

COMPARE: Types of Savings Accounts

There are multiple types of savings accounts that can help you meet your savings goals. You'll explore and compare four different types of savings accounts in this activity by first researching the basics of the accounts, then comparing which of those accounts a specific bank or credit union offers, and finally applying what you have learned about those accounts to various saving goal scenarios!

Part I: Research Savings Accounts

1. **TEAMWORK:** Create small teams of 4-6 students per group. Your teacher will assign you one of the four types of savings accounts to research: (1) Traditional Savings Account, (2) Online Savings Account, (3) Certificate of Deposit, or (4) Money Market Account. With your teammates, conduct online research on your assigned savings account type. Complete each field below.

Type of Saving Account: _____		
Describe how it works / Draw a picture:	Typical Interest Rate:	Typical Minimum Balance:
	Can you add to balance regularly?	Is it FDIC insured?
	Can you write checks / pay bills	Is your money "stuck" for a set

	directly from it?	time?
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2. **SHARE OUT:** After each group has finished their research, go around the classroom and each team will share their research from each savings account type. Assign each teammate in your group different parts of your research to share to the class. When another group is presenting on a savings account type that you did NOT research with your team, follow along with their presentation by completing the main points in the table below.

❖ **Teacher Tip:** Select one group per savings account type to present, or have all teams who researched the same type of savings account all take turns sharing different parts of their research. (For example, Team 1 will share about Online Savings Accounts description, Team 2 will share about Interest Rate and Minimum Balance, etc.)

Type of Account	Description	Typical Interest Rate	Typically Minimum Balance	Add to balance regularly?	Is it FDIC insured ?	Write checks / pay bills directly ?	Money stuck for a set time?
Traditional Savings Account							
Online Savings Account							
Certificate of Deposit							

Money Market Account							

Part II: Research A Bank or Credit Union

Now that you know the basics of how these four types of savings accounts work, let's take a closer look at how these accounts compare against each other at your favorite bank or credit union. Select one bank or credit union (it can be one that you or your parents / guardians currently use, or one that you are interested in learning more about). Then, research the bank or credit union's options for savings accounts. *NOTE: If the bank offers multiple products in the same category (ex: two tiers of MMA or CDs at 10 different time intervals) just record answers for ONE of the options.*

- ❖ **Teacher Tip:** Part II of this activity can continue to be completed with the same teams, or you can also have students work in pairs or individually if they want to research a specific bank or credit union they are interested in learning more about!
3. What bank or credit union do you want to explore? Include the name, website link and indicate if this bank / credit union is an ONLINE or a TRADITIONAL brick & mortar institution.

4. Research information for a savings account, a CD, and an MMA for this bank / credit union. Record your findings in the table below.

	Savings Account	CD	MMA
Account name (ex: Basic Savings, 1 Year CD, 5 Year CD)			
Interest rate			
Minimum deposit or balance			
Fee			
Time period for your deposit			

Part III: Apply Your Knowledge!

Congratulations - you now have a deeper understanding of how various types of savings accounts can be used for different savings goals! Now that you know more about the details on these different accounts, apply your learning by helping out the following characters by reading each scenario below and selecting which type of savings account, from the 3 you've chosen above, fits best.



5. Robert wants to get serious about saving for a new car. Which account would you recommend? Why?

6. Cindy has been working for 8 years, and she's built up a huge emergency fund -- \$45,000, which would be 6 months of her salary. She's hoping to earn a bit more interest than she currently is with that \$45,000 just sitting in her traditional bank's savings account. Which account would you recommend? Why?

7. Janelle likes to keep all her savings goals separate, so she has an account for each one, including an account to save for her college textbooks every semester. She buys books about every 6 months, with roughly \$550 due each time. She likes to save the money up in installments, with auto-deposits from each of her twice monthly paychecks. She's wondering if her online savings account, earning 0.75%, is still her best option for monthly deposits toward her textbooks. Which account would you recommend? Why?