Present a skit on banking.</p> <p>8. Present a skit on saving.</p> <p>9. Have students prepare and present mini-lessons on various banking topics for other school groups. Video-tape if feasible.</p> <p>10. Compose a list of <u>Additional Banking Services</u> and discuss each service.</p>	<p>+ <u>General Business Skits, "Banks and Banking Services"</u> (booklet). South-Western Publishing Company</p> <p>+ <u>General Business Skits, "Saving and Investing Money"</u> (booklet). South-Western Publishing Company</p>

Generalizations	Activities	Resources
	<p>11. Devise games and puzzles to review the vocabulary of banking.</p> <p>12. Discuss:</p> <p style="text-align: center;">HOW CAN MY LOCAL BANK HELP ME-- TODAY, 10 YEARS FROM NOW, 20 YEARS FROM NOW?</p> <p>13. Review the student objectives for this module.</p> <p>14. Administer <i>You Can Bank On It!</i> test as a Post-test.</p>	<p>* Student Activity Sheet #4 Teacher PAL</p> <p>* Student Activity Sheet #5 Teacher PAL</p> <p>* Test Teacher PAL</p>

General Resources - Addresses

Changing Times Education Service
1729 H St., N.W.
Washington, D.C. 20006

Channing L. Bete Company
45 Federal St.
Greenfield, MA 01301

Churchill Films
662 North Robertson Blvd.
Los Angeles, CA 90069

Counselor Films, Inc.
2100 Locust St.
Philadelphia, PA 19103

Federal Deposit Insurance
Corporation
550 17th St., N.W.
Washington D.C. 20429

Federal Reserve Bank of
Atlanta
104 Marietta St., N.W.
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Films, Inc.
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Wilmette, IL 60091

Florida Bankers Association
341 N. Mills Ave.
Orlando, FL 32803

Grolier Educational Corporation
845 Third Ave.
New York, NY 10022

Manufacturers Hanover Trust
Company
350 Park Ave.
New York, NY 10022

Mind, Inc.
1133 Avenue of the Americas
New York, NY 10036

National Learning Productions, Inc.
505 Sixth Ave.
St. Albans, WV 25177

The NOW Corporation
P.O. Box 366
St. Albans, WV 25177

Paul S. Amidon and Associates, Inc.
1966 Benson Ave.
St. Paul, MN 55116

Scott Education
5 Lower Westfield Road
Holyoke, MA 01040

South-Western Publishing Company
5101 Madison Rd.
Cincinnati, OH 45227

The Sun Banks of Florida, Inc.
200 S. Orange Ave.
Orlando, FL 32801

Unigraph Products
P.O. Box 24287
Seattle, WA 98124

Xerox Education Publications
Education Center
Columbus, OH 43216

Specialized Vocabulary

AMOUNT

The amount of money to be paid to the payee by the maker of a check

ANNUAL

Once a year

AUTOMATIC TRANSFER

The regular transfer of a certain, specified amount from one account to another; examples are insurance premium drafts and loan payments

BALANCE

The amount of money available in an account

BANK

An establishment for receiving, keeping, and lending money

BANK DRAFT

A check drawn by a bank against funds deposited in another bank

BANK MONEY ORDER

Official draft or check sold to a customer for a fee

BANK STATEMENT

A statement of the bank's record of transactions in an account

BOOKKEEPING

Method used to compute and credit interest to a savings account

CANCELLED/CLEARED CHECK

A check that has been cashed by the payee, returned to the bank upon which it was written, and paid to an account

CASHIER'S CHECK

A check the bank draws on its own funds and signed by the cashier; also called a Treasurer's Check

CASHLESS SOCIETY

An economy based on the transfer of money by computer and the exchange of paper receipts rather than the use of coins and currency

CERTIFIED CHECK

A bank-guaranteed regular personal check

CHECK	A written order to the bank to draw funds from a deposit account, payable on demand
CHECKBOOK REGISTER	A checking account record kept of all deposits, checks written, and current balances
CHECKING ACCOUNT	A personal bank account which permits a depositor to write checks against the balance in his account
CLEARING HOUSE	An organization, established by banks in the same area, through which checks and other instruments are exchanged and net balances settled
COIN	Penny, nickel, dime, quarter, half-dollar, or dollar
COLLATERAL	Something of value pledged as security for a loan
COMMERCIAL BANK	Financial institution which offers checking and savings accounts and which is owned by stockholders
COMMITMENT	Ability to "stick to" a savings plan
COMPOUND INTEREST	Interest which is computed on both the principal and the interest in a savings account
CONVENIENCE	Availability of banking services
CREDIT RATING	An evaluation of one's willingness and ability to pay debts, based on his past performance

CREDIT RATING FACTOR

An item used in the evaluation of one's past credit record

CREDIT REFERENCE

A source for determining credit worthiness

CREDIT UNION

A financial cooperative in which members with a common bond (employer, church, housing development, etc.) join together to save money and make loans to members

CURRENCY

Paper or "folding" money

DEPOSIT

Money put in an account; money used to open an account

DEPOSIT TICKET

Bank form used for depositing money into an account

EARNINGS

Interest

ENDORSEMENT

One's name signed on the back of a check

ENDORSEMENT IN BLANK

The payee's signature only on the endorsing end of a check

ENDORSEMENT IN FULL

Endorsement stating, "Pay to the order of," used when the payee wishes to give the check to someone else

FDIC

Federal Deposit Insurance Corporation; insurer of deposits in commercial banks

FSLIC

Federal Savings and Loan Insurance Corporation; insurer of deposits in savings and loan institutions

GOALS

Reasons or purposes for saving; "things" to buy with savings dollars . 61

IMPULSE BUYING

Spur-of-the-moment purchasing

INTEREST

Money made or earned on money which is in savings accounts or bonds

JOINT ACCOUNTS

Checking accounts for which either member may make deposits or write checks

LIQUIDITY

The ease with which money can be withdrawn from a savings account

MONTHLY

Once a month

NCUA

National Credit Union Administration; insurer of deposits in credit unions

OUTSTANDING CHECK

A check that has been written, but not cashed and cleared

PASSBOOK

A book issued to a savings account customer for keeping a personal record of all deposits, interest and withdrawals

PAYEE

The name of the person or organization to whom money is to be paid by check

PERSONAL CHECK

A check drawn on the account of an individual or individuals

POST-DATE

To date a check for a future date

QUARTERLY

Once every three months

RECEIPTS

Written records of payments

BEST COPY AVAILABLE

RECONCILE/BALANCE Method of adjusting personal records and bank statement figures

RESTRICTIVE ENDORSEMENT Endorsement stating, "For deposit only", restricting what can be done with the check

SAVINGS ABILITY Amount which one can save based on income and needs

SAVINGS ACCOUNT An account in which money is deposited and on which interest is paid

SAVINGS & LOAN Financial institution which pays interest on money deposited in savings accounts and makes real estate loans

SEMI-ANNUALLY Once every six months

SERVICE CHARGE Fee charged by a bank for maintaining a checking account

SIGNATURE A person's name in the form used on legal documents--usually includes the first name, middle initial, and last name

SIGNATURE CARD Bank card used to establish identity and signature recognition

STUB A form of checkbook register on which the check is recorded

TRAVELER'S CHECKS Checks purchased in amounts of \$10, \$20, \$50, \$100 or more; used when ordinary identification is difficult

VALID Having legal force

VOID Not valid

WITHDRAWAL TICKET Bank form used to withdraw money from a savings account

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Film Descriptions

BANKING (22 minutes) - Churchill Films, 1978

FILM GUIDE #1

April's fiscal sophistication is arrested at the level of keeping her paycheck hidden in her potted palm. Acidulous Nettie who collects rent and dispenses gratuitous information takes April in hand leaving her (and us) wiser on matters of banks, savings and loans, checking and savings accounts, statements and balances, interest and miscellaneous services. As the sun sinks in the west, Nettie makes a withdrawal from her savings account and buys that motorcycle that she has been lusting for.

BANKING IN ACTION (20 minutes), - Florida Bankers Association

This film shows many of the historical events in which banking has played an important role, including the settling of the West, building of the transcontinental railroads, financing the Civil War, and the creation of a uniform national currency in 1863. It also shows many modern bank services today with striking examples of new bank architecture and high-speed electronic computing devices.

BANKING: NO LIMIT TO DIMENSIONS (30 minutes) - Florida Bankers Association

FILM GUIDE #2

This film relates the public to bankers, bankers to community growth, and community growth to improve living. It describes modern banking services to help the viewer achieve a new understanding of today's banks and to encourage wider use of bank services.

IS A CAREER IN BANKING FOR YOU? (16 minutes), - Counselor

FILM GUIDE #3

This film is custom-made for young people, vitalizing attention from a score featuring their own contemporary beat. It explores the vast, multifaceted world of banking.

PAYING BY CHECK (15 minutes) - Florida Bankers Association

The treatment of this film is an exploration of the history, significance, and function of checking accounts. It is designed to show how a checking account works, how to write a check properly, what happens to a check after it has been written, how to balance a checking account, and many other helpful suggestions.

SAVINGS ACCOUNTS (13 minutes) - Films, Inc., 1977

FILM GUIDE #4

How do you shop for a savings account? This film tells where to start looking and how to take advantage of maximum interest rates. Highlighted are the importance of comparative shopping and features such as grace days, daily compounding and daily crediting.

STEP INTO BANKING (14 minutes) - Florida Bankers Association

This film is a student's-eye view of what kind of people work in banks, and what they do. It admirably serves its purpose as "An Introduction to Job Opportunities in the Field of Banking" -- the film's subtitle.

STORY OF A CHECK (13 minutes) - Florida Bankers Association

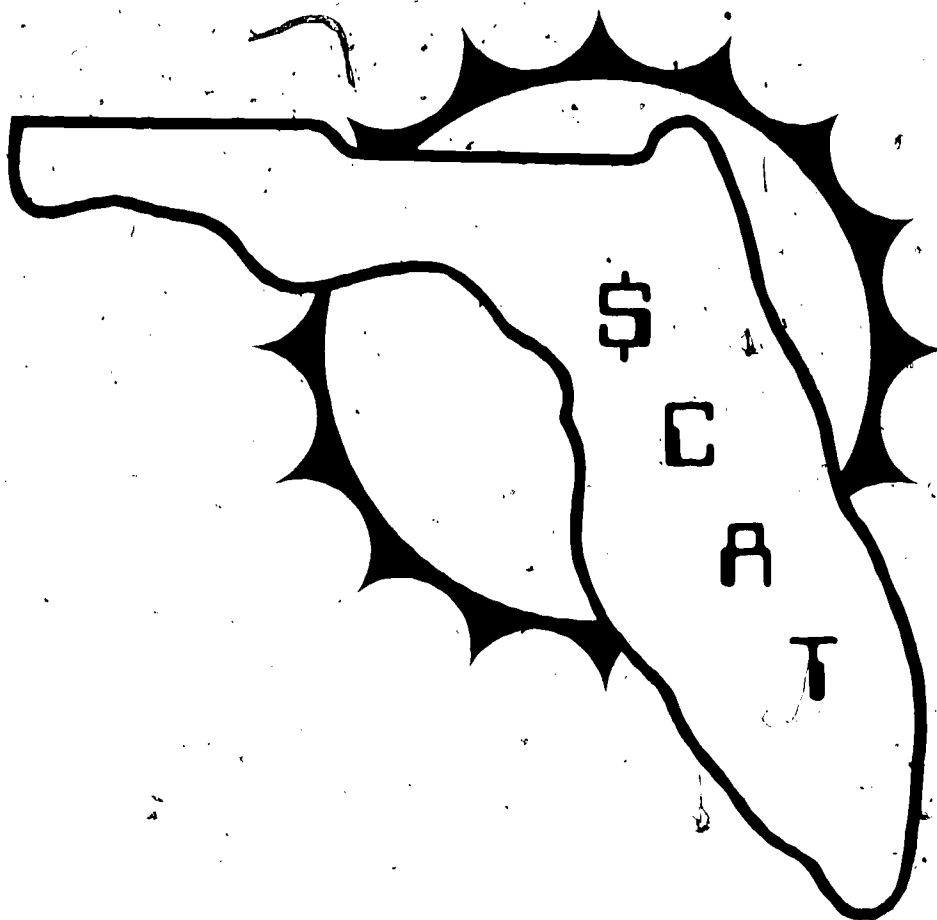
This film illustrates how the checking system works and how modern machinery and skilled workers accurately process millions of dollars worth of checks every day. Animated figures show the procedure for using a check.

24 HOURS IN THE LIFE OF A CHECK (24 minutes) - Florida Bankers Association

An orientation film for the public as well as new bank employees, this film tells what happens to a check from the time it is written until it is returned with the monthly statement. Most of the action takes place behind-the-scenes in the bank and clearly portrays how each job fits into the total bank operation.

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vol 69



INSTRUCTIONAL AIDS

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You Can Bank On It!

CHOOSE THE BEST ANSWER FOR EACH STATEMENT OR QUESTION.

1. After cancellation, the numerals that appear in the lower, right corner of the front of the check tell the
 - A. bank number.
 - B. account number.
 - C. date of the check.
 - D. amount of the check.
2. A check is
 - A. a written order to a bank to draw funds from a deposit account, payable on demand.
 - B. a record of all deposits, withdrawals and current balances.
 - C. a form used to make a deposit to an account.
 - D. protection against withdrawing money in excess of the amount in an account.
3. Mrs. Choppers ordered some dentures by mail and included a check with her order. Six weeks later, the check had cleared her bank, but the false teeth had not arrived. Mrs. Choppers called the company on the phone and was told by the complaint manager that her order would be shipped when the company was paid. Mrs. Choppers insisted that she had paid. What is Mrs. Choppers' best proof of payment?
 - A. The checkbook stub
 - B. The cancelled check
 - C. The checkbook register entry
 - D. The outstanding check
4. Which of the following is FALSE?
 - A. Personal checks are drawn on personal accounts.
 - B. Certified checks are guaranteed by a bank.
 - C. Bank drafts are checks drawn by a bank on its own funds.
 - D. Cashier's checks are drawn by a bank on funds it has in another bank.

5. What types of questions will the good consumer ask before opening a checking account?
 - A. Amount, checks, interest
 - B. Checks, cost, interest
 - C. Amount, cost, interest
 - D. Amount, checks, cost

6. A joint checking account is one in which
 - A. more than one person has to sign the checks.
 - B. no minimum balance is required.
 - C. service charges are based on money in the account.
 - D. more than one person may make deposits and write checks.

7. The Last National Bank wants to transfer some of its money from the Federal Reserve Bank. The funds can be moved by
 - A. cashier's check.
 - B. certified check.
 - C. bank draft.
 - D. bank money order.

8. To open a checking account, it is necessary to have
 - A. a signature card and money for deposit.
 - B. money for deposit and a social security number.
 - C. a savings account and money for deposit.
 - D. money for deposit and an account number.

9. What should be put on the back of a deposit ticket?
 - A. An endorsement
 - B. A list of cash and checks
 - C. A list of checks not listed on the front of the ticket
 - D. Both A and C

10. The check register should be
 - A. filled out once for each check and once for each deposit.
 - B. endorsed for each transaction.
 - C. filled out when the bank sends a statement.
 - D. filled out once for each check.

11. If Joe had \$35.28 in his checking account, deposited checks for \$5.25 and \$11.51 and wrote a check for \$7.88, how much was the balance carried forward?
 - A. 64¢
 - B. \$44.16
 - C. \$35.28
 - D. \$45.24

12. When a check is endorsed in full, the endorsement includes
- A. the payee's signature.
 - B. "Pay to the order of," the name of the person who is to cash the check, and the payee's signature.
 - C. "For deposit only" and the payee's signature.
 - D. the payee's signature and the name of the payee's bank.
13. Which of the following statements is TRUE?
- A. Blank endorsements are the safest.
 - B. Checks should be endorsed when received.
 - C. Checks endorsed in pencil will be refused by the bank.
 - D. A check must be endorsed in the same way it is made out.
14. The keys to cashing checks where you are not known are
- A. identity and promptness.
 - B. identity and acceptability.
 - C. identity, promptness and amount.
 - D. identity, acceptability and amount.
15. In order to stop payment on a check, you MUST
- A. notify the bank in writing.
 - B. notify the payee in writing.
 - C. telephone the payee and notify the bank in writing.
 - D. telephone the bank and the payee and then notify the bank in writing.
16. Happ was sent a bank statement for his checking account. The statement balance was \$198.50 with a \$2.50 service charge. Happ's checkbook balance was \$205.50 because his \$36.50 mail deposit had not yet been credited to his account when the statement was prepared. He also had outstanding checks for \$15.00 and \$17.00. The amount now available in Happ's balanced account is:
- A. \$477.50
 - B. \$477.00
 - C. \$213.00
 - D. \$203.00
17. Mr. Gray is 50 years old and has \$30,000 that he wants to save for his retirement in 15-20 years. To get the highest interest he should put his money in
- A. a passbook savings account.
 - B. a special savings account.
 - C. a joint checking account.
 - D. certificates of deposit.

18. The two extra bonuses of saving money are:
- A. Your money is earning interest and it helps your credit rating.
 - B. Savings help in emergencies and provide for long-range goals.
 - C. Your money is earning interest and it provides for emergencies.
 - D. Savings help your credit rating and allow you to pay cash.
19. The basic concerns in choosing a place to put savings are
- A. safety and earnings.
 - B. safety, convenience and earnings.
 - C. convenience, earnings and liquidity.
 - D. convenience, earnings, liquidity and safety.
20. The FDIC (Federal Deposit Insurance Corporation) insures money in
- A. banks.
 - B. credit unions.
 - C. savings and loans.
 - D. all of the above.
21. If four banks give the same rate of interest and are equal in all other respects except their frequency of compounding, the bank which will pay the most interest on your account is the one that compounds
- A. daily.
 - B. annually.
 - C. quarterly.
 - D. continuously.
22. From which of the following savings accounts can the consumer obtain his money at any time, without penalty, during normal banking hours?
- A. Passbook savings
 - B. Special accounts
 - C. U. S. Savings Bonds
 - D. Certificates of deposit
23. Which of the following banking forms does NOT have to be signed in order to be valid?
- A. Signature card
 - B. Deposit ticket
 - C. Withdrawal ticket
 - D. B and C
24. Liquidity is
- A. the availability of banking services.
 - B. the ability to stick with a savings plan.
 - C. the ease with which money can be withdrawn from a savings account.
 - D. the amount of money a banking institution keeps on hand with which to do its everyday business.



NAME _____

CLASS _____

DATE _____

You Can Bank On It!



1 A B C D

2 A B C D

3 A B C D

4 A B C D

5 A B C D

6 A B C D

7 A B C D

8 A B C D

9 A B C D

10 A B C D

11 A B C D

12 A B C D

13 A B C D

14 A B C D

15 A B C D

16 A B C D

17 A B C D

18 A B C D

19 A B C D

20 A B C D

21 A B C D

22 A B C D

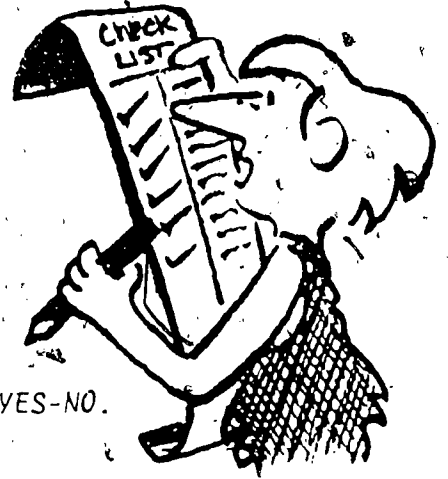
23 A B C D

24 A B C D



1 2 3 4 5 6 7 8

WHICH BANK?



USE THIS CHECKLIST TO COMPARE BANKS & BANKING SERVICES. MANY OF THE ITEMS CAN BE ANSWERED WITH A SIMPLE CHECK OR YES-NO. THE IMPORTANCE OF EACH ITEM IS INDIVIDUAL.

BANK A

BANK B

BANK C

NAME OF BANK

Name of Officer Providing Information

SERVICES

- Location
- Hours
- Banking by Mail
- Instant Money Machines
- Automatic Deposit of Paycheck
- Automatic Transfer of Funds
- Bank Credit Card
- U.S. Savings Bonds
- Travelers' Checks
- Certified Checks
- Money Orders

COSTS

- Activity Plan
- Monthly Service Charge
- Cost Per Check

- Minimum Balance Plan
- Balance Required
- Service Fee if Below

- Other Accounts
- Monthly Service Charge
- Cost Per Check

MISCELLANEOUS COSTS


- Stop-Payment Order
- Overdraft Charge
- Notify before bouncing?
- Free Two-Way Postage

	BANK A	BANK B	BANK C

Checks for YOU

WRITE THESE CHECKS AS DIRECTED BY YOUR TEACHER.




 _____ 19____ 00.5678
1234

PAY TO THE ORDER OF _____ \$ _____

_____ DOLLARS

SECOND SOMOLEONS XCHANGE BANK
SANDSTONE, WYKOTA

⑆1234⑉5678⑆ ⑆23456789⑉


 _____ 19____ 00.5678
1234

PAY TO THE ORDER OF _____ \$ _____

_____ DOLLARS

SECOND SOMOLEONS XCHANGE BANK
SANDSTONE, WYKOTA

⑆1234⑉5678⑆ ⑆23456789⑉

 _____ 19____ 00.5678
1234

PAY TO THE ORDER OF _____ \$ _____

_____ DOLLARS

SECOND SOMOLEONS XCHANGE BANK
SANDSTONE, WYKOTA

⑆1234⑉5678⑆ ⑆23456789⑉

These four banks all pay the same interest rate yet interest payments range from \$44.93 to \$75.30.



THERE ARE MANY WAYS OF COMPUTING INTEREST. STUDY THE FOUR PASSBOOKS SHOWING THE IDENTICAL DEPOSITS AND WITHDRAWALS (MADE ON THE SAME DAYS), WITH EXPLANATIONS OF HOW THE INTEREST HAS BEEN COMPUTED UNDER FOUR COMMON METHODS. ALL FOUR ASSUME A SIX PER CENT INTEREST RATE AND QUARTERLY CREDITING AND COMPOUNDING.

DATE	WITHDRAWAL	DEPOSIT	INTEREST	BALANCE	TELLER
1				**1,000.00	
2	JAN 10	**2,000.00		**3,000.00	PR
3	FEB-6	**1,000.00		**4,000.00	PR
4	MAR-5	*1,000.00		**3,000.00	PR
5	MAR 20	**500.00		**2,500.00	PR
6	MAR 30	**500.00		**2,000.00	PR
7	APR-1		*14.79	**2,014.79	IN
8	JUL-1		*30.14	**2,044.93	IN
9					
10					

LOW BALANCE

Under this method, interest is paid only on the smallest amount of money that was in the account during the interest period. Despite a balance that reached \$4000 during the first quarter, this account earned interest only on \$1000—the lowest balance during that period. (There are no withdrawals during the second quarter, so the low-balance formula is not important there.) This method, which tends to discourage deposits, is the most punitive to savers.

Interest: \$44.93

DATE	WITHDRAWAL	DEPOSIT	INTEREST	BALANCE	TELLER
1				**1,000.00	PR
2	JAN 10	**2,000.00		**3,000.00	PR
3	FEB-6	**1,000.00		**4,000.00	PR
4	MAR-5	*1,000.00		**3,000.00	PR
5	MAR 20	**500.00		**2,500.00	PR
6	MAR 30	**500.00		**2,000.00	PR
7	APR-1		*22.19	**2,022.19	IN
8	JUL-1		*30.25	**2,052.44	IN
9					
10					
11					

FIRST-IN, FIRST-OUT (FIFO)

With this method, withdrawals are deducted first from the starting balance of the interest period and then, if the balance isn't sufficient, from later deposits. This erodes the base on which your interest is figured, and means you automatically lose interest on withdrawals from the start of the interest period rather than from the dates on which the withdrawals were actually made. Another variation of this method is to apply the first withdrawal to the first deposit, rather than to the beginning balance; this would earn \$53.93.

Interest: \$52.44

DATE	WITHDRAWAL	DEPOSIT	INTEREST	BALANCE	TELLER
1				**1,000.00	PR
2	JAN 10	**2,000.00		**3,000.00	PR
3	FEB-6	**1,000.00		**4,000.00	PR
4	MAR-5	*1,000.00		**3,000.00	PR
5	MAR 20	**500.00		**2,500.00	PR
6	MAR 30	**500.00		**2,000.00	PR
7	APR-1		*28.10	**2,028.10	IN
8	JUL-1		*30.34	**2,058.44	IN
9					
10					
11					
12					

LAST-IN, FIRST-OUT (LIFO)

Under this plan, withdrawals are deducted from the most recent deposits in the quarter and then from the next most recent ones. This method, which does not penalize savers as much as the two FIFO methods, is used by about 6 per cent of commercial banks.

Interest: \$58.44

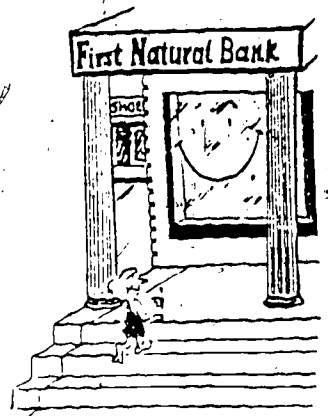
DATE	WITHDRAWAL	DEPOSIT	INTEREST	BALANCE	TELLER
1				**1,000.00	PR
2	JAN 10	**2,000.00		**3,000.00	PR
3	FEB-6	**1,000.00		**4,000.00	PR
4	MAR-5	*1,000.00		**3,000.00	PR
5	MAR 20	**500.00		**2,500.00	PR
6	MAR 30	**500.00		**2,000.00	PR
7	APR-1		*44.71	**2,044.71	IN
8	JUL-1		*30.59	**2,075.30	IN
9					
10					
11					
12					

DAY-OF-DEPOSIT TO DAY-OF-WITHDRAWAL

Under this arrangement, the bank pays you interest for the actual number of days the money remains in the account. This method, which is sometimes called daily interest, instant interest, or day-in day-out, is the fairest to consumers. It is used by almost 50 per cent of commercial banks and 60 per cent of insured S&Ls (there are no industry figures for savings banks). It yields the greatest return.

Interest: \$75.30

YOU CAN BANK ON IT!



YOU CAN BANK ON IT! CONTAINS 68 PASSWORDS.
30 OF THESE PASSWORDS ARE LISTED BELOW.
USE THEM IN COMPLETING THE FOLLOWING EXERCISES.

Balance
Bank
Bank statement
Certified check
Check
Checkbook register
Collateral
Credit union
Deposit
Endorsement

Endorsement in blank
Endorsement in full
FDIC
FSLIC
Goals
Interest
Joint account
NCUA
Outstanding check
Payee

Personal check
Post-date
Quarterly
Reconcile/balance
Savings account
Savings & loan
Service charge
Signature
Signature card
Traveler's checks

A written order to the bank to draw funds from a deposit account, payable on demand

A check drawn on the account of an individual or individuals

A bank-guaranteed regular personal check

A check that has been written, but not cashed and cleared

Checks purchased in amounts of \$10, \$20, \$50, \$100 or more; used when ordinary identification is difficult

One's name signed on the back of a check

"Pay to the order of" endorsement

The payee's signature only on the endorsing end of a check

A statement of the bank's record of transactions in an account

A checking account record kept of deposits, checks written and current balances

Money put in an account

The name of the person or organization to whom money is to be paid by check

The method of adjusting personal records and bank statement figures

Insurer of deposits in credit unions

Insurer of deposits in savings and loan institutions

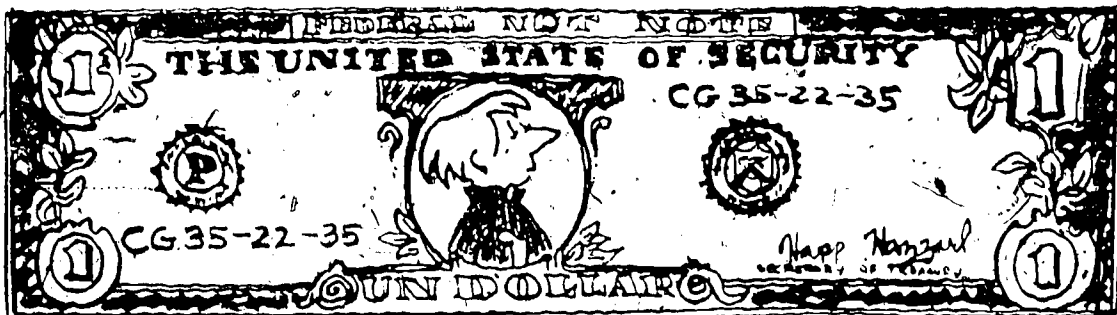
Insurer of deposits in commercial banks

Something of value pledged as security for a loan

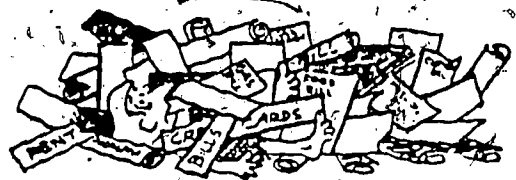
To date a check for future use

An account in which money is deposited and on which interest is paid

Fee charged by a bank for maintaining a checking account



80

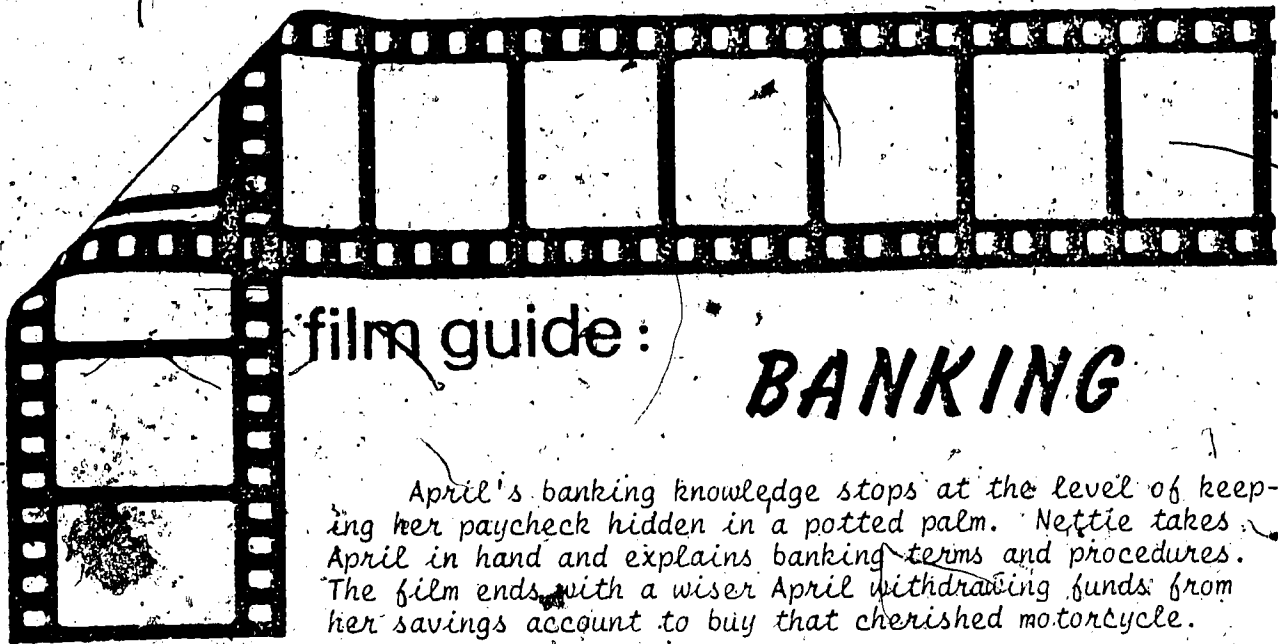


You Can Bank On It!

NOW THAT YOU HAVE COMPLETED THE ACTIVITIES IN THE BANKING PAL, YOU SHOULD BE ABLE TO:

1. Identify the parts of a check and their functions.
2. Recognize the advantages and disadvantages of using a checking account.
3. Identify several kinds of checking accounts.
4. Identify several types of special checks and their uses.
5. Choose the proper kind of checking account for a particular person.
6. Open a checking account.
7. Fill out a deposit slip correctly.
8. Write checks correctly.
9. Endorse checks correctly for several different situations.
10. Make decisions about cashing checks in different situations.
11. Stop payment on a check.
12. Balance a checking account statement.
13. Recognize reasons for having a checking account.
14. Recognize the importance of personal decisions in opening and maintaining a savings account.
15. Choose an appropriate type of savings account for a particular person.
16. Choose an appropriate savings institution for a particular person.
17. Fill out the forms necessary for opening and maintaining a savings account.
18. Define the passwords.





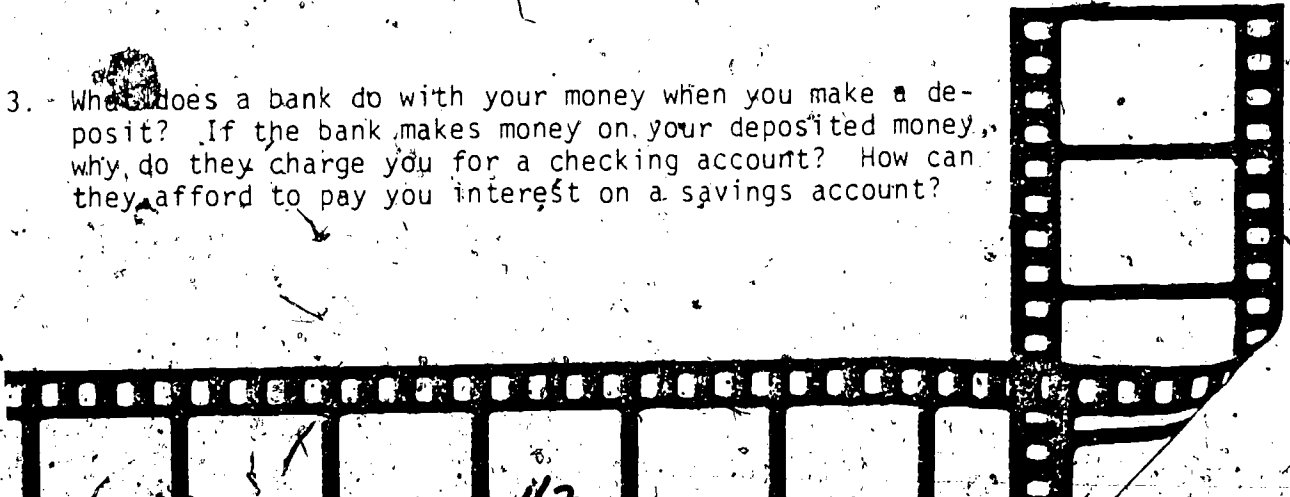
film guide:

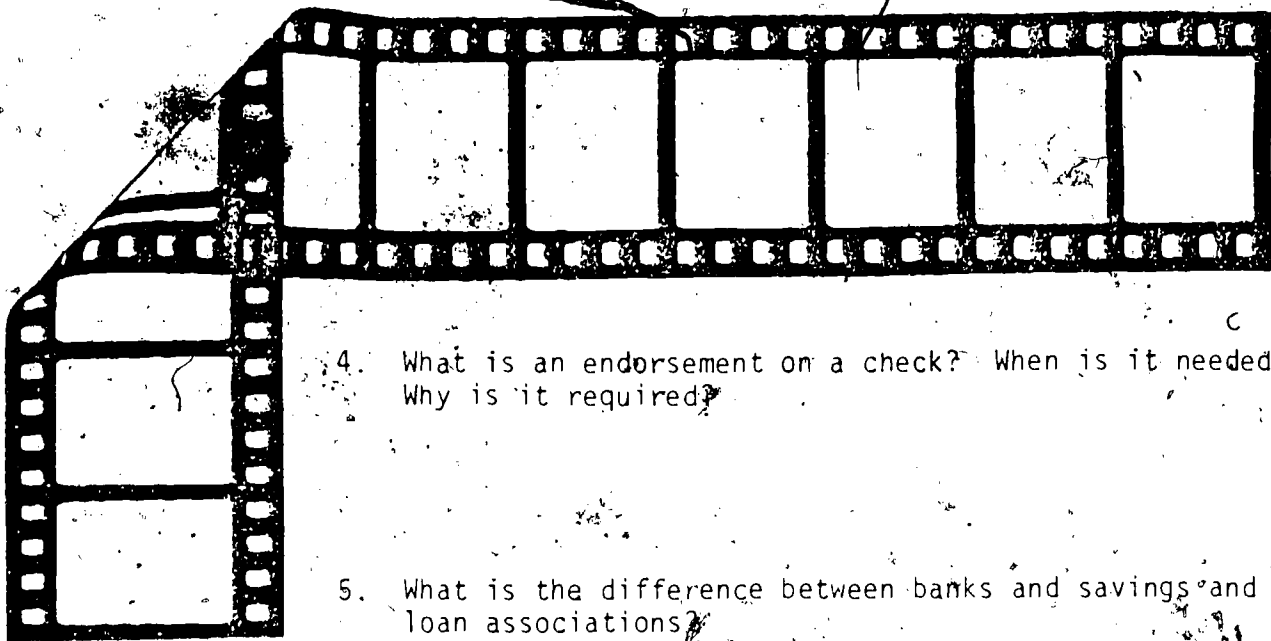
BANKING

April's banking knowledge stops at the level of keeping her paycheck hidden in a potted palm. Nettie takes April in hand and explains banking terms and procedures. The film ends with a wiser April withdrawing funds from her savings account to buy that cherished motorcycle.

As you watch this film, or when it is completed, answer the following questions:

1. Assume you are out of school, have a family and job but no bank account. What are some of the problems that might arise from not having a checking account? A savings account?
2. You usually have to pay a service charge to have a checking account, whereas a savings account pays you interest. What is so different between the two kinds of accounts that causes the institution to charge you for one and pay you for the other?
3. What does a bank do with your money when you make a deposit? If the bank makes money on your deposited money, why do they charge you for a checking account? How can they afford to pay you interest on a savings account?





4. What is an endorsement on a check? When is it needed? Why is it required?

5. What is the difference between banks and savings and loan associations?

6. Do you feel there is really a good reason for having two different kinds of lending institutions with different laws governing their savings accounts?

7. Think of something expensive you would like to save money for. How much would you need to regularly deposit for how long to reach your goal? Include interest in your calculations. Which savings plan would you choose?

8. Define the following terms:

a. account

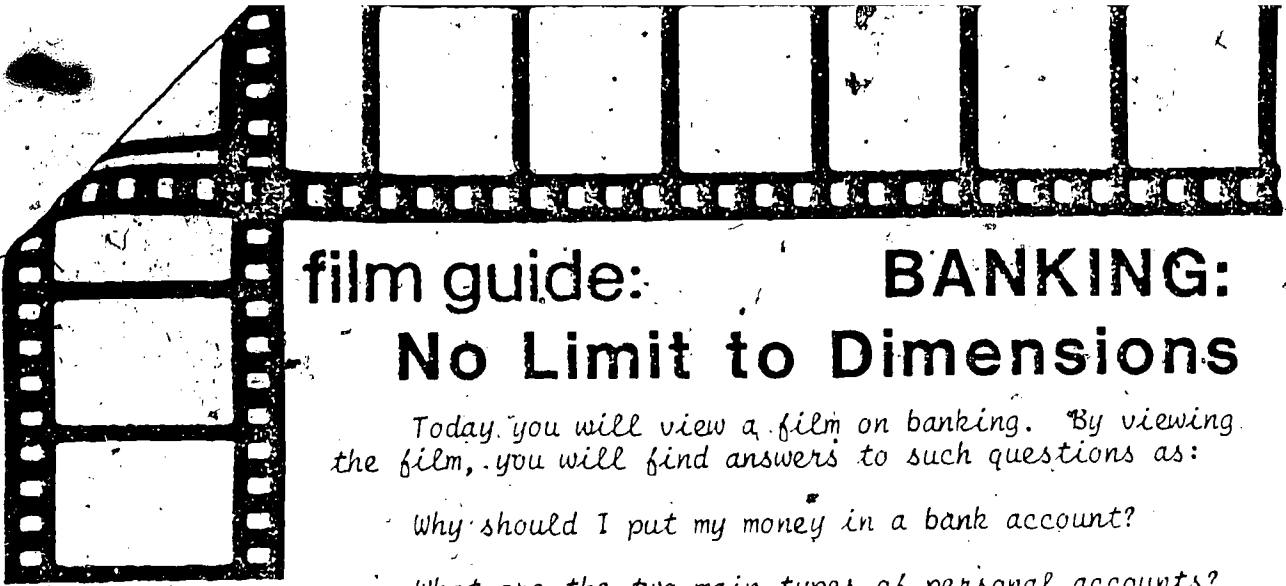
b. cancelled check

c. check register

d. interest

e. monthly statement

f. transaction



film guide: **BANKING:** **No Limit to Dimensions**

Today you will view a film on banking. By viewing the film, you will find answers to such questions as:

- Why should I put my money in a bank account?
- What are the two main types of personal accounts?
- What are the advantages of these accounts?
- How does a bank operate?
- What are the departments in a bank?

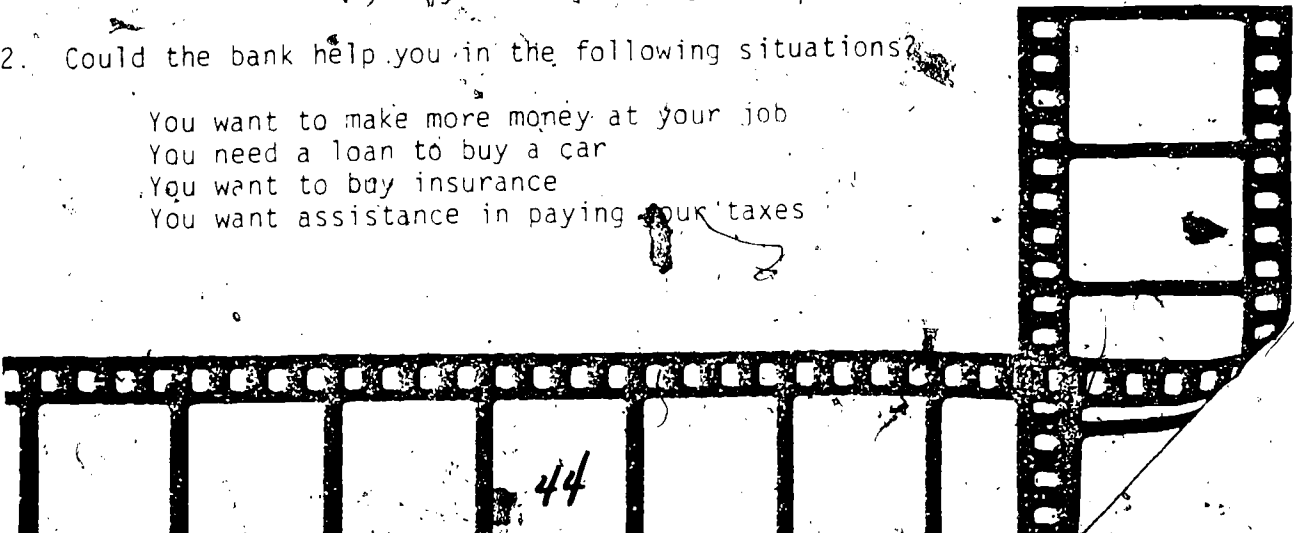
As you watch the film, or when it is completed, answer the following questions:

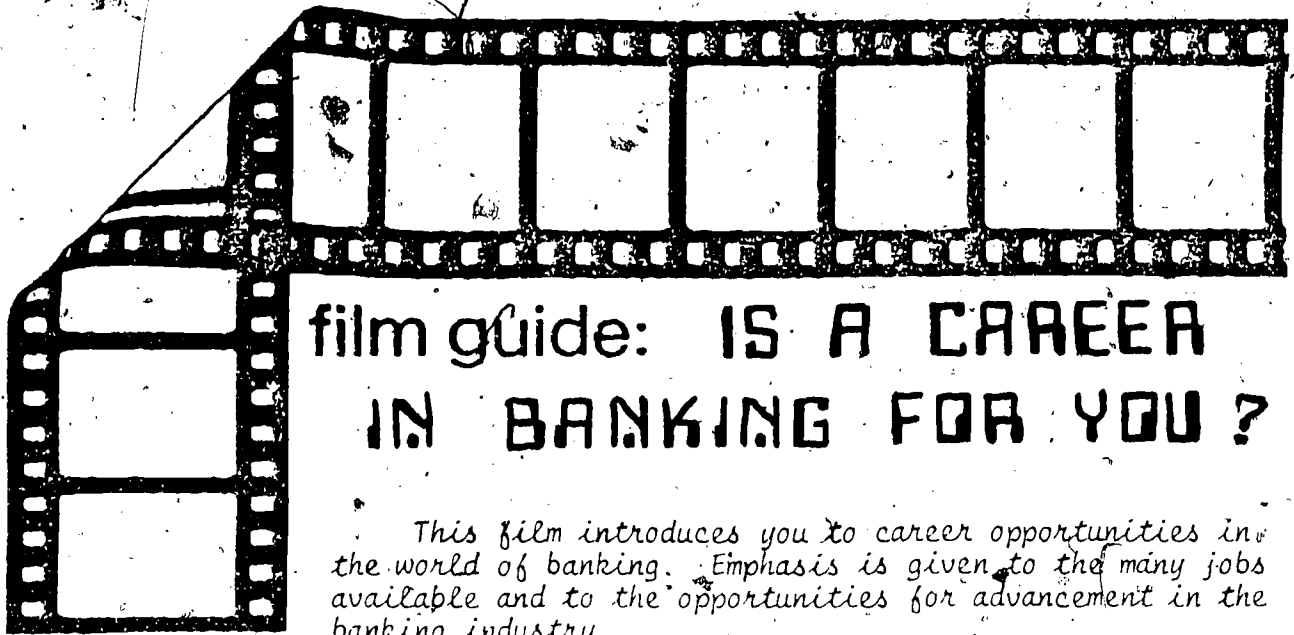
1. In which type of account would you deposit your money for the following purposes?

- _____ To earn interest on your money
- _____ To reduce the amount needed for buying a car
- _____ To have a receipt for everything you pay for
- _____ To be sure you do not lose the money you carry with you

2. Could the bank help you in the following situations?

- You want to make more money at your job
- You need a loan to buy a car
- You want to buy insurance
- You want assistance in paying your taxes





film guide: IS A CAREER IN BANKING FOR YOU?

This film introduces you to career opportunities in the world of banking. Emphasis is given to the many jobs available and to the opportunities for advancement in the banking industry.

As you watch this film, or when it is completed, answer the following questions:

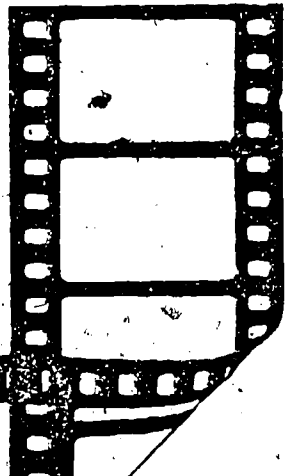


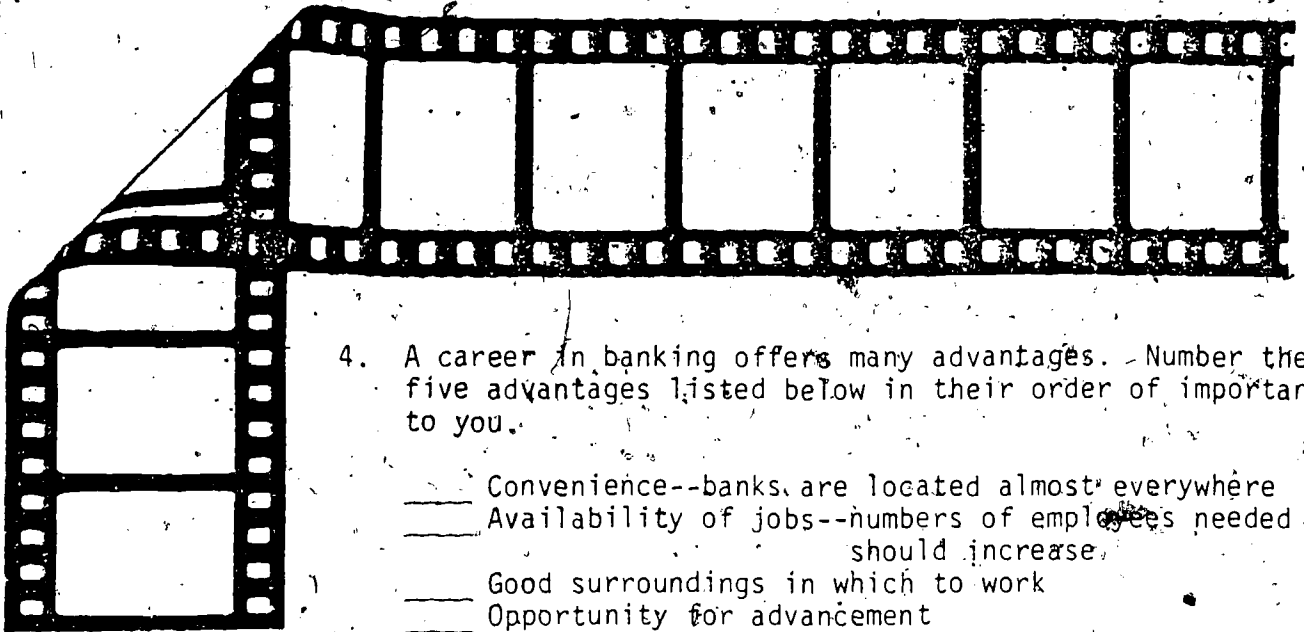
1. Because of the many services offered the public by a full service bank, employees are needed for many different types of jobs. Name at least three types of services offered bank customers.

2. Three major groups of jobs or job classifications are CLERK, TELLER, and OFFICER. To which of these classifications do typists, secretaries, machine operators, bookkeepers, foreign exchange, and mortgage specialists all belong?



3. Which of the three classifications requires a college degree?

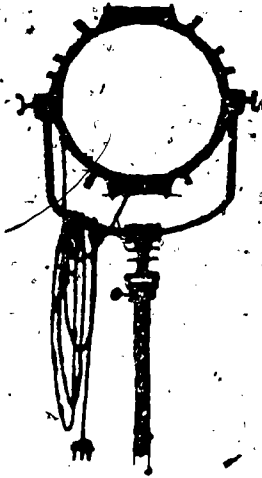




4. A career in banking offers many advantages. Number the five advantages listed below in their order of importance to you.

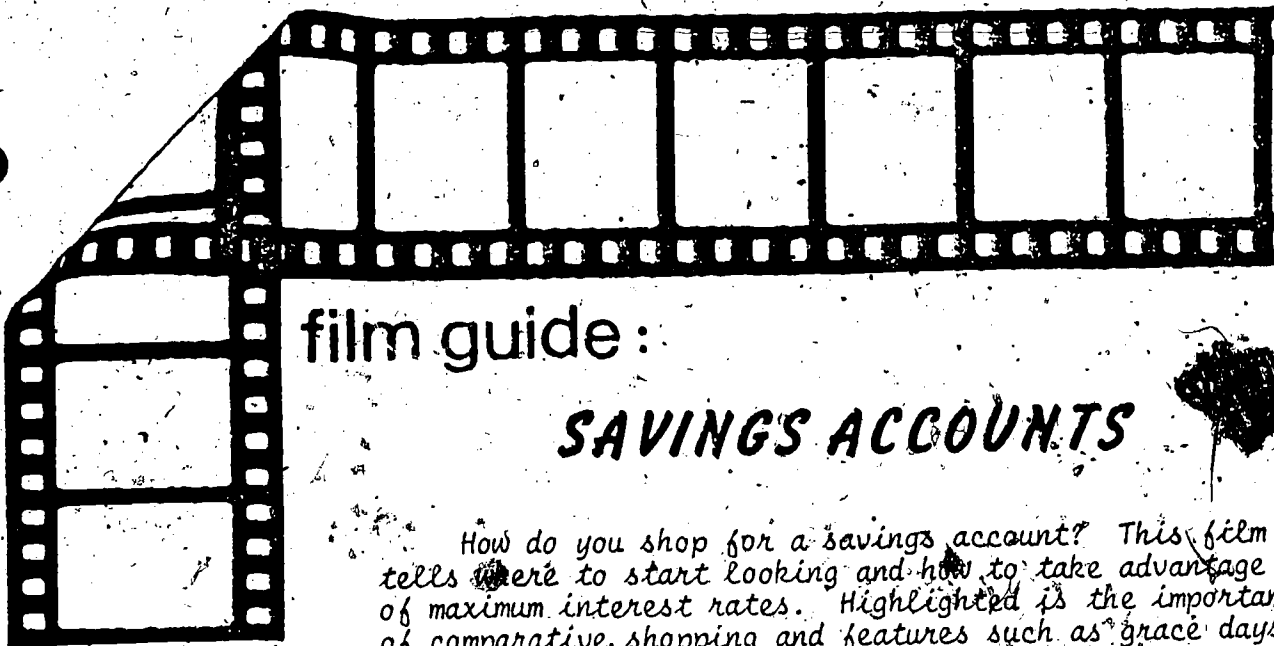
- Convenience--banks are located almost everywhere
- Availability of jobs--numbers of employees needed should increase
- Good surroundings in which to work
- Opportunity for advancement
- Fringe benefits

5. Why must a bank employee be able to work independently, accurately, and follow established routine? Discuss.



6. What is the AIB? How does it benefit employees?

7. Why are salaries dependent upon experience, size of the bank, and the bank location?



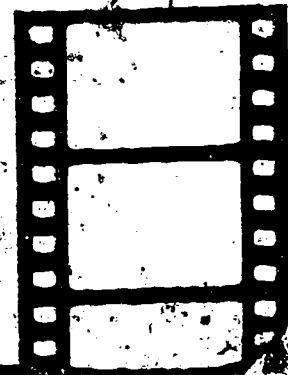
film guide:

SAVINGS ACCOUNTS

How do you shop for a savings account? This film tells where to start looking and how to take advantage of maximum interest rates. Highlighted is the importance of comparative shopping and features such as grace days, daily compounding and daily crediting.

As you watch this film, or when it is completed, answer the following questions:

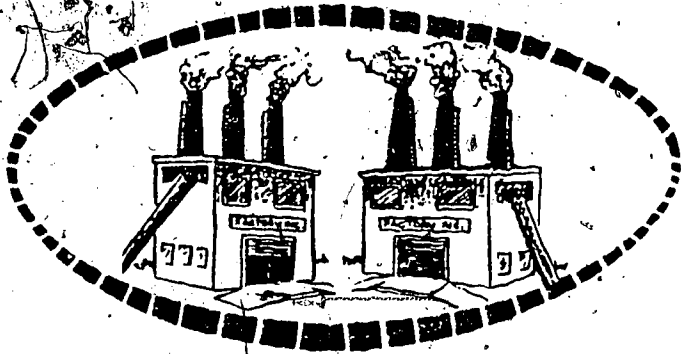
1. Why do banks offer gifts?
2. Define the following:
 - A. Day of deposit to day of withdrawal
 - B. Grace days
 - C. Compounding
3. What methods do banks use to compute interest?
4. Give an example of a penalty or hidden charge.
5. Are smaller banks likely to offer better deals than larger banks? Why?



BANKS OFFER:



Consumer services



Business services



Career opportunities



ERIC

A CHECKING ACCOUNT:

✓ is convenient and safe

✓ gives you a receipt

✓ saves time

PAY TO THE ORDER OF
Fifty-eight and
The Full-Service Bank
Chville, U.S.A.

John Traveler
American Express Company
AT 15 BROADWAY, NEW YORK, N.Y.

Pay this Check
to the Order of

553-107
NEW HAVEN, CONNECTICUT

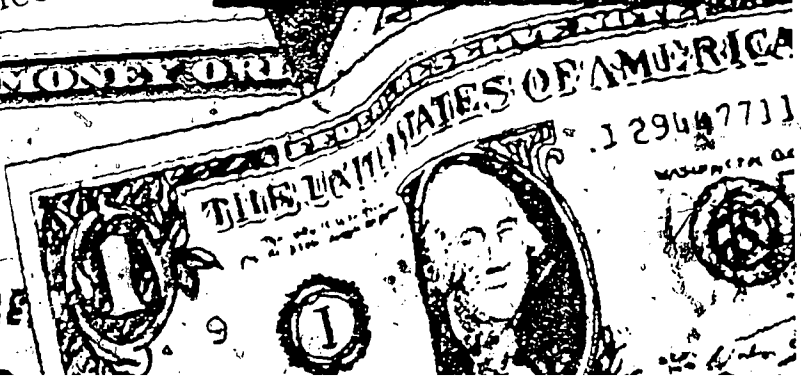


CORPORATION ACCOUNT
Number of Signatures Required
President



CASHIER'S CHECK
Full-Service Bank

PERSONAL MONEY ORDER



Checks Show...

Name, address & telephone number of account holder (on imprinted checks)

Bank Number assigned by American Bankers Assn.

Federal Reserve Number

DAY TO THE ORDER OF _____
 _____ 19____
 _____ DOLLARS
 SECOND SOMOLEONS EXCHANGE BANK
 SANDSTONE, WYKOTA
 @ 000000111111

Federal Reserve Area

City

Bank Number

Your Account Number

Amount of check encoded during cancellation

Length of time in days to clear check

BEST COPY AVAILABLE

Special Checks include:

Cashier's check

CASHIER'S CHECK

The Full-Service Bank ¹²⁻³/₄₅₆ 593000

RESIDENT OF JAMES SON Smithville, U.S.A.

\$ 25.00

Pay TO THE ORDER OF ~~50~~ ⁵⁰ ~~25~~ AND ~~00~~ CTS DOLLARS

Certified check

JAMES C. MORRISON
1765 SHERIDAN DRIVE
SMITHVILLE, U.S.A.

CERTIFIED

112

12-3
456

Pay TO THE ORDER OF *James Sporting Goods* \$58.25

Fifty-eight and 25/100 DOLLARS

THE FULL SERVICE BANK
SMITHVILLE, U.S.A.

Bank money order

PERSONAL MONEY ORDER

289486

DATE

12-3
456

\$ 25.00

NOT VALID OVER \$500

THE FULL SERVICE BANK

U.S. DOLLAR TRAVELERS CHECKS

DA34-587-579

John Traveler

American Express Company
AT 65 BROADWAY, NEW YORK, N.Y.

Pay this Check to the Order of

IN UNITED STATES TWENTY DOLLARS IN ALL OTHER COUNTRIES

Countersigned in presence of Person Cashier

8000-0005641-0345875796

Travelers check

ENDORSEMENTS

Blank

Happ Hazard



Restrictive

For deposit only
Happ Hazard

Full

Pay to the order of
Sue Z. Cue
Happ Hazard

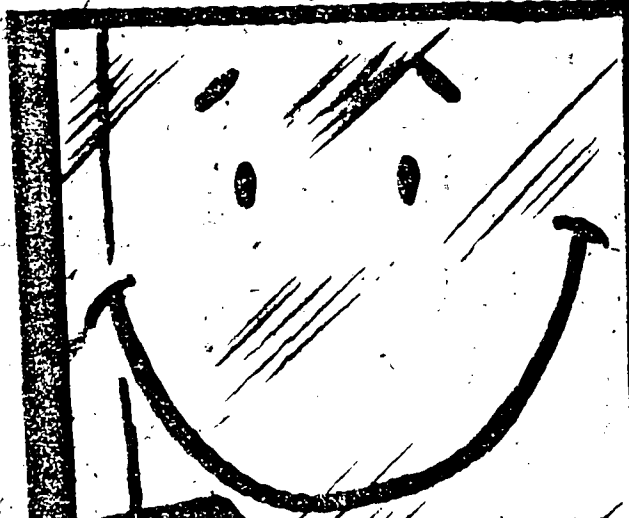
Misspelling

Hap Hazard
Happ Hazard

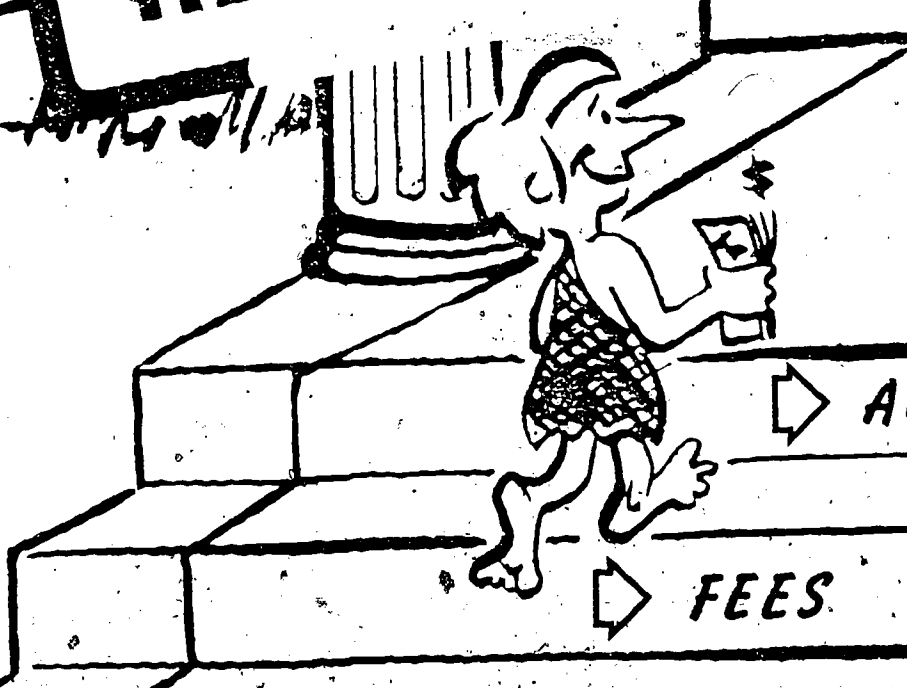
IRE

BA

SHOE



CHECK CASHING REQUIREMENTS

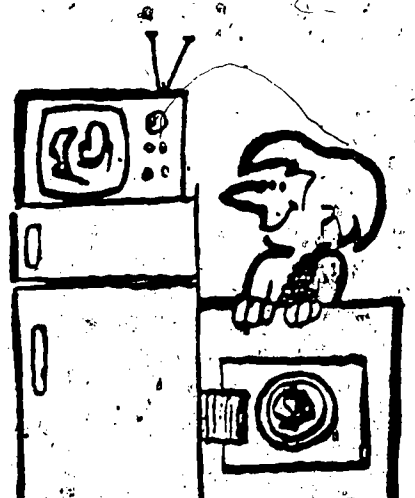
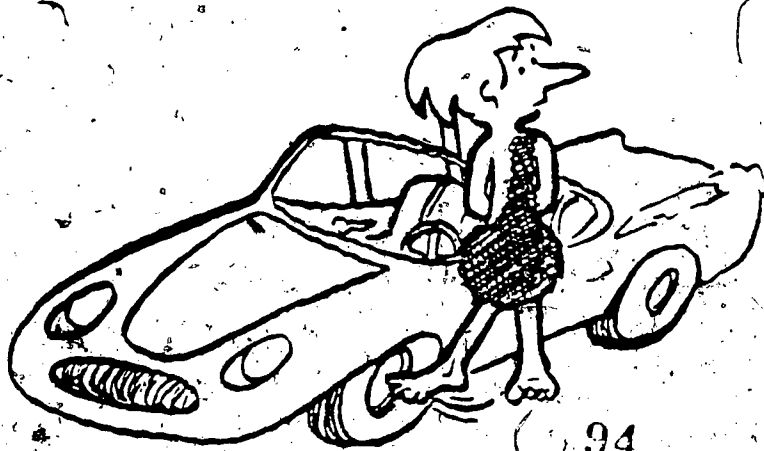
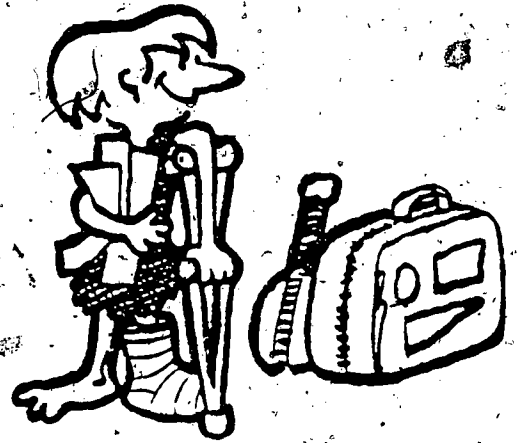
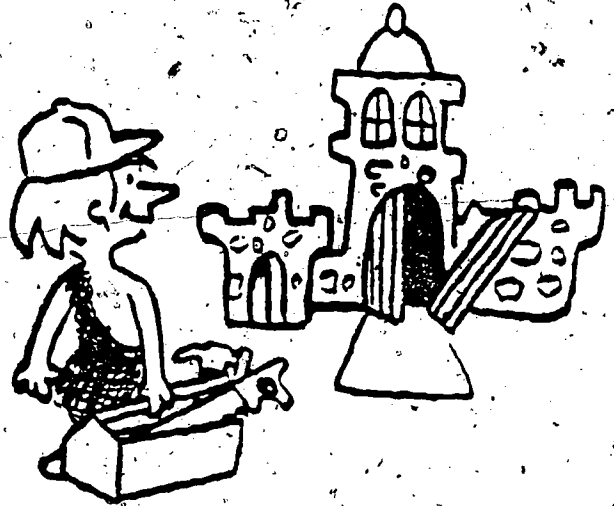


ACCEPTABILITY



FEEES

WHY SAVE?

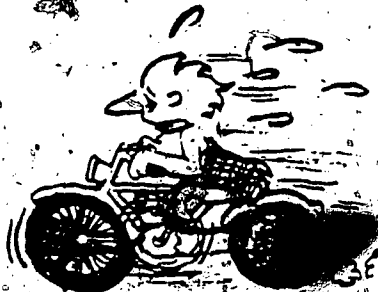


GOALS Vary By...

AGE



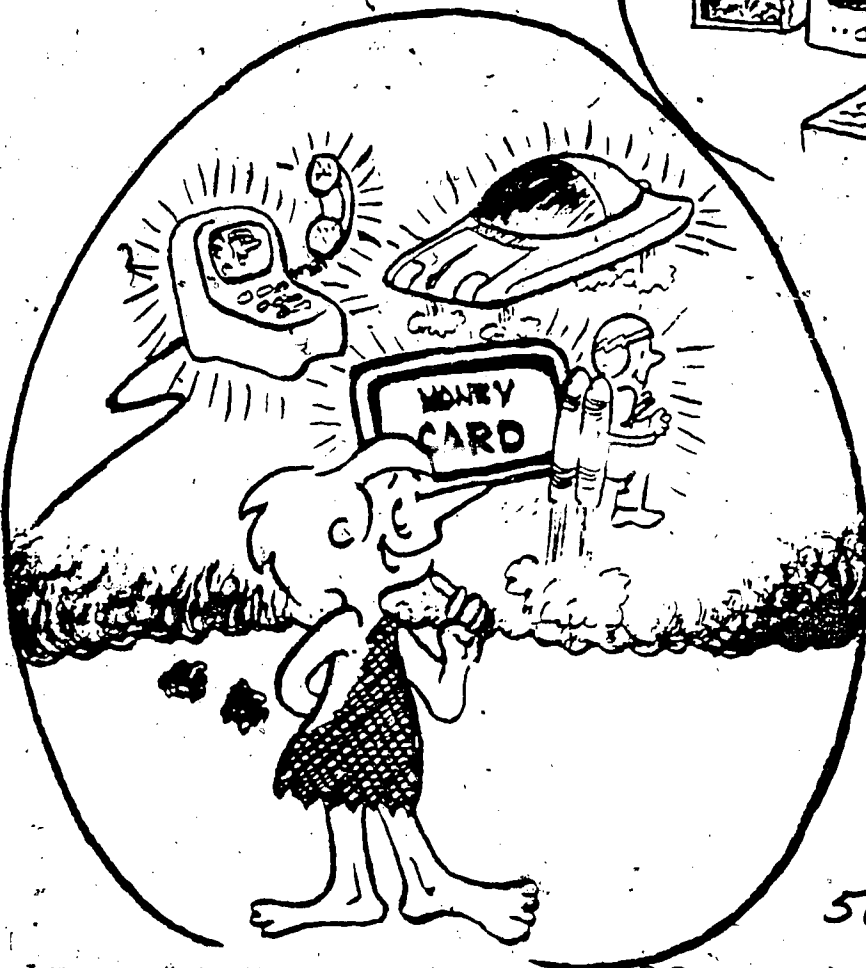
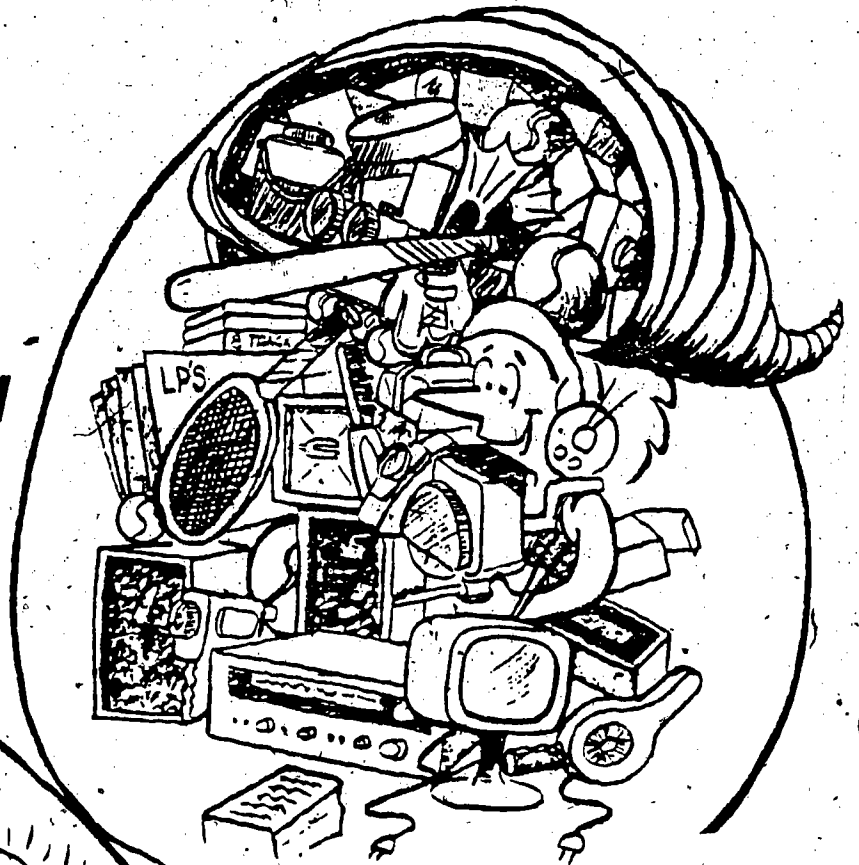
LIFE STYLE



SAVINGS

GOALS

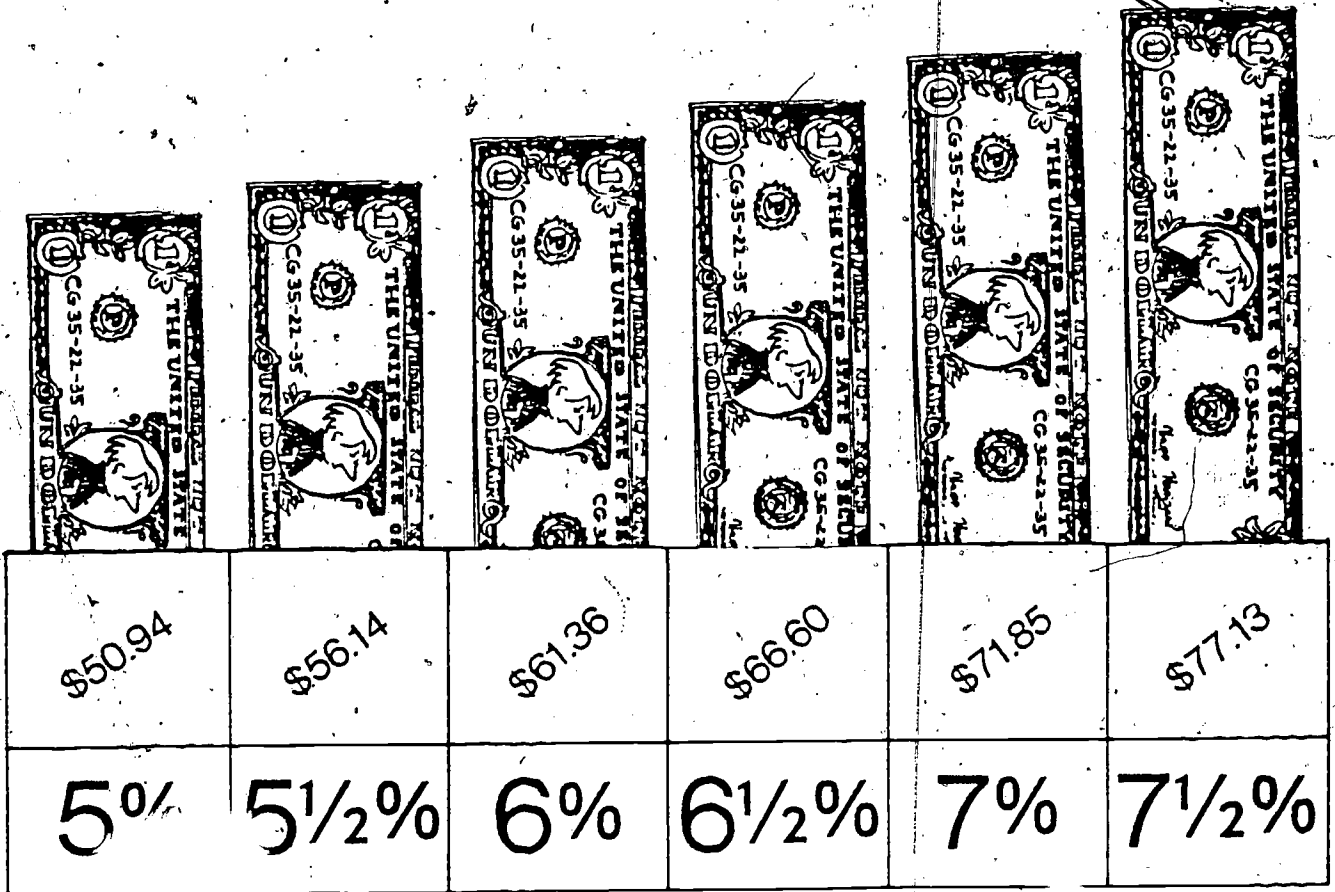
are individual



and may change

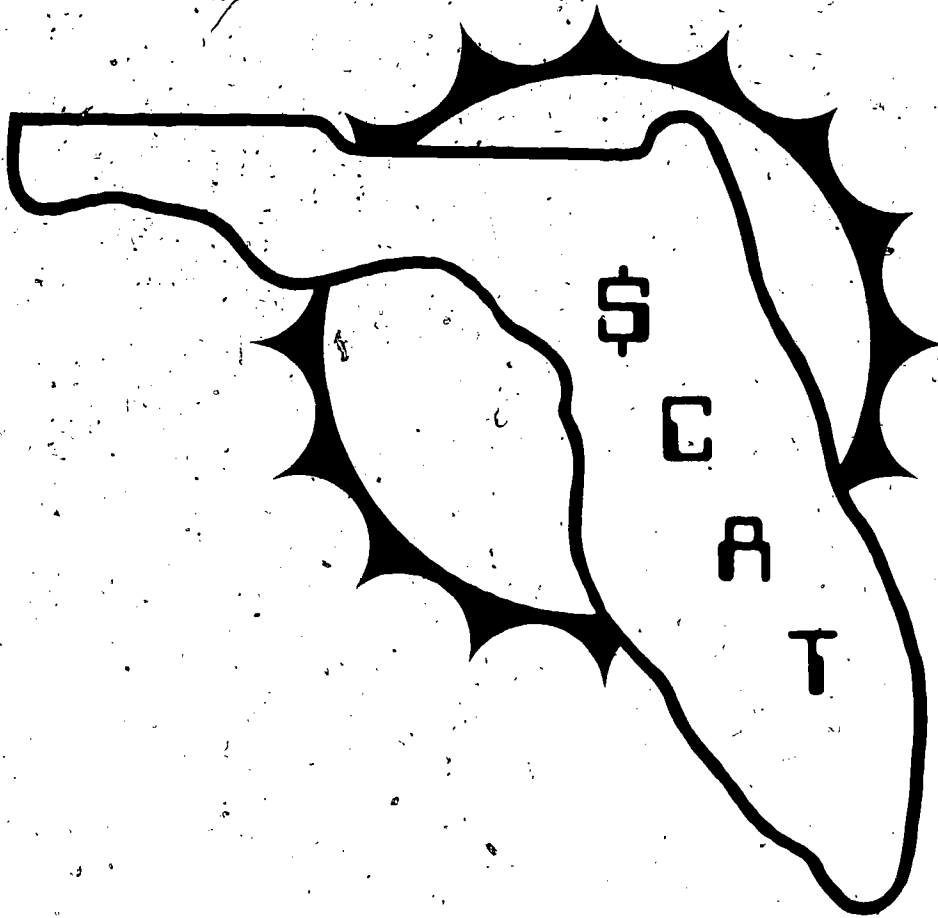
56

\$ 1000 FOR 1 YR. =



INTEREST

57 97



ANSWER KEYS

CLASSROOM TEACHERS ARE AUTHORIZED TO
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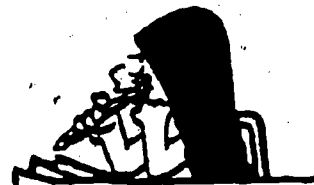


NAME _____

CLASS _____

DATE _____

You Can Bank On It!



1 A B C D

2 A B C D

3 A B C D

4 A B C D

5 A B C D

6 A B C D

7 A B C D

8 A B C D

9 A B C D

10 A B C D

11 A B C D

12 A B C D

13 A B C D

14 A B C D

15 A B C D

16 A B C D

17 A B C D

18 A B C D

19 A B C D

20 A B C D

21 A B C D

22 A B C D

23 A B C D

24 A B C D



© 1 2 3 4 5 6 7 8

YOU CAN BANK ON IT!



YOU CAN BANK ON IT! CONTAINS 68 PASSWORDS.
30 OF THESE PASSWORDS ARE LISTED BELOW.
USE THEM IN COMPLETING THE FOLLOWING EXERCISES.

Balance
Bank
Bank statement
Certified check
Check
Checkbook register
Collateral
Credit union
Deposit
Endorsement

Endorsement in blank
Endorsement in full
FDIC
FSLIC
Goals
Interest
Joint account
NCUA
Outstanding check
Payee

Personal check
Post-date
Quarterly
Reconcile/balance
Savings account
Savings & loan
Service charge
Signature
Signature card
Traveler's checks

A written order to the bank to draw funds from a deposit account, payable on demand

A check drawn on the account of an individual or individuals

A bank-guaranteed regular personal check

A check that has been written, but not cashed and cleared

Checks purchased in amounts of \$10., \$20., \$50., \$100 or more; used when ordinary identification is difficult

One's name signed on the back of a check

"Pay to the order of" endorsement.

The payee's signature only on the endorsing end of a check

- CHECK
- PERSONAL CHECK
- CERTIFIED CHECK
- OUTSTANDING CHECK
- TRAVELER'S CHECKS
- ENDORSEMENT
- ENDORSEMENT IN FULL
- ENDORSEMENT IN BLANK

100 60

A statement of the bank's record of transactions in an account

A checking account record kept of deposits, checks written and current balances

Money put in an account

The name of the person or organization to whom money is to be paid by check

The method of adjusting personal records and bank statement figures

Insurer of deposits in credit unions

Insurer of deposits in savings and loan institutions

Insurer of deposits in commercial banks

Something of value pledged as security for a loan

To date a check for future use

An account in which money is deposited and on which interest is paid

Fee charged by a bank for maintaining a checking account

BANK STATEMENT

CHECKBOOK REGISTER

DEPOSIT

PAYEE

RECONCILE/BALANCE

NCUA

FSLIC

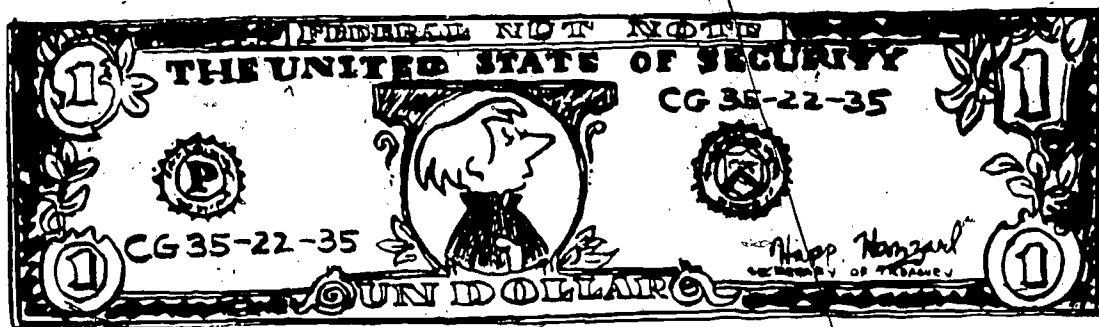
FDIC

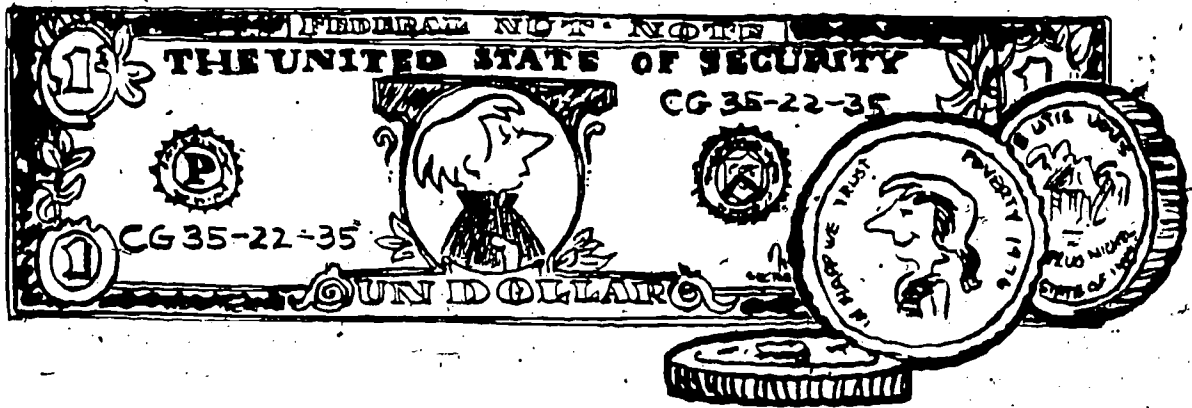
COLLATERAL

POST-DATE

SAVINGS ACCOUNT

SERVICE CHARGE





MONEY is what banking is all about. Think about your attitudes toward MONEY. (Dollars & Cents).

Rank order the following uses of your money using "1" for the most important use of your money, through "6" for the least important use. Share your choices with your class if you wish.

- ANSWERS WILL VARY
- _____ SAVE Money
 - _____ SPEND Money
 - _____ HOARD Money
 - _____ BORROW Money
 - _____ INVEST Money
 - _____ GIVE Money

Rank order the following quotations about MONEY in order of your preference (=1 through =8). Discuss the reasons for your ordering with your class if you wish.

ANSWERS WILL VARY

- _____ "To have enough is good luck, to have more than enough is harmful."
- _____ "The love of money is the root of all evil."
- _____ "As a general rule, nobody has money who ought to have it."
- _____ "I cannot afford to waste my time making money."
- _____ "The lack of money is the root of all evil."
- _____ "Time is money."
- _____ "The safest way to double your money is to fold it over once and put it in your pocket."
- _____ "Young people imagine that money is everything, and when they grow older, they know it."

Try another set of statements about money. Indicate whether you agree or disagree with each. Then discuss--if you wish--the reasons for your position.

ANSWERS WILL VARY.

- A D "MONEY TALKS IN LIFE."
- A D "THE BEST THINGS IN LIFE ARE FREE."
- A D "A PENNY SAVED, IS A PENNY EARNED."
- A D "RICH OR POOR, IT'S GOOD TO HAVE MONEY."
- A D "MONEY ANSWERETH ALL THINGS."
- A D "A FOOL AND HIS MONEY ARE SOON PARTED."
- A D "THE KINDEST MONEY PUTS FOOD IN THE MOUTHS OF THE NEEDY."
- A D "MONEY MAKES THE PERSON."
- A D "PUT YOUR TRUST IN MONEY . . ."
- A D "MONEY IN THE POCKET IS MORE THAN MONEY IN THE BANK."

Very early in life children learn about MONEY. We develop attitudes about what money is, what it is good for, and what it is not good for. Reflect upon what you have learned:

KNOWLEDGE (WHAT I HAVE LEARNED ABOUT MONEY FOR MYSELF):

ANSWERS WILL VARY

EXPERIENCE (WHAT I HAVE LEARNED ABOUT MONEY FOR MYSELF):

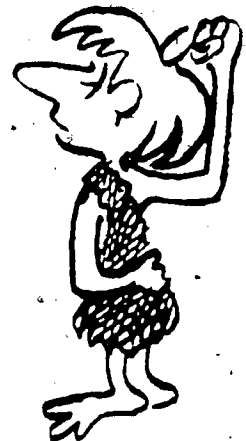
ANSWERS WILL VARY

VALUES (WHAT I THINK MONEY IS GOOD FOR--AND BAD FOR):
GOOD BAD

ANSWERS WILL VARY

FEELINGS (WHAT EMOTIONS I HAVE IN RESPONSE TO MONEY):

ANSWERS WILL VARY



BEST COPY AVAILABLE

Ever wonder what all those odd-looking numbers on a check mean? Study the labels on the sample check below:

NAME, ADDRESS & TELEPHONE NUMBER OF ACCOUNT HOLDER (ON IMPRINTED CHECKS)

BANK NUMBER ASSIGNED BY AMERICAN BANKERS ASSN.

FEDERAL RESERVE NUMBER

10/23/64

1964

DAY TO THE ORDER OF _____ \$ _____

DOLLARS

SECOND SOMOLEONS XCHANGE BANK
SANDSTONE, WYKOTA

123456789

0000011416

FEDERAL RESERVE ARE-

BANK NUMBER

AMOUNT OF CHECK PAID DURING RELATION

The ABA (American Bankers Association) and Federal Reserve numbers are used as a routing code to return checks to the proper bank.

Those odd numbers along the bottom of the check are Magnetic Ink Character Recognition (MICR) numbers. These numbers are used to aid in the processing of checks by computers.

Use these facts to locate the following items on the check illustrated above:



1. The bank number 5678
2. The length of time it takes for a check to clear 4
3. The number of the account 123456789
4. The amount for which this check would have to be written \$114.16





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WHAT ARE CHECKS ?

1. Write the terms which match the following descriptions:

a personal check "guaranteed" by the bank

CERTIFIED CHECK

"money" purchased for use on vacations, etc.

TRAVELERS CHECK

a "bank" check used to transfer bank funds from one bank to another

CASHIER'S CHECK

2. True or False: Travelers checks are worth more than personal checks.

F

3. Which type of check would best fit each of the following situations:

send money for a cousin's birthday

PERSONAL CHECK


take \$200 on a vacation

TRAVELERS CHECK

order a jacket by mail if you don't have a checking account

MONEY ORDER

4. A personal check stamped by the bank to show that you have enough money in your account to cover the check is a CERTIFIED check.

5. Discuss:  Checks and a personal checking account are the best way to manage money.



ANSWERS WILL VARY

- 6 LESS CASH the amount (if any) to be received in cash
- 7 TOTAL DEPOSIT the total amount to be added to the account
- 8 CASH RECEIVED BY signature of depositor (if part of the deposit was received in cash)



Exercises

Complete the following statements:

1. Two major reasons for opening a checking account are:

ANSWERS WILL VARY

2. Which 2 disadvantages of using a checking account do you consider the greatest disadvantages?

ANSWERS WILL VARY

3. T F
 _____ Checks are safer than cash.

 _____ A cancelled check usually serves as proof of payment.

 _____ Only checks may be deposited in a checking account.

4. A SIGNATURE CARD is necessary to verify the signature on all checks written by a depositor.


5. Checks, currency, and coins added to an account are called a DEPOSIT.

6. The DEPOSIT TICKET is the form used when adding money to an account.

7. It is necessary to SIGN a deposit ticket only when receiving cash.
8. "Currency" + "coins" = "CASH" on a deposit ticket.
9. The two items necessary to open a checking account are A SIGNATURE and MONEY.
10. Depositing the money collected from his paper route had always been a problem for Happ. Finally he worked out a table which made it easier. With the use of his table he could check each denomination in currency and coin as well as his addition to be sure he was correct before taking his deposit to the bank.

Fill in Happ's table and then make the correct entries on his deposit ticket. Show that his total deposit amounted to \$91.76 with the following items: 14 pennies, 2 dimes, 3 quarters, seven 1's, ten 5's, one 20 and check # 5142/1134 for \$13.67. He did not receive any cash at the time he made the deposit.

	No.		Total	
Pennies	<u>14</u>	x .01 =	<u>\$ 14</u>	
Nickels		x .05 =		
Dimes	<u>2</u>	x .10 =	<u>20</u>	
Quarters	<u>3</u>	x .25 =	<u>75</u>	\$ <u>1.09</u>
1s	<u>7</u>	x 1 =	<u>7.00</u>	Total Coins
2s		x 2 =	<u>.00</u>	
5s	<u>10</u>	x 5 =	<u>50.00</u>	\$ <u>77.00</u>
10s		x 10 =	<u>.00</u>	Total Currency
20s	<u>1</u>	x 20 =	<u>20.00</u>	\$ <u>78.09</u>
				Total Cash
Checks	Amount			
	<u>\$ 13.67</u>			
			<u>\$ 13.67</u>	
			Total, Checks	



67107

Happ Hazard 36 Somoleon Street Rockledge, Wykota		<table border="1" style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 50px;">CASH</td> <td style="width: 50px;">78</td> <td style="width: 50px;">09</td> </tr> <tr> <td>5142</td> <td>13</td> <td>67</td> </tr> <tr> <td> </td> <td> </td> <td> </td> </tr> <tr> <td> </td> <td> </td> <td> </td> </tr> <tr> <td> </td> <td> </td> <td> </td> </tr> <tr> <td>TOTAL FROM OTHER SIDES</td> <td>91</td> <td>76</td> </tr> <tr> <td>LESS CASH</td> <td> </td> <td> </td> </tr> <tr> <td>TOTAL DEPOSIT</td> <td>91</td> <td>76</td> </tr> </table>	CASH	78	09	5142	13	67										TOTAL FROM OTHER SIDES	91	76	LESS CASH			TOTAL DEPOSIT	91	76
CASH	78	09																								
5142	13	67																								
TOTAL FROM OTHER SIDES	91	76																								
LESS CASH																										
TOTAL DEPOSIT	91	76																								
DATE: _____																										
CASH RECEIVED BY: _____																										
Second Somoleons (change Bank Sandston, Wykota																										
@ 1-234-56781: 901-234-5678 CHECKING ACCOUNT DEPOSIT TICKET																										



Writing Checks

Check writing can be quite simple--just follow the TEN EASY STEPS TO PERFECT CHECK WRITING. The first steps are for your checkbook register, the second group for your check.

YOUR CHECKBOOK REGISTER: Record information in your checkbook register *BEFORE* writing your check. This insures accurate record-keeping and helps to prevent errors which may lead to difficulties such as an overdrawn account.

BE SURE TO DEDUCT ANY PER CHECK CHARGES OR MAINTENANCE CHARGES THAT MAY APPLY

DATE	CHECK NUMBER	CHECKS ISSUED TO OR DEPOSIT RECEIVED FROM	AMOUNT OF DEPOSIT	✓	AMOUNT OF CHECK	BALANCE
2/31	1	Top Hat Rentals Inc.			12.33	55.55
						43.22

When writing checks, record:

- 1 DATE of the check
- 2 NUMBER of the check
- 3 PAYEE
- 4 AMOUNT of the check
- 5 NEW BALANCE (previous balance minus amount of check)

Some checkbooks use stubs attached to each check instead of check registers:

\$ 12.33	
DATE	2/31 19__
TO	Top Hat Rentals
FOR	
	DOLLARS CENTS
BAL. BRO'T FOR'D	55 55
AMT. DEPOSITED	
TOTAL	55 55
AMT. THIS CHECK	12 33
BAL. CAR'D FOR'D	43 22



Exercises

Practice some of
for a personal

ary for depositing money an ing checks

Use the examples in this section and the sample forms on the next two pages to complete the following check writing activities for Happ's account:

- Happ opened his checking account on January 4, 1901 with a deposit of \$91.76 from his paper route.
- On February 3 he wrote a check to cover his purchases at Stoney's Athletic Klub in the amount of \$14.44.
- The next day he deposited the two 10's and one 5 he received for his birthday.
- He finally paid Fred Flinkstone the \$10 he owed him on February 13.
- Happ really splurged on February 13 when he and Sue Z. Cue dined at the Purple Peanut where Happ's check for \$5.55 was accepted as payment.

(Be sure you have completed all necessary entries in the checkbook register and written the necessary checks properly.)

What is Happ's current balance?

\$ 86.77


a.

Happ Hazzard 66 Somoleon Street Rockledge, Wykota		<table border="1"> <tr> <td>CASH</td> <td>91</td> <td>76</td> </tr> <tr> <td>C</td> <td></td> <td></td> </tr> <tr> <td>C</td> <td></td> <td></td> </tr> <tr> <td>C</td> <td></td> <td></td> </tr> <tr> <td>S</td> <td></td> <td></td> </tr> <tr> <td>TOTAL FROM OTHER SIDE</td> <td></td> <td></td> </tr> <tr> <td>SUB-TOTAL</td> <td>91</td> <td>76</td> </tr> <tr> <td>LESS CASH</td> <td></td> <td></td> </tr> <tr> <td>TOTAL DEPOSIT</td> <td>91</td> <td>76</td> </tr> </table>	CASH	91	76	C			C			C			S			TOTAL FROM OTHER SIDE			SUB-TOTAL	91	76	LESS CASH			TOTAL DEPOSIT	91	76
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TOTAL FROM OTHER SIDE																													
SUB-TOTAL	91	76																											
LESS CASH																													
TOTAL DEPOSIT	91	76																											
DATE:	January 4 1901																												
CASH RECEIVED BY:																													
Second Somoleons Xchange Bank Sandston, Wykota																													
⑆ 234 56 78 ⑆ 90 ⑆ 234 56 ⑆																													
CHECKING ACCOUNT DEPOSIT TICKET																													

69 109

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b.



February 3 19 01 CC-5678
234

PAY TO THE ORDER OF Stoney's Athletic Klub \$ 14.44

Fourteen and 44/100-----DOLLARS

Second Somoleons Xchange Bank
Sandstone, WYK Happ Hazzard

⑆ 234 5678 ⑆ 234 5678 ⑆

CHECK NO. <u>1</u> DATE <u>February 3</u> 19 <u>01</u> \$ <u>14.44</u>	BALANCE FORWARDED	91 76
PAY TO <u>Stoney's Athletic Klub</u>	ADD DEPOSITS	
FOR _____	TOTAL	91 76
	DEDUCT CHECK	14 44
CHECK NO. <u>2</u> DATE <u>February 13</u> 19 <u>01</u> \$ <u>10.00</u>	NEW BALANCE	77 32
PAY TO <u>Fred Flinkstone</u>	ADD DEPOSITS	25 00
FOR <u>debt</u>	TOTAL	102 32
	DEDUCT CHECK	10 00
CHECK NO. <u>3</u> DATE <u>February 13</u> 19 <u>01</u> \$ <u>5.55</u>	NEW BALANCE	92 32
PAY TO <u>Purple Peanut</u>	ADD DEPOSITS	
FOR <u>dinner</u>	TOTAL	92 32
	DEDUCT CHECK	5 55

c.


Happ Hazzard
66 Somoleon Street
Rockledge, Wykota

DATE: February 4 19 01

CASH RECEIVED BY _____


CASH	\$ 25 00
CH	
EC	
ES	
TOTAL FROM OTHER SIDE	
NET TOTAL	25 00
LESS CASH	
TOTAL DEPOSIT	25 00

SECOND SOMOLEONS XCHANGE BANK
SANDSTONE, WYKOTA



⑆ 234 5678 ⑆ 90 234 5678 ⑆
CHECKING ACCOUNT DEPOSIT TICKET

d.



February 13 1901 CO. 5678
1234

PAY TO THE ORDER OF Fred Flinkstone \$ 10.00


Ten and no/100-----DOLLARS

SECOND SOMOLEONS XCHANGE BANK
SANDSTONE, WYKOTA

Happ Hazzard

⑆ 234 5678 ⑆ 234 5678 9 ⑆

e.



February 13 1901 CO. 5678
1234

PAY TO THE ORDER OF Purple Peanut \$ 5.55

Five and 55/100-----DOLLARS

SECOND SOMOLEONS XCHANGE BANK
SANDSTONE, WYKOTA

Happ Hazzard

⑆ 234 5678 ⑆ 234 5678 9 ⑆

Check Endorsements

The writing on the back of a check which transfers ownership of the check is called an endorsement.

A check can mean cash, but to cash a check it must have an endorsement.

An endorsement is the signature of the payee written on the reverse side of a check, across the "Pay to the order of" end of the check.

L. C. Now XYZ COMPANY

-----DOLLARS

James



3 741

1
 Pay to the order of
 John Stonehenge
 Happ Hazzard

2
 Happ Hazzard

3
 Happ Hazzard

4
 For Deposit Only
 Happ Hazzard

5
 Happ Hazzard



TRUE	FALSE
<input type="checkbox"/>	<input checked="" type="checkbox"/>
<input type="checkbox"/>	<input checked="" type="checkbox"/>
<input type="checkbox"/>	<input checked="" type="checkbox"/>

A restrictive endorsement allows anyone to cash a check.

Blank endorsements are the safest endorsements to use.

An endorsement in blank is the safest to use when depositing a check by mail.

The situation may be one in which the person writing the check has decided against a purchase or payment, or perhaps a check has been lost or stolen.

The bank must be notified to refuse to pay the check. This notice MUST be received in *WRITING*, but you may phone to notify the bank first.

The written stop payment request should include:

DATE the check was written

AMOUNT for which the check was written

PAYEE'S NAME

CHECK NUMBER



PAYMENT



Most banks make a charge for this service. In these situations as in other special situations a bank representative is available to give advice and assistance.

Indicate whether the following statements are True or False:

- | T | F | |
|---------------|---------------|---|
| <u> </u> | <u> X </u> | 1. Checks are acceptable as cash anywhere. |
| <u> </u> | <u> X </u> | 2. Fees are not usually charged for cashing checks. |
| <u> X </u> | <u> </u> | 3. A check more than three months old may not be accepted for payment by a bank. |
| <u> </u> | <u> X </u> | 4. The stop payment procedure may be completed by phone. |
| <u> X </u> | <u> </u> | 5. Losing a check or checkbook may be the reason for stopping payment on a check. |



11:234 5678:

USING A CHECKING ACCOUNT

Try this vocabulary review:

Read the statement in Column II. In the Answer Column, print the letter of the corresponding term found in Column I.

Column I

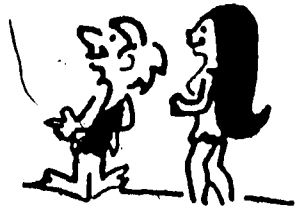
- A. Bank
- B. Bank statement
- C. Cancelled check
- D. Cashier's check
- E. Checkbook
- F. Check
- G. Checking account
- H. Check register
- I. Co-signature account
- J. Deposit
- K. Deposit ticket
- L. Drawer
- M. Endorsement
- N. Joint account
- O. Outstanding check
- P. Payee
- Q. Post-dated
- R. Service charge
- S. Stop payment

Column II

- 1. An order from a depositor instructing the bank to pay out money. F
- 2. Money which is placed in a bank account J
- 3. Book containing unused checks E
- 4. The depositor's permanent record of personal transactions H
- 5. Person to whom a check is written P
- 6. Dated later than the date of issuance Q
- 7. A bank report showing the condition of the checking account B
- 8. A check which has been paid by the bank C
- 9. A signature placed on the back of a check M
- 10. A charge made by the bank for checking account privileges R
- 11. Instructions to the bank to refuse payment of a check S
- 12. An account on which two (or more) persons write checks. N

Each statement or example below contains an error for USING YOUR CHECKING ACCOUNT:
Find the error and show how to correct it.

13. Record the proper information in the checkbook register or check stub ~~after~~ writing each check. _____
BEFORE _____
14. Write each check legibly, using ~~either ink or pencil~~. _____
ONLY _____
15. A check written for \$17.89 would be spelled out in words:
"Seventeen dollars and 89 cents"
SEVENTEEN AND 89/100-----
16. A check made out to Sue Z. Cue can be endorsed "~~Sue Z. Cue~~" and mailed to her bank for deposit to her account because no one else can cash that check.
"FOR DEPOSIT ONLY SUE Z. CUE"
17. Happ took his paycheck to the bank on payday and endorsed it, "~~Pay to the order of Second Someleons Xchange Bank -- Happ Hazzard~~".
"HAPP HAZZARD"
18. Pre-printed checks **DO NOT** provide the necessary identity for cashing personal checks anywhere in the United States. _____
19. The procedure for stopping payment on a check ~~is as simple as~~ a phone call to the bank, **MAY BEGIN WITH** BUT MUST ALSO BE GIVEN IN WRITTEN FORM. _____
20. Checks written for a joint account ~~must~~ be signed by **MAY** **EITHER** both persons who opened the account. _____



Checking Account Statement				ACC# 190-12566		
SECOND SOMOLEONS XCHANGE BANK SANDSTON, WYKOTA				DATE 10/1/--		
Happ Hazzard 66 Somoleon Street Rockledge, Wykota				PAGE 5		
BALANCE FORWARD	NO OF CHECKS	TOTAL CHECK AMOUNT	NO OF DEP	TOTAL DEPOSIT AMOUNT	SERVICE CHARGE	BALANCE THIS STATEMENT
9100	4	53.23	1	210.00	.50	156.27
CHECKS AND OTHER DEBITS.			DEPOSITS AND OTHER CREDITS		DATE	BALANCE
01	12.00		3	210.00	9/05	210.00
02	11.36	2			9/12	198.64
03	25.00		4		9/14	163.64
04	4.25				9/15	159.39
	SOSC				9/22	156.77
					9/30	156.27
PLEASE EXAMINE AT ONCE. IF NO ERRORS ARE REPORTED WITHIN 10 DAYS THE ACCOUNT WILL BE CONSIDERED CORRECT. PLEASE ADVISE US IN WRITING OF ANY CHANGE IN YOUR ADDRESS.			KEY TO SYMBOLS AD AUTOMATIC DEPOSIT AP AUTOMATIC PAYMENT AR AUTOMATIC REVERSAL CB CHANGE BACK CC CREDITED CHECK CM CREDIT MEMO CO CHARGE OFF JM DEBIT MEMO EC ERROR CORRECTED SO OVERDRAWN RC RETURN CHECK CHG RF RETURN ITEM SC SERVICE CHARGE			

Study Happ's statement and supply the following figures:

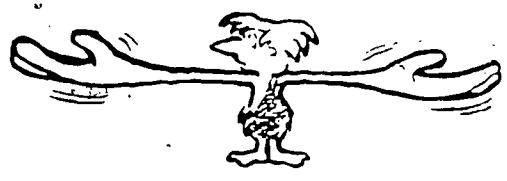
- Happ's balance at the beginning of the month
- Happ's total deposits for the month
- The amount of the largest check Happ wrote
The amount of the smallest check Happ wrote
- The date Happ made his deposit
- The balance in Happ's account on the first
- The service charge
- Happ's account number
- The day of the month the bank used as its cut-off date
- The number of checks Happ had cleared by the bank during the month
- The smallest amount Happ had in his account during the month

-0-
\$210.00
25.00
4.25
SEPTEMBER 5
\$156.27
.50
190-12566
SEPTEMBER 30
4
\$156.27

Happ received his monthly statement from the Second Somoleons Exchange Bank which showed a balance of \$309.58. His checkbook balance was only \$40.50.

Happ arranged his cancelled checks by number and placed them off in his check register, then noted the following facts:

- The bank service charge was \$2.50.
- He had made a \$35.75 deposit that was not shown on his statement.
- A \$200 automatic deposit had not been recorded in his check register although it appeared on his statement.
- Checks #146 for \$10, #150 for \$3.33, and #152 for \$94 were outstanding.



Balance Happ's account by using the form below:

_____ 19__

CHECKS OUTSTANDING
(Written but not shown on statement)

Check Number	Amount	
146	10 00	
150	3 33	
152	94 00	
Total	107 33	

THIS FORM WILL HELP YOU BALANCE YOUR BANK STATEMENT

BANK BALANCE <i>(Shown on this statement)</i>	→	\$	309.58
ADD +			
DEPOSITS MADE <i>(But not shown on this statement)</i>	→	\$	35.75
TOTAL	→	\$	345.33
SUBTRACT -			
CHECKS OUTSTANDING	→	\$	107.33
BALANCE	→	\$	238.00*

(Should agree with checkbook after subtracting any charges shown on this statement)

* Happ needed to add \$200 automatic deposit to his checkbook balance and deduct \$2.50 service charge.



© 234 56 781

THE BALANCING ACT

Use the correct term to complete each of the following statements:

1. Checks paid by the bank from your account and returned to you are called CANCELLED checks.
2. Checks you have written but that do not show as paid on your bank statement are called OUTSTANDING checks.
3. The total of outstanding checks should be DEDUCTED (OR SUBTRACTED) from the balance shown on the BANK STATEMENT.
4. Service charges should be DEDUCTED (SUBTRACTED) from the balance shown in your CHECKBOOK REGISTER.
5. Complete the following:

Balance in Checkbook	\$323.05
Service Charges	2.25
Adjusted (correct Checkbook Balance	<u>\$ 320.80</u>

Balance per Bank Statement \$389.54

Checks Outstanding:

# 8	\$10.85
# 9	15.04
#12	25.00
15	17.85

Total Checks Outstanding \$ 68.74

Available Bank Balance \$ 320.80

6. True or False: A cancelled check is more valuable as a receipt than a check stub

TRUE

7. Write the correct word on the blank following each statement:

A check which has been paid by the bank and returned to the person who wrote it is called a

CANCELLED

CHECK

A charge made by the bank for checking account privileges is called a

SERVICE

CHARGE

8. Circle the term in each statement to make the statement true:

A service charge should be (added to, subtracted from) the checkbook balance when balancing your checkbook.

Outstanding checks should be (added to, subtracted from) the bank statement balance when balancing your checkbook or reconciling your account.

A deposit recorded in your checkbook but not appearing on your bank statement should be added to the balance in your (checkbook, bank statement).

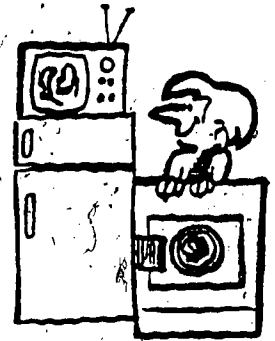
9. On March 1 the checkbook balance of the E. Z. Buck Corporation was \$1862. What was the balance in the corporation's account if there was an outstanding check in the amount of \$75? \$1787

10. On April 1 Ms. Happ received her bank statement which reported a balance of \$9203.45. The following checks were outstanding: #321, \$84; #340, \$93.17; #346, \$86.50; #360, \$119.27; #375, \$165. She also discovered that she had entered a check written in the amount of \$63.65 as \$36.65 on her check stub. The bank had charged a \$1.15 service charge which she had not entered in her checkbook. Reconcile her checkbook balance of \$8683.66 with the bank statement balance. \$8655.51



Exercises

One important use of savings is to purchase appliances. Try the following situation to learn how a savings plan can save your credit dollars.



MR. & MRS. WISEACRE PLAN TO BUY A DRYER AS THEIR NEXT LARGE PURCHASE. THE DRYER HAS A CASH PRICE OF \$260. THEY HAVE THREE CHOICES:

- Buy the dryer on the installment plan, paying \$20 a month for 15 months.

Total installment payments	\$ 300
Less cash price of the dryer	260
Equals credit cost	\$ 40

- Put \$20 a month into a savings account for six months, then make a down payment of \$120 and pay the remainder on the installment plan at \$20 a month for eight months.

Total installment payments	\$ 160
Less balance due on dryer	140
Equals credit cost	\$ 20

How many dollars would the Wiseacres save if they made a downpayment of \$120 compared with making no down payment?

\$ 20

- Put \$20 a month into a savings account for 13 months and pay cash for the dryer.

Cash payment	\$ 260
Savings for 13 months \$ 260.00	Less cash price of the dryer
	260
	Equals credit cost
	\$ 0

How many dollars would they save if they accumulated \$260 and paid cash compared to making no down payment (example 1)?

\$ 40

REMEMBER THAT SAVINGS DOLLARS NOT ONLY SAVE ON CREDIT COSTS, BUT EARN INTEREST AS WELL.



Exercises

1. "EVEN IF ONE SAVES MONEY, WHY NOT JUST SAVE IT AT HOME IN THE MATTRESS OR IN A LITTLE TIN BOX, BURIED IN THE BACK YARD?"



How would you answer this question? ANSWERS WILL VARY

Discuss the question with a banker or savings and loan association officer in your community.

2. "IF I PUT MY MONEY IN A BANKING INSTITUTION, WHAT HAPPENS TO IT? HOW CAN MY MONEY BE SAFE IF THEY LEND IT TO OTHER PEOPLE TO USE? THEY COULD GO BROKE!"

How would you answer this question? ANSWERS WILL VARY

Discuss the question with a banker or credit union officer in your community.



3. "LOOK, BANKS AND CREDIT UNIONS ARE BUSINESSES, AREN'T THEY? THEY PROVIDE SERVICES AND MAKE A PROFIT. COULDN'T I MAKE MORE MONEY LENDING MY MONEY DIRECTLY TO PEOPLE WHO WANT TO BORROW SOME MONEY?"



How would you answer this question? ANSWERS WILL VARY

Discuss the question with a banker or credit union official in your community.

Many savers choose banks for their savings because:

- Their money is safe
- Deposits are easy to make
- Small deposits are accepted
- Their money earns interest for them

In choosing WHICH bank, it is important to investigate:

- Whether all services you require are available at lower cost
- The bank's financial stability
- The bank's reputation
- If there are competent and friendly personnel
- Bank references and financial advice

It is also often recommended that persons place as much business as possible with one bank. In so doing a relationship is built with one bank--a positive factor in times when credit references are needed.



1 2 3 4 5 6 7 8 9 10

IS A SAVINGS ACCOUNT FOR ME?

Show whether the following statements are true or false:

- | T | F | |
|--------------|--------------|--|
| <u> </u> | <u> X </u> | 1. Saving money is always easy. |
| <u> X </u> | <u> </u> | 2. A good savings plan is based on short- and long-term goals. |
| <u> X </u> | <u> </u> | 3. It is important to know how often banks pay interest. |
| <u> </u> | <u> X </u> | 4. Government regulations require that all financial institutions offer the same interest rates on savings deposits. |
| <u> </u> | <u> X </u> | 5. Credit union accounts are not insured. |

Complete the following statements:

- Reasons or purposes for saving are called GOALS.
- A saver earns the most on his account when his interest is compounded and credited DAILY.
- Your savings account can be used as COLLATERAL/SECURITY when borrowing from your bank.
- Your ability to "stick to" savings plans is called COMMITMENT.
- The amount of interest earned on a savings account depends on two factors: RATE OF INTEREST and HOW OFTEN INTEREST IS CREDITED.

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SAVINGS ACCOUNT 9-001-2

SIGN HERE Happ Hazzard

SIGN HERE

ADDRESS 123 Easy Street Sandston, WYkota ZIP _____

DATE OPENED 1/7/01 DATE RECEIVED 1/7/01 PHONE NO. 123-4567

BUSINESS OR OCCUPATION PAPER DELIVERY

REFERENCE OR INTRODUCED BY _____

OTHER BANK ACCTS. _____ FIRST DEPOSIT \$89.28

FORMER RESIDENCE _____ OPENED BY _____

SOCIAL SECURITY NUMBER 1 2 3 - 4 5 - 6 7 8 9

CHECK NAME TO WHICH S.S. NO. APPLIES

SAVINGS DEPOSIT

Fun Bank

HAPP HAZZARD

NAME _____ THIS RECEIPT NOT VALID WITHOUT BANK'S VALIDATION STAMP

ACCT. NO. 9-001-2

DATE January 15 01


CURRENCY	25	00
CHEQUES		
TOTAL	25	00

ALL ITEMS ARE CREDITED AND HANDLED SUBJECT TO PROVISIONS OF SIGNATURE CARD CONTRACT AND RULES AND REGULATIONS RELATING TO SAVINGS ACCOUNTS


DATE	WITHDRAWALS	DEPOSITS OR INTEREST	BALANCE
1/7		89 28	89.28
1/15		25 00	114.28
2/4		10 00	124.28
3/6		5 00	129.28
4/13		43 00	172.28
7/3		5 17	177.45
8/12	50 00		127.45




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SAVINGS DEPOSIT		THIS RECEIPT NOT VALID WITHOUT BANK'S VALIDATION STAMP		CURRENCY	10 00
	NAME <u>HAPP HAZZARD</u>			CHECKS	
	ACCT NO <u>9-001-2</u>		DATE <u>February 4</u>		
				TOTAL	10 00


ALL ITEMS ARE CREDITED AND HANDLED SUBJECT TO PROVISIONS OF SIGNATURE CARD CONTRACT AND RULES AND REGULATIONS RELATING TO SAVINGS ACCOUNTS

SAVINGS DEPOSIT		THIS RECEIPT NOT VALID WITHOUT BANK'S VALIDATION STAMP		CURRENCY	5 00
	NAME <u>HAPP HAZZARD</u>			CHECKS	
	ACCT NO <u>9-001-2</u>		DATE <u>March 6</u>		
				TOTAL	5 00

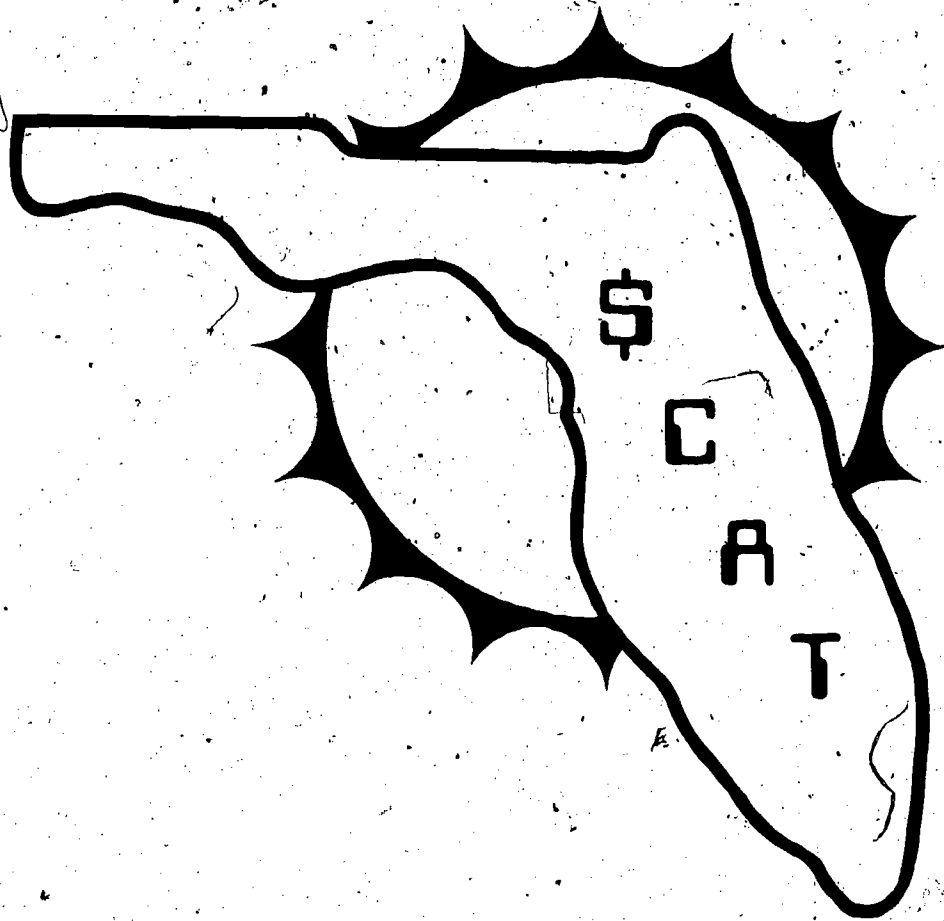
ALL ITEMS ARE CREDITED AND HANDLED SUBJECT TO PROVISIONS OF SIGNATURE CARD CONTRACT AND RULES AND REGULATIONS RELATING TO SAVINGS ACCOUNTS

SAVINGS DEPOSIT		THIS RECEIPT NOT VALID WITHOUT BANK'S VALIDATION STAMP		CURRENCY	43 00
	NAME <u>HAPP HAZZARD</u>			CHECKS	
	ACCT NO <u>9-001-2</u>		DATE <u>April 13</u>		
				TOTAL	43 00

ALL ITEMS ARE CREDITED AND HANDLED SUBJECT TO PROVISIONS OF SIGNATURE CARD CONTRACT AND RULES AND REGULATIONS RELATING TO SAVINGS ACCOUNTS

SAVINGS WITHDRAWAL		DATE <u>August 12</u>	
	NAME <u>HAPP HAZZARD</u>	SIGNATURE <u>Happ Hazzard</u>	
	ACCT NO <u>9-001-2</u>	AMOUNT DOLLARS <u>50.00</u> CENTS	
	NON-NEGOTIABLE - PAYABLE TO NAMED DEPOSITOR ONLY NOT VALID WITHOUT BANK'S VALIDATION STAMP		

WITHDRAWALS SUBJECT TO RULES AND REGULATIONS RELATING TO SAVINGS ACCOUNTS



STUDENT PAL

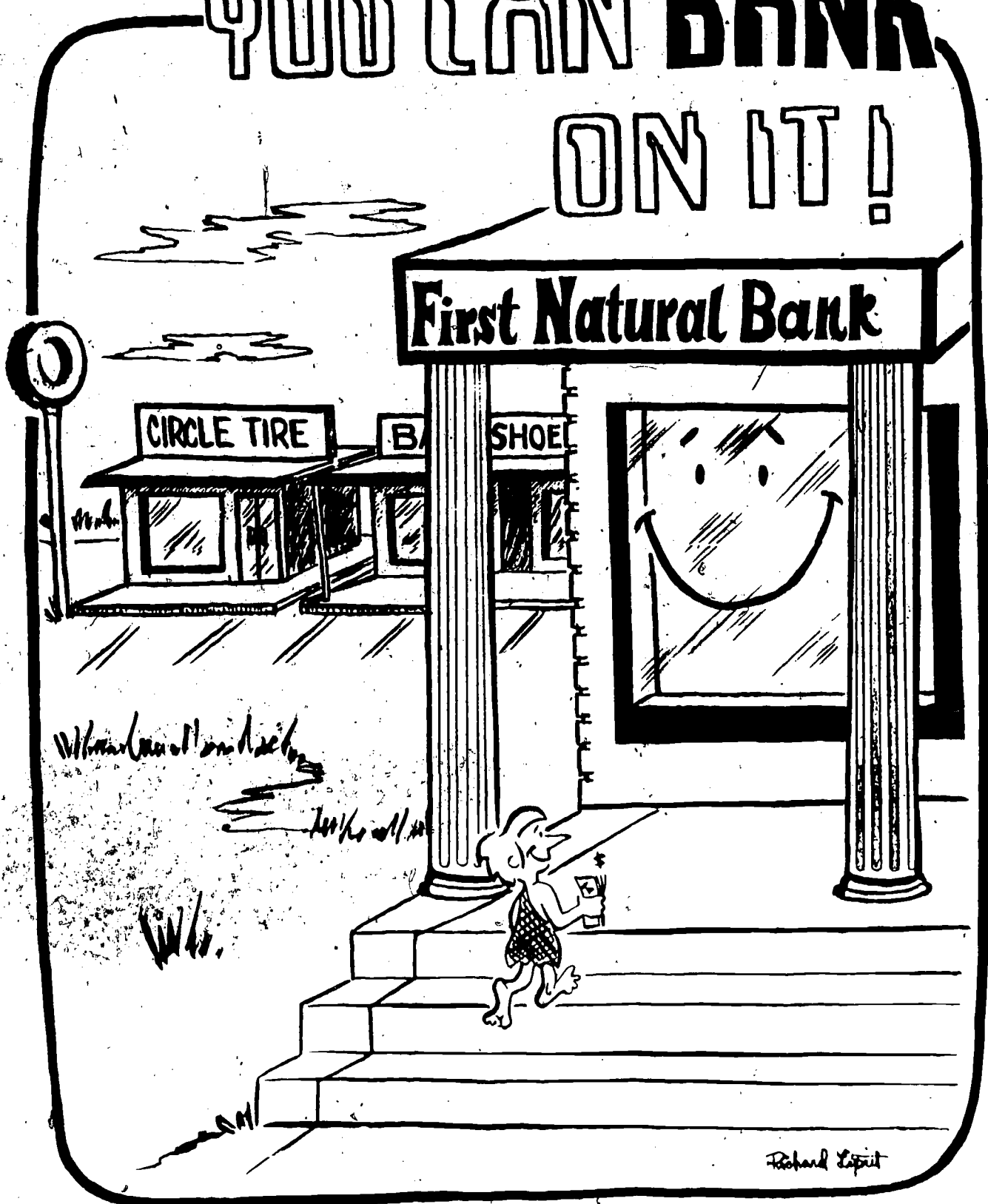
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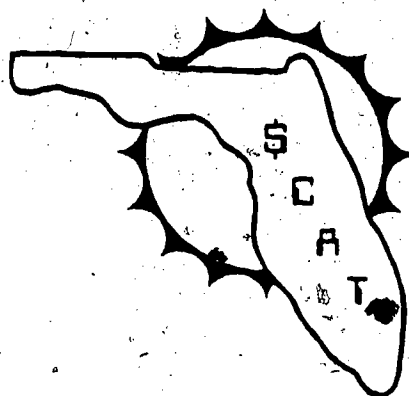
85

125

**MONEY MANAGEMENT
BANKING**

**YOU CAN BANK
ON IT!**





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Be it known that this consumer education instructional unit has not been endorsed by either the Florida Department of Education or the United States Office of Education; and that the points of view or opinions expressed do not necessarily represent the official policy of these agencies.

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W E L C O M E to this PAL*, a consumer resource booklet. The two characters shown on this page are the Hazzards -- Ms. Happ and Happ Hazzard. You will find them in many of the illustrations used throughout this booklet.



Important information is divided into chapters or sections. Each section begins with a title page and includes:

P A S S W O R D S which give the special meanings for the words used in that section.

R E V I E W T I M E exercises to determine what you have learned.

Have fun, study hard, and become a conscientious consumer.



*PAL: Packaged Activities for Learning



Users of the consumer skills presented in this resource booklet come in both genders, female and male. The text and dialogues sometimes say "he," sometimes "she," sometimes "you," sometimes "the person." Please feel free to substitute the feminine for the masculine pronoun, and vice versa, any time it is appropriate to your situation.



What is a bank?
What does it have to offer me??

YOU CAN BANK ON IT

is about banks -- the places where consumers may deposit money and write checks; save money; borrow money, and receive a multitude of other money-matter services.

The two most popular personal types of service offered by the bank are the two types of personal accounts--the checking account and the savings account. The activities in this PAL -- YOU CAN BANK ON IT -- will help you to know about:

WHAT ARE CHECKS ?

IS A CHECKING ACCOUNT FOR ME ?

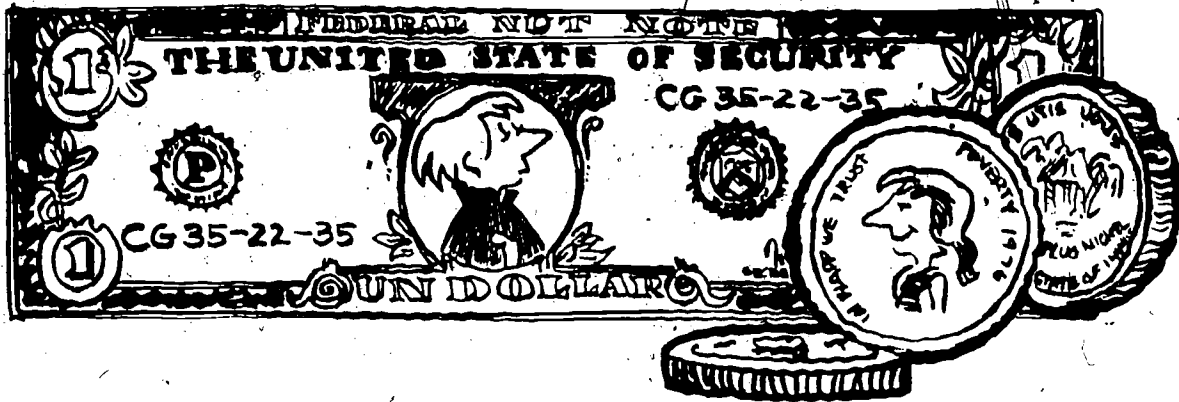
USING A CHECKING ACCOUNT

THE BALANCING ACT

IS A SAVINGS ACCOUNT FOR ME ?

USING A SAVINGS ACCOUNT





MONEY is what banking is all about. Think about your attitudes toward MONEY (Dollars & Cents).

Rank order the following uses of your money using "1" for the most important use of your money, through "6" for the least important use. Share your choices with your class if you wish.

- _____ SAVE Money
- _____ SPEND Money
- _____ HOARD Money
- _____ BORROW Money
- _____ INVEST Money
- _____ GIVE Money

Rank order the following quotations about MONEY in order of your preference (#1 through #8). Discuss the reasons for your ordering with your class if you wish.

- _____ "To have enough is good luck, to have more than enough is harmful."
- _____ "The love of money is the root of all evil."
- _____ "As a general rule, nobody has money who ought to have it."
- _____ "I cannot afford to waste my time making money."
- _____ "The lack of money is the root of all evil."
- _____ "Time is money."
- _____ "The safest way to double your money is to fold it over once and put it in your pocket."
- _____ "Young people imagine that money is everything, and when they grow older, they know it."

Try another set of statements about money. Indicate whether you agree or disagree with each. Then discuss--if you wish--the reasons for your position.

- A D "MONEY TALKS IN LIFE."
- A D "THE BEST THINGS IN LIFE ARE FREE."
- A D "A PENNY SAVED, IS A PENNY EARNED."
- A D "RICH OR POOR, IT'S GOOD TO HAVE MONEY."
- A D "MONEY ANSWERETH ALL THINGS."
- A D "A FOOL AND HIS MONEY ARE SOON PARTED."
- A D "THE KINDEST MONEY PUTS FOOD IN THE MOUTHS OF THE NEEDY."
- A D "MONEY MAKES THE PERSON."
- A D "PUT YOUR TRUST IN MONEY"
- A D "MONEY IN THE POCKET IS MORE THAN MONEY IN THE BANK."

Very early in life children learn about MONEY. We develop attitudes about what money is, what it is good for, and what it is not good for. Reflect upon what you have learned:

KNOWLEDGE (WHAT I HAVE LEARNED ABOUT MONEY FROM OTHERS):

EXPERIENCE (WHAT I HAVE LEARNED ABOUT MONEY FOR MYSELF):

VALUES (WHAT I THINK MONEY IS GOOD FOR--AND BAD FOR):
GOOD BAD

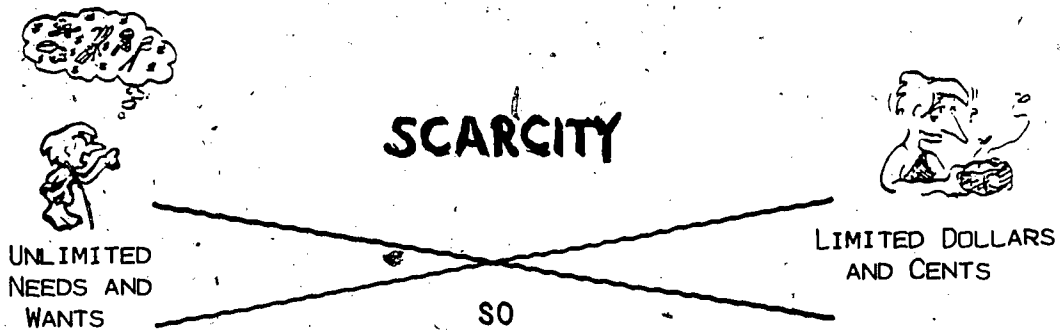
FEELINGS (WHAT EMOTIONS I HAVE IN RESPONSE TO MONEY):



SCARCITY & BANKING

Before turning to the details of BANKING, let's think about the old problem of SCARCITY.

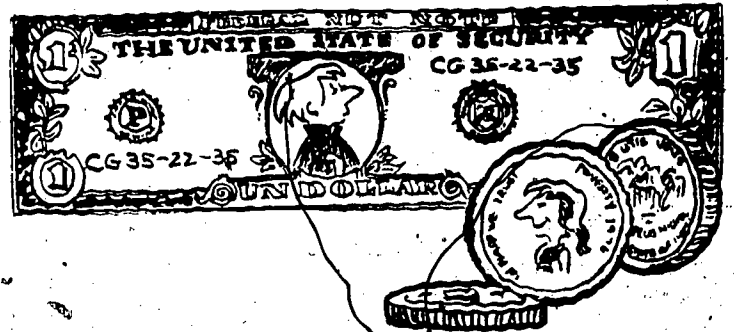
Scarcity is a problem because we have unlimited needs and wants, on the one hand, and limited dollars and cents, on the other.



WE HAVE TO SET PRIORITIES, USING SCARCE DOLLARS TO MEET OUR NEEDS AND AS MANY OF OUR WANTS AS ARE POSSIBLE.

MANY PERSONS USE CHECKING ACCOUNTS TO KEEP TRACT OF THEIR DOLLARS AND CENTS.

MANY PERSONS USE SAVINGS ACCOUNTS TO PUT ASIDE A LITTLE OF TODAY'S DOLLARS AND CENTS TO SPEND ON FUTURE NEEDS AND WANTS.





WHAT ARE CHECKS



passwords..

WHAT ARE CHECKS ?

AUTOMATIC TRANSFER

The regular transfer of a certain, specified amount, from one account to another. Examples are insurance premium drafts and loan payments.

BANK

An establishment for receiving, keeping, and lending money.

BANK DRAFT

A check drawn by a bank against funds deposited in another bank.

BANK MONEY ORDER

Official draft or check sold to a customer for a fee.

CANCELLED/ CLEARED CHECK

A check that has been cashed by the payee, returned to the bank upon which it was written, and paid to an account.

CASHIER'S CHECK

A check the bank draws on its own funds and signed by the cashier; also called a Treasurer's Check.

CERTIFIED CHECK

A bank-guaranteed regular personal check.

CHECK

A written order to the bank to draw funds from a deposit account, payable on demand.

PERSONAL CHECK

A check drawn on the account of an individual or individuals

RECEIPT

A written record that a payment has been made

TRAVELERS CHECKS

*Checks purchased in amounts of \$10, \$20, \$50, \$100 or more
Used when ordinary identification is difficult*

Ready to Move On.?

Do You Know the Passwords ?

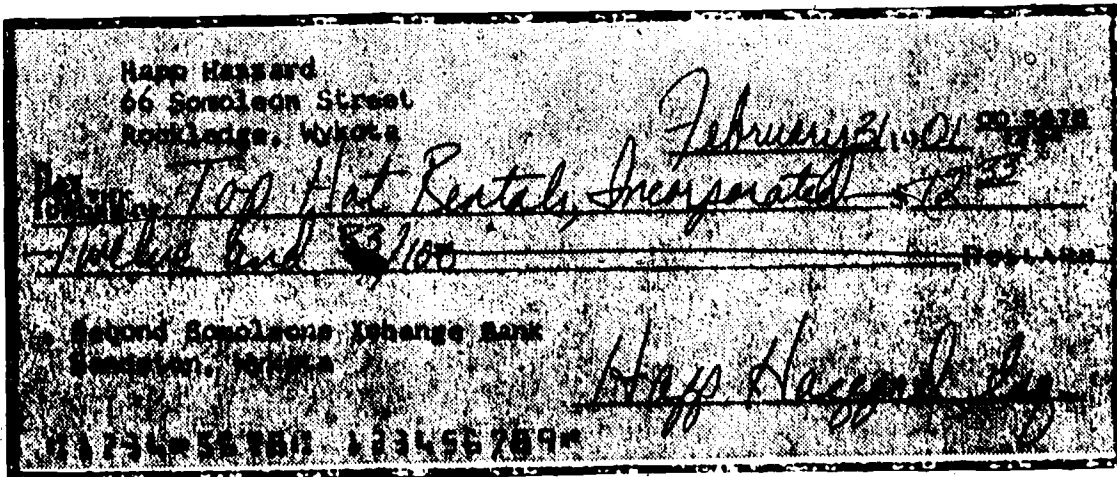
96 136

THE STORY OF CHECKS

A check represents a dollar, ten dollars, a thousand dollars -- it's up to you. Your signature is your money.

Children often view checks as a form of magic: "If you don't have the money, Mommy, just check it."

It doesn't work quite like that. Let's look at a check:

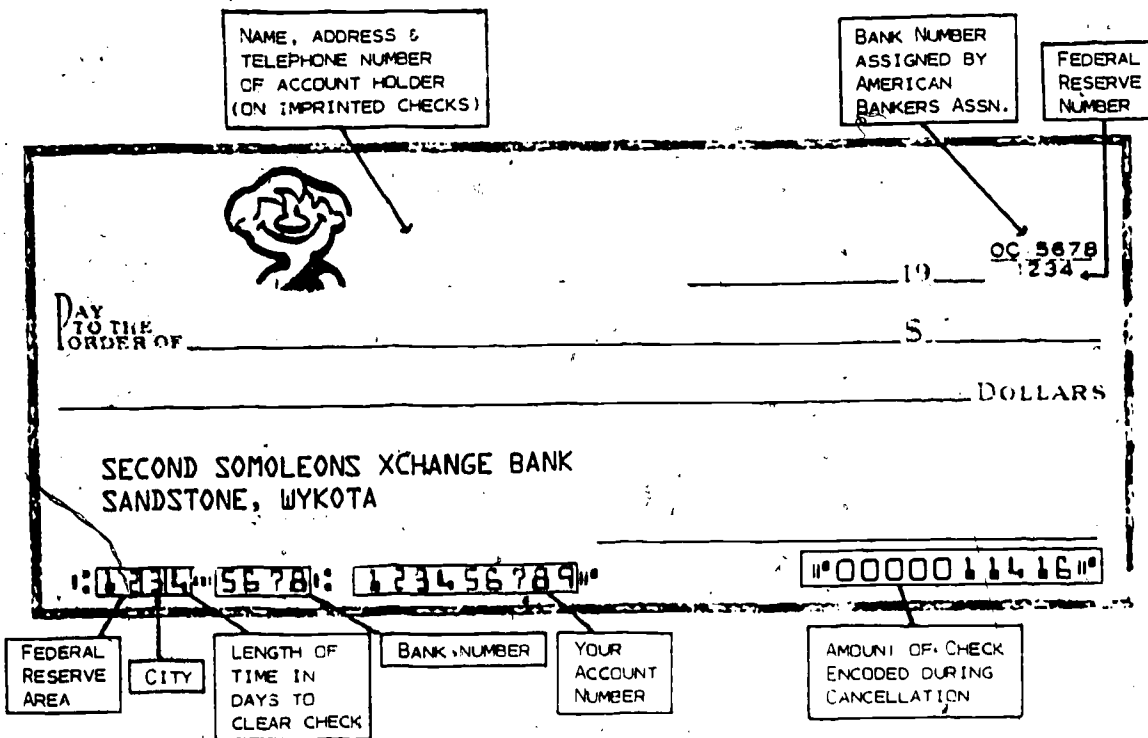


Happ's check for twelve dollars and thirty-three cents to Top Hat Rentals, Incorporated, shows that he wishes his bank to pay exactly that amount to Top Hat Rentals. It was not necessary for him to pay cash, and his cancelled check is his receipt for payment. Happ also has promised in the writing of this check that he has sufficient funds in his account to cover the check.

A check is your written order to your bank to pay an exact amount to the person or firm you name, provided you have that amount in your account.

CHECKS ARE USED TO TRANSFER MONEY
FROM ONE PERSON TO ANOTHER

Ever wonder what all those odd-looking numbers on a check mean? Study the labels on the sample check below:



The ABA (American Bankers Association) and Federal Reserve numbers are used as a routing code to return checks to the proper bank.

Those odd numbers along the bottom of the check are Magnetic Ink Character Recognition (MICR) numbers. These numbers are used to aid in the processing of checks by computers.

Use these facts to locate the following items on the check illustrated above:



1. The bank number _____
2. The length of time it takes for a check to clear _____
3. The number of the account _____
4. The amount for which this check would have to be written _____



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In addition to the two checks we have seen which were samples of personal checks, there are also

SPECIAL CHECKS

SPECIAL CHECKS are checks purchased from the bank to fit special circumstances. A special fee is charged for each of these special services.

Let's look at four of the types of SPECIAL checks the modern consumer might use:

1. CASHIER'S CHECK

Also called a Treasurer's Check
A check which the bank draws on its own funds, and which is signed by the cashier

Charge: amount of check plus service fee

CASHIER'S CHECK
The Full-Service Bank 123 593000
Smithville, U.S.A. APRIL 2 1958
\$ 25.00
PAY TO THE ORDER OF A B C COMPANY
SPECIMEN
A. N. Nelson
593000 091000010 000001905

2. CERTIFIED CHECK

A bank-guaranteed regular personal check
The bank places a stamp on check "certifying" that amount has been withdrawn from account

Used for large purchases and in cases where identity may be difficult

Charge: small service fee

JAMES C. MORRISON 112
1763 SHERIDAN DRIVE
SMITHVILLE, U.S.A.
CERTIFIED April 20, 1958
\$ 50.00
PAY TO THE ORDER OF James C. Morrison
SPECIMEN
The Full-Service Bank
Smithville, U.S.A.
James C. Morrison
091000010 123 593000

BEST COPY AVAILABLE

3. BANK MONEY ORDER

Official draft or check sold to a customer for a fee.
Available in any denomination
Charge: amount of payment plus service fee

PERSONAL MONEY ORDER 289486

DATE APRIL 15 1997

Day TO THE ORDER OF ABC COMPANY

NOT VALID OVER \$500.00 PER BANK \$25 AND 00 CTS

The Full-Service Bank
Smithville, U.S.A.

James C. Morrison
President
Smithville, U.S.A.

NO # 289486 * 0910 0001 08 93 61 1 97

4. TRAVELERS CHECK

Checks purchased in amounts of \$10, \$20, \$50, \$100 or more
Available from several companies
Used when ordinary identification is difficult--
purchaser signs each check at time of purchase & again when cashed to establish identity
A safeguard against forgery
Charge: total amount of checks plus fee for each check

WHEN COUNTERSIGNED BELOW WITH THIS SIGNATURE

DA34-587-579

John Traveler

American Express Company

Pay this Check to the Order of

IN UNITED STATES AND ALL OTHER COUNTRIES

COUNTERSIGN HERE IN PRESENCE OF PERSON CASHING

James C. Morrison
PRESIDENT

@ 8000 0005 4 1 0 34 58 75 796

NOTE THAT ONLY THE CERTIFIED CHECK IS THE PERSONAL CHECK OF A BANK CUSTOMER.
EACH OF THE OTHER CHECKS IS A PURCHASED BANK CHECK.

One additional type of check is the BANK DRAFT which banks use to transfer their own funds from one bank to another.

X 100 140



© 1984 by ERIC

WHAT ARE CHECKS ?

1. Write the terms which match the following descriptions:

a personal check "guaranteed" by the bank

"money" purchased for use on vacations, etc.

a "bank" check used to transfer bank funds from one bank to another

2. True or False: Travelers checks are worth more than personal checks.

3. Which type of check would best fit each of the following situations:

send money for a cousin's birthday

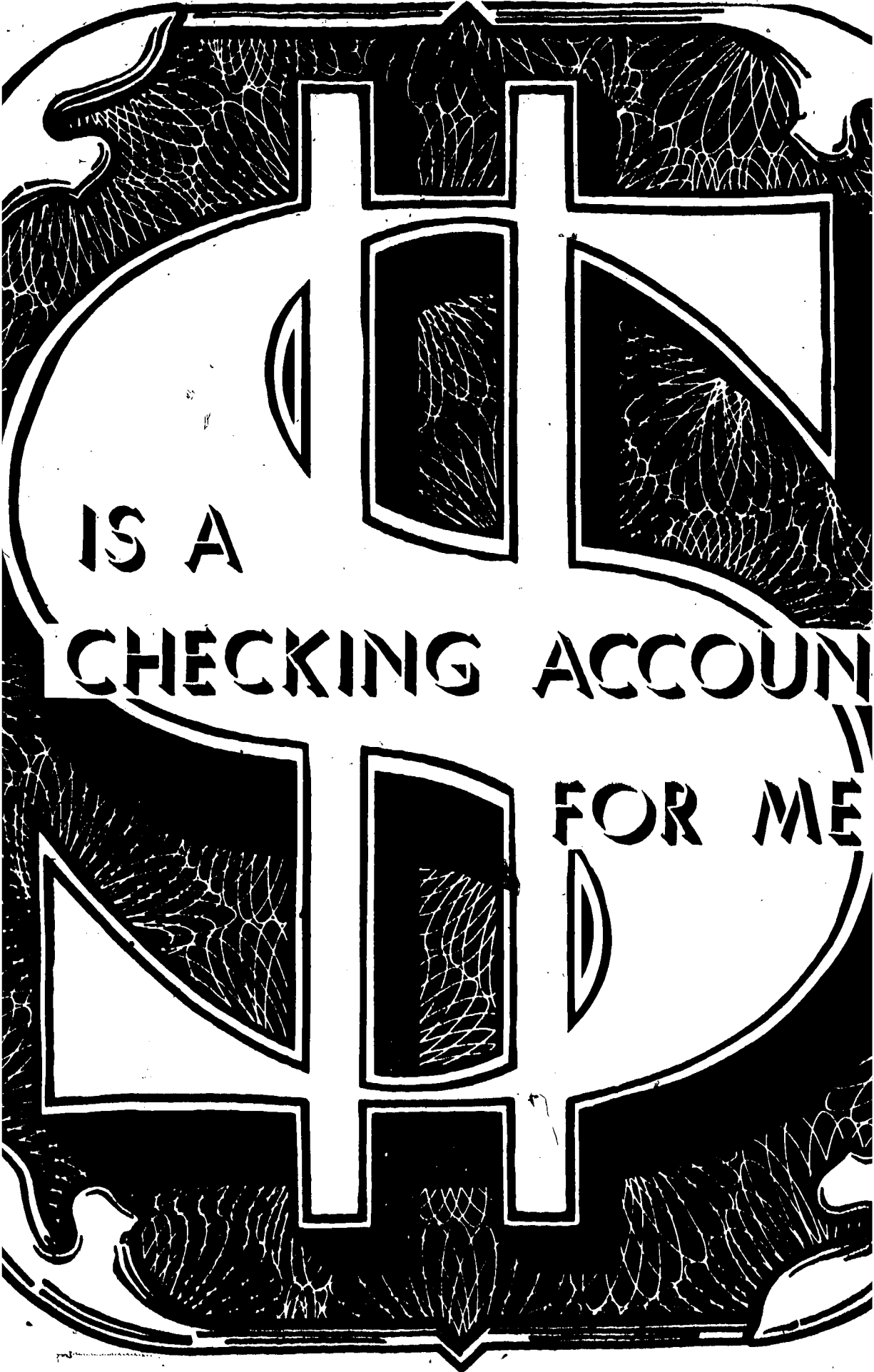
take \$200 on a vacation

order a jacket by mail if you don't have a checking account

4. A personal check stamped by the bank to show that you have enough money in your account to cover the check is a _____ check.

5. Discuss: *Checks and a personal checking account are the best way to manage money.*





IS A

CHECKING ACCOUNT

FOR ME



passwords ...

IS A CHECKING ACCOUNT FOR ME ?

CASHLESS SOCIETY

An economy based on the transfer of money by computer and the exchange of paper receipts rather than the use of coins and currency

CHECKING ACCOUNT

A personal bank account which permits a depositor to write checks against the balance in his account

CREDIT RATING FACTOR

An item used in the evaluation of one's past credit record

FDIC

*Federal Deposit Insurance Corporation
Insurer of deposits in commercial banks*

IMPULSE BUYING

Spur-of-the-moment purchasing

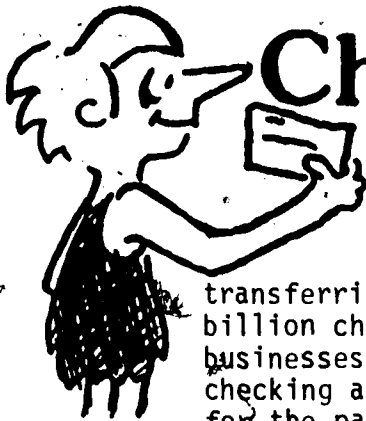
RECEIPTS

Written records of payments

Ready to Move On ?

Do You Know the Passwords ?

10313



Checking Accounts ? ?

Checks have become more and more common as a means of paying for goods and services and as a means of transferring funds from one person to another. More than 24 billion checks are now written each year by individuals and businesses. When the Hazzards learned how many people used checking accounts they decided to review their own spending for the past six months and found the following significant expenditures:

- Made monthly payment on house.*
- Paid state income tax.*
- Paid telephone bill at local office.*
- Bought automobile license.*
- Paid federal income tax.*
- Paid \$125 for items ordered from a mail-order house.*
- Paid \$14.95 for automobile repairs at a local garage.*
- Sent \$100 to daughter attending college.*

Some payments were made in person. Money orders were needed to make other payments. If the Hazzards had had a personal checking account these payments might have been easier. They also would have had receipts. They decided to look at both the pro and con sides of checking accounts.



Was a personal checking account right for the Hazzards? Is a checking account right for YOU? Let's look at some advantages and disadvantages of using checking accounts. Then you decide.

ADVANTAGES

- PROTECTION** Checks protect against loss.
- CONVENIENCE** Payments may be made by mail instead of in person.
- RECEIPTS** Cancelled checks are legal receipts.
- SAVINGS** Check writing is a check on impulse buying. It is more involved to write a check than to pay cash.

CREDIT A checking account is a positive credit rating factor.

ECONOMY It is more economical to use a checking account than to purchase special checks or money orders for making necessary payments.

These points are all so positive that one might be led to believe that there are no disadvantages to using a checking account. There are a few, however:


DISADVANTAGES

IDENTIFICATION Identification is necessary when checks are used for purchases--usually a driver's license and one or two other forms of identification such as credit cards.

REFUSAL All businesses will not accept checks--we are not yet (and perhaps never will be) a cashless society.

ADDITIONAL COST The maintaining of a checking account is not usually free.

OVERDRAFT It is possible for an account to be overdrawn by writing checks for more money than an account contains. Banks charge customers for these mistakes. Careful record-keeping is necessary.

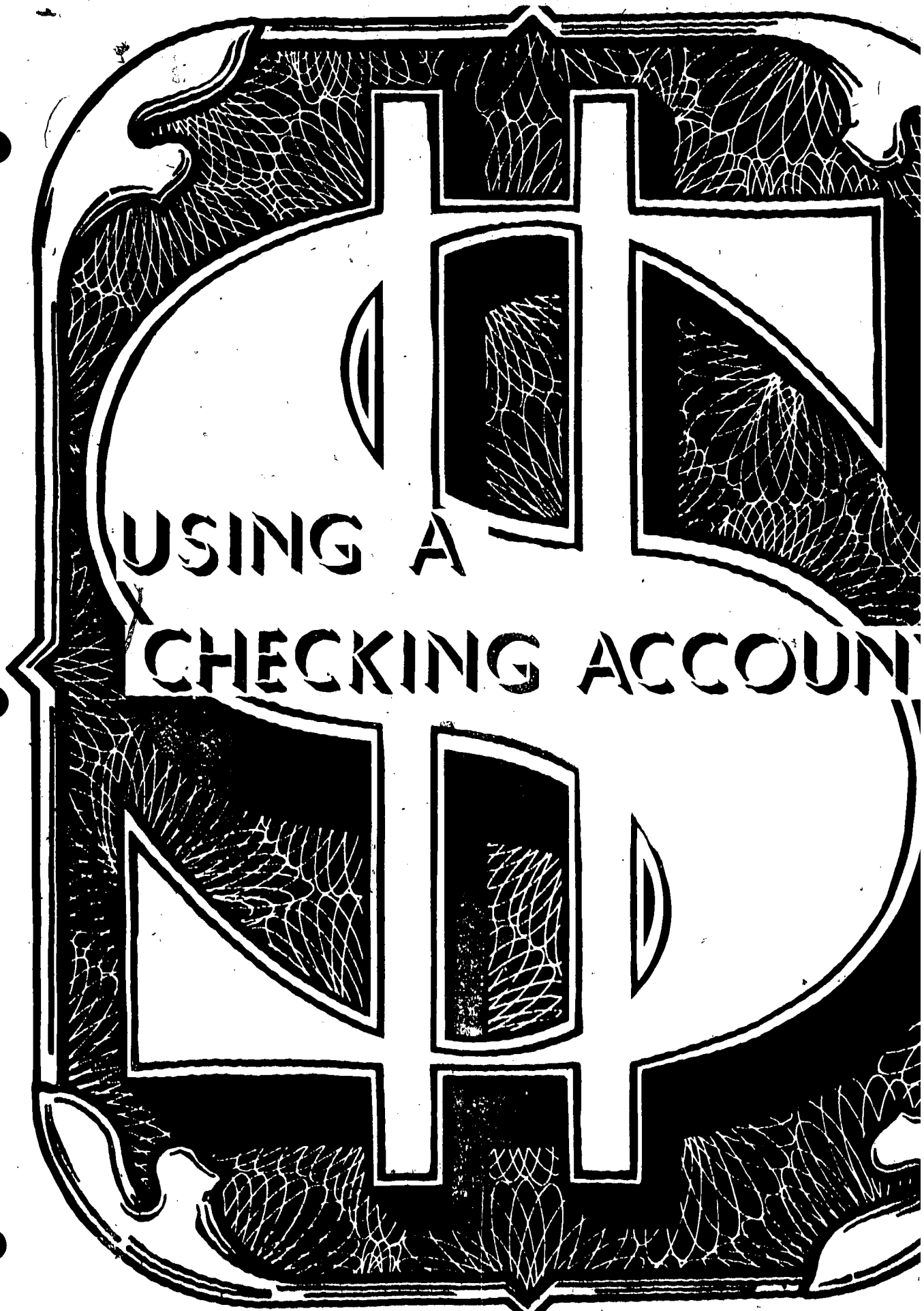
In addition to the fact that checks protect against loss, the FDIC insures deposits up to \$40,000. 



IS A CHECKING ACCOUNT FOR YOU? Only YOU can answer that question. For millions of Americans the benefits of convenience and protection are more important than the problems of identification and the fact that not all businesses in all areas will accept checks.



Do you know anyone who doesn't use a checking account?
What reasons do they offer?
What inconveniences might they suffer by not having such an account?
Are there any benefits of not having a checking account?
Share your answers with your class if you wish.



**USING A
CHECKING ACCOUNT**



passwords ...

USING A CHECKING ACCOUNT

AMOUNT

The amount of money to be paid to the payee by the maker of a check

BALANCE

The amount of money available in an account

CHECKBOOK REGISTER

A checking account record kept of all deposits, checks written and current balances

CLEARING HOUSE

An organization, established by banks in the same area, through which checks and other instruments are exchanged and net balances settled

COIN

Penny, nickel, dime, quarter, half-dollar, or silver dollar

CURRENCY

Paper or "folding" money

DEPOSIT

Money put in an account; money used to open an account

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DEPOSIT TICKET

Bank form used for depositing money in an account

ENDORSEMENT

One's name signed on the back of a check

ENDORSEMENT IN
BLANK

The payee's signature only on the endorsing end of a check

ENDORSEMENT IN FULL

Endorsement stating, "Pay to the order of", used when the payee wishes to give the check to someone else

JOINT ACCOUNTS

Checking accounts for which either member may make deposits or write checks

PAYEE

The name of the person or organization to whom money is to be paid by check

POST-DATE

To date a check for a future date

RESTRICTIVE
ENDORSEMENT

Endorsement stating, "For deposit only", restricting what can be done with the check

SIGNATURE

A person's name in the form used on legal documents--usually includes the first name, middle initial, and last name

SIGNATURE CARD

Bank card used to establish identity and signature recognition

STUB

A form of checkbook register on which the check is recorded

VALID

Having legal force

VOID

Not valid

Ready to Move On ?

Do You Know the Passwords ?

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X 109

Finding a Bank



There are many skills involved in USING A CHECKING ACCOUNT. In the next few sections we will see that they are all rather simple. You will have a chance to practice each of the skills involved in learning about the kinds of accounts available, how to open a personal checking account, how to write checks, the requirements for cashing a check, how to endorse checks, and how to stop payment on a check.

Finding a Bank

Banks are not hard to find. Most areas have many from which to choose. Finding the *best* bank for YOU means considering several important factors.

Be sure to investigate FDIC protection for your account, the types of accounts available, charges, convenience of location, banking hours, and quality of services offered. For most consumers, the single most important factor is convenience, but the careful consumer surveys all factors before deciding where to do his banking.

An excellent reference for new residents is Polk's *World Bank Directory*, available in most major public libraries. Brief financial histories of more than 14,000 commercial banks in the United States, locations of branch offices, the names of bank officers, and often major divisions and departments are listed.

Kinds of Accounts

Once you have decided on a bank (after careful comparison shopping) and decided a checking account is for you, the decision-making is not over. Which type of account is right for you?

Banks usually have "regular" and "special" checking accounts. These terms mean different things in different banks, however.

A good consumer will ask AMOUNT, CHECKS, and COSTS questions about bank checking accounts. These questions include:



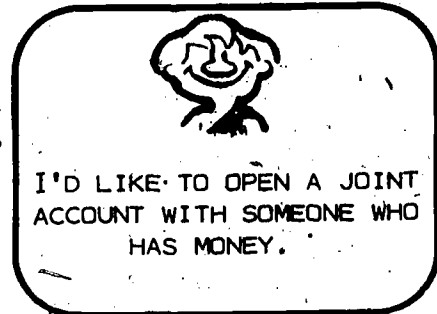
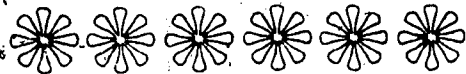
AMOUNT: How much do I need to open an account?
How much must I keep in my account?

CHECKS: What types of checks and checkbooks
are available?

COSTS: What charges are made for deposits and
withdrawals?
What amount is charged for service or
maintenance of my account?

These basic questions apply whether you are considering a bank checking account or a bank savings account.

JOINT CHECKING ACCOUNTS are available for which both members of the partnership (husband-wife, etc.) sign signature cards. Either member may make deposits or write checks.



Automatic transfer of funds is a service often offered checking account customers. You may request that a certain amount be transferred to a Savings Account or that automatic payments be made on loans, utilities, etc.

Other types of special accounts are available to meet special needs. Think of different individuals and groups who use banking services. A school group, a newly married couple, a college student, a retired person, a service station operator, a car buyer, and a church all have special needs. Your banker can offer advice in all of these areas.

Opening Accounts

The mechanics of opening a personal checking account are a cinch. Two elements are necessary--a signature and a little money.

1. SIGNATURE

It will be necessary for you to sign a signature card like the one on the next page. The signature will become your official one and the only one honored on your checks. Proof of identity is required. Most banks require two good sources of identification. Be prepared.

SIGN HERE								
SIGN HERE		PHONE						
ADDRESS		ZIP						
OTHER BANK ACCOUNTS								
BUSINESS OR OCCUPATION		<table border="1"> <tr> <td> </td><td> </td><td> </td><td> </td><td> </td><td> </td> </tr> </table>						
REFERENCES OR INTRODUCED BY		FIRST DEPOSIT \$						
DATE OPENED	DATE RECEIVED	OPENED BY						



2. DEPOSIT

The money used to open an account and the money which is put into an account at any time is called a deposit.

A deposit ticket like the one illustrated here is used in making a DEPOSIT.

Happ Hazzard 66 Somoleon Street Rockledge, Wykota		<table border="1"> <tr> <td>CASH</td> <td>2</td> <td>\$</td> <td> </td> <td> </td> </tr> <tr> <td>CHECKS</td> <td>3</td> <td> </td> <td> </td> <td> </td> </tr> <tr> <td>TOTAL FROM OTHER SIDE</td> <td>4</td> <td> </td> <td> </td> <td> </td> </tr> <tr> <td>SUB-TOTAL</td> <td>5</td> <td> </td> <td> </td> <td> </td> </tr> <tr> <td>LESS CASH</td> <td>6</td> <td> </td> <td> </td> <td> </td> </tr> <tr> <td>TOTAL DEPOSIT</td> <td>7</td> <td> </td> <td> </td> <td> </td> </tr> </table>	CASH	2	\$			CHECKS	3				TOTAL FROM OTHER SIDE	4				SUB-TOTAL	5				LESS CASH	6				TOTAL DEPOSIT	7			
CASH	2	\$																														
CHECKS	3																															
TOTAL FROM OTHER SIDE	4																															
SUB-TOTAL	5																															
LESS CASH	6																															
TOTAL DEPOSIT	7																															
DATE: <u>1</u> _____ 19__	<small>All items received by this bank for purposes of collection and are subject to provisions of the Uniform Commercial Code. All credits for items are provisional until collected.</small>																															
CASH RECEIVED BY: <u>8</u>	DEPOSIT TICKET PLEASE ITEMIZE ADDITIONAL CHECKS ON REVERSE SIDE																															
Second Somoleon's Xchange Bank Sandston, Wykota																																
⑆ 1234 ⑈ 5678 ⑆ 901 ⑈ 2345 ⑈ 6 ⑈ CHECKING ACCOUNT DEPOSIT TICKET																																

Items on a deposit ticket may include:

- | | | |
|---|-----------------------|---|
| 1 | DATE | the date on which the deposit is made |
| 2 | CASH | the total amount deposited in both currency (paper money) and coins |
| 3 | CHECKS | the bank number and amount for each check deposited |
| 4 | TOTAL FROM OTHER SIDE | the total of any additional checks which have been listed on the back of the deposit ticket |
| 5 | SUB-TOTAL | the total of the cash and check items |

- 6 LESS CASH the amount (if any) to be received in cash
- 7 TOTAL DEPOSIT the total amount to be added to the account
- 8 CASH RECEIVED BY signature of depositor (if part of the deposit was received in cash)



Exercises

Complete the following statements:

1. Two major reasons for opening a checking account are:

2. Which 2 disadvantages of using a checking account do you consider the greatest disadvantages?

3. T F

Checks are safer than cash.

A cancelled check usually serves as proof of payment.

Only checks may be deposited in a checking account.

4. A _____ is necessary to verify the signature on all checks written by a depositor.

5. Checks, currency, and coins added to an account are called a _____.

6. The _____ is the form used when adding money to an account.

153
* 113

7. It is necessary to _____ a deposit ticket only when receiving cash.

8. "Currency" + "coins" = " _____ " on a deposit ticket.


9. The two items necessary to open a checking account are _____ and _____.

10. Depositing the money collected from his paper route had always been a problem for Happ. Finally he worked out a table which made it easier. With the use of his table he could check each denomination in currency and coin as well as his addition to be sure he was correct before taking his deposit to the bank.

Fill in Happ's table and then make the correct entries on his deposit ticket. Show that his total deposit amounted to \$91.76 with the following items: 14 pennies, 2 dimes, 3 quarters, seven 1's, ten 5's, one 20 and check # 5142/1134 for \$13.67. He did not receive any cash at the time he made the deposit.

	No.	Total	
Pennies	_____ x .01 =	\$ _____	
Nickels	_____ x .05 =	_____	
Dimes	_____ x .10 =	_____	
Quarters	_____ x .25 =	_____	\$ _____
1s	_____ x 1 =	_____ .00	Total Coins
2s	_____ x 2 =	_____ .00	
5s	_____ x 5 =	_____ .00	\$ _____
10s	_____ x 10 =	_____ .00	Total Currency
20s	_____ x 20 =	_____ .00	\$ _____
Checks	Amount \$ _____		Total Cash

		\$ _____	Total Checks



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Happ Hazzard
66 Somoleon Street
Rockledge, Wykota


DATE: _____ 19____

CASH RECEIVED BY: _____

Second Somoleons Xchange Bank
Sandston, Wykota

⑆ 234 56781 901 234 5678
CHECKING ACCOUNT DEPOSIT TICKET

CASH		
TOTAL FROM OTHER SIDE		
SUB TOTAL		
LESS CASH		
TOTAL DEPOSIT		



Writing Checks

Check writing can be quite simple--just follow the **TEN EASY STEPS TO PERFECT CHECK WRITING**. The first steps are for your checkbook register, the second group for your check.

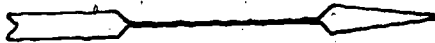
YOUR CHECKBOOK REGISTER: Record information in your checkbook register *BEFORE* writing your check. This insures accurate record-keeping and helps to prevent errors which may lead to difficulties such as an overdrawn account.

BE SURE TO DEDUCT ANY PER CHECK CHARGES OR MAINTENANCE CHARGES THAT MAY APPLY

DATE	CHECK NUMBER	CHECKS ISSUED TO OR DEPOSIT RECEIVED FROM	AMOUNT OF DEPOSIT	✓	AMOUNT OF CHECK	BALANCE
2/31	1	Top Hat Rentals, Inc.			12.33	55.55 43.22

When writing checks, record:

- 1 DATE of the check
- 2 NUMBER of the check
- 3 PAYEE
- 4 AMOUNT of the check
- 5 NEW BALANCE (previous balance minus amount of check)

Some checkbooks use stubs attached to each check instead of check registers: 

12.33

DATE 2/31 19____

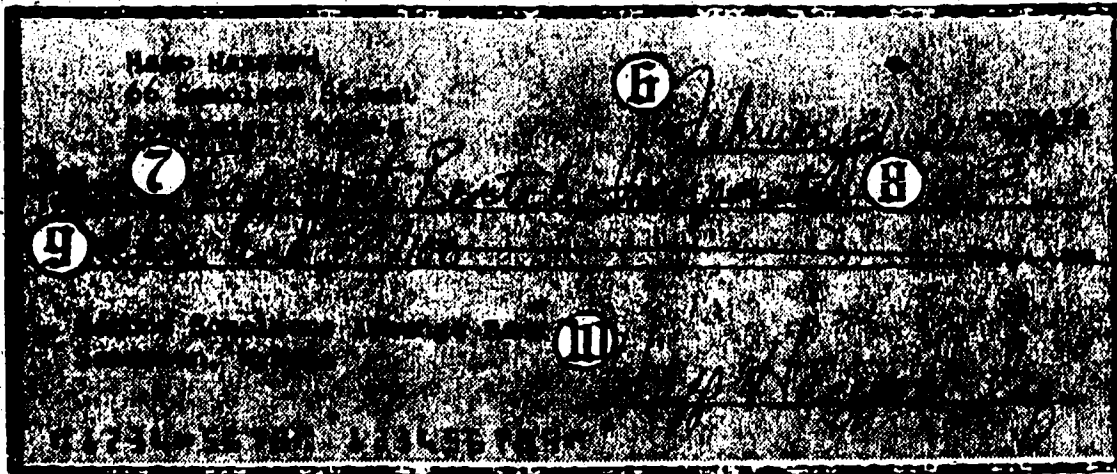
TO Top Hat Rentals

FOR _____

	DOLLARS	CENTS
BAL. BRO'T FOR'D	55	55
AMT. DEPOSITED		
TOTAL	55	55
AMT. THIS CHECK	12	33
BAL CAR'D FOR'D	43	22

155

115



THE CHECK

When writing a check, use *INK* to:

6. **DATE** the check. Always date the check on the day you write it.
7. **WRITE** the name of the *PAYEE*--the person, business firm, or organization for whom payment is intended.
8. **WRITE** the name of the check in figures.
9. **WRITE** the amount of the check in words.
Write the amount of dollars in words and show cents as a fraction.
In the remaining space, draw a straight line.
10. **SIGN** your official signature--the same as on the signature card you signed to open your account.

Note the special numbers printed on the check. These numbers serve a special purpose in check processing. Some of these numbers are used in routing the check, others are used by the consumer.

Note the numbers following the date and those in the lower left-hand corner. The first two numbers above the line after the date indicate the state (63 is the state number for Florida). The next group of numbers above the line indicates the bank identification number. The number below the line shows the Federal Reserve clearing house number. It is not necessary for the consumer to use any of these numbers in banking transactions.

The numbers in the lower left-hand corner are numbers for consumer use. The first set of numbers gives the clearing house and individual bank number. These are the numbers used when filling out a deposit ticket. The last set of numbers gives the individual account number. Note the space between the two sets of numbers.



POINTS TO REMEMBER:

FOLLOW THESE SIMPLE RULES FOR WORRY-FREE CHECKING:

1. CHECKBOOK REGISTER FIRST
RECORD ALL INFORMATION IN YOUR CHECKBOOK REGISTER FIRST.
GOOD RECORD-KEEPING HELPS PREVENT ERRORS.
2. USE INK TO WRITE A CHECK
NEVER USE A PENCIL!!
INK IS MORE DIFFICULT TO ALTER THAN PENCIL.
IT IS POSSIBLE A BANK MAY REFUSE A CHECK WRITTEN IN PENCIL.
3. DATE YOUR CHECK PROPERLY
A CHECK MAY BE WRITTEN ON AND DATED ANY DAY OF THE YEAR.
SUNDAY AND HOLIDAY CHECKS ARE AS VALID AS ANY OTHER CHECKS.
IT IS UNWISE TO POST-DATE A CHECK. IF SUCH A CHECK SHOULD
REACH A BANK PREVIOUS TO SUCH A DATE, THE BANK COULD
REFUSE IT, OR IF THE ACCOUNT HAD INSUFFICIENT FUNDS, AN
OVERDRAFT CHARGE COULD BE MADE.
4. NUMBER YOUR CHECK PROPERLY.
USE CHECKS WHICH ARE PRE-PRINTED WITH NUMBERS, OR FILL
IN THE CORRECT NUMBER.
NUMBERING AND RECORDING THE NUMBERS OF CHECKS IS GOOD
RECORD-KEEPING.
5. WRITE YOUR CHECK CAREFULLY
DON'T LEAVE SPACES BETWEEN THE PRINTED DOLLAR SIGN AND THE
AMOUNT OR BETWEEN THE AMOUNT YOU SPELL OUT AND THE WORD
"DOLLARS"--FILL IN SUCH SPACES WITH A LINE IF NECESSARY.
USE THE FORM: "FIVE AND 75/100-----" WHEN YOU SPELL
OUT THE AMOUNT. DO NOT WRITE THE WORD "DOLLARS"--IT'S
PRINTED ON THE CHECK. ONLY USE THE WORD "CENTS" WHEN
THE CHECK IS FOR LESS THAN ONE DOLLAR.
6. IF YOU MAKE AN ERROR, WRITE A NEW CHECK
WRITE "VOID" ON BOTH THE INCORRECT CHECK AND THE CHECKBOOK
REGISTER OR STUB.
NEVER ERASE OR SCRIBBLE OVER AN ERROR ON A CHECK.
7. MATCH YOUR AMOUNTS
IF THERE IS A QUESTION OR DIFFERENCE BETWEEN THE AMOUNTS
WRITTEN ON A CHECK IN NUMERALS AND THE AMOUNT WRITTEN
IN WORDS, THE BANK MAY EITHER REFUSE TO HONOR THE CHECK
OR HONOR THE AMOUNT WRITTEN IN WORDS.
8. NEVER USE ANYONE ELSE'S CHECK
THE SPECIAL MAGNETIC CODE NUMBERS WILL CHARGE THE CHECK
TO THE OWNER OF THE ACCOUNT.
9. NEGOTIATE OR USE A CHECK AS SOON AS POSSIBLE
A BANK MAY QUESTION THE DELAY IN USE OF A CHECK AFTER
90 DAYS.



Exercises

Practice some of the skills necessary for depositing money and writing checks for a personal checking account:

Use the examples in this section and the sample forms on the next two pages to complete the following check writing activities for Happ's account:


- a. Happ opened his checking account on January 4, 1901 with a deposit of \$91.76 from his paper route.
- b. On February 3 he wrote a check to cover his purchases at Stoney's Athletic Klub in the amount of \$14.44.
- c. The next day he deposited the two 10's and one 5 he received for his birthday.
- d. He finally paid Fred Flinkstone the \$10 he owed him on February 13.
- e. Happ really splurged on February 13 when he and Sue Z. Cue dined at the Purple Peanut where Happ's check for \$5.55 was accepted as payment.

(Be sure you have completed all necessary entries in the checkbook register and written the necessary checks properly.)

What is Happ's current balance? \$ _____

Happ Hazzard 66 Somoleon Street Rockledge, Wykota		<table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="width: 5%;">CASH</th> <th style="width: 15%;">\$</th> <th style="width: 10%;"></th> </tr> </thead> <tbody> <tr><td> </td><td> </td><td> </td></tr> <tr><td> </td><td> </td><td> </td></tr> <tr><td> </td><td> </td><td> </td></tr> <tr><td> </td><td> </td><td> </td></tr> <tr> <td>TOTAL FROM OTHER SIDE</td> <td> </td> <td> </td> </tr> <tr> <td>SUB-TOTAL</td> <td> </td> <td> </td> </tr> <tr> <td>LESS CASH</td> <td> </td> <td> </td> </tr> <tr> <td>TOTAL DEPOSIT</td> <td> </td> <td> </td> </tr> </tbody> </table>		CASH	\$														TOTAL FROM OTHER SIDE			SUB-TOTAL			LESS CASH			TOTAL DEPOSIT		
CASH	\$																													
TOTAL FROM OTHER SIDE																														
SUB-TOTAL																														
LESS CASH																														
TOTAL DEPOSIT																														
DATE: _____ 19 ____																														
CASH RECEIVED BY: _____																														
Second Somoleons Xchange Bank Sandston, Wykota																														
1234-5678: 901-2345-67 CHECKING ACCOUNT DEPOSIT TICKET																														

BEST COPY AVAILABLE



19 ^{00.5678}
1234

PAY TO THE ORDER OF _____ \$ _____

_____ DOLLARS

Second Somoleons Xchange Bank
Sandstone, WYkota

⑆ 1234 5678 ⑆ 1234 5678 9 ⑆


CHECK NO. _____ DATE _____ 19 _____ \$ _____	BALANCE FORWARDED		
PAY TO _____	ADD DEPOSITS		
FOR _____	TOTAL		
	DEDUCT CHECKS		
CHECK NO. _____ DATE _____ 19 _____ \$ _____	NEW BALANCE		
PAY TO _____	ADD DEPOSITS		
FOR _____	TOTAL		
	DEDUCT CHECKS		
CHECK NO. _____ DATE _____ 19 _____ \$ _____	NEW BALANCE		
PAY TO _____	ADD DEPOSITS		
FOR _____	TOTAL		
	DEDUCT CHECKS		

Happ Hazzard
66 Somoleon Street
Rockledge, WYkota

DATE: _____ 19 _____

CASH RECEIVED BY: _____


SECOND SOMOLEONS XCHANGE BANK
SANDSTONE, WYKOTA



⑆ 1234 5678 ⑆ 901 2345 67 ⑆
CHECKING ACCOUNT DEPOSIT TICKET

CASH	\$	
C		
H		
E		
C		
K		
S		
TOTAL FROM OTHER SIDE		
SUB-TOTAL		
LESS CASH		
TOTAL DEPOSIT		

150 & 119




_____ 19__ ⁰⁰⁻⁵⁶⁷⁸
1234

PAY TO THE ORDER OF _____ \$ _____

_____ DOLLARS

SECOND SOMOLEONS XCHANGE BANK
SANDSTONE, WYKOTA

⑆ 1234 ⑈ 5678 ⑆ 1234 5678 9⑈



_____ 19__ ⁰⁰⁻⁵⁶⁷⁸
1234

PAY TO THE ORDER OF _____ \$ _____

_____ DOLLARS

SECOND SOMOLEONS XCHANGE BANK
SANDSTONE, WYKOTA

⑆ 1234 ⑈ 5678 ⑆ 1234 5678 9⑈

Check Endorsements

The writing on the back of a check which transfers ownership of the check is called an endorsement.

A check can mean cash, but to cash a check it must have an endorsement.

An endorsement is the signature of the payee written on the reverse side of a check across the "Pay to the order of" end of the check.

L. C. Now

XYZ COMPANY

_____ 19__

_____ ⑆ 1234 ⑈

_____ DOLLARS

Henry Jones

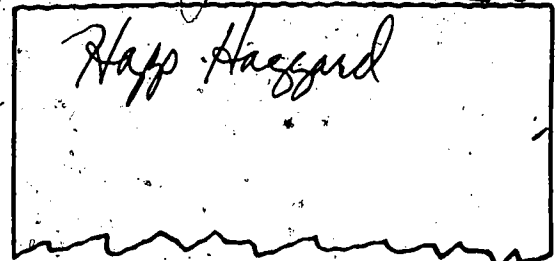




There are three major types of endorsements:

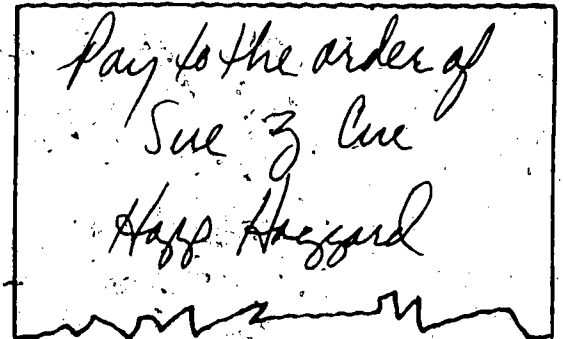
Endorsement in Blank

The signature only appears on the endorsing end of the check. Anyone can cash the check. Therefore, use this type of endorsement at the exact time you cash the check.



Endorsement in Full

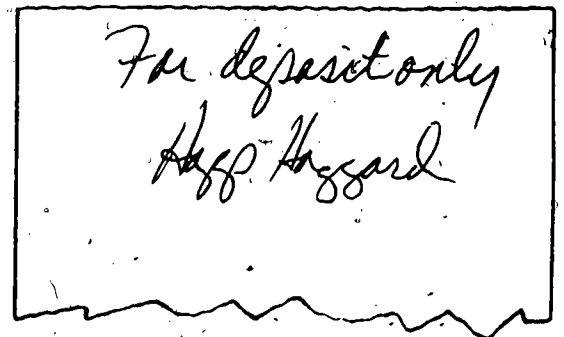
"Pay to the order of" and then the name of the person who is to cash the check is written above the signature of the payee.



Restrictive Endorsement


An endorsement which shows the exact disposition of the check.

Usually "For Deposit Only" written above the signature of the payee for mail or messenger deposit purposes.



1. Do not endorse a check until ready to use it--to cash it, deposit it in the bank, give it to another person, or send it in the mail.
2. Endorse in INK only. Pencil is easier to change.
3. Use your official signature for an endorsement. If there is any error in the spelling of your name on the face of the check, sign your name the way it appears on the face of the check and then sign it correctly.

4. Deposit or cash a check as soon as possible. After 90 days a bank may question the delay.
5. If a check has been made payable to "Cash", anyone can cash it, but the cashier will usually expect the one who cashes it to endorse it.

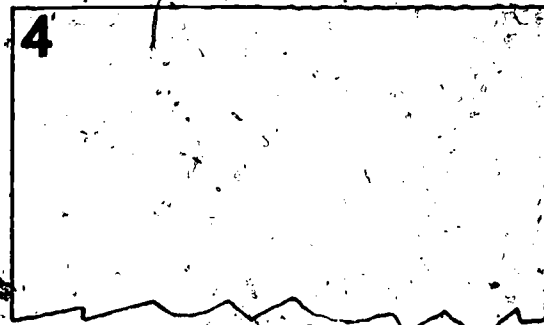
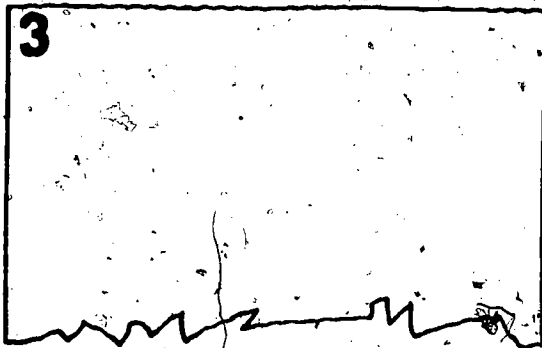
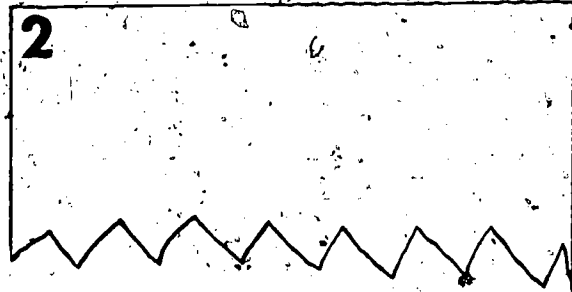
<p style="font-size: 1.2em; font-family: cursive;">I. C. Now</p> 	<p>XYZ COMPANY</p> <p style="text-align: right;">_____ 19 _____</p> <p style="text-align: right;">\$ 71.83</p> <p style="text-align: right;">----- DOLLARS</p> <p style="font-size: 1.2em; font-family: cursive; text-align: center;">Henry James</p>
--	---

This check was made out to *I. C. Now* by *Henry James*.
I. C. Now (the Payee) has endorsed it in order to cash it.
 This is an ENDORSEMENT IN BLANK.



Use the numbered forms on the next page to show the correct endorsement for Happ to use in each of the following situations:

1. Happ wants John Stonehenge to use the check Happ received from another friend.
2. Happ is cashing his pay check at the bank.
3. Happ is depositing his paycheck to his checking account at the bank.
4. Happ is depositing his paycheck by using a "Bank by Mail" envelope.
5. Happ is cashing his paycheck at the supermarket.



TRUE FALSE

A restrictive endorsement allows anyone to cash a check.

Blank endorsements are the safest endorsements to use.

An endorsement in blank is the safest to use when depositing a check by mail.

Cashing Checks

The four keys to check cashing are **IDENTITY, FEES, PROMPTNESS, ACCEPTABILITY.**

The key word in cashing a check is *IDENTITY*. In transactions in your own bank, your signature is your identity. When cashing checks in other situations such as when you wish to use a check to make a purchase or when you wish to actually cash a check (receive cash for your check), proof of your identity is necessary. Such items as a driver's license, registered identification card, or credit cards are most often requested. In some stores such as supermarkets a check-cashing card is required.



Check cashing is usually *NOT* free except in a bank in which one has an account. Fees charged are minimal, however--usually beginning at 10¢.

Checks should be cashed promptly. After a period of 90 days a bank may question the validity of a check or not accept the check.

Using and cashing checks in areas where you are not known may be difficult.

Second-party checks (those made out to one person and endorsed to a second party) are usually *NOT* acceptable. For use in special situations there are special checks available such as those discussed in the "Special Checks" section of this PAL.

Stopping Payment

There are some situations in which it is necessary to "stop" a check from going to its destination.

The term used for this procedure is *STOPPING PAYMENT* or issuing a *STOP PAYMENT ORDER*.

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The situation may be one in which the person writing the check, has decided against a purchase or payment, or perhaps a check has been lost or stolen.

The bank must be notified to refuse to pay the check. This notice MUST be received in *WRITING*, but you may phone to notify the bank first.

The written stop payment request should include:

DATE the check was written

AMOUNT for which the check was written

PAYEE'S NAME

CHECK NUMBER



PAYMENT



Most banks make a charge for this service. In these situations as in other special situations a bank representative is available to give advice and assistance.

Indicate whether the following statements are True or False:

T	F
_____	_____
_____	_____
_____	_____
_____	_____
_____	_____

1. Checks are acceptable as cash anywhere.
2. Fees are not usually charged for cashing checks.
3. A check more than three months old may not be accepted for payment by a bank.
4. The stop payment procedure may be completed by phone.
5. Losing a check or checkbook may be the reason for stopping payment on a check.



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USING A CHECKING ACCOUNT

Try this vocabulary review:

Read the statement in Column II. In the Answer Column, print the letter of the corresponding term found in Column I.

Column I

- A. Bank
- B. Bank statement
- C. Cancelled check
- D. Cashier's check
- E. Checkbook
- F. Check
- G. Checking account
- H. Check register
- I. Co-signature account
- J. Deposit
- K. Deposit ticket
- L. Drawer
- M. Endorsement
- N. Joint account
- O. Outstanding check
- P. Payee
- Q. Post-dated
- R. Service charge
- S. Stop payment

Column II

1. An order from a depositor instructing the bank to pay out money. _____
2. Money which is placed in a bank account _____
3. Book containing unused checks _____
4. The depositor's permanent record of personal transactions _____
5. Person to whom a check is written _____
6. Dated later than the date of issuance _____
7. A bank report showing the condition of the checking account _____
8. A check which has been paid by the bank _____
9. A signature placed on the back of a check _____
10. A charge made by the bank for checking account privileges _____
11. Instructions to the bank to refuse payment of a check _____
12. An account on which two (or more) persons write checks. _____

Each statement or example below contains an error for USING YOUR CHECKING ACCOUNT. Find the error and show how to correct it.

13. Record the proper information in the checkbook register or check stub after writing each check. _____

14. Write each check legibly, using either ink or pencil. _____

15. A check written for \$17.89 would be spelled out in words:
"Seventeen dollars and 89 cents"

16. A check made out to Sue Z. Cue can be endorsed "Sue Z. Cue" and mailed to her bank for deposit to her account because no one else can cash that check.

17. Happ took his paycheck to the bank on payday and endorsed it, "Pay to the order of Second Somoleons Xchange Bank -- Happ Hazzard".

18. Pre-printed checks provide the necessary identity for cashing personal checks anywhere in the United States.

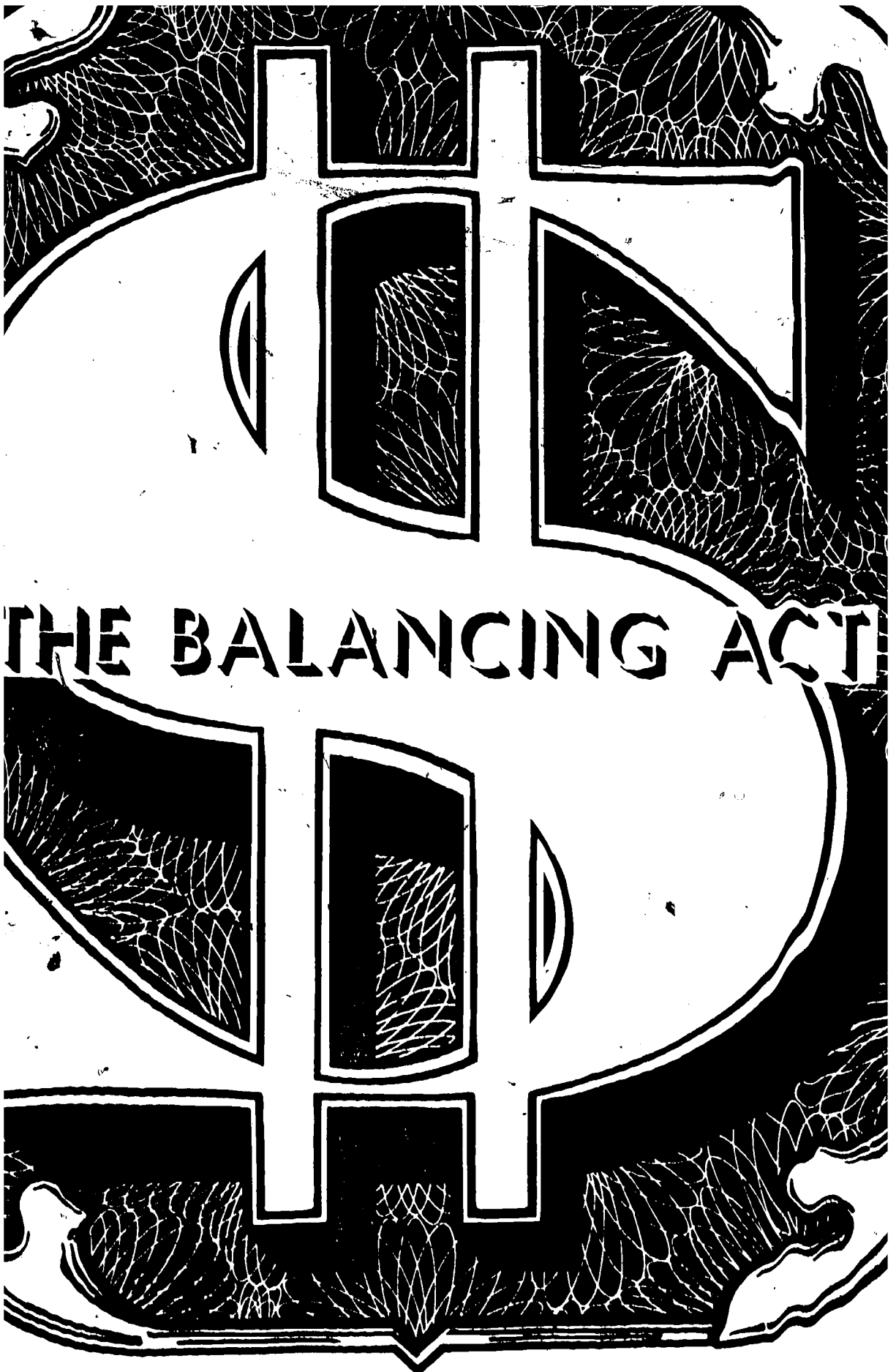
19. The procedure for stopping payment on a check is as simple as a phone call to the bank. _____

20. Checks written for a joint account must be signed by both persons who opened the account. _____

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THE BALANCING ACT



passwords...

THE BALANCING ACT

BANK STATEMENT

A statement of the bank's record of transactions in an account

OUTSTANDING CHECK

A check that has been written, but not cashed and cleared

**RECONCILE/
BALANCE**

Method of adjusting personal records and bank statement figures

SERVICE CHARGE

Fee charged by a bank for maintaining a checking account

Ready to Move On ?

Do You Know the Passwords ?

129133

BALANCING



YOUR ACCOUNT

BANK STATEMENTS are sent to checking account customers on a regular basis (usually every month). Cancelled checks are returned and a detailed Bank Statement will show the following information:

1. BALANCE at beginning of the statement period
2. CHECKS paid by the bank
3. DEPOSITS made
4. DATES on which the bank cleared checks, if paid
5. BALANCE after each transaction
6. BALANCE at the cut-off date

Locate each of these items on the sample BANK STATEMENT below:

Checking Account Statement						ACCT 190-12568
SECOND SOMOLEONS XCHANGE BANK SANDSTON, WYKOTA						DATE 10/1/--
Happ Hazzard 66 Somoleon Street Rockledge, Wykota						PAGE 1
BALANCE FORWARD	NO OF CHECKS	TOTAL CHECK AMOUNT	NO OF DEP	TOTAL DEPOSIT AMOUNT	SERVICE CHARGE	BALANCE THIS STATEMENT
1 0100	4	5323	1	21000	50	6 15627
CHECKS AND OTHER DEBITS			DEPOSITS AND OTHER CREDITS	DATE	BALANCE	
			3	210.00	9/05	210.00
01	12.00				9/12	198.00
02	11.98	2			9/14	186.02
03	25.00			4	9/15	5 161.02
04	4.25				9/22	156.77
	50SC				9/30	156.27
PLEASE EXAMINE AT ONCE IF NO ERRORS ARE REPORTED WITHIN 10 DAYS, THE ACCOUNT WILL BE CONSIDERED CORRECT PLEASE ADVISE US IN WRITING OF ANY CHANGES IN YOUR ADDRESS						KEY TO SYMBOLS AD AUTOMATIC DEPOSIT AP AUTOMATIC PAYMENT AR AUTOMATIC REVERSAL CB CHARGE BACK CC CERTIFIED CHECK CM CREDIT MEMO CO CHARGE OFF DM DEBIT MEMO EC ERROR CORRECTED OD OVERDRAWN RC RETURN CHECK CHG RT RETURN ITEM SC SERVICE CHARGE



BEST COPY AVAILABLE

Checking Account Statement

SECOND SOMOLEONS XCHANGE BANK
SANDSTON, WYKOTA

Happ Hazzard
66 Somoleon Street
Rockledge, Wiykora

ACCT 190-12566
DATE 10/1/--
PAGE 1

BALANCE FORWARD	NO OF CHECKS	TOTAL CHECK AMOUNT	NO OF DEP	TOTAL DEPOSIT AMOUNT	SERVICE CHARGE	BALANCE THIS STATEMENT
1 01.00	4	53.23	1	210.00	.50	6 156.27

CHECKS AND OTHER DEBITS	DEPOSITS AND OTHER CREDITS	DATE	BALANCE
	3	210.00	9/05 210.00
01 12.00			9/12 198.00
02 11.98	2		9/14 186.02
03 25.00			9/15 161.02
04 4.25	4		9/22 156.77
.50SC			9/30 156.27

PLEASE EXAMINE AT ONCE.
A NO ERRORS ARE REPORTED WITHIN 10 DAYS THE ACCOUNT WILL BE CONSIDERED CORRECT.
PLEASE ADVISE US IN WRITING OF ANY CHANGE IN YOUR ADDRESS.

KEY TO SYMBOLS

AO AUTOMATIC DEPOSIT	CM CREDIT MEMO
AP AUTOMATIC PAYMENT	CO ERROR CORRECTED
AR AUTOMATIC REVERSAL	CS OVERDRAWN
CB CHARGE BACK	CR RETURN CHECK CHD
CC CERTIFIED CHECK	CA RETURN ITEM
CM CREDIT MEMO	ES SERVICE CHARGE
CO CHARGE OFF	



Study Happ's statement and supply the following figures:

1. Happ's balance at the beginning of the month _____
2. Happ's total deposits for the month _____
3. The amount of the largest check Happ wrote _____
The amount of the smallest check Happ wrote _____
4. The date Happ made his deposit _____
5. The balance in Happ's account on the first _____
6. The service charge _____
7. Happ's account number _____
8. The day of the month the bank used as its cut-off date _____
9. The number of checks Happ had cleared by the bank during the month _____
10. The smallest amount Happ had in his account during the month _____

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BEST COPY AVAILABLE

Most Bank Statements provide a form on the back for "balancing" or "reconciling your checking account." At the end of this procedure, personal records and the bank's records should agree. A sample form appears below.

The following steps are useful in balancing a bank statement:

- Sort all cancelled checks
Arrange checks by number
Check them off in checkbook register

_____ 19__

(2) CHECKS OUTSTANDING
(Written but not shown on statement)

Check Number	Amount	
Total	(3)	

THIS FORM WILL HELP YOU BALANCE YOUR BANK STATEMENT

(4) BANK BALANCE \longrightarrow \$ _____
(Shown on this statement)

(5) ADD +

DEPOSITS MADE \longrightarrow \$ _____
(But not shown on this statement)

TOTAL \longrightarrow \$ _____

(6) SUBTRACT -

CHECKS OUTSTANDING \longrightarrow \$ _____

(7) BALANCE \longrightarrow \$ _____
(Should agree with checkbook after subtracting any charges shown on this statement)

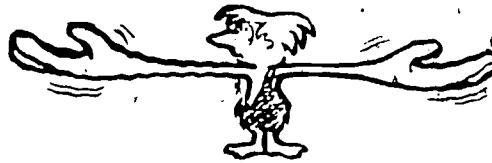
- List all outstanding checks (those that have not been returned to the bank for payment)
- Add all outstanding checks to obtain a total
- Write the bank balance as shown on the bank statement
- Add all deposits made but not shown on the bank statement
- Subtract the total of the outstanding checks from the "Balance + Deposits" total
- Balance should agree with checkbook records after all charges have been deducted



Happ received his monthly statement from the Second Somoleons Exchange Bank which showed a balance of \$309.58. His checkbook balance was only \$40.50.

Happ arranged his cancelled checks by number and checked them off in his check register, then noted the following facts:

The bank service charge was \$2.50.
 He had made a \$35.75 deposit that was not shown on his statement.
 A \$200 automatic deposit had not been recorded in his check register although it appeared on his statement.
 Checks #146 for \$10, #150 for \$3.33, and #152 for \$94 were outstanding.



Balance Happ's account by using the form below:

_____ 19

CHECKS OUTSTANDING
(Written but not shown on statement)

Check Number	Amount	
Total		

**THIS FORM WILL HELP
YOU BALANCE YOUR
BANK STATEMENT**

BANK BALANCE \longrightarrow \$ _____
(Shown on this statement)

ADD +

* **DEPOSITS MADE** \longrightarrow \$ _____
(But not shown on this statement)

TOTAL \longrightarrow \$ _____

SUBTRACT

CHECKS OUTSTANDING \longrightarrow \$ _____

BALANCE \longrightarrow \$ _____

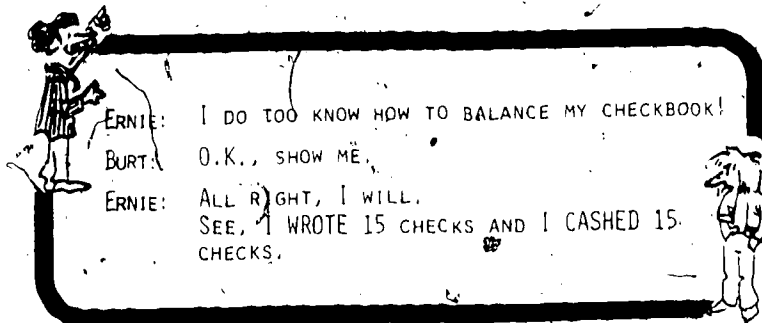
*(Should agree with checkbook
after subtracting any charges
shown on this statement)*

Sometimes there is still a difference. The bank's figures and yours don't agree. But don't panic. Here's what to do:

1. CHECK all your arithmetic in balancing the account
2. RECHECK all entries in the check register and on the bank statement to make sure they agree
3. VERIFY the carryover balance from page to page in the checkbook register
4. BE SURE all service charges have been deducted
5. IF your accounts *STILL* don't balance, contact your bank. Most banks consider their records correct if not contacted within 10 days. Most banks offer help in straightening out your difficulties willingly and without charge.

BANKERS INFORM US THAT ONE ALL-TOO-COMMON ERROR CONSUMERS HAVE IN MAINTAINING THEIR CHECKING ACCOUNT IS THE MISTAKEN IDEA THAT WHEN THEY CALL THE BANK FOR A CURRENT BALANCE THAT THE AMOUNT WHICH IS QUOTED IS THE CORRECT BALANCE.

THE CONSUMER MUST REMEMBER, HOWEVER, THAT THE BANK HAS NO WAY OF DETERMINING WHICH CHECKS REMAIN OUTSTANDING.





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THE BALANCING ACT

Use the correct term to complete each of the following statements:

1. Checks paid by the bank from your account and returned to you are called _____ checks.
2. Checks you have written but that do not show as paid on your bank statement are called _____ checks.
3. The total of outstanding checks should be _____ from the balance shown on the _____.
4. Service charges should be _____ from the balance shown in your _____.
5. Complete the following:

Balance in Checkbook	\$323.05
Service Charges	2.25
Adjusted (correct Checkbook Balance	\$ _____

Balance per Bank Statement \$389.54

Checks Outstanding:

# 8	\$10.85
# 9	15.04
#12	25.00
15	17.85

Total Checks Outstanding \$ _____

Available Bank Balance \$ _____

6. True or False: A cancelled check is more valuable as a receipt than a check stub _____

7. Write the correct word on the blank following each statement:

A check which has been paid by the bank and returned to the person who wrote it is called a _____

A charge made by the bank for checking account privileges is called a _____

8. Circle the term in each statement to make the statement true:

A service charge should be (added to, subtracted from) the checkbook balance when balancing your checkbook.

Outstanding checks should be (added to, subtracted from) the bank statement balance when balancing your checkbook or reconciling your account.

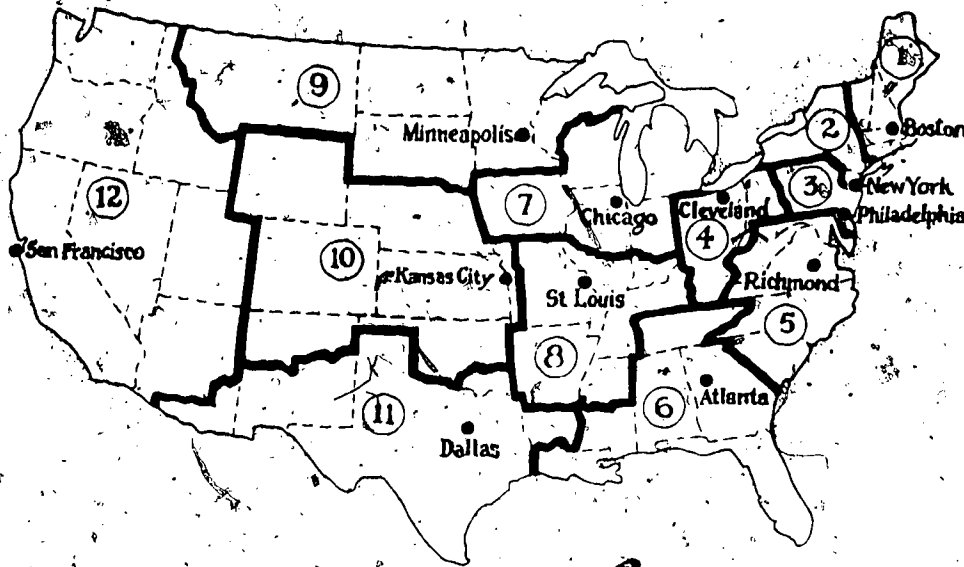
A deposit recorded in your checkbook but not appearing on your bank statement should be added to the balance in your (checkbook, bank statement).

9. On March 1 the checkbook balance of the E. Z. Buck Corporation was \$1862. What was the balance in the corporation's account if there was an outstanding check in the amount of \$75?

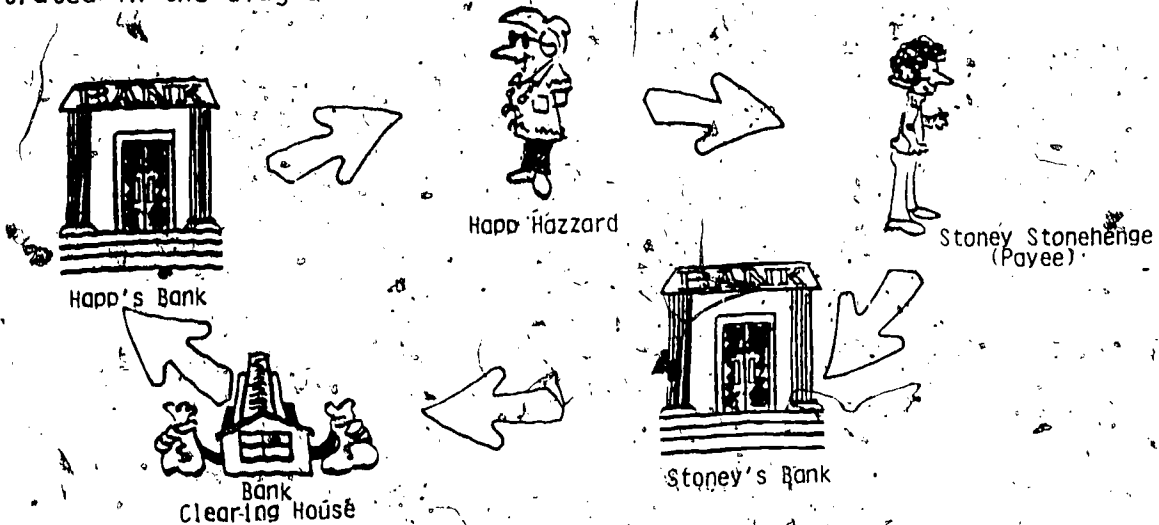
10. On April 1 Ms. Happ received her bank statement which reported a balance of \$9203.45. The following checks were outstanding: #321, \$84; #340, \$93.17; #346, \$86.50; #360, \$119.27; #375, \$165. She also discovered that she had entered a check written in the amount of \$63.65 as \$36.65 on her check stub. The bank had charged a \$1.15 service charge which she had not entered in her checkbook. Reconcile her checkbook balance of \$8683.66 with the bank statement balance. _____

Knowing where your money comes from and where it goes is also interesting. You can look at your paper money and tell where it began its circulation. You can also learn what happens to your check from the time you write it until you have it returned with your bank statement.

The Federal Reserve System, headquartered in Washington, D.C., is made up of 12 Federal Reserve District banks which put paper money in the hands of the public. The map below illustrates the areas covered by each district. In addition, Hawaii and Alaska are part of the twelfth district, headquartered in San Francisco. Look at a dollar bill if you have one. The letter in the seal to the left of George Washington's picture will be the letter of the Federal Reserve Bank which issued it. The letter "L" indicates district 12 because it is the twelfth letter of the alphabet. The number 12 will also appear on the bill. Likewise, the letter "A" and the number "1" indicate the first district, headquartered in Boston. Examine the paper money in your class and the map. Determine which district issued the money and also in which district you live.



The circulation of the check Happ made out to his friend, Stoney Stonehenge, is illustrated in the diagram below:





IS A

SAVINGS ACCOUNT

FOR ME



passwords

IS A SAVINGS ACCOUNT FOR ME?

ANNUAL

Once a year

BOOKKEEPING

Method used to compute and credit interest to a savings account

COLLATERAL

Something of value pledged as security for a loan

COMMERCIAL BANK

Financial institution which offers checking and savings accounts and which is owned by stockholders

COMMITMENT

Ability to "stick to" a savings plan

COMPOUND INTEREST

Interest which is computed on both the principal and the interest in a savings account

CONVENIENCE

Availability of banking services

CREDIT RATING

An evaluation of one's willingness and ability to pay debts, based on his past performance

CREDIT REFERENCE

A source for determining credit worthiness

CREDIT UNION

A financial cooperative in which members with a common bond (employer, church, housing development, etc.) join together to save money and make loans to members

EARNINGS

Interest

FDIC

*Federal Deposit Insurance Corporation
Insurer of deposits in commercial banks*

FSLIC

Federal Savings and Loan Insurance Corporation
Insurer of deposits in savings and loan
institutions

GOALS

Reasons or purposes for saving
"Things" to buy with savings dollars

INTEREST

Money made or earned on money which is in
savings accounts or bonds

LIQUIDITY

The ease with which money can be withdrawn
from a savings account

MONTHLY

Once a month

NCUA

National Credit Union Administration
Insurer of deposits in credit union

QUARTERLY

Once every three months

SAVINGS ABILITY

Amount which one can save based on income
and needs

SAVINGS ACCOUNT

An account in which money is deposited
and on which interest is paid

SAVINGS & LOAN

Financial institution which pays interest on
money deposited in savings accounts and makes
real estate loans

SEMI-ANNUALLY

Once every six months

WHY SAVE?

Saving is putting away money from today's income for use some time in the future, for those things in life which require money.

Without large incomes, most people need to save in order to buy many of the things they want.



How many people do you know?

There are probably at least that many reasons you could list for saving.

Reasons change with changes in age and responsibilities of the saver.

Think of the different "things" desired by the teenager, the newlywed, the new parent, the parent of college-age children, the person about to retire.

Some of the most common reasons for saving are:

Emergencies, Unemployment.

(Experts suggest an Emergency Fund of 3-6 mo. salary)

Travel and Recreation

Education

Home ownership

Retirement

Purchases for cash instead of credit

(Resistance to the "Buy now, Pay later" & "Can't Wait" temptations)



Two extra bonuses of saving are knowing that your money is working for you (earning interest), and that a savings account is a positive factor in your credit rating. But, unfortunately in times of high inflation, your money is losing its value--like beaver pelt "money" spoiling.

Those who save by estimating both their short- and long-range goals are always the ones who seem to "get ahead" most rapidly.





Exercises

One important use of savings is to purchase appliances. Try the following situation to learn how a savings plan can save your credit dollars.

MR. & MRS. WISEACRE PLAN TO BUY A DRYER AS THEIR NEXT LARGE PURCHASE. THE DRYER HAS A CASH PRICE OF \$260. THEY HAVE THREE CHOICES.



- Buy the dryer on the installment plan, paying \$20 a month for 15 months.

Total installment payments	\$	_____
Less cash price of the dryer		_____
Equals credit cost	\$	_____

- Put \$20 a month into a savings account for six months, then make a down payment of \$120 and pay the remainder on the installment plan at \$20 a month for eight months.

Total installment payments	\$	_____
Less balance due on dryer		_____
Equals credit cost	\$	_____

How many dollars would the Wiseacres save if they made a downpayment of \$120 compared with making no down payment?

\$ _____

- Put \$20 a month into a savings account for 13 months and pay cash for the dryer.

Savings for 13 months \$ _____	Less cash price of the dryer	Cash payment	\$	_____
	Equals credit cost		\$	_____

How many dollars would they save if they accumulated \$260 and paid cash compared to making no down payment (example 1)?

\$ _____

REMEMBER THAT SAVINGS DOLLARS NOT ONLY SAVE ON CREDIT COSTS BUT EARN INTEREST AS WELL.

SAVING & U

YOU are the key to YOUR savings program.

YOU must make the decisions.

YOU are the only person who knows your needs.

YOU are the only person who knows your personal goals and objectives YOU have for your immediate and distant future.

YOU are the only person who knows what YOUR own savings ability is.

YOU are the only person who can evaluate your commitment to a savings plan.



According to *POOR RICHARD'S ALMANAC*: A penny saved is a penny earned.
Today that same idea might be stated: A penny saved is worth more than one earned.

Make your money work for you. Save your money where it will earn interest. The most important advice about saving might be:



Saving begins with *GOALS* (things to save for) and a *SYSTEMATIC* (regular) *SAVINGS PLAN*.

Although the reasons for saving are as different as the hopes, dreams, and needs of the saver, you can base your savings plan on a suggested 5% - 15% of your income.

Assure yourself of regular savings by "paying yourself first" -- through some method such as a payroll deduction or automatic checking if necessary.

Remember: PEOPLE WITH SAVINGS ACCOUNTS BORROW MONEY MORE EASILY THAN THOSE WITHOUT SAVINGS ACCOUNTS.
A SAVINGS ACCOUNT MAY BE USED AS COLLATERAL FOR A LOAN AND IS A POSITIVE CREDIT RATING FACTOR.



MONEY TALKS AS MUCH AS EVER,
BUT WHAT IT SAYS NOWADAYS MAKES LESS CENTS.

CHOOSING A PLACE TO PUT YOUR MONEY

Once you are convinced that saving is a worthwhile practice for you, the next step is to decide where to keep your savings. There is a wide choice of possibilities--from your sock, piggybank or mattress, to various types of savings accounts and investments.

Your four basic concerns in choosing the best place for YOU to put YOUR savings are:

SAFETY: *Is my money safe?*
CONVENIENCE: *Will it be easy for me to make transactions?*
LIQUIDITY: *Can I get my money out when I want to?*
EARNINGS: *How much will my money earn?*

SAFETY

Keeping your money at home in the piggybank or sugar bowl may be the most convenient place for you to keep your savings, but there are two problems. First, your money is not earning interest for you. Second, it is not safe. (Besides, if it's *too* convenient, it might be too easy to spend.) Your choice of a place to keep your money should be based on your need for high earnings and safety for your savings dollars. Check to see which agency is insuring your dollars, and for what amount:

The FDIC (Federal Deposit Insurance Corporation) insures money in BANK savings accounts to a total of \$40,000 per depositor. (This total, however, includes *all* funds in that bank under one name, whatever the type of account).

The FSLIC (Federal Savings & Loan Insurance Corporation) insures funds in SAVINGS & LOAN institutions up to \$40,000 per depositor.

The NCUA (National Credit Union Administration) insures funds deposited in member credit unions.



Look for the FDIC, FSLIC or NCUA emblems at the savings institutions you are considering as a "home" for your savings.

An additional area of safety is assured the bank savings depositor because of his status as creditor. The bank owes him the amount he has on deposit plus interest. The depositor also has prior claim on the bank's assets in the event of bank failure.

CONVENIENCE

Perhaps the least important of the four basic concerns in choosing the place to keep your savings is convenience. This is the most popular reason, however. This factor depends on how frequently you intend to make deposits and withdrawals. Check the hours the bank or other financial institution is open, and whether mail deposits are accepted.

LIQUIDITY

The place you choose to put your savings dollars should also depend on your plans for your money--how quickly you need the money for spending.

There are many different ways of saving money--each with its own special characteristics. Your choice should be based on what you want to achieve with your savings and when you plan to use your money--this year, next year, or 20 or more years from now.

EARNINGS

Certainly the most important consideration is how much you can earn with your savings. It is important to compare interest rates, but the wise consumer knows that rate quotes alone do not tell the whole story.

Interest is money made on money which is in savings accounts or bonds. Maximum interest rates are fixed by law. Interest cannot be paid higher than these rates, but less interest can be paid the saver.

Mutual savings banks (usually found only in northern states) and savings and loan institutions are allowed to pay higher interest than commercial banks.

THE TWO KEYS TO ACTUAL EARNINGS ON SAVINGS DOLLARS ARE HOW OFTEN THE INTEREST IS CREDITED AND THE METHOD OF BOOKKEEPING USED.



Compound interest is "interest paid on interest." Interest is paid on the principal and becomes a part of the principal, with total interest paid on that increased principal.

Compound interest may be compared to a snowball-- by the time it reaches the bottom of a long hill, it's an avalanche.

The frequency of compounding is the key--it may be annually, semi-annually, quarterly, monthly, daily or continuous. The table illustrates a comparison for monthly deposits of \$100 with an interest rate of only 5%.

Compounding Frequency	Account balance at the end of:		
	1 year	5 years	10 years
Annual	\$1,227.50	\$6,782.71	\$15,439.36
Semi-Annual	1,227.66	6,792.05	15,486.45
Quarterly	1,227.78	6,797.10	15,511.23
Monthly	1,227.89	6,800.61	15,528.23
Daily	1,227.94	6,802.36	15,536.61
Continuous	1,227.94	6,802.42	15,536.90

The most difficult feature to discover is the method of bookkeeping used. The saver must ask specifically for this information. Even then, he often discovers that bank personnel themselves cannot describe the method used. Methods are confusing and may be one of four basic types:

LOW BALANCE
OR
HIGHEST CONTINUOUS
BALANCE

You receive interest only on the money in your account for the entire interest period. On a new account you are paid interest on your initial deposit only.

LIFO

Last-in-first-out method

FIFO

First-in-first-out method

DAY-OF-DEPOSIT-
DAY-OF-WITHDRAWAL

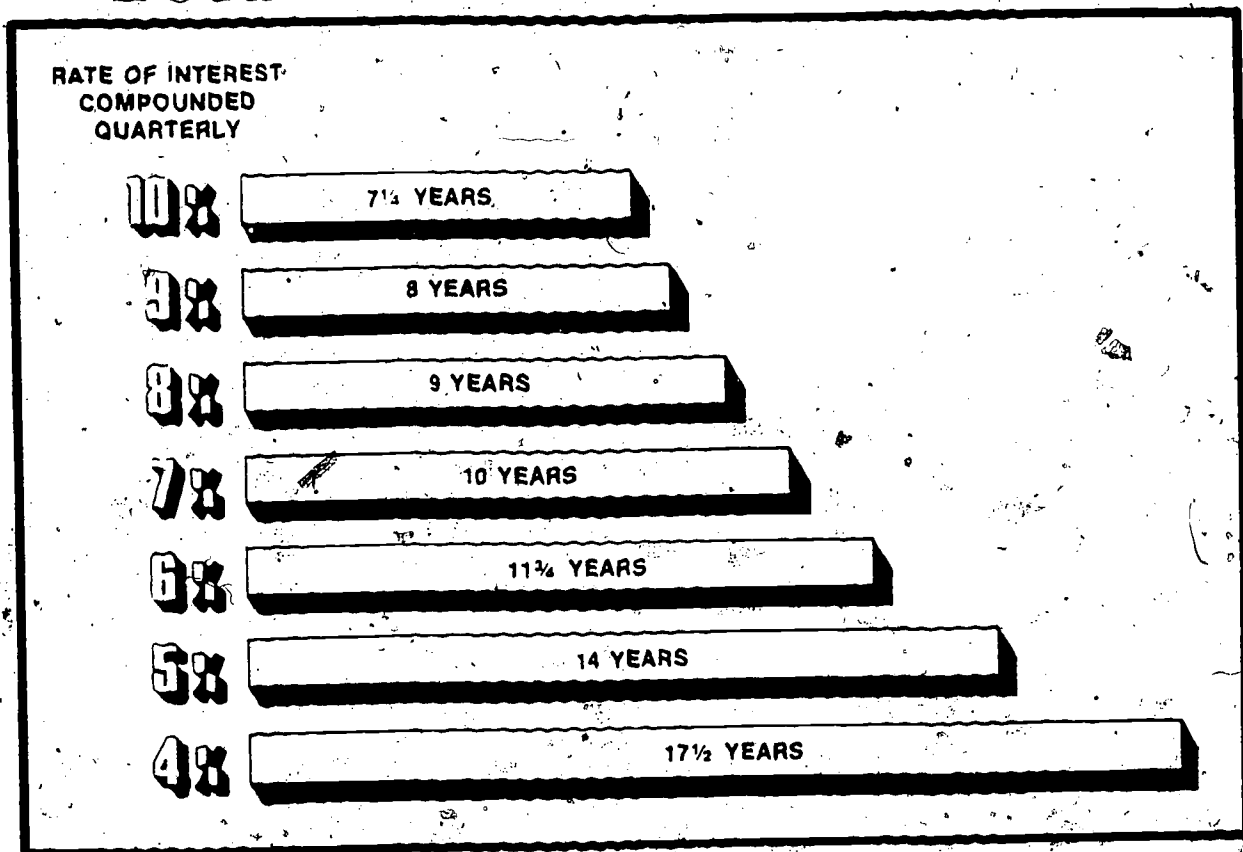
Interest is computed daily on total funds in the account.

Remember, also, that interest rates are always quoted as ANNUAL rates.

If your interest is compounded quarterly, the actual rate of interest paid each quarter is $\frac{1}{4}$ of the annual interest.

It is possible to double your savings dollars in a specific period of time as illustrated below.

DOUBLE YOUR SAVINGS DOLLAR



Note that the interest is compounded quarterly and that the greater the amount of interest paid, the less time it would take to double your money. \$100 would become \$200 in 14 years at 5%, but would take only 7 1/4 years at 10%.

Interest depends on:

1. The rate of interest
2. How often interest is credited

O.K.; the saver has determined the relative importance of SAFETY, CONVENIENCE, LIQUIDITY, and EARNINGS to him personally, but what about *WHERE* to put his savings?

There are three basic types of savings institutions-- *COMMERCIAL BANKS*, *SAVINGS AND LOAN ASSOCIATIONS*, and *CREDIT UNIONS*. Each has its own qualifications, conditions, and advantages:

COMMERCIAL BANK

- Convenient (Full-service banks serve all banking needs)
- Reasonable interest
- Systematic savings plans such as automatic savings deducted from checking accounts
- Service charges may be made for maintaining account (savings & loan institutions do not make these charges)
- Bank owned and operated by stockholders
- Mutual savings banks are owned by depositors

SAVINGS & LOAN

- Depositors share in profits
- Interest rates are higher than commercial banks
- No service charges



CREDIT UNION

- Limited membership--group of people who agree to save their money together and make loans to each other at low interest
- State or federally chartered non-profit corporations
- Savings are called "shares"
- Semi-annual or quarterly dividends on membership shares
- Dividends (interest) related to past earnings and usually between 5% and 7%
- Offer other special services such as financial counseling, travel and purchase discounts, home and real estate loans, life insurance packages

Evaluate the savings institutions in your community according to your needs. A table like the one below might be useful:

	Earnings are Called		Current Rate on Passbook Savings	How Many Times Per Year Interest or Dividends Paid	Dollars Earned in One Year on \$100
	Interest	Dividends			
Savings and Loan Association	_____	_____	_____	_____	_____
Full Service Bank	_____	_____	_____	_____	_____
Credit Union	_____	_____	_____	_____	_____



Exercises

1. "EVEN IF ONE SAVES MONEY, WHY NOT JUST SAVE IT AT HOME IN THE MATTRESS OR IN A LITTLE TIN BOX BURIED IN THE BACK YARD?"



How would you answer this question?

Discuss the question with a banker or savings and loan association officer in your community.

2. "IF I PUT MY MONEY IN A BANKING INSTITUTION, WHAT HAPPENS TO IT? HOW CAN MY MONEY BE SAFE IF THEY LEND IT TO OTHER PEOPLE TO USE? THEY COULD GO BROKE!"

How would you answer this question?

Discuss the question with a banker or credit union officer in your community.



3. "LOOK, BANKS AND CREDIT UNIONS ARE BUSINESSES, AREN'T THEY? THEY PROVIDE SERVICES AND MAKE A PROFIT. COULDN'T I MAKE MORE MONEY LENDING MY MONEY DIRECTLY TO PEOPLE WHO WANT TO BORROW SOME MONEY?"



How would you answer this question?

Discuss the question with a banker or credit union official in your community.

Many savers choose banks for their savings because:

- Their money is safe
- Deposits are easy to make
- Small deposits are accepted
- Their money earns interest for them

In choosing *WHICH* bank, it is important to investigate:

- Whether all services you require are available at lower cost
- The bank's financial stability
- The bank's reputation
- If there are competent and friendly personnel
- Bank references and financial advice

It is also often recommended that persons place as much business as possible with one bank. In so doing a relationship is built with one bank--a positive factor in times when credit references are needed.

Types of Savings Accounts



Savings accounts in commercial banks are of three major types:

Passbook Savings

Special Accounts

Certificates of Deposit

Guidelines for selecting the proper account for you suggest that you choose an account offering:

- A high interest rate
- No penalties for withdrawals
- Interest calculated from day-of-deposit to day-of-withdrawal
- Quarterly or more frequent compounding of interest
- Quarterly or more frequent crediting of interest

Use these guidelines to evaluate the three major types of savings accounts to meet *YOUR* needs.

It is also suggested that savings dollars be divided among different types of accounts whenever possible.

Passbook Savings

- A regular passbook savings account usually permits deposits and withdrawals at any time
- Interest is not usually paid on amounts withdrawn during a dividend period, depending on method of computing interest
- Rules and restrictions are usually listed on passbook cover
- Because there are few rules, this account usually pays the lowest interest of all bank savings plans

Special Accounts

- Various names for accounts which:
 - Require a large initial deposit
 - Impose restrictions on time of withdrawal
- Deposits subsequent to the initial deposit may be of any amount, at any time
- 30-90 days notice usually required for withdrawal
- All restrictions stated when account is opened

Certificates of Deposit

- Also called Savings Certificates
- Usually pay highest interest offered by bank
- May be purchased in amounts as low as \$25 in some banks
- face value plus interest
- "Time Deposits"--usually 90 days--may extend as long as 10 years
- Frequently renewable



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IS A SAVINGS ACCOUNT FOR ME?

Show whether the following statements are true or false:

T F

- 1. Saving money is always easy.
- 2. A good savings plan is based on short- and long-term goals.
- 3. It is important to know how often banks pay interest.
- 4. Government regulations require that all financial institutions offer the same interest rates on savings deposits.
- 5. Credit union accounts are not insured.

Complete the following statements:

- 6. Reasons or purposes for saving are called _____
- 7. A saver earns the most on his account when his interest is compounded and credited _____
- 8. Your savings account can be used as _____ when borrowing from your bank.
- 9. Your ability to "stick to" savings plans is called _____
- 10. The amount of interest earned on a savings account depends on two factors: _____ and _____



USING A
SAVINGS ACCOUNT



passwords...

USING A SAVINGS ACCOUNT

DEPOSIT TICKET

Bank form used for depositing money in a savings account

PASSBOOK

A book issued to a savings account customer for keeping a personal record of all deposits, interest and withdrawals

SIGNATURE CARD

Bank card used to establish identity and signature recognition for a bank savings account

WITHDRAWAL TICKET

Bank form used to withdraw money from a savings account

Ready to Move On ?

Do You Know the Passwords ?

X 153 193



DOLLAR\$

ACCOUNT

RESPONSIBILITIES

The first steps in opening a bank savings account are the same first steps for opening a personal checking account.

The maintenance is much easier, however. It is all handled by the bank.

Opening a PASSBOOK SAVINGS ACCOUNT is as simple as signing a few cards, making a deposit, receiving a passbook, and just sitting back to watch your money grow.

SAVINGS ACCOUNT □ - □□□□ - □

SIGN HERE

SIGN HERE

ADDRESS ZIP

DATE OPENED DATE RECEIVED PHONE NO

BUSINESS OR OCCUPATION

REFERENCE OR INTRODUCED BY T

OTHER BANK ACCTS FIRST DEPOSIT

FORMER RESIDENCE OPENED BY

SOCIAL SECURITY NUMBER □□□□ - □□□□

CHECK NAME TO WHICH
SS NO APPLIES

SIGNATURE CARD

x 154 194

BEST COPY AVAILABLE

The additional forms used by the Savings Account consumer are those like the samples below:

SAVINGS DEPOSIT

Fun Bank

NAME _____

ACCT NO. _____

DATE _____ 19 _____

THIS RECEIPT NOT VALID WITHOUT BANK'S VALIDATION STAMP.

CURRENCY		
CHECKS		
TOTAL	\$	

ALL ITEMS ARE CREDITED AND HANDLED SUBJECT TO PROVISIONS OF SIGNATURE CARD CONTRACT AND RULES AND REGULATIONS RELATING TO SAVINGS ACCOUNTS

DEPOSIT TICKET



Regular Savings Account

PASSBOOK

DATE	WITHDRAWALS	DEPOSITS OR INTEREST	BALANCE

PLEASE USE YOUR ACCOUNT NUMBER ON ALL DEPOSITS AND WITHDRAWALS

155
195


SIT BACK

AND



WATCH YOUR MONEY GROW!

That's all there is to maintaining a savings account !!

SAVINGS WITHDRAWAL		DATE _____		
	NAME _____		AMOUNT	
	ACCT NO _____	SIGN HERE _____	DOLLARS	CENTS
	NON-NEGOTIABLE - PAYABLE TO NAMED DEPOSITOR ONLY. NOT VALID WITHOUT BANK'S VALIDATION STAMP.			WITHDRAWALS SUBJECT TO RULES AND REGULATIONS RELATING TO SAVINGS ACCOUNTS

WITHDRAWAL TICKET

SAVINGS ACCOUNT RESPONSIBILITIES ARE FEW FOR THE SAVER -- HE DEPOSITS THE MONEY AND THE BANK OR OTHER SAVINGS INSTITUTION DOES THE REST.

156

196



1234-5678

USING A SAVINGS ACCOUNT

Use the necessary forms on the next two pages to illustrate the transactions Happ made to his account. Include all of the information given.

Happ decided to open a passbook savings account at the Second Somoleons Bank. He had just moved into an apartment at 123 Easy Street where his telephone number is 123-4567. His social security number is also easy to remember: 123-45-6789. His initial deposit included 25 nickels and checks for \$12.54 and \$25.49 plus the \$50 he won in a dance contest.

He opened his account on January 7, and had the following transactions in his account which earned 6% interest:

January 15	\$25 deposit
February 4	\$10 deposit
March 6	\$ 5 deposit
April 13	\$43 deposit
July 3	Interest credited to his account
August 12	\$50 withdrawal
	Happ learned his account number: 9-001-2

(If you make no errors in maintaining Happ's account, you will show a balance of \$127.45 in Happ's account.)

BEST COPY AVAILABLE

SAVINGS ACCOUNT

[] - [] [] [] - []

SIGN HERE _____

SIGN HERE _____

ADDRESS _____ ZIP _____

DATE OPENED _____ DATE RECEIVED _____ PHONE NO. _____

BUSINESS OR OCCUPATION _____

REFERENCE OR INTRODUCED BY _____


OTHER BANK ACCTS. _____ FIRST DEPOSIT _____

FORMER RESIDENCE _____ OPENED BY _____

SOCIAL SECURITY NUMBER [] [] [] - [] [] - [] [] [] []

CHECK NAME TO WHICH S.S. NO. APPLIES

SAVINGS DEPOSIT



Name _____ THIS RECEIPT NOT VALID WITHOUT BANK'S VALIDATION STAMP

ACCT. NO. _____

DATE _____ 19 _____

CURRENCY			
CHECKS			
TOTAL	\$		


ALL ITEMS ARE CREDITED AND HANDLED SUBJECT TO PROVISIONS OF SIGNATURE CARD CONTRACT AND RULES AND REGULATIONS RELATING TO SAVINGS ACCOUNTS

DATE	WITHDRAWALS	DEPOSITS OR INTEREST	BALANCE



X 158 198

SAVINGS DEPOSIT



NAME _____ THIS RECEIPT NOT VALID WITHOUT BANK'S VALIDATION STAMP


ACCT NO _____

DATE _____ 19 _____

CURRENCY			
CHECKS			
TOTAL	\$		

ALL ITEMS ARE CREDITED AND HANDLED SUBJECT TO PROVISIONS OF SIGNATURE CARD CONTRACT AND RULES AND REGULATIONS RELATING TO SAVINGS ACCOUNTS

SAVINGS DEPOSIT



NAME _____ THIS RECEIPT NOT VALID WITHOUT BANK'S VALIDATION STAMP


ACCT NO _____

DATE _____ 19 _____

CURRENCY			
CHECKS			
TOTAL	\$		

ALL ITEMS ARE CREDITED AND HANDLED SUBJECT TO PROVISIONS OF SIGNATURE CARD CONTRACT AND RULES AND REGULATIONS RELATING TO SAVINGS ACCOUNTS

SAVINGS DEPOSIT



NAME _____ THIS RECEIPT NOT VALID WITHOUT BANK'S VALIDATION STAMP


ACCT NO _____

DATE _____ 19 _____

CURRENCY			
CHECKS			
TOTAL	\$		

ALL ITEMS ARE CREDITED AND HANDLED SUBJECT TO PROVISIONS OF SIGNATURE CARD CONTRACT AND RULES AND REGULATIONS RELATING TO SAVINGS ACCOUNTS

SAVINGS WITHDRAWAL



DATE _____

NAME _____

ACCT NO _____ SIGN HERE _____

AMOUNT	
DOLLARS	CENTS

NON-NEGOTIABLE - PAYABLE TO NAMED DEPOSITOR ONLY. NOT VALID WITHOUT BANK'S VALIDATION STAMP.

WITHDRAWALS SUBJECT TO RULES AND REGULATIONS RELATING TO SAVINGS ACCOUNTS



SELF - EVALUATION



1. As you reflect upon your experiences using this PAL, what were the most important things you learned?

2. What are the most important things you learned about:

A: Personal checking accounts?

B. Bank savings accounts?

3. What are the important consumer topics about which you would like to learn more?

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PROJECT SCAT

You have just completed studying one module of the SCAT curriculum. There may be other topics about which you wish to learn more. SCAT modules can help you acquire skills, concepts, and knowledge necessary to function as an informed and wise consumer in twelve areas.

HEALTH AND THE CONSUMER contains 6 units:

BALANCED DIET:	Eater's Digest
FOOD ADDITIVES:	Ear, Drink, and Be Healthy
FOOD SHOPPING:	Food for Your Brood
MEDICAL CARE:	Say Ahh!
PERSONAL GROOMING:	Ler's Face It!
PRODUCT SAFETY:	An Ounce of Prevention

MONEY MANAGEMENT AND THE CONSUMER contains 6 units:

BASIC ECONOMIC SKILLS:	Baffled, Bothered, Bewildered
BUDGETING:	Easy Come, Easy Go!
BANKING:	You Can Bank on It!
CREDIT:	Ch...a...rge!!!
INSURANCE:	It's Later Than You Think
TAXES:	An Offer You Can't Avoid

"SKILLS FOR CONSUMERS APPLIED TODAY"

16 2031

ACKNOWLEDGMENTS

This consumer education resource booklet was made possible by a grant for the development and dissemination of innovative instructional materials through ESEA Title IV-C, Research and Development, Department of Education, Tallahassee, Florida 32301.

The project staff would like to acknowledge the specific contributions of the many individuals with whom the staff consulted or worked in the planning and development of this project, but the list is simply too extensive to name each person. The project could not have been completed without the contributions of the many reviewers, teachers and students who field-tested the materials, consultants, and others who gave guidance and support to the project. However, a special thanks is in order to the members of a review panel who selflessly gave of their time and talents to extensively review the materials and then endorsed the resulting consumer education instructional units:

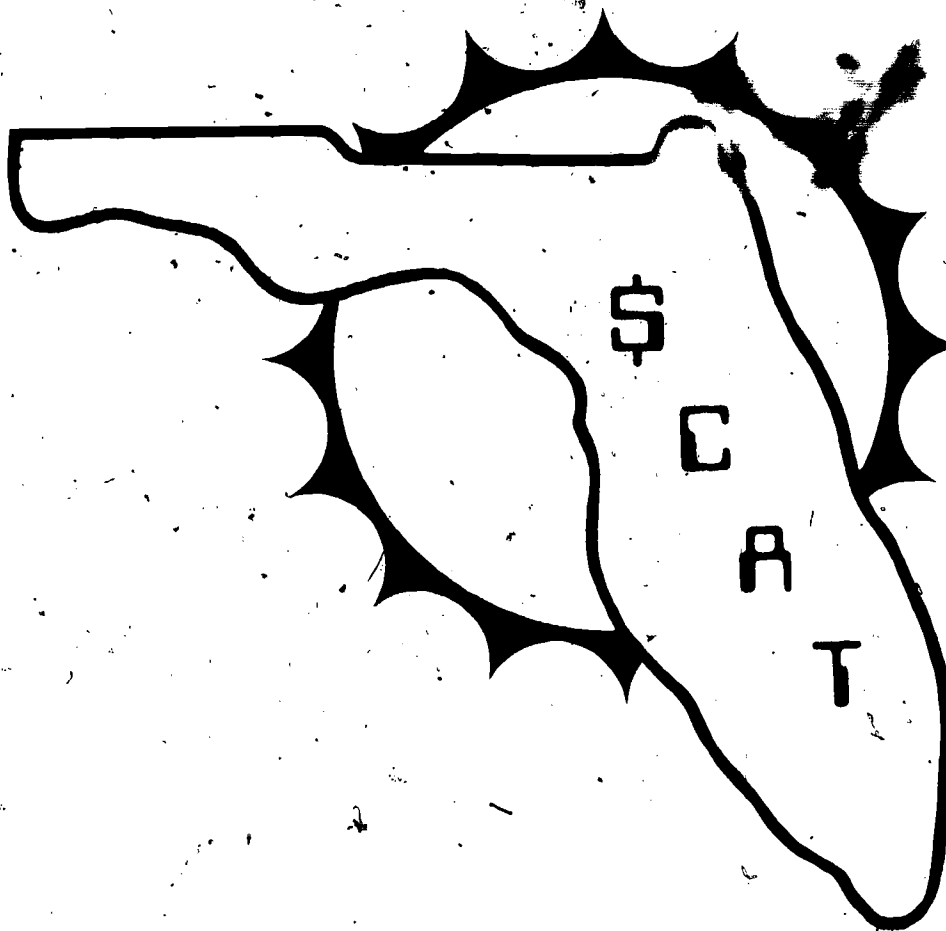
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*Printed in conformity with applicable state laws. Cost factors available
on request from SCAT Publications Office.*