

Financial Fitness **Key**

Introductory Skit:

TEACHER: “For the next few days we are going to be focusing on Family, Career and Community Leaders of America’s (FCCLA’s) **Financial Fitness** Program.

STUDENT: “Financial Fitness? What is that?”

TEACHER: “It’s an FCCLA peer education program, where students learn to handle their own finances and then teach their friends to do the same. Even though teens have limited income, they still spend a lot of money. Learning to manage your money and make wise choices is important to building a better life for you and your family when you become an adult.”

STUDENT: “Let’s get started!”

Instructions: Number your own paper from 1 - 25. Use the Word/Phrase Bank to complete the sentences below. Write the correct word/phrase next to the corresponding number on your paper.

Becoming familiar with the services of a bank or credit union is one of the first steps to financial fitness. The following are the two most popular financial institutions that serve customers. A 1. bank is owned by investors who have purchased stock in the bank. It is managed by a paid board of directors and is operated for profit to the stockholders. A 2. credit union is owned by the customers, also called members, who have member qualifications and it is managed by a volunteer board of directors. Membership in the credit union qualifications might include working at a specific job (such as a teacher’s credit union) or living in a specific community (such as Sandy Beach Community Credit

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Union). Both financial institutions offer similar services such as savings accounts, checking accounts, issuing credit, debit and ATM cards as well as providing loans to people who apply for a loan and qualify.

Most banks have a minimum age (usually 18) to get a checking account. Sometimes you can get one when you are younger with an adult co-signer on the account.

For many people, the first service they may use is a 3. savings account. This is an account where you save money that you do not plan to use right away. To open an account, you need money for your first 4. deposit and identification such as driver's license or school ID. You will be asked to provide additional information such as your name, address, phone number, date of birth and social security number. This money is not for everyday expenses and stays in the account for long-term until it is needed. You can save money in a 5. savings account for a car or college. The advantage of a savings account is that it earns 6. interest. Money saved and left in a savings account over a long period of time can grow into large amounts of money. The bank or credit union carries insurance to keep your money safe up to 7. \$100,000.00 in deposits. There are very few fees for savings accounts, but some banks do charge a fee if you make too many 8. withdrawals in a short period of time. If you are doing this, you definitely need to learn about the next kind of account.

Another common type of account that many people use is a 9. checking account. At credit unions, these are sometimes called 10. share draft accounts. Opening this type

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of account requires similar information as the savings account. A checking account is where you put money you plan to use right away for day to day living expenses. It has many advantages. It keeps your money safe, (you don't have to carry large sums of money) and you have proof of payment. You can make payments by writing a paper 11. check or electronically on the internet. These accounts do not normally earn interest. Writing a check is easy and you can practice by going to www.themint.org. There are activities that help you with balancing your checkbook also. This is very important!

Debit cards are great for people who do not want to carry a lot of cash and do not wish to have the temptation of using a credit card. A debit card can be used very much like a 12. credit card to make reservations or purchase things on the internet. You must remember, the money is coming immediately directly out of your 13. checking account and 14. you must keep track of what you are spending! You can have cash available through an 15. automated teller machine using an 16. ATM or debit card. The difference between an ATM card and debit card is a 17. debit card can be used at a store to make purchases in addition to using at an ATM machine. An 18. ATM card can only be used at an ATM machine to make deposits or receive cash. It is very important that you manage your checking account by keeping track of what you have spent and 19. how much money is left in the account. If you attempt a debit transaction and you do not have money in the account, the cashier or waitress will tell you that the card is "denied" and you will have to make other arrangements for payment or leave your merchandise in the store. If you write a check and do not have the money to cover it,

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that is called writing a check with 20. insufficient funds or sometimes it is nicknamed a “bounced check.” The check will be presented to the bank for payment and if there is no money in the account to cover it, the check is returned to the person to whom you wrote the check. When this occurs, you are financially responsible for paying an 21.insufficient fund fee to the bank. In addition, the business you wrote the check to may also charge you a 22.returned check fee in addition to the cost of the check. The cost of these fees can really add up fast! It is very easy for a \$10.00 insufficient fund check to turn into \$70.00 or more!

There are other bank and credit union services such as credit cards, installment loans, safe deposit boxes as well as investment opportunities such as 23. money market accounts and 24. certificates of deposit.

How much does all this cost? It varies from institution to institution. There are different kinds of accounts to meet the needs of different people. There is often a monthly fee for these accounts. There is sometimes a charge at an ATM machine if you use a machine that is not from your institution and, of course, the insufficient fund charge if you don't keep track of your spending and withdrawals.

Take all of this information into 25. consideration and then decide what is best for you and your spending habits. You are now ready to be a peer educator. I hope you have learned some information that is valuable to you and that you can pass on to others!