Name:

Class ID:

Class Hour:

Chapter 9

Saving & Spending

# Bank Versus Credit Unions:

Both a bank and a credit union offer similar services such as:

|  |  |
| --- | --- |
| Commercial Bank Pros | Commercial Bank Cons |
|  |  |
|  |  |
|  |  |

|  |  |
| --- | --- |
| Credit Union Pros | Credit Union Cons |
|  |  |
|  |  |
|  |  |

# Why Use a Bank or Credit Union?

1

2

3

# Pick a Federal Insured Banking option:

Most banks are covered by federal insurance. This means your money will not be lost or stolen. Banks are protected by and Credit Unions by . Both types of insurance have the following protections:



Banks and Credit Union insurances does not cover the following items:



# Not Banking:

Complete the Ed Puzzle on Google Classroom titled “Spent: Looking for Change”. After doing this, read the article posted on our class webpage, read the article and complete the following sections of notes: In each arrow, list what these places will charge to cash a check for you:

# Types of Bank Accounts:

|  |  |
| --- | --- |
| Type | Definition: |
|  |  |
|  |  |
|  |  |
|  |  |
|  |  |

Instructor Signature:

# Checking Account: As your Main Account:

Open a Checking Account as Your main Account:

* Depositor:

**Purpose of a Checking Account:**

The main purpose of a checking account is to and money. In addition, it can be used to make payments for and expenses. You can use a , , write a , or set up to pay your bills. You can also use your account to spending. While very unlikely, some will even use a checking account to earn .

From the Discussion on the lecture from your instructor and how to use a bank account to budget and management your spending, If you received $1750 every two weeks in pay, how would you allocate your money in different savings accounts. Remember, it is shown that 50% of your income goes to needs (bills, food, water, shelter), 20% should be saved, and the rest on what you want to spend it on. However, you can allocate those percentages as you wish. You could save 30%, spend 20. The amount you spend at 30% is budgeted into separate savings account such as emergency, meals, entertainment, allowance, Christmas funds etc… whatever you would spend your money one. Fill out the grid below. You can use all, a few, or even add more saving accounts. Your choice.

# Over Draft Fees: Most Common Bank Fee

Overdraft Fees:



How to Avoid Overdraft Fees:

|  |  |
| --- | --- |
| Four Ways | Details? |
|  |  |
|  |  |
|  |  |
|  |  |
|  |  |
|  |  |

**Lesson 9 – 2 Budgeting:**

# Money for Spending:

Important terms:

|  |  |
| --- | --- |
| Income: | Definition:  Income comes from: |
| Net Income | Definition: |
| Disposable Income | Definition:  Examples to spend on: |
| Discretionary income | Definition:  Examples to spend on: |
| Assets: | Definition:  Examples: |
| Debt | Definition:  Examples: |
| Fixed Expenses | Definition:  Examples: |
| Variable Expenses | Definition:  Examples: |

**Video Question from Slide 5 of Notes:** Many people think that Wealthy means you own “a lot of stuff”. Watch the video and answer the following questions: Your friends and you notice a person who always has brand new clothes, fancy cars, shoes, and electronics.  What would you need to know in order to tell if this person is wealthy?

50/30/20 Budget Plan  
Go to Google Classroom and complete the Ed-puzzle. After the video, complete the notes in this section:

* Budget definition:
* 50/30/20 Plan for Budgeting
* Examples of Needs
* Examples of Wants
* Purpose of a Budget

**Draw Your Budget Chart using a 50/30/20 Budget:**

You earn a net income of $1550 every two weeks. If you follow the 50/30/20 method of budgeting, how would you distribute your money. You can draw a hierarchy chart like the one in the notes. Draw a box for each account on each level and distribute how you would do it. Label each with the amount you would plan to put into each.

# Zero Based Budgeting

Directions: Watch the video on my class webpage and complete the following:

A Zero based budget is simple. It is when the money less the money equals . You decide exactly where every goes. You plan it basically.

Zero Balance Equation Looks Like this: Less =

# Steps in Zero Balance Budget:

**Step 1:** List

**Step Two:** List all includes what 5 categories because these must be paid first? These would be those items that are needs.



**Step Three:** List the rest of your   
 Examples include:

**Step Four:** If= you have left over income, you put every penny in another Such as:

# 

# Cash Envelope System

One hands-on approach to budgeting you might want to consider is the Cash Envelope system. It involves real cash and real envelopes! Read the article in google classroom from the beginning “Cash Envelope system” and answer the following questions:

Describe in your own words, the five steps to Using the Envelope System:

|  |  |
| --- | --- |
| Step 1 |  |
| Step 2 |  |
| Step 3 |  |
| Step 4 |  |
| Step 5 |  |

In essence, all three budget methods are essentially the same. They start with , less your , to make sure you do not overspend. You need to know what you must pay in fixed and expenses, some expenses are considered w some are N . Pay your n first, this is called what type of income . What is left can be spent how you wish, also know as income. Each of the three methods of budgeting are different but with the same goal of not . Which works for you is a personal choice.