

# LESSON 18.1 Choosing a Bank

**TEKS**  
**Personal financial literacy—**  
**6.14.A** Compare the features and costs of a checking account and a debit card offered by different local financial institutions. *Also 6.14.B, 6.14.C*



## ESSENTIAL QUESTION

How do you compare services offered by different banks?

### EXPLORE ACTIVITY 1



**TEKS** 6.14.A

## Comparing the Costs of Checking Accounts and Debit Cards

You can withdraw money from your bank account in several ways. With a **checking account**, you write checks or use a debit card to withdraw money. A **debit card** is a plastic card you can use to purchase goods or services. When you use a debit card, the money you spend is deducted immediately from your checking or savings account.

### Math Talk Mathematical Processes

Margaret wants to open a new checking account. What are some things she should consider when choosing a bank?

- A** The table shows the fees for certain features at two banks. Complete the table to show which bank has the better deal for each feature.

	Township Bank fees	Peachtree Bank fees	Better deal
Checks	\$0.50 per check	free	
ATM transactions (nonbank ATM)	\$1 per withdrawal	\$2 per withdrawal	
ATM transactions (bank ATM)	free	free	
Debit cards	\$2.50 per month	\$0.50 per withdrawal	

- B** During one month, Carmen wrote 4 checks and used her debit card for two nonbank ATM transactions. Which bank is better for her? Explain.

---



---



---



---





# Debit Cards or Credit Cards?

A **credit card** is a plastic payment card you can use to purchase goods or services. Using a credit card is like getting a loan. You pay for your purchases later when you receive a monthly bill. You also pay interest on the balance.

**Sam and Kong bought identical guitars that cost \$600. Sam paid for his guitar with his debit card so \$600 was deducted from his checking account on the day of the purchase. Kong charged his guitar on his credit card. He made payments each month until the guitar was paid off. Over time, he paid the credit card company \$600 plus an additional \$32 in interest.**

**A** Describe how the payment methods used by Sam and Kong to pay for their guitars affected the amount of money they had in the bank.

---



---



---



---

**B** The table shows some features of debit cards and credit cards. Write A next to the features you think are advantages. Write D next to the features you think are disadvantages.

Debit Cards	Credit Cards
Do not have to carry cash or a checkbook _____	Balances can quickly increase and be difficult to pay off each month. _____
May include a fee for each purchase _____	May include a yearly fee _____
Need a PIN to access the account _____	Statements provide a record of expenses. _____
Need enough money in account to cover the cost of purchases _____	Can make purchases without having money to cover the full price _____
Easy access to cash at ATM machines _____	Must pay interest on any unpaid monthly balance _____

**C** Jolene bought a new helmet from the bike shop. She recorded her purchase in her check register. Which type of card did she use? Explain.

---



---



---

## Reflect

- Analyze Relationships** Terrance has \$54.29 in his checking account. He needs to purchase a football uniform for \$56.50. Should Terrance use his debit card or his credit card? Explain your reasoning.

---



---

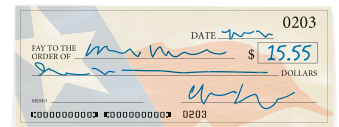
### EXPLORE ACTIVITY 3



TEKS 6.14.C

## Balancing a Check Register

Your checkbook includes a check register to help you keep track of deposits, withdrawals, and transfers. Your balance tells you how much money is actually in your account. To balance the check register, add deposits to the balance and subtract withdrawals and transfers from the balance.



The check register shows Annie's checking account transactions.

Check #	Date	Transaction	Deposit		Withdrawal		Balance	
		beginning balance					\$236	75
	2/1	deposit (lawn mowing money)	\$25	00			\$261	75
202	2/9	beauty salon			\$28	29	\$233	46
	2/12	transfer to savings account			\$20	00		
	2/20	ATM withdrawal			\$40	00		
	2/20	ATM fee			\$1	00		

Add the deposit to the beginning balance.

Subtract the withdrawal from the previous balance.

- Complete the check register to show Annie's balance after the transfer and the ATM withdrawal.
- Add these transactions to Annie's check register.
  - deposited \$25.00 dog walking money on 2/24
  - wrote a check to The Sport Resort for \$15.55 on 2/28



## Guided Practice

Use the table for Exercise 1. (Explore Activity 1)

1. Graciella is shopping for a bank. She does not write checks or use the ATM. She pays for lunch with her debit card 20 times each month.

- a. What services does Graciella use?

\_\_\_\_\_

- b. Calculate her monthly costs.

\_\_\_\_\_

- c. Which bank is a better deal for her? Explain.

\_\_\_\_\_

\_\_\_\_\_

	A+ Bank	NextGen Bank
Checks	\$0.25 each	free
Monthly checking fee	\$1	none
ATM fee	free	\$1.50
Debit card fee	\$2.50 per month	\$0.50 per withdrawal

Which type of card was used, debit or credit? Explain. (Explore Activity 2)

2. Carol bought art supplies at the craft store. She paid for the supplies at the end of the month.

\_\_\_\_\_

3. Stephen wanted a mouth guard for football that costs \$23. He bought a less expensive guard so he would not overdraw his account.

\_\_\_\_\_

4. Fill in the missing items in the check register. (Explore Activity 3)

Check #	Date	Transaction	Deposit		Withdrawal		Balance	
		beginning balance					\$311	25
	12/1	deposit (allowance)	\$25	00			\$336	25
180	12/2	Rick's Barber shop			\$15	00		
	12/6	transfer to savings account			\$40	00		
	12/12	ATM withdrawal			\$20	00		
	12/15	deposit (allowance)	\$25	00				



### ESSENTIAL QUESTION CHECK-IN


5. What information do you need to compare the services of different banks?

\_\_\_\_\_

\_\_\_\_\_


# 18.1 Independent Practice

 **TEKS** 6.14.A, 6.14.B, 6.14.C



**Personal Math Trainer**

Online Assessment and Intervention

 my.hr.com

Use the table for Exercises 6–10.

	First City Bank	Transnational Bank	Hometown Bank
<b>Checks</b>	free checks	\$5 per month checking fee	\$0.50 per check
<b>ATM transactions</b>	\$1 per transaction	no ATM fees	bank ATM: free nonbank ATM: \$2 per transaction
<b>Debit cards</b>	\$0.25 per debit card transaction	\$0.25 per debit card transaction	no debit card fees

- 6. Draw Conclusions** Compare the check and debit card fees at Hometown Bank. When would it be cheaper to use checks and not a debit card?

---



---

- 7. Multistep** Charlie has a checking account at Transnational Bank. In December he wrote 4 checks and made 3 debit card transactions. Would Charlie’s monthly fee be cheaper if his account were at First City Bank? Explain.

---



---

- 8. Multiple Representations** Kim has an account at Hometown Bank. In March, she paid \$16 in ATM fees. Write an equation showing the number of times she used a nonbank ATM.

---



---

- 9. What If?** The balance in Jake’s checking account is \$45.55. What would happen if he wrote 3 checks for \$20 each? Show your work.

---



---

- 10. Critique Reasoning** First City Bank’s TV commercial states they offer the best deal because they do not charge for checks. Do you agree? Explain.

---



---



---



---

11. Enter the following information into the check register. Balance the check register.

- deposit of \$150.00 on 4/1
- check 34 to Harv's Games for \$65.98 on 4/3
- ATM withdrawal of \$60 on 4/5
- ATM fee of \$1.00 on 4/5
- transfer to savings account of \$20 on 4/7

Check #	Date	Transaction	Deposit		Withdrawal		Balance	
		beginning balance					\$300	00



**FOCUS ON HIGHER ORDER THINKING**

12. **What If?** Suppose you are offered a credit card that has 0% interest for 6 months and 25.9% interest after the introductory period. Why might you choose a credit card with 14.9% interest instead?

---



---



---

13. **Critique Reasoning** Consider the following statement: "People who use credit cards always end up owing more money than they have. No one should use a credit card." Do you agree with this opinion? Explain your answer.

---



---



---



---

14. **Communicate Mathematical Ideas** Kate has a balance of \$1,080 on her credit card. If she makes no purchases and pays \$90 each month, will her credit card balance be paid off in a year? Explain.

---



---

Work Area