

Name:

Date:



INTRO

TALK WITH A PARTNER

Discuss these questions with your classmates or with a partner, and take notes below:

1. Why do you think it's a good idea to have your money for savings in a different account than your checking account?



LEARN IT

ARTICLE: What is a Savings Account?

What is a savings account and why do people use them? Read this article below to learn more about savings accounts and then answer the questions.

What is a Savings Account?

A savings account is a place where you can store your cash safely while earning interest.

1. **Why you need a savings account:** A savings account lets you put money aside that you don't need immediately, but may need at some time in the future. For example: a vacation, an item you have been wanting to buy, or to cover the costs of an emergency.
2. **You earn interest:** The money in your savings account earns interest - so your money can make more money! (Note: Checking accounts occasionally earn interest too, but at *much*

lower rates.)

3. **You can't use the money in your savings account as often:** Unlike a checking account, a savings account is used for purchases you don't make very often. In fact, by law you can only transfer or take out money from your savings account up to 6 times per month! Otherwise, you will have to pay a fee.
4. **FDIC insured:** When opening a savings account, it's important to check if the account is FDIC insured (most are). FDIC insured means that the federal government will insure up to \$250,000 of the money in your account in case the bank fails.
5. **Online-Only accounts:** An online-only savings account means there is no physical bank or credit union where you can go to access your money and deposit, transfer, or take out cash. Instead, everything is done online or through your smartphone app. Online savings accounts usually have higher interest rates than traditional savings accounts, because they do not have to pay the costs that come with maintaining a physical building. If you want to deposit *cash* into your online-only savings account, you would need to deposit it into a checking account and then transfer it into your savings account.

Savings accounts are a great way for you to put money aside for your "future self"!

[Source](#)

1. Think about what you wrote down for the Discussion Prompt above. What else would you add to your answer now that you know more about savings accounts?

2. Why do you think there is a limit on the number of times you can withdraw or transfer money in your savings account?

INFOGRAPHIC: [Checking Account vs Savings Account](#) [←CLICK FOR LARGE VERSION]

Checking and savings accounts are both important tools for managing your money, but they are used for very different purposes. Read through this infographic to learn about how these accounts are different. Then, answer the questions.

Checking Account vs Savings Account



Checking

Best for everyday spending

Unlimited withdrawals/transfers

Low or no interest rates

Features include:

- Debit card
- Paper checks
- ATM access
- Overdraft protection
- Online and mobile banking

VS



Savings

Best for storing funds for short-term goals

Limited withdrawals/transfers

Higher interest rates

Features include:

- Interest on balances
- Six monthly withdrawals or transfers
- Online and mobile banking



1. For each of the situations below, circle whether a Checking or Savings account is the better choice.

| | Scenario | Which account should they use? | |
|---|---|--------------------------------|---------|
| a | Chris wants to put money aside so he can buy his mom a birthday present. | Checking | Savings |
| b | Sam wants to buy school supplies for a project she is working on. | Checking | Savings |
| c | Aisha wants to withdraw \$20 from an ATM so she can buy a movie ticket and go watch the movie with her friends. | Checking | Savings |

| | | | |
|---|---|----------|---------|
| d | Neil rides his bike every day to school and back and is responsible for maintaining his bike. He wants to make sure he has money to fix or replace anything that might break in the future. | Checking | Savings |
| e | Rosa is going on a vacation with her parents in a few months and wants to put the money she just got from the holidays aside to buy souvenirs. | Checking | Savings |



DO IT

MOVE: Savings Accounts vs. Checking Accounts

It's time to put your knowledge of savings and checking accounts to the test! Follow your teacher's instructions on how to do this activity.



EXIT TICKET

1. Your cousin is eager to start putting her money aside in a savings account since she just started her first job. What are THREE things you recommend she asks the bank teller (or researches) when she's opening her account?