FUNDAMENTALS OF BANKING:
GETTING SERIOUS ABOUT SPENDING, SAVING, & INVESTING

Activity 1: Where does your money go? Track your cash flow.

Spend one week tracking the money you have coming in and the money going out.

How much money did you bring in this week?

____

Did you put any money away in a savings account? If so, how much or what percentage did you put aside?

____

How much money did you spend in a week?

____

Where and what did you spend your money on in a week? Identify the "wants" and "needs".

____

____

____

Activity 2: Matching Interest

1. Interest _______	**A. The money you earn on your initial deposit**
2. Compound Interest _______	**B. Allows your money to make money**
3. Simple Interest _______	**C. When you earn interest on the interest that you've already earned.**

Activity 3: Getting serious about spending, saving and investing

1. What is the difference between gross pay and net pay?

____

____

2. What does FICA stand for? And, where does that money go?

____

____

3. What is the Rule of 72?

____

____

4. What are the pros and cons of a savings account?

____

5. What is a CD, or Certificate of Deposit? What are the pros and cons?

____

____

6. What is an "emergency fund" and why should everyone have one?
What is the ideal amount to have?

____

____

____

ANSWER KEY:
Activity 1: Where does your money go? Student's answers may vary.
Students can share within groups or in front of the class.

Activity 2: Matching Interest
1. B 2. C 3. A

Activity 3: Getting serious about spending, saving and investing
1. Gross pay is what you earn before deductions
Net pay is what you earn after deductions. It is your take-home pay

2. FICA stands for Federal Insurance Contributions Act. This money is collected by the federal government in order to fund social security and Medicare.

3. The Rule of 72 basically tells you how long it will take to double your money. It's calculated by dividing 72 by the interest rate.

4. A savings account is probably the safest place to put your money because it's FDIC-insured, which means it's backed by the government with Federal Deposit Insurance.
Pros include that it is safe and easily accessible. The con is due to the fact that they do not typically offer a high interest rate.

5. A CD is when the bank holds onto your money for a set period of time, such as 6 months or 5 years. This money is safe and tends to earn a higher interest rate than a basic savings account.
Cons: If you withdraw your money early you will have fees to pay. So make sure it's money you can afford to invest for the long term.

6. An emergency fund is money saved up to be able to pay at least 3 months of basic living expenses in case something happens to you or your money.