



POWELL CENTER FOR
ECONOMIC LITERACY

Lesson Plan

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Cougar Savings Club

Time Required

Year-long unit of study

Grade Level and Subject

Grades 3-5; Social Studies

Keystone Principles

Principle #1 – We ALL make choices.

Principle #2 – There ain't no such thing as a free lunch.

Principle #4 – Economic systems influence choices.

Principle #5 – Incentives produce “predictable” responses.

Voluntary National Content Standards in Economics

Standard #4 – [Role of Incentives](#)

Standard #10 – [Role of Economic Institutions](#)

Standard #11 – [Role of Money](#)

Standard #12 – [Role of Interest Rates](#)

Economic Concepts

Banks – *An establishment for depositing, withdrawing and borrowing money. A bank is a business that sells financial services such as car loans, home mortgage loans, business loans, checking accounts and credit card services. Some people go to the bank for a safe place to keep their money.*

Consumer – *A person who is willing and able to buy goods and services.*

Goods – *Tangible physical products that consumers are willing and able to buy to satisfy wants.*

Money – *Any generally accepted medium of exchange to buy goods and services.*

Saving – *Money or other things that people do not use up right away.*

Services – *Products that cannot be touched or stored such as medical care, selling, education, transportation, telephone communication.*

Overview

Children need to understand the concept of money: its use, its buying power, and its conservation. This banking unit engages students in operating a real bank, where they manage and handle real money. Students experience using a savings account and learn that a savings account can provide a good investment and a safe way to store funds. The operation of the school bank helps students apply and reinforce their learning, especially in calculation and record keeping. The experience teaches students that they, as consumers, have an impact on banking and the economy. This lesson is recommended for the upper-elementary grade levels; however, younger students also may benefit from participation and eventually become "bank" employees.

Objectives

- Students expand their knowledge and understanding of economics and banking.
- Students understand the importance and responsibility of having and saving money.
- Students employ critical thinking skills and make careful choices while running a school bank.
- Students learn to set long-term and short-term goals.
- Students learn to follow guidelines as established in the training manual.
- Students develop calculating and record-keeping skills.

Materials and Handouts

- Money samples
- Student bank supplies: teller boxes (where money is kept), teller ledger sheet, master book (a record of the students' names, grade level, teacher, and account number), bank record sheet of transactions, self-duplicating withdrawal slips, self-duplicating deposit tickets, customer record of transactions, and customer signature cards
- Electronic printing calculators
- Computer software program (This program can be designed in partnership with a local high school computer class or obtained through other means. See "Technology Notes.")
- Handout 1 **Interview Questions**
- Handout 2 **Training Manual**
- *The Fisherman and His Wife*, a Grimm's Fairy Tale
- *From Rocks to Riches*, by Adam Gonnelli and Robin Bensignor, Federal Reserve Bank of New York, 1992. (This publication is no longer in print. Check your local library or substitute another publication on the history and evolution of money.)
- *Banking Basics*, Federal Reserve Bank of Boston
- *Looking After Your Own Money*, National Schools Committee For Economic Education, Inc., Cos Cob, CT 06807-0295
- *The Story of Banks*, Federal Reserve Bank of New York

Teaching Activity

Teaching Economic Concepts

Consumers and Producers

We are all consumers and producers. Have students search magazines for pictures of products and of people using those products. Discuss who is a consumer. Paste pictures on a large poster board labeled *Consumers*. Ask students to draw pictures of their favorite and least-favorite items to purchase. Discuss the difference between a producer and consumer. Brainstorm a list of producers needed to keep a school running well. Discuss the role of family members as producers and consumers.

Goods and Services

Producers make goods; consumers purchase goods. Explain the definition of services. Discuss durable and nondurable goods using a glass of water as an example. Ask the class what is consumed and what is not. Have the class think of other examples and list them on the board.

Wants and Needs

Read the Grimm's Fairy Tale *The Fisherman and His Wife*. Discuss how age, geographical location, and climate can affect the needs and wants of people.

Choices and Decisions

The things we value are usually evident by our goals, choices, and decisions. Discuss with students the definition of *goal*. How do we achieve a goal? What do we have to give up in order to reach a goal? List different goals for different age groups, from children to senior citizens. Instruct students to interview someone outside of the classroom using the interview questions on Handout 1. Have students share their interviewees' responses with the class. Discuss the steps in decision making.

Money Skills

Take time to discuss the history of money using the resource *From Rocks to Riches*, published by the New York Fed. (This publication is no longer in print. Check your local library or substitute another publication on the history and evolution of money.) Then read *Looking After Your Own Money* (published by the National Schools Committee for Economic Education, Inc.) and discuss how to handle money. The ability of students to handle money quickly and easily is important. Time spent with this content is valuable.

Discuss with the class the term barter. Remind students of the early settlers and American Indians and their use of bartering. Ask students if they have ever traded with their friends. List the problems and benefits of barter and money.



Brainstorm and discuss with the class the evolution of money — topics such as barter, gold, design changes, and counterfeit features. Have students work in groups to research and report on a specific category of money. Reports may include use of posters, skits, and maps.

Show different samples of money to students for identification purposes. Create play money and ask students to bring in empty boxes and cans to set up a store situation in the classroom. Instruct students to set prices and practice buying items and receiving change.

Creating a Student Bank

Preparation

As students explore banking topics, the use of field trips and guest speakers will prove beneficial. Secure a commitment from a local bank — possibly one the school deals with — in order to set up an account for a student-run bank. This account is referred to as a master savings account. Individual student accounts will be set up within this master account.

What is a bank? Set up a field trip or invite a parent who is a banker or a representative from the bank that holds the master savings account to visit the class. Discuss the roles of branch manager, customer service representative, teller, and bookkeeper. If possible, tour the bank, including the lobby, offices, and vault. Ask bank employees to show students the forms used in each area of the bank. Ask students to write a reaction to the field trip.

Assign students to read *Banking Basics*, published by the Boston Federal Reserve, and discuss it as a class. Have students work in groups to become experts on assigned topics presented in *Banking Basics*. Review the specific forms a bank uses to conduct business, referring again to the resource *Looking after Your Own Money*. Introduce checks and electronic transactions to the class, and discuss why they are helpful to customers. If appropriate, ask students to read and discuss the New York Fed's *The Story of Banks* in small groups.

Invite a bank official to speak to students about the qualifications and responsibilities of a board of directors in a bank. Ask students to list important facts about a board of directors. Then ask students to elect a board of directors for their own bank (e.g., president, vice president, head customer service representative, head teller, head bookkeeper, and head of security).

Job Training

It is now time to train students to run the school bank. Introduce students to the **Training Manual**, Handout 2. Review bank policies and job descriptions. Demonstrate how to complete each bank form using handouts, an overhead projector, or a PowerPoint slide show. Then ask students to practice using the forms and practice handling the money individually and with partners. Introduce the use of electronic calculators during student training.

Next, discuss the interview process and the importance of a complete application and resumé. Have the students complete applications for specific bank jobs, and conduct interviews for these jobs. Assign students to different roles in the banking operation; rotate the roles periodically. In this way, students are trained for all of the jobs required to run the bank. Students can understand and experience all of the bank's operations. This experience also provides an opportunity for them to learn their own particular strengths, weaknesses, and preferences.

Begin advertising the opening of the bank to other classes in the school. Set regular banking hours. Obtain permission slips for students to participate in the school bank.

Technology Notes

A computer software program is a vital tool in record keeping for the school bank, for computing interest, recording transactions, and confirming accuracy of ledgers. Such a program backs up paper records generated by student-bank employees. A software program can be designed in partnership with a local high school computer class, purchased from a software company, or obtained by other means. An example of this type of software is at <http://www.infsoft.com/dci/bank-it.htm>. The software program was an important part of making the lesson a successful one for both teacher and students.

Student participation in real-world situations, such as this banking unit, provides an excellent opportunity for understanding and retention of economic concepts relating to the handling and management of money. Students also learn the importance of accurate record keeping and that a savings account is a good investment and a safe way to store funds.

ELEMENTARY SCHOOL



HANDOUT 1 Interview Questions

1. What goal did you have as a young child?
2. Did you attain the goal?
3. What goal did you have at 18?
4. Did you obtain it?
5. What is a current goal?
6. What are you doing to attain it?



HANDOUT 2

Training Manual

BANK POLICIES

The bank will be open every Friday morning from 8 to 8:30 a.m. for all banking transactions. It will also be open on Wednesday mornings from 8 to 8:30 a.m. for withdrawal requests only. The bank will not be open for any other banking transactions at that time.

1. The initial deposit to a savings account must be a minimum of \$5. All deposits must be made in cash only, no checks.
2. Deposits following the initial deposit must be \$1 or more, up to \$20.
3. Withdrawals must be a minimum of \$1.
4. A note from a parent or guardian must accompany all withdrawal requests.
5. A minimum balance of \$5 is required.
6. Accounts are allowed three withdrawals per quarter (every three months). An account will be charged 50 cents per withdrawal for each withdrawal in excess of three.
7. Once an account is closed, it cannot be reopened in the same school year.
8. The interest (set in agreement with the commercial bank that holds the master savings account) is to be paid quarterly on the average daily balance.
9. At the close of the school year, savings may be withdrawn or allowed to remain in the savings account over the summer.



HANDOUT 2 (continued)

BANK JOB DESCRIPTIONS AND PROCEDURES

Host/Hostess

1. Greet customers with a smile as they enter the bank.
2. Direct customers to the next available customer service representative or teller, depending on the customer's need.
3. Alert security if a customer needs to be walked back to class.
4. Assist any bank employees as needed.

Security

1. Wear a badge to designate you as a security guard.
2. Check in with head of security or the teacher to get assigned to an area.
3. Secure and set up video equipment to tape the day's business activity.
4. Record video of daily transactions.
5. Walk customers (especially K-1) to and from classroom as needed.
6. Be available for any need that may arise.
7. Take down and return video equipment.

Customer Service Representative

1. Greet customers and answer any questions.
2. Meet new customers on their first visit to the bank and explain the bank's rules.
3. Assign an account number to new customers.
4. Fill out new account information — the customer's name, account number, and initial deposit — on a ledger card.
5. Fill out the new customer's signature card and witness his/her signature.
6. Fill out a deposit slip for the initial deposit and verify the money for deposit.
7. Escort the customer and the deposit money to the teller for processing.
8. Deliver the new ledger card to the bookkeeper.
9. Now you are ready for your next customer.



HANDOUT 2 (continued)

Teller

1. Go to your assigned teller station for the day.
2. Verify the money in your teller box; do not let anyone else handle or disturb your teller box.
3. Never leave your station. Make certain you have all the supplies you need to perform teller duties for the day.
4. Write the opening balance on your teller sheet; then stamp your station number on the sheet with the teller stamp.
5. Greet customers with a smile and say, "Good morning. Welcome to the bank. May I help you?"
6. Be prepared to help your customers in every way.
7. Process all deposits and withdrawals (see Bank Policies). Stamp both deposit and withdrawal slips with your teller stamp. Verify signatures on withdrawals. Withdrawal requests must be accompanied by a note from the student's parent or guardian. Make certain all forms are filled out correctly.
8. At the close of business, balance your teller sheet against the money in your teller box.

Bookkeeper

1. File ledger cards for new accounts. File by grade, teacher, or customer name; determine method before establishing files.
2. Receive transaction slips for the day.
3. Pull ledger cards — match the name and account number on the transaction form to the corresponding ledger card.
4. Post deposits and withdrawals in the correct columns on the ledger card. Add the amount of the deposit or subtract the amount of the withdrawal to the balance of the account; then place your initials in the stated column. *(In most banks today, computers automatically record the identity of bank personnel, so employees no longer need to manually write their initials when recording information.)*
5. File ledger cards back in order once they've been posted.
6. Once an account closes, file the ledger card for record-keeping purposes, separate from active accounts.
7. File original deposit and withdrawal slips on all accounts.
8. Figure and post interest every quarter on average daily balance of accounts.
9. Send out statements on accounts quarterly.