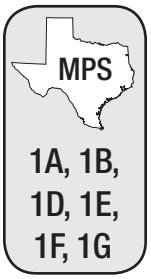
Banking

Instruction



Essential Questions

1. How do you reconcile a bank statement?
2. How do you select the best savings account?
3. How does a savings account differ from a checking account?
4. How do you calculate compound interest?
5. How can you determine what savings account to choose?
6. How can graphing equations help you to make decisions?

WORDS TO KNOW

ATM (automated teller machine)	a device that allows people to access funds in their accounts without having to go into the bank
bank statement	a summary of the activity in your account for a period of time, usually a month
bounced check	a check is said to "bounce" if the funds in a checking count are insufficient to cover a written check
checking account	an account at a bank for which checks can be drawn by the account depositor
compound interest	interest calculated on the initial principal and also on the accumulated interest of a deposit or loan. Represented by the formula $A = P\left(1+\frac{r}{n}\right)^{nt}$, where P is the principal amount, r is the interest rate as a decimal, n is the number of times the money is compounded each year, and t is the time in years the money is invested
debit card	a card issued by the bank that allows you to access your account funds for purchases
deposit	adding money to an account
direct deposit	payments are made directly from one account to another electronically, without the need of a check or other intermediate step
maintenance fee	a fee charged by some bank accounts in order to keep the account open; these fees sometimes have conditions under which they may be applied
minimum balance	the least amount of money a bank requires you to have in your bank account; going below this amount may incur a fee

online banking	this allows customers to access most banking options via the Internet, at any time
overdraft	when the balance of a bank account goes negative
personal check	a voucher that tells the account holder's bank to make a payment of a designated amount to a designated payee from the linked account
principal	an initial amount on money invested or borrowed
savings account	a bank account similar to a checking account, except it accrues interest and there may be a cap on the number of withdrawals you can make in a month
simple interest	interest calculated only on the principal regardless of the interest earned so far. One simple interest formula is represented $A = P(1 + rt)$, where P is the principal amount, r is the percent rate per period, t represents the number of time periods, and A represents the maturity of a loan or savings account
withdrawal	taking money out of an account

Recommended Resources

- Financial Education Private-Public Partnership. "Interest Comparison."

  https://www.k12.wa.us/sites/default/files/public/corestandards/mathematics/pubdocs/savings-final.docx

  Given interest rates for two bank accounts, users will determine the best bank account using mathematics.

- GeoGebra. "Exponential Functions (Graph & Equation Anatomy)."

  http://www.walch.com/rr/05000

  This applet provides sliders for the various values in an exponential equation, and shows how changing the values results in graph changes.

- Math Mapshell. "Representing Linear and Exponential Growth."

  http://map.mathshell.org/download.php?fileid=1732

  This lesson plan centers on interpreting exponential and linear functions in the context of simpe and compound interest problems.