Unit 2: Banking

Content Area: **Business Management and Information**
Course(s):
Time Period: **Trimester 1**
Length: **2 Weeks**
Status: **Published**

Summary

In the middle school Financial Literacy course, students learn the basics of managing money, including budgeting, saving, and understanding credit. They will create a personal budget, track expenses, and explore the concepts of income and savings goals. Additionally, students will investigate the importance of making informed financial decisions and the impact of those decisions on their future. Through interactive activities and real-life scenarios, they will gain practical skills to build a strong financial foundation.

This unit is part of the larger aforementioned course sequence and specifically focuses on banking where students will understand how credit and loans can help grow one's credit score, but may be detrimental to financial well-being if not managed properly, and how developing smart saving habits early in life can prepare for a stronger financial future. By the end of this unit, students will be able to differentiate savings and checking accounts, explain the uses and differences of credit and debit cards, analyze when it is best to buy with credit or debit, decipher credit card and banking statements, explain the key factors to minimizing debt from loans, describe how compound interest allows for greater growth of money than simple interest, explain the significance in a credit score for financial well-being as well as the factors that can benefit or penalize a credit score, and differentiate among types of loans.

Revision Date: August 2024

Standards

9.1.8.CDM.1: Compare and contrast the use of credit cards and debit cards for specific purchases and the advantages and disadvantages of using each.

9.1.8.CDM.2: Demonstrate an understanding of the terminology associated with different types of credit (e.g., credit cards, installment loans, mortgages, lines of credit) and compare and calculate the interest rates associated with each.

9.1.8.CDM.3: Compare and contrast loan management strategies, including interest charges and total principal repayment costs.

9.1.8.CDM.4: Evaluate the application process for different types of loans (e.g., credit card, mortgage, student loans).

9.1.8.CP.3: Explain the purpose of a credit score and credit record, the factors and impact of credit scores.

9.1.8.CP.4: Summarize borrower's credit report rights.

9.1.8.FI.1: Identify the factors to consider when selecting various financial service providers.

9.1.8.FI.2: Determine the most appropriate use of various financial products and services to borrow and access money for making purchases (e.g., ATM, debit cards, credit cards, check books, online/mobile banking).

9.1.8.FI.3: Evaluate the most appropriate financial institutions to assist with meeting various personal financial needs and goals.

9.1.8.FI.4: Analyze the interest rates and fees associated with financial products.

9.1.8.FP.4: Analyze how familial and cultural values influence savings rates, spending, and other financial decisions.

9.1.8.FP.5: Determine how spending, investing, and using credit wisely contributes to financial well-being.

9.4.8.IML.12: Use relevant tools to produce, publish, and deliver information supported with evidence for an authentic audience.

9.4.8.TL.3: Select appropriate tools to organize and present information digitally.

NJSLSA.R1. Read closely to determine what the text says explicitly and to make logical inferences and relevant connections from it; cite specific textual evidence when writing or speaking to support conclusions drawn from the text.

NJSLSA.R4. Interpret words and phrases as they are used in a text, including determining technical, connotative, and figurative meanings, and analyze how specific word choices shape meaning or tone.

NJSLSA.R7. Integrate and evaluate content presented in diverse media and formats, including visually and quantitatively, as well as in words.

NJSLSA.R10. Read and comprehend complex literary and informational texts independently and proficiently with scaffolding as needed.

RI.6.1. Cite textual evidence and make relevant connections to support analysis of what the text says explicitly as well as inferences drawn from the text.

RI.6.2. Determine a central idea of a text and how it is conveyed through particular details; provide a summary of the text distinct from personal opinions or judgments.

RI.6.7. Integrate information presented in different media or formats (e.g., visually, quantitatively) as well as in words to develop a coherent understanding of a topic or issue.

NJSLSA.W1. Write arguments to support claims in an analysis of substantive topics or texts, using valid reasoning and relevant and sufficient evidence.

NJSLSA.W2. Write informative/explanatory texts to examine and convey complex ideas and information clearly and accurately through the effective selection, organization, and analysis of content.

NJSLSA.W4. Produce clear and coherent writing in which the development, organization, and style are appropriate to task, purpose, and audience.

NJSLSA.W6. Use technology, including the Internet, to produce and publish writing and to interact and collaborate with others.

NJSLSA.W7. Conduct short as well as more sustained research projects, utilizing an inquiry-based research process, based on focused questions, demonstrating understanding of the subject under investigation.

NJSLSA.W9. Draw evidence from literary or informational texts to support analysis, reflection, and research.

NJSLSA.W10. Write routinely over extended time frames (time for research, reflection, and revision) and shorter time frames (a single sitting or a day or two) for a range of tasks, purposes, and audiences.

W.6.1. Write arguments to support claims with clear reasons and relevant evidence.

A. Introduce claim(s) and organize the reasons and evidence clearly.

B. Support claim(s) with clear reasons and relevant evidence, using credible sources and demonstrating an understanding of the topic or text.

C. Use words, phrases, and clauses to clarify the relationships among claim(s) and reasons.

D. Establish and maintain a formal/academic style, approach, and form.

W.6.2. Write informative/explanatory texts to examine a topic and convey ideas, concepts, and information through the selection, organization, and analysis of relevant content.

A. Introduce a topic and organize ideas, concepts, and information, using text structures (e.g., definition, classification, comparison/contrast, cause/effect, etc.) and text features (e.g., headings, graphics, and multimedia) when useful to aiding comprehension.

B. Develop the topic with relevant facts, definitions, concrete details, quotations, or other information and examples.

C. Use appropriate transitions to clarify the relationships among ideas and concepts.

D. Use precise language and domain-specific vocabulary to inform about or explain the topic.

E. Establish and maintain a formal/academic style, approach, and form.

W.6.4. Produce clear and coherent writing in which the development, organization, voice and style are appropriate to task, purpose, and audience. (Grade-specific expectations for writing types are defined in standards 1–3 above.)

W.6.6. Use technology, including the Internet, to produce and publish writing as well as to interact and collaborate with others; demonstrate sufficient command of keyboarding skills to type a minimum of three pages in a single sitting.

W.6.7. Conduct short research projects to answer a question, drawing on several sources and refocusing the inquiry when appropriate.

W.6.9. Draw evidence from literary or informational texts to support analysis, reflection, and research.

B. Apply grade 6 Reading standards to literary nonfiction (e.g., “Trace and evaluate the argument and specific claims in a text, distinguishing claims that are supported by reasons and evidence from claims that are not”).

W.6.10. Write routinely over extended time frames (time for research, reflection, metacognition/self correction, and revision) and shorter time frames (a single sitting or a day or two) for a range of discipline-specific tasks, purposes, and audiences.

NJSLSA.SL1. Prepare for and participate effectively in a range of conversations and collaborations with diverse partners, building on others' ideas and expressing their own clearly and persuasively.

NJSLSA.SL2. Integrate and evaluate information presented in diverse media and formats, including visually, quantitatively, and orally.

NJSLSA.SL4. Present information, findings, and supporting evidence such that listeners can follow the line of reasoning and the organization, development, and style are appropriate to task, purpose, and audience.

NJSLSA.SL5. Make strategic use of digital media and visual displays of data to express information and enhance understanding of presentations.

NJSLSA.L4. Determine or clarify the meaning of unknown and multiple-meaning words and phrases by using context clues, analyzing meaningful word parts, and consulting general and specialized reference materials, as appropriate.

NJSLSA.L6. Acquire and use accurately a range of general academic and domain-specific words and phrases sufficient for reading, writing, speaking, and listening at the college and career readiness level; demonstrate independence in gathering vocabulary knowledge when encountering an unknown term important to comprehension or expression.

The standards in this unit reflect a developmental progression across grade levels and make interdisciplinary connections across content areas including the humanities, technology, career readiness, cultural awareness, and global citizenship.

Essential Questions/Enduring Understandings

Essential Questions:

- How do credit and debit differ in relation to spending and saving?
- How can effective borrowing and saving skills benefit consumers for the future?
- To what extent can loans positively and negatively impact financial well-being?

Enduring Understandings:

- Credit and loans can help grow one's credit score, but may be detrimental to financial well-being if not

managed properly.

- Developing smart saving habits early in life can prepare for a stronger financial future.

Objectives

Students will know:

- Vocabulary Terms including but not limited to: checking account, savings account, bank statement, investment, debit, credit, credit card, credit score, mortgage, installment loan, lines of credit, principal, student loan, ATM, withdrawal, balance, transaction, investing, mobile banking, term, compound interest, simple interest,
- How to put money into and withdraw money from a bank account.
- The difference between a savings and a checking account.
- The definitions and uses of debit and credit cards.
- The purpose of interest in an investment and loan.
- The difference between revolving and installment credit.
- The purpose of a credit score and the factors that contribute to it.
- The varying forms of loans, including credit cards, auto loans, and student loans.
- The way money can accumulate faster through compound interest.
- The difference between compound and simple interest.
- The consequences of overborrowing and overspending.
- The benefits of paying credit card bills on time and in full.
- The way that interest accrues on loans.

Students will be skilled at:

- Comparing the benefits and detriments of offers by financial institutions.
- Analyzing the differences between credit and debit cards that make one more beneficial than the other in certain situations.
- Reading a bank account statement.
- Explaining the purposes and benefits of having both a savings and checking account.

- Describing the impact of interest on an investment, as seen through savings accounts.
- Explaining how investing money can improve financial well-being when done safely.
- Assessing how the benefits and detriments to credit and loans can impact personal finances.
- Describing the concepts of credit, interest, and loans.
- Assessing how a credit score can change based on a person's financial decisions.
- Calculating interest rates for loans and investments.
- Explaining how compounding interest rates increase wealth over time more than simple interest rates.
- Reading a credit card statement.
- Explaining the difference between types of loans.
- Describing how lower interest rates and shorter terms allow for borrowers to save in the long run, but spend more in the short run.
- Creating a saving and borrowing plan to achieve long term financial goals.

Learning Plan

- **What are Checking Accounts?** Students will face a scenario where they want to purchase an item, but do not have the immediate cash on them. They will consider how they could access their existing money to purchase the item as an introduction to checking accounts. Students will then define what a checking account is, and how it can be used, including online banking, debit cards, ATM withdrawals, writing checks and deposits. Students will then be faced with different scenarios and address how they could use their checking account to solve the problem.

- **Reading a Checking Account Statement:** Students will go over the ways to examine a bank statement, including deposits, withdrawals, balance, and pay period. Students will then examine a sample bank statement to determine how to read an account balance, and calculate the amount of money in a checking account. Students will reflect on why it is important to check bank statements as a financial practice.

- **Savings Accounts and Intro to Investment:** Students will consider what a savings account is and why it might be beneficial to have money one is saving in a separate account from their checking. Students will then examine an infographic that discusses the benefits to a savings account and how it builds interest as an introduction to investing and building wealth. Students will also examine what a minor needs to open a teen savings account and read a savings account bank statement, noting what the interest rate is, and define an opening balance.

- **Comparing Savings and Checking Accounts Simulation**: Students will create a Venn diagram using the information gained to note how Savings accounts compare to Checking accounts. Students will then be given a variety of scenarios in which they have to choose which account they would utilize based on the situation. In groups, students will "go" to the account they need (labeled in the classroom)

go through the steps of accessing their money in order to complete their task in each scenario (i.e. writing a check, transferring money between accounts, depositing money, ATM Withdrawal, etc.)

- **Calculating the Power of Compounding Interest:** Students will first define what interest is and how it impacts your savings. Students will then practice calculating simple interest, examining how money "grows." Students will then watch a video that defines compound interest, and will explain how it compares to simple interest. Students will then calculate how money grows through compounding interest and reflect on how it allows money to "grow" even greater. Students may graph their results to examine the difference visually.

- **Intro to Credit:** Students will consider how credit is a loan and examine an infographic on the benefits and detriments to credit, including where it can be used, interest, and how a card is offered. Students will then compare and contrast credit to debit based on their investigation.

- **Using a Credit Card PSA:** Students will watch a video on managing credit cards including making payments on time, interest, and credit limits. Students will then identify on a credit statement where they can see the credit limit, payment date, minimum payment, and amount due. Students will then create their own PSA on tips for using a credit card, highlighting their findings and takeaways.

- **Credit Crash Game:** Students will examine how taking out loans, payments, and diversifying types of credit can impact one's credit score. Students will participate in the online game to see how having a strong credit score can help lower payments on future loans, as well as how missing a payment can lead to a drop in credit score. Students will reflect on strong credit practices and why having a good credit score is important for future loans.

- **Borrowers' Rights Analysis:** Students will examine the rights of borrowers in relation to loans and reflect on why it is important for borrowers to know their rights in terms of financial decision making. Students will consider some of the setbacks for borrowers, and pick one right that they think is most important for future borrowers to know, explaining why they chose that right.

- **Loans 101:** Students will review the definition of loans and be introduced to related vocabulary such as principal, interest, and term. Students will use the loan repayment calculator to examine how varying payment plans impact the amount of interest paid, examining differences between interest payments and length of terms. Students will then apply their understanding to their own "loan" where students will pick a car they are interested in, examine the price, and then calculate how much it would cost them to pay it off considering various credit scores and interest rates.

- **DIY Savings and Borrowing Plan:** Students will imagine they have one big item/ expense that they would like to achieve in the near future (vacation, car, college, etc.) They will start with $1,000 in their checking account, and will have the option for a loan. Students will create a plan of action for how they will achieve their goal, including saving money in their savings account, accounting for the length of time to achieve their goal, getting a job, taking out a loan, and include any additional costs that may come with achieving their goal (cost of interest on a loan, fees, etc.). Students will reflect on how their current savings habits reflect their savings goal, and how borrowing money through a loan could impact their financial goals both positively and negatively.

Assessment

When taking a Social Studies course, students demonstrate differentiated proficiency according to their ability

to answer the essential questions through formative and summative assessments. Many of the performance tasks below can be implemented as formative and/or summative assessments. As teachers strive for students to demonstrate proficiency, they will need to create additional or alternative assessments based on demonstration or absence of skill.

Formative Assessment:

- What are Checking Accounts?
- Reading a Checking Account Statement
- Savings Accounts and Intro to Investments
- Calculating the Power of Compound Interest
- Intro to Credit
- Credit Crash Game
- Borrowers' Rights Analysis

Summative Assessment:

- Comparing Checking and Savings Accounts
- Credit Card PSA
- Loans 101
- DIY Savings Plan

Benchmark Assessment:

- Teacher evaluated conversations regarding the difference between forms of payment

Alternative Assessment:

- Students will keep a journal documenting the different ways goods and services were paid for over the course of a week.

Materials

The design of this course allows for the integration of a variety of instructional, supplemental, and intervention materials that support student learners at all levels in the school and home environments. Associated web content and media sources are infused into the unit as applicable and available In addition to the materials below, the following link connects to district approved textbooks and resources utilized in this course: Core Book List.

The following are approved resources that teachers can include to further unit related objectives:

What's The Difference Between a Checking and a Savings Account? (Video)

Banking Simulator (Next Gen Personal Finance)

Checking Accounts (Next Gen Personal Finance)

Opening a Savings Account (Next Gen Personal Finance)

Savings vs. Checking Accounts (Next Gen Personal Finance)

Different Types of Payment (Next Gen Personal Finance)

The Power of Compound Interest (Next Gen Personal Finance)

Online Bank Simulator (Next Gen Personal Finance)

Types of Card Payment Video

Intro To Credit (Next Gen Personal Finance)

Managing Credit Cards (Next Gen Personal Finance)

Loans 101 (Next Gen Personal Finance)

Credit Crash Game and Worksheet (Next Gen Personal Finance Game)

A Summary of Your Rights Under the Fair Credit Reporting Act (Consumer Financial Protection Bureau)

Any additional resources that are not included in this list will be presented to and reviewed by the supervisor before being included in lesson plans. This ensures resources are reviewed and vetted for relevance and appropriateness prior to implementation.

Suggested Strategies for Modification

This link includes content specific accommodations and modifications for all populations:

https://docs.google.com/spreadsheets/d/1Pp6EJOCsFz5o4-opzsXpQDQoa6aClW-bkRGPDRHXVrk/edit?usp=sharing

These additional strategies are helpful when learning Social Studies content and skills:

- Bold terms in directions.
- Read texts aloud for students to assist in comprehension and analysis.
- Provide opportunities for text-to-speech for written responses.
- Use visual presentations of all materials and instructions.
- Provide step-by-step instructions for mathematical problems that require calculation.
- Model of practices to support student understanding.
- Utilize calculation formulas and online loan calculators when applicable.