

Unit 6

CHECKING ACCOUNTS

Objectives

- Define *balance, business day, check, checkbook, checking account, deposit, endorsement, hold, register, and signature.*
- Fill in and endorse a check.
- Identify check-holding policies.



Activate Prior Knowledge

Have you ever wondered how a check is worth money?

Explain Key Terms

balance (n) amount of money remaining

business day (n) the part of a day when most businesses are open, usually from 9 am to 5 pm Monday through Friday

check (n) a payment method imprinted with customer and bank information; valid when the date, amount, and signature are filled in

checkbook (n) a book containing blank checks given to customers who have a checking account

checking account (n) a bank account used for storing money that is meant to be spent in the short-term

deposit (v) to put money in a bank or financial institution; (n) money put into a bank or financial institution for safekeeping in a customer's account

endorsement (n) the signature required on the back of a check in order to cash and/or process it

hold (n) a delay; (v) to place a delay on deposits

register (n) a book for recording actions that affect your account

signature (n) a person's name signed (in cursive) by him or her

Teach/Model

Say: Banks offer *checking accounts* so that people can store money that they plan to spend in the short-term. Most banks will not allow you to have a checking account until you are 18 years old. You can write a **check** to pay for things. The money will be removed from your account within a couple of days. The check must be written and signed using a pen, not a pencil. It is important to keep track of each check you write in your checking **register**, which is a booklet for you to keep written record of the actions that affect your account balance (the amount of money remaining). If someone sends you a check, maybe your grandparents for your birthday, you will need to make an **endorsement**, that's your signature required on the back of a check in order to cash or deposit the check. Also, the bank will tell you when a **hold**, or delay, is placed on a check deposit.

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Practice and Apply

Can you write a check?

(p. 6.3-4)

Read the directions to the students. After completing the activity, draw a check on the board and ask students to identify its parts.

How do I cash a check?

(p. 6.5)

Read the directions to the students. Explain to students that a check may not be cashed without an endorsement, and that if it is signed incorrectly, the check may not be processed.

Why hasn't a deposit been added to my account? (p. 6.6)

Read the directions to the students. Explain to students that banks have different hold policies, and that banks may hold checks for the listed periods of time. Explain that if a customer has a new account, for example, there may be a hold on deposits.

Including All Learners

- Challenge grade 5 students to research a type of fund that has delayed or next-day availability. Have students share their research with the class. (p. 6.6)
- For grade 3 students, explain that banks verify that the money is in an account before they credit a payment. Point out examples in the last two columns and explain why a bank may wait to give the money. (p.6.6)

Hands-On Connections

- After completing **Why hasn't a deposit been added to my account?** play Funds Availability ball toss! Create three signs: "Next Business Day," "2 Business Days" and "5 Business Days or More." Then tape the signs to three milk crates, trash cans, or baskets. Ask every student to write the following terms on pieces of paper and crumble them up: cash, local check, government-issued check, money orders, cashier's check, electronic payments, ATM deposits, mailed deposits, out-of-state check, international check, >\$5000 deposits, and deposits into a negative balance account. Time to have students take turns throwing one of their "balls" into a basket! Have students take turns until everyone is out of balls, then have volunteers empty each basket to see if the answers are correct. Refer to the chart in the lesson as you review the items that fit into each Funds Availability category.



Check Writing (Grades 3-5): Have students create a step-by-step list of instructions on how to write a check.

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Can you write a check?



Look carefully at the check below. Use it to help you answer the questions below.

	Joyce Ingrahm 82738 Monroe Ave. Anytown, IN 45480	Payer information	366	Check number
	DATE <u>3/14/07</u>			
Payee	PAY TO THE ORDER OF <u>Jimmy's Department Store</u>		\$ <u>26.99</u>	Check amount in numerals
	<u>Twenty-six and</u>		<u>99/100</u> DOLLARS	Written check amount
Bank	First Bank of Indiana			
Note	Memo <u>Pants</u>		<u>Joyce Ingrahm</u>	Signature
	: 05 21104 83 : 545315208 7 0366			
	Bank number (routing number)	Checking account number	Check number	

Add the amount each customer owes in questions 1-3 below. Then, fill in the check.

1. On May 8, 2008, Jared spent \$7.50 for baseball cards, \$14.00 for football cards, and \$1.17 in tax at Lenny's Sports Shop.

Jared Nicholson 214 Broad St. Anytown, IN 45483	128
DATE _____	
PAY TO THE ORDER OF _____	\$ _____
_____	DOLLARS
First Bank of Indiana	
Memo _____	<u>Jared Nicholson</u>
: 05 21104 83 : 6410075 57 7 0128	



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*Can you write
a check? (continued)*



2. On November 13, 2008, Maya bought two sketch pads for \$5.00 and a pack of colored pencils for \$4.00 at Flor's Art Supplies. The sales tax was \$0.45.

Maya Harshman 82783 Monroe Ave. Anytown, IN 45480	1 0 2 3
	DATE _____
PAY TO THE ORDER OF _____	\$ _____
	_____ DOLLARS
First Bank of Indiana	<i>Maya Harshman</i>
Memo _____	
: 052110483 : 5461028 01 ï 1023	

3. On February 11, 2008, Owen bought fish for \$10.00 and fish food for \$7.00 at Fantastic Fish. Tax was \$1.19.

Owen S. White 2541 Plum Ct. Anytown, IN 45476	7 1 2
	DATE _____
PAY TO THE ORDER OF _____	\$ _____
	_____ DOLLARS
First Bank of Indiana	<i>Owen S. White</i>
Memo _____	
: 052110483 : 2818969 37 ï 0712	



Name: _____ Date: _____

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How do I cash a check?



Front of the check:

Chad Resnick 12984 Main St. Anytown, IN 46200	482
	DATE <u>5/3/07</u>
PAY TO THE ORDER OF <u>Kyle Levy</u>	\$ <u>54.00</u>
<u>Fifty Four and no/100</u>	DOLLARS
First Bank of Indiana	
Memo <u>Books</u>	<u>Chad Resnick</u>
: 052110483 : 8465463 15 i 0482	

A. Read Kyle's choices below. Write the letter of the form of endorsement that works best next to each choice described.

Endorsement options:



X *Kyle Levy*



X Pay to the order of
Karen Levy
Kyle Levy



X For deposit only
#89347289
Kyle Levy

Back of the check:

ENDORSE HERE

X _____

DO NOT WRITE, STAMP, OR SIGN BELOW THIS LINE.

- ___ 1. Kyle wants to deposit the entire amount of the check into his savings account.
- ___ 2. Kyle goes to the bank to cash all of his check.
- ___ 3. Kyle gives the check to his mother to cash for him.
- ___ 4. Kyle gives his check to his mother to deposit for him.
- ___ 5. Kyle would like to cash half of the check and deposit the rest into his savings account.

B. Why is it important to endorse a check you only want to deposit with "for deposit only"?



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Why hasn't a deposit been added to my account?



Read the sample Funds Availability chart and then answer the questions.

AVAILABILITY OF FUNDS

Next business day		2 business days	5 business days or more
Cash	Money orders (printed checks sold at grocery stores and post offices)	ATM deposits	International check
Customer who wrote the check lives in state and/or banks in your area (local check)	Cashier's checks (printed checks purchased at a bank with bank signatures verifying amount is valid)	Mailed deposits	Large deposits (>\$5,000)
Customer who wrote the check banks with your bank	Electronic payments	Customer who wrote the check lives and/or banks out-of-state	Deposits into an account with a negative balance
Government-issued or state-issued check (tax refund, state employee paychecks)	\$100 from any check that is not available after one day		

1. When can you expect cash to be available in your account? _____
2. Which type of deposit will be added to your account balance first?
 - a. \$10,000 check
 - b. an ATM deposit
 - c. state-issued check
 - d. out-of-state check
3. Why would an international check take a long time to be available in your account?

4. If you deposit a \$500 out-of-state check into your checking account, how much of your deposit will be in your account the next day?

5. Why would the bank delay giving you money for a check if your account has a negative balance?

