

Tips For Teens

Intended Audience:

- Teens (ages 13-18)
- Individuals who are inexperienced with personal banking

Lesson Objectives:

Participants will:

- Be able to identify the advantages of having a bank account
- Be able to identify the differences between a savings account and a checking account

Time: Approximately 60 minutes

Equipment & Handouts:

- Copies
- Notebook/Notepad
- Pen or Pencil
- Calculators
- White Board
- Dry Erase Markers

Do Ahead:

- Review lesson
- Gather supplies

Sources:

- OSU Extension Professionals

Basic Banking

BACKGROUND and OUTCOME

It is important for teens to understand basic banking concepts. This lesson will go over the different kinds of bank accounts and how each account can be used in different ways. (This lesson ties in nicely after the budgeting lesson).

WHAT TO DO**Anchor: (10 minutes)**

Note: Arrange the room so teens are facing the presenter and presentation area.

- Discuss ways teens can store their money.
- Ask for volunteers as to how they save their money currently.
- See if any participant currently utilizes a debit card or bank account.
- Ask if any participants understand the differences between a checking or savings account.
 - Write down any differences that are correct on a white board or large pad of paper.

Activity: (25 minutes)Talking Points:

“Today we are going to learn the differences between a savings and a checking bank account. There are many advantages and disadvantages to using one versus the other, so we are going to start by explaining why you want to put your money in a bank in the first place.”

- Start by explaining how banks will hold and keep track of your money, regardless of account type.
 - Discuss what banks can do for costumers: Direct deposit from paychecks, online banking for keeping track of account totals, interest and growth for savings account, debit cards for cashless payment.
- Next, explain the differences between a savings account and a checking account.



BASIC BANKING

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Checking Account

- Debit Cards: Allows money to be spent that is in the account; cannot overdraw.
- Debit cards also give access to ATM's.
- ATM machines are where an individual can withdraw, deposit, or transfer funds without interacting with a bank teller.
- You may have a fee when using an ATM that is not through the bank you bank with.
- Checks can also be used for payment; cannot overdraw.

Savings Account

- Normally used for keeping money in one place with no intentions of spending.
- A great place to send direct deposits due to difficulty in accessing this money.
- Debit cards do not use money from savings account. Money must be transferred to a checking/spending account.

Team Building

- Start by dividing into two teams. Team 1 will use a bank (and have a debit card) and team 2 will not use a bank.
- Tell each team they have just received a \$2,000 scholarship that was made out to them, a paycheck from work for \$300, and their monthly allowance from their parents of \$50.
- Begin by asking each team to figure out what they will be doing with their money. Choices are:
 - Put \$_____ in checking account
 - Put \$_____ in savings account
 - Keep \$ _____ on hand
- Write the amounts each team decides to put where on the white board. Team 2 should have \$2,350 on hand.
- Read the following scenarios to each team. Team members must decide what to do with the following:
 - 1) You need to put \$20 of gas in your car.
 - 2) You go out with friends to the movies; your ticket was \$10 and snacks were \$8.
 - 3) Your bill for school is due. The first payment is \$1,500.
 - 4) You stop for coffee before school. Your drink was \$3.
 - 5) You drop your wallet and 10% of your on-hand cash is stolen.
 - 6) One of your tire's pops. You must buy a replacement for \$150.
 - 7) You go out on a date and decide to pay. The meal was \$30.

Ask teams to tally totals and compare. What is the total difference between the teams?

BASIC BANKING

Apply: (10 minutes)

This is just an extreme example of not having a bank account. It is perfectly reasonable to assume one would not have all that money in their wallet at one time. But consider this:

- It was easier to keep money that needed saved in a safe place, team 1 did not have to worry about spending their scholarship on things that were not school related.
- Team 1 had less cash on hand, so they lost less money when dropping their wallet.
- Team 1 is accumulating interest, we did not calculate this in our example.

Discussion Question: Any other key differences you noticed between the teams?

Away: (5 minutes)

“As you all begin to have jobs or receive scholarships, or anything else where money will be moving through your hands, consider the advantages to having a bank account, and determine whether or not you should open an account. Research different banks with a parent/guardian to see which one may be the best fit.”

Evaluation: (5 minutes)

Have each of the participants fill out an index card to answer the following questions:

- 1) How helpful did you find this lesson?
- 2) After hearing this lesson, do you think starting a bank account is a good idea. Why or why not?
- 3) What are some key differences between a savings account and a checking account?
- 4) Would you recommend this lesson to other people around your age?