

# Checking account basics

Students read a handout to learn about opening a bank or credit union account and then simulate asking a 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 you to open a checking account and determine if the account is right for you


### 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.

#### KEY INFORMATION

Building block:

 Executive function

 Financial habits and norms

Grade level: High school (9-12)

Age range: 13-19

Topic: Spend (Buying things, Paying bills)

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

Teaching strategy: Direct instruction, Cooperative learning

Bloom's Taxonomy level: Apply, Analyze

Activity duration: 45-60 minutes

#### STANDARDS

Council for Economic Education  
Standard III. Saving

Jump\$tart Coalition  
Spending and saving - Standards 2 and 3

## Preparing for this activity

- While it's not necessary, completing the "Banking basics card game" or "Getting banked" activities before this one may make it 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.
- Download and review the Consumer Financial Protection Bureau's (CFPB) "Checklist for opening a bank or credit union account" resource at [https://files.consumerfinance.gov/f/201507\\_cfpb\\_checklist-for-opening-an-account.pdf](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](cfpb_building_block_activities_checking-account-basics_guide.pdf)
- A banking simulation (in this guide)
- Computer and a projector or large monitor

### STUDENT MATERIALS

- Checking account basics (worksheet)  
[cfpb\\_building\\_block\\_activities\\_checking-account-basics\\_worksheet.pdf](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](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 make deposits, pay bills, and make 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 for 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. 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, both checking and savings accounts at banks and credit unions are insured for up to \$250,000 by two federal agencies. The Federal Deposit Insurance Corporation insures bank deposits. The National Credit Union Administration insures credit union deposits. This means that if your bank or credit union can't give you the money in your account because it fails or has gone out of business, the federal government will cover the loss of your deposits up to \$250,000.

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

- Explain to students that they'll learn about checking accounts and think about how they might use one in the future.
- Ask students to share what they know about checking accounts and checks.
- Make sure students understand they can access money from their checking accounts by swiping a debit card, making online or mobile payments, writing a check, or withdrawing cash.
- 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.
- **Insurance:** The practice or arrangement in which a company or government agency provides a guarantee of compensation for specified loss, damage, illness, or death in return for payment of a premium.
- **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

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Visit CFPB’s financial education glossary at [consumerfinance.gov/financial-education-glossary/](https://consumerfinance.gov/financial-education-glossary/).

## Individual and group work

- Give students time to review the “Checklist for opening a bank or credit union account” at [https://files.consumerfinance.gov/f/201507\\_cfpb\\_checklist-for-opening-an-account.pdf](https://files.consumerfinance.gov/f/201507_cfpb_checklist-for-opening-an-account.pdf).
- Explain that you’ll set up a simulation where the students will 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.
- Ask students to answer the “Exploring the basics of opening a checking account” questions on the worksheet.
  - This will help them prepare for the simulation activity.
- Once students have finished their preparations, bring the class back together for the checking account 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?”

#### TIP

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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/>.

- 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.

## 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.
- Give students time to answer the reflection questions.

## Suggested next steps

Consider searching for other [CFPB activities](#) that address the topic of spending, including buying things and paying bills.

## Measuring student learning

Students' responses to the worksheet questions and during the simulation activity can give you a sense of their understanding of checking accounts.

This answer guide 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

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**

How much is usually needed to open a checking account?

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

What are three types of fees the bank or credit union might charge?

**Answers will vary but may include:**

- **Monthly service fees**
- **Per-check or transaction fees**
- **ATM fees**
- **Overdraft fees**
- **Any fees related to online and mobile banking**
- **Any fees related to online and mobile bill pay**

## 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 in order to learn about the checking account they're interested in opening.

Note: Students' questions will come from the "Checking account checklists" from the CFPB "Checklist for opening a bank or credit union account" handout. This can be found at [https://files.consumerfinance.gov/f/201507\\_cfpb\\_checklist-for-opening-an-account.pdf](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 fee	\$10 Note: Direct deposit may eliminate monthly fees
Minimum daily balance to waive monthly maintenance fees	\$500
Interest rates	No interest paid on money in account
Check or transaction fees Returned unpaid (bounced check) fee Stop payment fee Wire transfer fee	No per-check fees \$12 \$35 \$15
ATM fees	None if using a bank/credit union network ATM \$2.50 if 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