

Checking account basics

Students read a handout to learn about opening a bank or credit union account and then simulate asking a bank or credit union representative questions to determine if the account is for them.

Learning goals

Big idea

A checking account can be a useful tool for managing finances.

Essential questions

- What is a checking account?
- How do you determine if a checking account is a good fit for your needs and your situation?

Objectives

- Understand basic information about checking accounts
- Use a checklist to help prepare to open a checking account and determine if the account is right for you

NOTE

Please remember to consider your students' accommodations and special needs to ensure that all students are able to participate in a meaningful way.

KEY INFORMATION

Building block:

-  Executive function
-  Financial habits and norms

Grade level: High school (9-12)

Age range: 13-19

Topic: Save and invest (Banking options), Spend (Buying things, Paying bills)

School subject: CTE (Career and technical education), English or language arts, Social studies or history, World languages

Teaching strategy: Cooperative learning, Direct instruction, Simulation

Bloom's Taxonomy level: Apply, Analyze

Activity duration: 45-60 minutes

National Standards for Personal Financial Education, 2021

Spending: 8-2, 8-3, 12-2, 12-3, 12-5, 12-8, 12-9

Saving: 8-3, 8-6, 12-5

These standards are cumulative, and topics are not repeated in each grade level. This activity may include information students need to understand before exploring this topic in more detail.

What students will do

- Read a text with basic information about checking accounts.
- Answer basic comprehension questions.
- Engage in a simulation activity about meeting with a bank or credit union representative to open an account at that institution.
- Reflect on how they might use a checking account in the future.

Preparing for this activity

- While it's not necessary, completing the "[Banking basics card game](#)" or "[Getting banked](#)" activities first may make this one more meaningful.
- Print copies of all student materials for each student, or prepare for students to access them electronically.
- Print the "A banking simulation" sheet in this guide. You'll use the sheet to answer students' questions during the simulation.
- Review the Consumer Financial Protection Bureau's (CFPB) "Checklist for opening a bank or credit union account" at https://files.consumerfinance.gov/f/201507_cfpb_checklist-for-opening-an-account.pdf.
- Secure a computer and a projector or large monitor to display the checklist for the class.
- To incorporate this activity as part of a world languages class, you can access the checklist in other languages:
 - Visit <https://www.consumerfinance.gov/language/> and click the target language's link to search for the checklist.
- You can also use the translated checklists to support English language learners.

What you'll need

THIS TEACHER GUIDE

- Checking account basics (guide)
[cfpb_building_block_activities_checking-account-basics_guide.pdf](#)
- A banking simulation (in this guide)

STUDENT MATERIALS

- Checking account basics (worksheet)
[cfpb_building_block_activities_checking-account-basics_worksheet.pdf](#)
- CFPB's "Checklist for opening a bank or credit union account" (handout)
http://files.consumerfinance.gov/f/201507_cfpb_checklist-for-opening-an-account.pdf

Exploring key financial concepts

A checking account is an account at a bank or credit union that allows you to easily make deposits and withdrawals. At a credit union, it's sometimes called a share draft account. People generally use checking accounts to store money in the short term until they need it. People often use the money in their checking accounts to pay bills or day-to-day expenses like gas or groceries. On the other hand, a savings account is usually used to set money aside for mid- and longer-term financial goals. Some banks and credit unions limit the number of withdrawals you can make from your savings account each month. Money in savings accounts can sometimes collect interest.

A checking account can be a useful tool for managing your money. If you're an employee, you can usually have your paycheck automatically deposited in your account through direct deposit. You can use the money in your checking account by swiping your debit card, making an online or mobile bill payment, writing a paper check, or withdrawing cash. Your bank or credit union provides a record of your transactions. Monitoring this information helps you manage your money. In addition, almost all deposits at banks and credit unions are insured for up to \$250,000 by two federal agencies. The Federal Deposit Insurance Corporation (FDIC) insures bank deposits. The National Credit Union Administration insures credit union deposits. This means that if your bank or credit union fails or goes out of business, the federal government will cover any loss of your deposits up to \$250,000.

TIP

Because banking products, terms, and laws change, students should be encouraged to always look for the most up-to-date information.

However, it's important to be careful when using checking accounts. Some banks and credit unions charge fees for certain actions, such as using another financial institution's ATM, withdrawing more money from your account than the amount in it, or not maintaining a minimum balance. Understanding some basics about checking accounts can help you make the most of your money in the future.

Teaching this activity

Whole-class introduction

- Ask students if any of them have a checking account.
- Read the "Exploring key financial concepts" section to students.
- Be sure students understand key vocabulary:
 - **Bank:** A financial institution and business that accepts deposits, makes loans, and handles other financial transactions.
 - **Checking account:** An account at a bank (sometimes called a share draft account at a credit union) that allows you to make deposits, pay bills, and make withdrawals.
 - **Credit union:** A cooperative financial institution that is chartered by the National Credit Union Administration (a federal independent agency) or a state government and is owned by its individual members.
 - **Direct deposit:** Money electronically sent to your bank account, credit union account, or prepaid card.
 - **Interest:** A fee charged by a lender, and paid by a borrower, for the use of money. A bank or credit union may also pay you interest if you deposit money in certain types of accounts.
 - **Savings account:** An account at a bank (sometimes called a share savings account at a credit union) used to set aside money and that pays you interest.

TIP

Visit CFPB's financial education glossary at consumerfinance.gov/financial-education-glossary/.

Individual and group work

- Tell students they'll learn about checking accounts and think about how they might use one in the future.
- Give students the "Checking account basics" worksheet and the CFPB's "Checklist for opening a bank or credit union account" handout.

- Explain that they'll take part in a simulation where they'll pretend to visit a bank or credit union to open an account.
 - They'll practice preparing for this type of meeting.
 - They'll practice asking banking questions.
- Give students time to review the checklist.
- Ask students to answer the worksheet's "Exploring the basics of opening a checking account" questions using information from the checklist.
 - This will help them prepare for the simulation.
- Once students have answered the questions, bring the class back together for the simulation.
- Ask students to volunteer to turn each item on the checklist into a question.
 - For example, the first item might become "What forms of identification do you accept to open an account?"
 - Tell students to also ask if there are other fees that the bank or credit union charges in addition to the ones listed in the checklist.
- You'll pretend to be the bank representative and use the "A banking simulation" sheet in this guide to answer students' questions.
- If students' questions aren't clearly stated, help them rephrase so that they'll be sure to obtain the information they're looking for.
- Tell students to use the worksheet to take notes on the answers you provide.
- Students will then answer the reflection question.

TIP

Students who read quickly or who want an additional challenge can also read the CFPB blog article "Your top five questions about checking accounts answered" at <https://www.consumerfinance.gov/about-us/blog/your-checking-accounts-questions-answered/>.

Wrap-up

- Ask students to review the notes they've taken on their worksheets and discuss whether or not this would be a good bank for them, given their needs and life situation.
- If there's time, ask volunteers to share their answers to the reflection question.

Suggested next steps

Consider searching for other [CFPB activities](#) that address the topics of saving and investing (including banking options) or spending (including buying things and paying bills). Suggested activities include [“Avoiding overdraft fees”](#) and [“Playing a banking fact and fiction game”](#).

Measuring student learning

Students’ answers on their worksheets, during the simulation, and during discussion can give you a sense of their understanding.

The answer guide on the next page provides possible answers for the “Checking account basics” worksheet. **Keep in mind that students’ answers may vary.** The important thing is for students to have reasonable justification for their answers.

Answer guide

Exploring the basics of opening a checking account

1. In addition to a Social Security number or an Individual Taxpayer Identification Number, what are two forms of ID you could use to open a checking account?

Answers may include:

- A photo ID issued by the U.S. government or a state government, such as a driver's license, military ID, U.S. passport, or for some banks and credit unions, a foreign passport or consular ID
- A second form of ID, such as your Social Security card, a bill with your name and address on it, or your birth certificate

2. How much money do you usually need to open a checking account?

Answers will vary but may range between \$25 and \$100.

3. What are some fees the bank or credit union might charge?

Answers will vary but may include:

- Monthly maintenance or service fees
- Per-check or transaction fees
- ATM fees
- Overdraft or insufficient funds (NSF) fees
- Any fees related to online and mobile banking
- Any fees related to online and mobile bill pay
- Stop payment fee
- Wire transfer fee

4. Why is it helpful to know the minimum balance requirement (how much you need to keep in the account at all times)? (Note: This isn't the same as the amount you need to open an account.)

Knowing the minimum balance requirement can help you avoid or reduce fees.

Reflection question

What are some ways you might use a checking account to help manage your money in the future?

Answers will vary but may include:

- Pay bills
- Receive paychecks through direct deposit into your checking account
- Deposit checks electronically

A banking simulation

Print this page and use the information here to answer the questions students ask to learn about the checking account they're interested in opening.

Note: Most of the students' questions will come from the "Checking account checklists" from the CFPB "Checklist for opening a bank or credit union account" handout at https://files.consumerfinance.gov/f/201507_cfpb_checklist-for-opening-an-account.pdf.

Account requirements, fees, and other information	Details for this account
Minimum deposit needed to open account	\$25
Monthly maintenance (or service) fee	\$10 Note: Direct deposit may eliminate monthly fees
Minimum daily balance to waive monthly maintenance fees (minimum balance requirement)	\$500
Interest rates	No interest paid on money in account
Check or transaction fees Stop payment fee Wire transfer fee	No per-check fees \$35 \$15
ATM fees	None if using a bank/credit union network ATM \$2.50 if using a non-bank/credit union ATM
Internet banking access fees	None
Online bill payment access fees	None
Overdraft-paid fee (Maximum number of overdraft fees per business day: 5 per account) Overdraft protection transfer fee	\$35 (for each item paid) \$10 (Each day, funds are transferred from another account for overdraft protection)
Low balance alert notifications	Can send a text message or email when account drops below a defined amount