

# Understanding Checks and Checking Accounts

## AIM

To raise students' awareness of the cost-cutting benefits of using checking accounts to pay bills and cash paychecks.

## OBJECTIVES

At the end of this lesson, students will be able to:

- Read a paycheck to find deductions, the pay period and the net amount.
- Identify the items on a bill that are needed in order to pay the bill on time and by check.
- Correctly write a check to pay a bill.
- Keep a running total of the amount of money in a checking account.
- Identify the advantages and disadvantages of a checking account and check-cashing methods.
- Access and navigate Internet websites.
- Scan websites for information.

## TARGET GROUP

High beginning to low intermediate adult English language learners, in particular low-income, recent-arrival immigrants and refugees with little or no banking experience. (For the purpose of this lesson, the target group levels range from 1 through 8, with the following guidelines: 1 = beginning, 5 = intermediate, 8 =advanced.)

## LENGTH

Three 80-minute class periods

## OVERVIEW

In this lesson, students will explore different payment options, with a focus on using checks. Students will evaluate the advantages and disadvantages of having a checking account as well as the methods of cashing and depositing a paycheck. They will examine paychecks and bills to find the key terms necessary to both deposit a check and pay by check. The lesson will emphasize the cost-saving effects of a checking account and its benefit to low-income, recent-arrival immigrants.

## DAY ONE: CASHING A PAYCHECK

### Schema Building

1. Ask students the following questions:
  - Are you working or have you worked in the past in the United States?
  - How did you get paid, cash or check?
  - How did you get paid in your home country?
  - What is the safest way to get paid in the United States?
2. Distribute copies of the sample paycheck below and have students look at it closely. Explain that when they work in the United States, they are usually paid by check.
3. Ask students to work individually and find, circle and label five items:
  - Who is the check for?
  - Who is the check from?
  - How much is the check for?
  - On what day was the check written?
  - What pay period is the check for?

Samual Reh				Pay Period 6/02/09-6/16/09		6/19/09	
4312 MacArthur Blvd Oakland CA 94612							
HOURS AND EARNINGS				Deductions			
Hours	Rate	This Period	Year To Date	Federal Income Tax	23.40		
80	9.75	780.00	1560.00	FICA	62.40		
<b>Gross Pay</b>		780.00	1560.00	CA State Income Tax	10.14		
				CA Disability	5.23		
				Other Deductions			
				Health Insurance	25.00		
				<b>Total Deductions</b>	126.17		
<b>Gross Pay Year to Date</b>		<b>Gross Pay This Period</b>		<b>Net Pay This Period</b>			
\$780.00		\$1,560.00		\$653.83			
-----							
<b>ABC Company</b>						Date 6/19/06	
313 18th Avenue Oakland, CA 94607						#451	
Pay to the order of <b>Samuel Reh</b>						\$653.83	
This Amount SIX HUNDRED AND FIFTY THREE AND 83/100						DOLLARS	
For Pay Period 6/02/09-6/16/09							
*0247038* :173301627: 1008118451*							

#### MATERIALS

- Pay stub / paycheck (authentic or sample)
- Cash, credit card, debit card, money order and checking-account checks (authentic or samples)
- Bills (utilities, credit card, etc.)
- Overhead projector
- Copies of materials / charts on transparencies
- Various pages and articles from Beehive.org, a website produced by the nonprofit organization One Economy that provides information and resources about money, health, jobs, school and family;  
<http://www.thebeehive.org>

4. Review the answers to No. 3 as a class, then ask students to identify:
  - How many hours did Samuel work?
  - How much did he get paid per hour?

Point out that  $\$80 \times \$9.75 = \$780$ . Ask, “Why wasn’t his paycheck for \$780?” Explain *deductions*, *gross pay* and *net pay*.

- **Deductions**—money deducted from your paycheck for taxes, insurance and other fees
  - **Gross pay**—the total amount of money you earn, before taxes and other fees are deducted
  - **Net pay**—the amount of money you bring home after taxes and other fees are deducted
5. To check comprehension, give students an authentic pay stub and have them answer the following questions.
    - Who is the check for?
    - Who is the check from?
    - How much is the check for?
    - On what day was the check written?
    - What is the pay period?
    - How many hours did Samuel work?
    - How much did he get paid per hour?
    - How much were the deductions for this pay period?

#### Cashing Checks

1. Ask students how they can turn a paycheck into cash. Write three options on the board:
  - Deposit it in your bank account
  - Cash it at a check-cashing store
  - Sign up for direct deposit
2. Direct students to use online resources to research information on different check-cashing options. Provide them with the following URLs:
  - <http://www.thebeehive.org/money/spend-it/understanding-check-cashing-and-payday-loans>
  - <http://www.thebeehive.org/money/spend-it/understanding-check-cashing-and-payday-loans/alternatives-check-cashing-and-payday-loans>
3. Distribute copies of the following chart. Ask students to break into pairs and fill in the chart to compare what each partner learned online. Review as a class. Emphasize check-cashing fees and clearly explain how much they can add up in just one month.

Methods for cashing checks	Is it free?	How long do you have to wait to have cash in your hand?	Other advantages	Other disadvantages
Check cashiers (stores)				
Deposit in your bank account				
Cash at your employer's bank				
Direct deposit				

4. To check comprehension, ask students to break into groups and answer one of the following questions as allocated, so that each group focuses on a different question.
  - Which check-cashing method is the most convenient?
  - Which check-cashing method is the cheapest?
  - Which check-cashing method is the most expensive?
  - Why do new immigrants often use check-cashing stores?
  - How can we help immigrants save money?
  
5. Invite each group to present the answer to the question they focused on, then discuss the answers as a class. If students do not mention banks, introduce the advantages of a bank and savings and checking accounts.

**Homework**

Ask students to read Lesson 4 from the Money Made Easy page at Beehive.org (<http://www.thebeehive.org/money/manage-your-money/money-made-easy>). Then ask them to answer these questions:

- What can you do with a checking account?
- What can you do with a savings account?

## DAY TWO: CHOOSING CHECKS

Review the previous lesson and the checking / savings account homework. Write the students' answers on the board and add other ideas. Emphasize the importance of paying bills using a checking account.

### Schema Building

Introduce different types of payment by showing checks, cash, credit cards, money orders and debit cards. Which ones require a bank account? Ask students to identify each form of payment and to talk about the popularity of each in their native country. Drawing on student input, briefly explain each type.

1. Ask students to fill in the chart with their ideas about when to use each payment type in the United States. Students can write *Yes*, *No* or *Sometimes*.

Payment Type	Needs a bank account?	Is safe to send in the mail?	Costs extra money to get or use?	Is accepted at all stores?
Cash				
Check				
Money order				
Credit card				
Debit card				

2. Suggest students compare their answers in groups and discuss each response. Regroup as a class and discuss the answers and the reasoning behind them.
3. Have students again break into groups and encourage them to work together to write sentences about how they pay for various services and products using the following phrases:

### Examples:

I pay my electric and gas bill **with a check**.

**I use cash** to buy coffee from Starbucks.

**I am going to use my debit card** to buy a new computer from Best Buy.

send money to my family  
 pay my electric and gas bill  
 buy a bus ticket  
 buy a lottery ticket  
 pay my rent

buy a new computer from Best Buy  
 buy coffee from Starbucks  
 pay a parking ticket  
 buy groceries  
 buy a used TV from my friend

- Have students write their sentences on the board for the class to check for grammatical accuracy and content. Invite feedback:
  - Grammar: Do you agree or disagree with the structure of each group's sentences? Explain.
  - Content: Explain why you would use one method over another to pay the different vendors.

### WRITING CHECKS

- Explain to students that they will need to know how to write checks so they can pay their rent, bills and other expenses. Direct them to <http://www.thebeehive.org/money/spend-it/how-write-check> to learn about writing a check, then use an overhead projector to show them the check and check register below and ask them to write out the instructions for correctly filling out each part of the check and check register:

### Check Register

Date	Number	Transaction	Deposit	Withdrawal	Balance
1/13/09	101	Cell Phone		60.00	860.00
1/15/09	102	Weekly Paycheck	250.00		1110.00
1/24/09	103	Rent Check		500.00	610.00
		<b>G</b>			<b>H</b>

Sara Chan 23 Piedmont Ave Oakland CA 94607		321
DATE <b>A</b>		
PAY TO THE ORDER OF	<b>C</b>	\$ <b>B</b>
<b>D</b>		DOLLARS
MEMO	<b>E</b>	<b>F</b>
:"022"      :00 48"084321":		

- |         |         |
|---------|---------|
| A _____ | E _____ |
| B _____ | F _____ |
| C _____ | G _____ |
| D _____ | H _____ |

2. Review answers as a class. Ask students what four pieces of information they need in order to write a check. (name of recipient, amount, date, account number)

Explain to students that they must also:

- Write in pen
  - Write the dollar amount twice on every check: once spelling it out and once using numbers
  - Sign their name
3. Suggest that students discuss with a partner why they must do those three things, then discuss their answers as a class.
  4. Draw a blank check on the board or project one using an overhead, then begin to fill in the check. Have students call out instructions as you are writing the check. Intentionally make mistakes for students to correct (use a pencil, forget to write decimal points, etc.).
  5. To check comprehension, give students a blank check and ask them to write a check payable to their partner. As a peer review exercise, they should make sure each other's checks would be acceptable at a bank.

**DAY THREE: UNDERSTANDING BILLS**

1. Show students a sample utility bill. Ask them what they need to know if they want to pay by check, pay on time and send it by mail. (*company name, company address, amount due, date due, account number*)
  
2. Introduce a sample utility bill to the class and demonstrate how to find five key elements. Circle and label each as you talk about it:
  - a. Company name. It is usually in the top left-hand corner.
  - b. Company address. It is usually near the company name; if it isn't, just look for numbers to find the address. The address that is not yours will most likely be the company name.
  - c. Scan for keywords: *Account No. / Number, Due / Date Due, Amount Due / Current Charges and so on.*
  - d. Look for **bold** or CAPITAL letters to find keywords.

	<p><b>Bay Area Electric Company</b></p>	<p>Bay Area Electric Company 3256 Main Street San Francisco, CA 94107</p>	
<p>John Doe 131 8th Street Oakland, CA 94610</p>			
<b>Account No.</b>	<b>Bill Date</b>	<b>Amount Due</b>	<b>Amount Enclosed</b>
3421-6123-32	8/8/09	\$33.80	
<p>MAKE CHECKS PAYABLE TO BAY AREA ELECTRIC COMPANY</p>			
<b>ACCOUNT SUMMARY</b>			
	<b>Service</b>	<b>Service Dates</b>	<b>Amount</b>
	Gas	07/12/2009 to 08/08/2009	<b>\$11.71</b>
	Electric	07/12/2009 to 08/08/2009	<b>\$20.74</b>
<b>Telephone Assistance</b>	<b>Energy Commission Tax</b>		<b>\$0.04</b>
1800-555-2312	<b>Gas PPP Surcharge</b>		<b>\$0.48</b>
Assistance is available by telephone 24 hours per day 7 days a week	<b>Utility Uses' Tax</b>		<b>\$0.83</b>
<b>Or visit us online:</b>	<b>Current Charges Due 8/29/2008</b>		<b>\$33.80</b>
<a href="http://www.BAEcompany.com">www.BAEcompany.com</a>	<b>Previous Balance</b>		<b>\$43.11</b>
	<b>07/13 Payment- Thank You</b>		<b>(\$43.11)</b>

- Distribute copies of this cell phone bill to students. Ask them to pair up and, with their partner, to circle and label five key items needed in order to write and send a check on time. Review their answers as a class.

 <b>Golden Gate Cellular. Inc.</b> 245 Fulton Street Sacramento, CA 94512	Account Number <b>003-1261-345</b> Billing Date <b>7/26/09</b>
	Sara Lee 3256 18th Street , Apt 2 Sacramento CA, 95122

### Monthly Statement

<b>Bill at a Glance</b>		<b>Details of Payments and Adjustments</b>	
Previous Bill	\$58.61	<u>No.</u>	<u>Date</u> <u>Description</u> <u>Payments</u>
Payment- Thank you!	\$58.61 CR	1.	30-Jun Payment 64.12
Adjustments	\$0.00	2.	23-Jul Payment 58.61
Balance	\$0.00	Totals	122.73
Current Charges	\$58.61		
<b>Total Amount Due</b>	<b>\$58.61</b>		
Amount Due in Full by	Aug. 25, 2009		

<b>Billing Summary</b>		<b>Golden Gate Cellular Services</b>
Questions? Visit <a href="http://ggcellular.com">ggcellular.com</a>		
<b>Plans and Services</b>	\$39.99	Visit us online at <a href="http://www.ggcellular.com">www.ggcellular.com</a> . Login to view or manage your home, monthly, video billing transactions. For email inquiries regarding your bill, contact <a href="mailto:info@ggcellular.com">info@ggcellular.com</a> . For written inquiries, please write to GG Cellular Inc, P O Box 234, Sacramento CA 95211
<b>Text Message Package</b>	\$10.00	
<b>Taxes and Surcharges</b>	\$8.62	
<b>Total Current Charges</b>	<b>\$58.61</b>	

- Give students a blank check. Using a utility bill and the instructions from Day Two, demonstrate how to write a check.
- Ask students to work with a partner to fill out a check to pay the cell phone bill. Check their answers as a whole class.

#### Review Exercise

Give students an authentic bill or have them bring one from home. Instruct them to circle key items on the bill and write a corresponding check. Students can also write checks to pay for schoolbook fees, rent, parking tickets and other expenses.

### Check Registers

1. Give students a sample check register and explain the heading vocabulary:

**Date    Number    Transaction    Withdrawal    Deposit    Balance**

<b>Date</b>	<b>Number</b>	<b>Transaction</b>	<b>Deposit</b>	<b>Withdrawal</b>	<b>Balance</b>
1/13/09	101	Cell Phone		60.00	860.00
1/15/09	102	Weekly Paycheck	250.00		1110.00
1/24/09	103	Rent Check		500.00	610.00

2. Demonstrate how to add the deposit of a paycheck and how to deduct the rent payment. Explain that subtracting checks and adding deposits is important in order to know how much money is in the account. Review mathematical language below:

**subtract    minus    add    plus    equals**

3. Have students deduct payments for cell phone bills, rent, parking tickets, book fees and other expenses and add deposits of paychecks, gifts and other sources of income.
4. Ask students to write two sentences explaining why this check register is helpful.

### Reflection Exercise

Ask students to reflect on the unit with a writing exercise. Project these questions on an overhead and give students 10 to 15 minutes, working individually, to answer them. Offer assistance as they work.

Write at least five sentences that together answer these three questions.

- What are the disadvantages of having a checking account and using checks?
- Why don't some people open a checking account?
- When can't you use a check?

Write at least five sentences that together answer these three questions.

- What are the advantages of having a checking account and using checks?
- When can you use a check?
- How can checks be helpful or help you save money?

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**SURVEY: KQED would love to hear from you.**

**Send results to MEINHORN@KQED.ORG**

Just tell us which lesson/activity you used and tally the total number of correct responses pre and post lessons/activities.

**Understanding Checks and Checking Accounts**

Pre- and Post-Assessment Questionnaire

DIRECTIONS: CIRCLE THE CORRECT ANSWER

- 1) What method of cashing checks charges a fee?
  - a. Direct deposit
  - b. Check cashers (Stores)
  - c. Depositing in your bank account
  
- 2) On your paycheck, under what category will you find the amount of money you will bring home after taxes and other fees have been deducted.
  - a. Net pay
  - b. Gross pay
  - c. Deductions
  
- 3) Which payment type is safe to send in the mail?
  - a. Cash
  - b. Checks
  - c. Credit cards
  
- 4) Which payment type does not require the user to have a bank account?
  - a. Money orders
  - b. Checks
  - c. Debit cards
  
- 5) When you write a check you must:
  - a. Write the name of the recipient, amount, date, your social security number, and signature
  - b. Write the name of the recipient, amount, date, your account number, and signature
  - c. Write the name of the recipient, amount, date, your account number, and print your name