

Banking and Budgeting

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Federal Reserve Bank of Atlanta

Lesson Plan of the Year Contest, 2007–2008

Second Place

LESSON DESCRIPTION

This five-day unit is designed as a hands-on introduction to personal financial decision making and elementary banking.

During the first two days, students learn about spending, saving, and budgeting by working through *The Piggy Bank Primer*, a workbook published by the Federal Reserve Bank of St. Louis.

During days three and four, students practice writing checks, managing a checking account, and simulating a budget using teacher-created materials.

On the last day, students apply their knowledge and skills to a final checking account activity and the development of a personal saving plan.

GRADE LEVEL

Upper elementary or middle grade students with varying exceptionalities.

CONCEPTS

- Wants
- Goods
- Services
- Income
- Saving
- Decision making
- Costs and benefits
- Budgeting
- Banks
- Savings account
- Checking account
- Federal Reserve system

NATIONAL CONTENT STANDARDS IN ECONOMICS

Standard 1: Scarcity

Productive resources are limited. Therefore, people cannot have all the goods and services they want. They must choose some things and give up others.

- **Benchmark 1 for Grade 4:** People make choices because they cannot have everything they want.
- **Benchmark 2 for Grade 4.** "Economic wants" are desires that can be satisfied by consuming goods, services, or leisure activities.

- **Benchmark 3 for Grade 4.** "Services" are actions that can satisfy people's wants.
- **Benchmark 5 for Grade 4.** People's choices about what goods and services to buy and consume determine how resources are to be used.
- **Benchmark 6 for Grade 4.** Whenever a choice is made, something is given up.
- **Benchmark 7 for Grade 4.** The "opportunity cost" of a choice is the value of the best alternative given up.

Standard 2: Cost/Benefit Analysis

Effective decision making requires comparing the additional costs of alternatives with the additional benefits. Most choices involve doing a little more or a little less of something; few choices are all-or-nothing decisions.

- **Benchmark 1 for Grade 4.** Few choices are all-or-nothing decisions; they usually involve getting a little more of one thing by giving up a little of something else.
- **Benchmark 2 for Grade 4.** A "cost" is what you give up when you decide to do something.
- **Benchmark 3 for Grade 4.** A "benefit" is what you gain when you decide to do something.

Standard 10: Institutions

Institutions evolve in market economies to help individuals and groups accomplish their goals. Banks, labor unions, corporations, legal systems, and not-for-profit organizations are examples of important institutions.

- **Benchmark 1 for Grade 4.** Banks are institutions at which people save money and earn interest, and at which other people borrow money and pay interest.
- **Benchmark 2 for Grade 4.** Saving is the part of income not spent on taxes or consumption.

Florida Content Standards

Mathematics: Grades 6–8

Number Sense, Concepts, and Operations

- **Standard 1:** Understands the different ways numbers are represented and used in the real world.
- **Standard 3:** Understands the effects of operations on numbers and the relationships among these operations; selects appropriate operations and computes for problem solving.

- **Standard 4:** The student uses estimation in problem solving and computation.

Measurement

- **Standard 3:** The student estimates measurements in real-world problem situations.

Language Arts: Grades 6–8

Reading

- **Standard 1:** The student uses the reading process effectively.
- **Standard 2:** The student constructs meaning from a wide range of texts.

Writing

- **Standard 2:** The student writes to communicate ideas and information effectively.

Listening, Viewing, and Speaking

- **Standard 1:** The student uses listening strategies effectively.

Social Studies: Grades 6–8

Economics

- **Standard 1:** The student understands how scarcity requires individuals and institutions to make choices about how to use resources.
- **Standard 2:** The student understands the characteristics of different economic systems and institutions.

OBJECTIVES

Students will be able to

- Define key terms used in personal banking.
- Demonstrate the ability to manage a checking account.
- Explain the role and functions of the Federal Reserve system.
- Develop a budget and make decisions required for achieving a balanced budget.
- Combine reading skills with banking and budgeting skills.
- Locate, organize, and interpret written information for a variety of purposes including real-world tasks.
- Develop a financial plan for personal goals.

TIME REQUIRED

Five, 50-minute class periods.

MATERIALS

- Class set of *The Piggy Bank Primer: Saving and Budgeting*, a workbook series from the Federal Reserve Bank of St. Louis. Order from www.stlouisfed.org/education/resourceools/.
- One copy of *The Story of the Federal Reserve System*, the Federal Reserve Bank of New York. Use as a teacher resource. Available from www.newyorkfed.org/publications.
- Grocery flyers from the newspaper—enough for each student to build a budget.
- *Visual 1: Sample Check*
- *Visual 2: Checking Account Transaction Register*
- *Visual 3: Deposit Slip*

1 per student of Activities 1, 2, 3, 5, and 6 and 3 per student of Activity 4:

- *Activity 1: Vocabulary Builder*
- *Activity 2: The Federal Reserve*
- *Activity 3: Checking Account Activity*
- *Activity 4: Checking Account Transaction Register*
- *Activity 5: Monthly Budget Activity*
- *Activity 6: Writing Checks and Monthly Budget FINAL*
- *Appendix A: Teacher Key to Vocabulary Builder*
- *Appendix B: Teacher Key to Checking Account*
- *Appendix C: Teacher Key to Monthly Budget Activity*
- *Appendix D: Teacher Key to Writing Checks and Monthly Budget FINAL*

PROCEDURE

Day 1

1. Ask students what “**saving**” means. Accept various answers and tell students that they are going to look more closely at spending and saving decisions.
2. Have students read their *Piggy Bank Primer*, page 3, and then turn to page 4. Review the definitions of “**wants**,” “**goods**,” “**services**,” and “**income**.” Give some examples of goods (*cell phones, CDs, sneakers*) and services (*bankers, lawyers, teachers, dentists*) to make sure students know the difference. Have

students write a list of some of the things they want on page 5 of their *Piggy Bank Primer*.

3. Tell students to read page 6. What did Greg's mother tell him when he asked her to buy him an MP3 player? (*He could earn money by cleaning his room, mowing the yard, and taking out trash.*) Where did Greg keep the money he earned? (*pickle jar*)
4. Read page 7, *Piggy Bank Primer*, with students. Emphasize the definition of "saving"—"putting aside income or gift money for future use." Have students complete pages 8–9. Ask students why everyone cannot have everything they want right now. (*Not enough money. So they have to make choices, forgoing some things and choosing to save.*)
5. Have students read pages 10–11. What did Greg do when his friends asked him to buy them ice cream? (*He took money from his jar.*) What else did Greg spend his savings on? (*tokens for video games, the zoo, movies, amusement park, CDs*) What happened to Greg's savings?
6. Tell students that when Greg spent his money on those other items, he gave up the chance to save for the MP3. Saving for the MP3 was Greg's "**opportunity cost**"—the highest valued alternative given up when a decision is made.
7. Have students read page 12 in *Piggy Bank Primer*. Ask them to refer to their list of wants on page 9 and rank their first and second choices. Have them complete pages 12–13 in *Piggy Bank Primer*. Tell students that if they decide to buy choice 1, their "opportunity cost" is choice 2—the highest valued alternative given up when a decision is made.
8. Ask students to read pages 14–15 in *Piggy Bank Primer*. How did Ann Tee earn money for her MP3? (*helped in house, baby sat*) Where did she save her "income"? (*piggy bank*) How did Ann behave differently from Greg? (*She spent less and saved more.*)
9. Distribute *Activity 1: Vocabulary Builder*. Have students complete the first six terms (wants,

goods, services, income saving, opportunity cost) and then review these with them. See *Teacher Key to Vocabulary Builder*. Tell students to keep *Activity 1* carefully because they will be filling out more of the items later on.

Day 2

10. Tell students that people make many decisions every day. Ask them to name some of the decisions they make. (*Answers will vary and probably include what to wear, what to eat, what games to play, how to spend money or spare time.*)

Ask students to think of some good decisions they made and some poor decisions they made. Tell them that they can help themselves make good decisions if they think through the "pros" and "cons" of various options before deciding. "Pros" and "cons" can also be called "good points" and "bad points."

Another set of terms for these is "**benefits**" and "**costs**." *Piggy Bank Primer* defines "benefits" as "things that are favorable to the decision maker." "Costs" are defined as "things that are unfavorable to the decision maker."

Ask students to read page 16, *Piggy Bank Primer*, and complete page 17. Check their work to make sure they have listed benefits and costs for choice one and choice two, and that they understand the difference between costs and benefits.

11. Ask students to define "**budget**." Refer them to page 18 in *Piggy Bank Primer* and read aloud the definition—"a plan for managing income, saving, and spending." Have students read pages 18–19 in *Piggy Bank Primer*. What was Ann's goal? (*to save for an MP3 player*) What was the first thing Ann decided? (*how much to save*) Point out to students that although Ann spent some money, she planned her budget and that helped her to spend, save, and share her money wisely.
12. Have students review their choices on page 17 of their *Piggy Bank Primer* and then complete *Activity 5* on page 19. Remind students

the “opportunity cost” is the next best alternative forgone when a choice is made.

13. Read page 20 of *Piggy Bank Primer* with students. Ask them what Ann had done differently than Greg that allowed her to buy an MP3 player. (*She had set up a budget, decided how much she wanted to save, and stuck to her plan.*)
14. Review with students the “Piggy Bank Moral” on page 21 of *Piggy Bank Primer*. Tell them that by tracking their own spending, they are taking the first steps towards developing their own budgets for spending and saving.
15. Refer students to the inside of the back cover of *Piggy Bank Primer* and tell them to start recording their own spending on the chart.
16. Refer students to *Activity 1: Vocabulary Builder*, and have them complete the next three terms (benefits, costs, budget). See *Appendix A* for answer key.

Day 3

17. Ask students to list other places people keep their money besides pickle jars and piggy banks. (*Answers will vary, but they should include mention of a bank.*) Tell students that some places are better than others to keep money. Ask why banks are better than some other places. Tell students that a “**bank**” is a business that provides financial services including savings accounts, checking accounts, and loan making. Make sure students understand that banks are safe, and offer people different kinds of services, depending on their requirements.
18. A “**savings account**” helps people save and build wealth because a bank pays people “**interest**” on their savings, and sometimes on checking accounts. Explain to students that interest is usually a small percentage of the amount in the account.

For example, if a person had \$100 in an account and the bank paid 2% per year interest, the person would have \$102 at the end of one year for letting the bank have the use

of the money. The more people save, the more interest the bank will pay them.

A “**checking account**” at a bank can help people manage their money. If Greg and Ann Tee would have had savings accounts, the bank would have paid them interest. In addition, Greg might have been less likely to spend all his money if he had had to go to the bank every time he wanted some cash. Tell students that they are now going to learn more about banks and banking.

19. Distribute *Activity 2: The Federal Reserve System*. Have students read the first three paragraphs. Review the main points by asking the following questions and having students underline the answers on their sheets:
 - What is the **Federal Reserve system**? (*the central bank of the United States*)
 - When was it created? (*1913*)
 - What are the main responsibilities of the Fed? (*a sound banking system and a healthy economy*)
 - How many Federal Reserve Banks are there? (*12*)

Have students read the last three paragraphs of *Activity 2*. Review these by asking the following questions and having students underline the answers on their sheets:

- What are the signs of healthy economy? (*adequate number of jobs, stable prices, and steady growth*)
- Who has bank accounts at the Fed? (*other banks and the U. S. Government*)
- What other services does the Fed provide? (*stores money, clears checks, and moves money electronically*)

20. Ask students for examples of how people pay for the goods and services they buy. (*Money, check, credit card, debit card, money order*) Explain that many people have a “**checking account**” at a bank and they pay for things with a check. A checking account at a bank can help people manage their money. Tell students that a check is a note to a bank that gives the bank permission to make a payment from that person’s account.
21. Display *Visual 1. Sample Check*. Explain the steps involved in writing a check (Numbers

below correspond to numbers in *Visual 1.*):

- 1) Today's date,
 - 2) Name of the person or company to whom the money is being paid,
 - 3) Amount in numbers,
 - 4) Amount in writing,
 - 5) What the payment is for, and
 - 6) Signature of the account holder.
22. Tell students that on the check itself, the amount of money that the check is written for in numerals must correspond with the amount written on the line below. Their writing must be legible, and in the "real world," the signature they use on a check should conform to the signature that their bank has on file for them. Answer any questions about the check-writing process.
23. Explain to students that a check is only good if there is enough money in the checking account to cover it. It is important to keep track of checks that are written. This can be done by recording checks in a Transaction Register, which is a day-to-day list of "**deposits**" (money going into a checking account) and "**withdrawals**" (money going out of a checking account). Tell students that the amount of money left in an account after transactions are recorded is called the "**balance**."
24. Distribute to each student a copy of *Activity 3: Checking Account Activity* and a copy of *Activity 4: Checking Account Transaction Register*. Display *Visual 2: Checking Account Transaction Register*, on the overhead projector and tell students that they are going to work through *Activity 3* step by step with your help. (See *Appendix B* for answer key.) Monitor students' work and check for accuracy.
25. Refer students to Check #0010. Tell them to pretend that it is a "real" check that they have written to Owens' Oasis for \$35.75. Ask them how Owens' Oasis would get the money. Explain that an Owens' Oasis employee would deposit check #0010 in the company's bank account.

Remind students that one function of the Federal Reserve is to serve as banker to other

banks and to "clear" checks. Tell students it is possible that the Owens' Oasis' bank would send the student's check to a Federal Reserve Bank, which would transfer the money electronically from the student's bank (1st Liberty National Bank) to Owens' Oasis' bank, and then send the check back to 1st Liberty National Bank. Mention that sometimes, however, some banks clear checks directly with each other, electronically.

26. Refer students once again to *Activity 1: Vocabulary Builder*, and have them complete the next nine items (bank, savings account, interest, checking account, Federal Reserve system, check, deposit, withdrawal, and balance). See *Appendix A* for answer key.

Day 4

27. Review with students that a budget is a plan for managing income, saving, and spending. Remind them how Ann Tee used a budget to help her save for her MP3 player. Tell students that they are going to do an activity in which they combine the checking account strategies they learned yesterday with budgeting strategies in order to manage a budget for Sarah, an eighteen-year-old high school graduate.
28. Distribute to each student another copy of *Activity 4: Checking Account Transaction Register*, *Activity 5: Monthly Budget Activity*, and copies of grocery store ads with food prices.
29. Have students read the first paragraph in *Activity 5*. Ask them how Sarah's gross paycheck of \$340 is arrived at. ($\$8.50 \text{ per hour} \times 40 \text{ hours}$) Ask students how much Sarah actually receives. ($\$297.33$) Have students calculate the difference ($\$42.67$), and ask if anyone knows why Sarah is paid that much less. (*Taxes and insurance can explain the difference.*) Emphasize that Sarah's **net** pay represents her **gross** pay minus deductions, such as taxes. Sarah's net pay is the actual amount she has to spend.
30. Display *Visual 3: Deposit Slip*, and explain to students that this is a typical form that is filled out by people who deposit money into their bank accounts. Demonstrate on the

- overhead how to fill out the date. Draw students' attention to the right-hand side of the slip and explain that, if they are depositing cash, the amount is written on the top line. If they are depositing a check, the amount is written on the second line. Also want to tell students that, if they are depositing more than one check at the same time, they should list the checks separately. Explain that they only sign the deposit slip if they are taking out part of their deposit in cash.
31. Remind students to maintain their Checking Account Transaction Register as they work through the activity. Point out to them that Sarah has a beginning balance of \$235.00 in her account prior to depositing her paycheck on Friday, the 30th.
 32. Have students work through items 1–9. Check that they record each transaction in their Transaction Registers as they proceed. When students reach item 10, remind them that Sarah has budgeted \$200 for food so they should try to stay within that amount as they draw up their grocery lists.
 33. When students have completed *Activity 5: Monthly Budget Activity*, go over each of the 10 items. Ask 10 different students to each explain an entry and make sure everyone makes corrections where necessary on their worksheets. See *Appendix C* for answer key.
 34. Ask how many students were able to stay within the \$200 budget for food. What were some of the items they gave up to stay within the budget? How many students could plan Sarah's budget so that she could save money?
36. Tell students that when they finish *Activity 6*, they should turn to page 24 in their *Piggy Bank Primer* and complete *Activity 7: Describing My Savings Plan*. Let students know that you will collect *Activity 6: Writing Checks and Monthly Budget FINAL*, the Checking Account Transaction Registers, and their *Piggy Bank Primer* at the end of class. Their grades for the unit will be based on these three items.

Day 5: Assessment

35. Tell students that today they will do the final activities in the Banking and Budgeting lesson plan and apply some of the knowledge and skills learned during the past week. These activities will be used to assess their learning. Distribute a copy of *Activity 6: Writing Checks and Monthly Budget FINAL* and a copy of *Activity 4: Checking Account Transaction Register* to each student. See *Appendix D* for answer key.

Visual 1

Sample Check

Name of account holder	Check number 0010
	1 Date _____
Pay to the Order of	2 3
	\$ _____
	4 _____ dollars
1st Liberty National Bank West Port Middle School Ocala, Fl. 34481	
For _____ 5	_____ 6
ABA banking numbers	Account number

Visual 2 Checking Account Transaction Register

Date	Check#	Transaction	Deposit +	Withdrawal -	Balance	Withdraw

Visual 3 Deposit Slip

DEPOSIT SLIP									
Date _____									
<hr/> Sign Here ONLY if Cash Received From Deposit									
1st Liberty National Bank									
ABA banking numbers	Account number								

Cash					.				
					.				
					.				
					.				
Sub total					.				
Less Cash Received					.				
Total					.				

Activity 1

Vocabulary Builder

Wants_____

Goods_____

Services_____

Income_____

Saving_____

Opportunity cost_____

Benefits_____

Costs_____

Budget_____

Bank_____

Savings account_____

Interest_____

Checking account_____

Federal Reserve System_____

Check_____

Deposit_____

Withdrawal_____

Balance_____

Activity 2

The Federal Reserve System

The Federal Reserve system, created by Congress in 1913, is the central bank of the United States. The Federal Reserve (the Fed) ensures that the United States has a sound banking system and a healthy economy.

To meet this mission, the Fed makes rules for banks and supervises them. The Fed, therefore, helps make banks and people's money safe.

The Fed has 12 district, or regional, Federal Reserve Banks across the country. Each bank helps monitor the economy and other banks in its district. Ongoing communications and regular meetings among the 12 Federal Reserve Banks (and their 25 branches) help keep the Fed up-to-date on what is happening throughout the country.

The Fed issues money in the form of coin and currency, distributing it to banks (The United States Treasury, through the Mint and the Bureau of Engraving and Printing, actually manufacture the supply of cash). When bills are worn out, the Fed destroys them by shredding. The average life of a \$1 bill is about 18 months.

The Fed works to ensure a healthy economy by influencing the flow of money and credit in the United States. An economy is healthy when people have jobs, prices are relatively stable, and the economy is growing gradually.

Individuals do not have bank accounts at a Federal Reserve Bank. The Fed serves as banker to other banks and to the United States government. The Fed also stores money, clears checks, and moves money electronically between banks through its computer system.

Activity 3

Checking Account Activity

Opening checking account balance \$1,345.

1. On _____ deposited \$247.57 into checking account. Balance is \$_____.

2. On _____ wrote a check to Owens' Oasis for \$35.75.

Balance in checking account is \$_____.

Fill out the check for problem 2.

	Check number 0010
	Date _____
Pay to the Order of	
	\$ _____
	_____dollars
1st Liberty National Bank West Port Middle School Ocala, Fl. 34481	
ABA banking numbers	_____ Account number

3. On _____ wrote a check to Owens' Oasis for \$135.89.

Balance in checking account is \$_____.

Fill out the check for problem 3.

	Check number 0011
	Date _____
Pay to the Order of	
	\$ _____
	_____dollars
1st Liberty National Bank West Port Middle School Ocala, Fl. 34481	
ABA banking numbers	_____ Account number

Activity 3

Checking Account Activity (continued)

4. On _____ deposited paycheck \$235.00.

Balance in checking account is \$_____.

5. Earned interest of 1% on balance. Amount added to account is \$_____.

Balance in checking account is \$_____.

6. On _____ went to bank to withdraw \$25.

Balance in checking account is \$_____.

Activity 4

Checking Account Transaction Register

Date	Check#	Transaction	Deposit +	Withdrawal -	Balance	Withdraw

Activity 5 Monthly Budget Activity

Sarah is an 18-year-old, high school graduate, working full-time as a cashier earning \$8.50 per hour. Sarah works 40 hours per week. Her *gross* paycheck, per week is \$340.00, and her *net* paycheck, per week, is \$297.33.

Sarah gets paid every other Friday. Her net paycheck for two weeks is \$_____.

Sarah's checking account balance prior to depositing her paycheck is \$235.00

Sarah goes to the bank on Friday, the 30th to deposit her paycheck.

Fill in her deposit slip.

DEPOSIT SLIP									
Date _____									

Sign Here ONLY if Cash Received From Deposit									
1st Liberty National Bank									
ABA banking numbers _____	Account number _____								
	Cash					.			
						.			
						.			
						.			
	Sub total					.			
	Less Cash Received					.			
	Total					.			

1. On the 30th of the month, Sarah deposited her paycheck in the amount of \$_____.

Her balance is \$_____.

Activity 5

Monthly Budget Activity (continued)

Sarah lives in a one-bedroom apartment. Her monthly expenses are:

Rent	\$550.00
Electric	75.00
Water	25.00
Cable	50.00
Phone	45.00
Food	200.00
Car insurance	100.00
<u>Personal items</u>	<u>25.00</u>

Total Monthly Expenses = _____

Look back at Sarah's monthly expenses to help answer the problems!

2. On the first day of every month, Sarah has to pay her rent to the *Happy Place Apartments*.

Fill in the check for Sarah's rent.

	Check number 0012
	Date _____
Pay to the	
Order of _____	\$ _____
	_____dollars
1st Liberty National Bank	
West Port Middle School	
Ocala, Fl. 34481	
ABA banking numbers _____	Account number _____

3. After Sarah's rent is paid, her balance is \$_____.

4. On the 15th of every month, Sarah has to pay her electric, water, cable, and phone bills.

Activity 5

Monthly Budget Activity (continued)

Fill out the checks below to help Sarah pay each bill.

	Check number 0013 Date_____
Pay to the Order of _____	\$ _____
	_____dollars
1st Liberty National Bank West Port Middle School Ocala, Fl. 34481	
ABA banking numbers _____	Account number _____

	Check number 0014 Date_____
Pay to the Order of _____	\$ _____
	_____dollars
1st Liberty National Bank West Port Middle School Ocala, Fl. 34481	
ABA banking numbers _____	Account number _____

	Check number 0015 Date_____
Pay to the Order of _____	\$ _____
	_____dollars
1st Liberty National Bank West Port Middle School Ocala, Fl. 34481	
ABA banking numbers _____	Account number _____

Activity 5

Monthly Budget Activity (continued)

Pay to the Order of _____ \$ _____ _____ dollars	Check number 0016 Date _____
1st Liberty National Bank West Port Middle School Ocala, Fl. 34481	
ABA banking numbers _____	Account number _____

5. After the checks are written, her balance is \$_____.

6. On the 14th of the month, Sarah deposited her two-week paycheck in the amount of \$_____.

Fill out her deposit slip.

DEPOSIT SLIP									
Date _____									
Sign Here ONLY if Cash Received From Deposit									
1st Liberty National Bank									
ABA banking numbers _____	Account number _____								

Cash																				
Sub total																				
Less Cash Received																				
Total																				

Her balance is \$_____.

7. Sarah withdrew \$25.00 from her account to buy some personal items.
 Her balance is \$_____.

Activity 5

Monthly Budget Activity (continued)

8. Sarah earned 1% interest on her balance.

The amount added to her account is \$_____.

Her balance is \$_____.

9. Pinks Car Insurance automatically withdraws \$100.00 from Sarah's account on the 20th of every month.

Her balance is \$_____.

10. Sarah needs to go to the grocery store. ***Write out a grocery list with prices for each item.***

Use the grocery flyer from the newspaper to come up with her list. In Sarah's monthly expenses, she puts aside \$200.00 for food. Remember to not go over budget. After she spends the money, remember to withdraw the amount from her checking account. Can she save any money?

Grocery List	Amount	Cost per each	Price
<i>Example: Grapes</i>	<i>2 lbs.</i>	<i>\$1.69</i>	<i>\$3.38</i>
TOTAL COST OF GROCERIES:			

Activity 6

Writing Checks & Monthly Budget FINAL

Allison is an 18-year-old, high school graduate, working full-time as a cashier earning \$9.00 per hour. She works 40 hours per week, and her *gross* paycheck, per week, is \$360.00. Allison's *net* paycheck, per week, is \$303.48.

1. Allison gets paid every other Friday. Her net paycheck for two weeks is \$_____.

2. Allison's current account balance is \$220.00.

Allison deposited her paycheck of \$_____.

The balance in Allison's account is \$ _____.

3. Allison lives in a one-bedroom apartment.
Her monthly expenses are:

Rent	\$525.00
Electric	85.00
Water	25.00
Cable	50.00
Phone	45.00
Food	200.00
Car insurance	100.00
<u>Personal items</u>	<u>25.00</u>

Total Monthly Expenses = _____

Activity 6

Writing Checks & Monthly Budget FINAL (continued)

4. Allison has to pay her rent on the 1st of every month. She lives in *Happy Place Apartments*. Today is the 1st and her rent is due.

Write a check for her rent.

Pay to the Order of _____	Check number 0017 Date _____
	\$ _____
	_____dollars
1st Liberty National Bank West Port Middle School Ocala, Fl. 34481	
ABA banking numbers _____	Account number _____

5. After Allison's rent is paid, her balance is \$ _____.

6. On the 15th of every month, Allison has to pay her electric, water, cable, and phone bills. Today is the 15th and her bills are due.

Fill out the checks below. Use one check for each bill that Allison has to pay.

Pay to the Order of _____	Check number 0018 Date _____
	\$ _____
	_____dollars
1st Liberty National Bank West Port Middle School Ocala, Fl. 34481	
ABA banking numbers _____	Account number _____

Activity 6

Writing Checks & Monthly Budget FINAL (continued)

	Check number 019 Date_____
Pay to the Order of _____	\$ _____
	_____dollars
1st Liberty National Bank West Port Middle School Ocala, Fl. 34481	
ABA banking numbers _____	Account number _____

	Check number 0020 Date_____
Pay to the Order of _____	\$ _____
	_____dollars
1st Liberty National Bank West Port Middle School Ocala, Fl. 34481	
ABA banking numbers _____	Account number _____

	Check number 0021 Date_____
Pay to the Order of _____	\$ _____
	_____dollars
1st Liberty National Bank West Port Middle School Ocala, Fl. 34481	
ABA banking numbers _____	Account number _____

7. After Allison writes her checks, what is the balance in her checking account? \$_____.

Activity 6

Writing Checks & Monthly Budget FINAL (continued)

8. It's payday and Allison has to deposit her paycheck.

What is the amount of her paycheck that she has to deposit? \$ _____.

9. What is the balance in her checking account after she deposited her paycheck?

\$ _____.

10. Allison withdrew \$25.00 from her account to buy some personal items. Her balance is

\$ _____.

Extra credit

What is the current balance in Allison's checking account?

\$ _____

Appendix A

Teacher Key to Activity 1: Vocabulary Builder

Wants: Desires or wishes that can be satisfied by consuming goods or services.

Goods: Objects that can satisfy people's wants.

Services: Activities that can satisfy people's wants.

Income: Earnings received for work.

Saving: Putting aside income or gift money for future use.

Opportunity cost: The highest-valued choice that is given up when a decision is made.

Benefits: Things that are favorable to the decision maker.

Costs: Things that are unfavorable to the decision maker.

Budget: A plan for managing income, saving, and spending.

Bank: A business that provides financial services.

Savings account: An account that pays interest on money saved.

Interest: Money paid for the use of someone else's money.

Checking account: An account where people can keep their money and write checks.

Federal Reserve system: The central Bank of the United States.

Check: A note that gives the bank permission to make a payment.

Deposit: An amount of money put into an account.

Withdrawal: An amount of money taken out of an account.

Balance: The amount of money remaining in an account after the last transaction.

Appendix B Answer Key

(answers in **BOLD** or **BOLD CAPS**.)

For Activity 3: Checking Account Activity

Opening checking account balance \$1,345.00

1. On **TODAY'S DATE** deposited \$247.57 into checking account. Balance is **\$1592.57**.
2. On **TODAY'S DATE** wrote a check to Owens' Oasis for \$35.75. Balance in checking account is **\$1556.82**.

Fill out the check for problem 2.

Pay to the Order of OWENS' OASIS	Check number 0010 Date TODAY'S DATE
THIRTY-FIVE AND 00/100 _____	\$ 35.75 dollars
1st Liberty National Bank West Port Middle School Ocala, Fl. 34481	STUDENT'S SIGNATURE
ABA banking numbers	Account number

3. On **TODAY'S DATE** wrote a check to Owens' Oasis for \$135.89.
Balance in checking account is **\$1420.93**.

Fill out the check for problem 3.

Pay to the Order of OWENS' OASIS \$	Check number 0011 Date TODAY'S DATE
ONE HUNDRED THIRTY-FIVE AND 89/100 _____	\$ 135.89 dollars
1st Liberty National Bank West Port Middle School Ocala, Fl. 34481	STUDENT'S SIGNATURE
ABA banking numbers	Account number

Appendix B **Answer Key (continued)**

For Activity 3: **Checking Account Activity**

4. On **Tomorrow's Date** deposited paycheck \$235.00.

Balance in checking account is **\$1655.93**.

5. Earned interest of 1% on balance. Amount added to account is **\$16.56** Balance in checking account is **\$1672.49**.

6. On **3rd Friday of the Month** went to bank to withdraw \$25.00. Balance in checking account is **\$1647.49**.

Appendix C

Monthly Budget Activity Answer Key

Sarah is an 18-year-old, high school graduate, working full-time as a cashier earning \$8.50 per hour. She works 40 hours per week, and her *gross* paycheck, per week, is \$340.00. Her *net* paycheck, per week, is \$297.33.

Sarah gets paid every other Friday. Her net paycheck for two weeks is **\$594.66**.

Sarah goes to the bank on Friday, the 30th to deposit her paycheck.

Fill in her deposit slip.

DEPOSIT SLIP									
Date DECEMBER 30, 2007		Cash							
<hr style="width: 100%;"/> Sign Here ONLY if Cash Received From Deposit			5	9	4	.	6	6	
						.			
						.			
1st Liberty National Bank		Sub total			5	9	4	.	6 6
ABA banking numbers		Account number			0	0	0	.	0 0
		Less Cash Received			5	9	4	.	6 6
		Total			5	9	4	.	6 6

Sarah's checking account balance prior to depositing her paycheck is \$235.00

Appendix C

Monthly Budget Activity Answer Key (continued)

1. On the 30th of the month, Sarah deposited her paycheck in the amount of **\$594.66**. Her balance is **\$829.66**.

Sarah lives in a one-bedroom apartment. Her monthly expenses are:

Rent	\$550.00
Electric	75.00
Water	25.00
Cable	50.00
Phone	45.00
Food	200.00
Car insurance	\$ 100.00
<u>Personal items</u>	<u>25.00</u>
Total Monthly Expenses =	\$1070.00

Look back at Sarah's monthly expenses to help answer the problems!

Appendix C

Monthly Budget Activity Answer Key (continued)

2. On the first day of every month, Sarah has to pay her rent to the Happy Place Apartments.

Fill in the check for Sarah's rent.

	Check number 0012 Date JAN. 1, 2008
Pay to the Order of HAPPY PLACE APARTMENT	\$550.00
FIVE HUNDRED FIFTY AND 00/100 _____	_____dollars
1st Liberty National Bank West Port Middle School Ocala, Fl. 34481	
ABA banking numbers	STUDENT'S SIGNATURE Account number

3. After Sarah's rent is paid, her balance is **\$279.66**.

4. On the 15th of every month, Sarah has to pay her electric, water, cable, and phone bills.

Fill out the checks below to help Sarah pay each bill.

	Check number 0013 Date JAN. 15, 2008
Pay to the Order of ELECTRIC	\$75.00
SEVENTY-FIVE AND 00/100 _____	_____dollars
1st Liberty National Bank West Port Middle School Ocala, Fl. 34481	
ABA banking numbers	STUDENT'S SIGNATURE Account number

Appendix C

Monthly Budget Activity Answer Key (continued)

Pay to the Order of WATER	Check number 0014 Date JAN. 15, 2008
	\$25.00
TWENTY-FIVE AND 00/100 _____	_____dollars
1st Liberty National Bank West Port Middle School Ocala, Fl. 34481	STUDENT'S SIGNATURE
ABA banking numbers	Account number

Pay to the Order of CABLE	Check number 0015 Date JAN. 15, 2008
	\$50.00
FIFTY AND 00/100 _____	_____dollars
1st Liberty National Bank West Port Middle School Ocala, Fl. 34481	STUDENT'S SIGNATURE
ABA banking numbers	Account number

Pay to the Order of PHONE	Check number 0016 Date JAN. 15, 2008
	\$45.00
FORTY-FIVE AND 00/100 _____	_____dollars
1st Liberty National Bank West Port Middle School Ocala, Fl. 34481	STUDENT'S SIGNATURE
ABA banking numbers	Account number

5. After the checks are written, her balance is **\$84.66**.

Appendix C

Monthly Budget Activity Answer Key (continued)

6. On the 14th of the month, Sarah deposited her two-week paycheck in the amount of **\$594.66**.

Fill out her deposit slip.

DEPOSIT SLIP						
Date JANUARY 14, 2008						
Sign Here ONLY if Cash Received From Deposit						
1st Liberty National Bank ABA banking numbers Account number						
	Cash				.	
		5	9	4	.	6 6
					.	
					.	
	Sub total	5	9	4	.	6 6
	Less Cash Received	0	0	0	.	0 0
	Total	5	9	4	.	6 6

Her balance is **\$679.32**.

7. Sarah withdrew \$25.00 from her account to buy some personal items. Her balance is **\$654.32**.

8. Sarah earned 1% interest on her balance.

The amount added to her account is **\$6.54**.

Her balance is **\$660.86**.

9. Pinks Car Insurance automatically withdraws \$100.00 from Sarah's account on the 20th of every month.

Her balance is **\$560.86**.

Appendix C

Monthly Budget Activity Answer Key (continued)

10. Sarah needs to go to the grocery store. Write out a grocery list with prices for each item. Use the grocery flyer from the newspaper to come up with her list. In Sarah's monthly expenses, she puts aside \$200.00 for food. Remember to not go over budget. After she spends the money, remember to withdraw the amount from her checking account. Can she save any money? **ANSWERS WILL VARY!**

Grocery List	Amount	Cost per each	Price
<i>Example: Grapes</i>	<i>2 lbs.</i>	<i>\$1.69</i>	<i>\$3.38</i>
TOTAL COST OF GROCERIES:			

Appendix C:
Monthly Budget Activity
Answer Key (continued)
For Checking Account Transaction Register

Date	Check#	Transaction	Deposit +	Withdrawal -	Balance	Withdraw
		BALANCE			\$235.00	
		PAYCHECK	\$594.66		829.66	
1st	0012	HAPPY PLACE APARTMENTS		\$550.00	279.66	
15th	0013	ELECTRIC		75.00	204.66	
15th	0014	WATER		25.00	179.66	
15th	0015	CABLE		50.00	129.66	
15th	0016	PHONE		45.00	84.66	
15th		PAYCHECK	594.66		679.32	
		CASH		25.00	654.32	
		INTEREST	6.54		660.86	
20th		CAR INSURANCE		100.00	560.86	

Appendix D

Writing Checks & Monthly Budget FINAL Answer Key

Allison is an 18-year-old, high school graduate, working full-time as a cashier earning \$9.00 per hour. Allison works 40 hours per week, and her *gross* paycheck, per week, is \$360.00. Her *net* paycheck, per week, is \$303.48.

1. Allison gets paid every other Friday. Her net paycheck for two weeks is **\$606.96**.

2. Allison's current account balance is \$220.00 Allison deposited her paycheck of **\$606.96**.
The balance in Allison's account is \$ **826.96**.

3. Allison lives in a one-bedroom apartment.
Her monthly expenses are:

Rent	\$525.00
Electric	85.00
Water	25.00
Cable	50.00
Phone	45.00
Food	200.00
Car insurance	100.00
<u>Personal item</u>	<u>25.00</u>

Total Monthly Expenses = **\$1055.00**

Appendix D

Writing Checks & Monthly Budget FINAL Answer Key (continued)

4. Allison has to pay her rent on the 1st of every month. She lives in Happy Place Apartments. Today is the 1st and her rent is due.

Write a check for her rent.

	Check number 0017
	Date TODAY'S DATE
Pay to the Order of HAPPY PLACE APARTMENT _____	\$ 525.00
FIVE HUNDRED TWENTY-FIVE AND 00/100 _____	dollars
1st Liberty National Bank West Port Middle School Ocala, Fl. 34481	
STUDENT'S SIGNATURE	
ABA banking numbers _____	Account number _____

5. After Allison's rent is paid, her balance is **\$301.96**.

6. On the 15th of every month, Allison has to pay her electric, water, cable, and phone bills. Today is the 15th and her bills are due.

Fill out the checks below. Use one check for each bill that Allison has to pay.

	Check number 0018
	Date TODAY'S DATE
Pay to the Order of ELECTRIC _____	\$ 85.00
EIGHTY-FIVE AND 00/100 _____	dollars
1st Liberty National Bank West Port Middle School Ocala, Fl. 34481	
STUDENT'S SIGNATURE	
ABA banking numbers _____	Account number _____

Appendix D

Writing Checks & Monthly Budget FINAL

Answer Key (continued)

	Check number 0019 Date TODAY'S DATE
Pay to the Order of WATER _____	\$ 25.00
TWENTY-FIVE AND 00/100 _____	dollars
1st Liberty National Bank West Port Middle School Ocala, Fl. 34481	
ABA banking numbers	Account number
STUDENT'S SIGNATURE	

	Check number 0020 Date TODAY'S DATE
Pay to the Order of CABLE _____	\$ 50.00
FIFTY AND 00/100 _____	dollars
1st Liberty National Bank West Port Middle School Ocala, Fl. 34481	
ABA banking numbers	Account number
STUDENT'S SIGNATURE	

	Check number 0021 Date TODAY'S DATE
Pay to the Order of PHONE _____	\$ 45.00
FORTY-FIVE AND 00/100 _____	dollars
1st Liberty National Bank West Port Middle School Ocala, Fl. 34481	
ABA banking numbers	Account number
STUDENT'S SIGNATURE	

7. After Allison writes her checks, what is the balance in her checking account? **\$96.96.**

Appendix D

Writing Checks & Monthly Budget FINAL Answer Key (continued)

8. It's payday and Allison has to deposit her paycheck. What is the amount of her paycheck that she has to deposit? **\$606.96**.
9. What is the balance in her checking account after she deposited her paycheck? **\$703.92**.
10. Allison withdrew \$25.00 from her account to buy some personal items. Her balance is **\$678.92**.

Extra credit

What is the current balance in Allison's checking account? **\$678.92**

Checking Account Transaction Register

Check#	Transaction	Deposit +	Withdrawal -	Balance	Withdraw
	BALANCE			\$220.00	
	PAYCHECK	\$606.96		826.96	
0017	HAPPY PLACE APARTMENTS		\$525.00	301.96	
0018	ELECTRIC		85.00	216.96	
0019	WATER		25.00	191.96	
0020	CABLE		50.00	141.96	
0021	PHONE		45.00	96.96	
	PAYCHECK	606.96		703.92	
	CASH		25.00	678.92	