**Activity Instructions**

Total Points: 50

Due: Saturday

**Part I:**

Points: 20

**Step 1:** Calculate the percentage of your income that you currently save.

*20%*

**Step 2:** Identify the goals you have for saving. Determine how much savings you need to accomplish and achieve these goals.

*The goal I have for saving is sticking to the budget I make each month. Within this budget, I decide how much of our total income should go to savings. My wife and I shoot for 20% and we do quite well hitting our goal. We do this because when we have our first child, we want to have the money for the medical bills already saved.*

**Step 3:** Use this knowledge to create a personal savings plan that would better help you reach your life-span goals.

*I used this knowledge to create my savings plan. First, I looked at my goals and decided how much I would need to save per year. After doing this, I did the math to determine how much needed to be taken out of each pay check to meet the goal. Surprisingly, the amount that needed to come out of each check was less than expected.*

**Step 4:** Word-process your calculations, goals, savings determination into a short essay. Also include thorough responses to the following questions:

1.        Do you believe Americans save too little of their income?

2.        What problems might current saving rates lead to in the future?

3.        What goals have you set in your life that are important enough for you to give up current spending?

4.        How successful have you been in saving, and how will you measure your success in saving money?

5.        Why should saving be a part of every consumer's financial plan?

*I do believe that Americans save too little of their incomes. I constantly hear people complaining because they don’t have money for basic car repairs and other un-expected items. On that same note, I hear people talking all the time about things they would like to have. For example, a new car that better suits their lifestyle. If they really want these things, why not save so it can become a reality? I think there is a real problem with people wanting this immediately and not having the patience to save.*

*Current savings rates are quite low. I imagine this will become a problem because less people will save in traditional methods. I know that my own father is very good at managing his money. However, he makes most of the money he has in savings by means of the stock market.*

*My main goal is to start a family. This goal is absolutely important enough to give up my current spending habits. I understand that when I have a family, money will probably always be something I could use more of. The one thing I can control is how much money I have prepared when my wife and I do decide to have children.*

*Currently, I am not doing great at saving. I had a substantial amount in savings that got used to put a down payment on my home. I am now in the process of getting that same amount back into savings. I guess we could say I am good at saving, I just don’t currently have a lot in savings.*

*Savings should be part of every consumer’s financial plan because of the peace of mind it offers. When one has money in savings they are not always worrying about unexpected financial crisis. Also, if a good deal becomes available a person can take advantage of the deal without putting it on a credit card or getting into unnecessary debt.*

**Part II:**

Points: 15

**Step 1:** Visit 3 local depository institutions (banks/credit unions) and ask for information about the various types of checking accounts they offer.

1. **Westmark Credit Union**

*-Monthly service fee – no*

*-Interest bearing – no*

*-Minimum balance requirement – no*

*-On-line bill pay – 1st 15 free per month*

*-Check orders – Free starter book*

*-Visa check card – free*

1. **Bank of Idaho Falls**

*-Unlimited check writing*

*-No monthly minimum balance requirements*

*-Free online banking and bill pay*

*-Free visa debit card*

*-Monthly service charge of $5*

*-$50 minimum deposit to open*

1. **Wells Fargo**

*-$10 service fee, but $0 if you make 10 debit purchases and/or payments. Also $0 if direct deposits total $500 or more.*

*-Free online banking*

*-Mobile banking*

*-More than 12,000 ATMs and 6,200 banking locations*

**Step 2:** Assume that in a typical month you write twelve checks, that you cannot afford to keep more than $200 on deposit at all times, and that you do not own a car that you can use to drive to a bank. Identify the type of checking account and depository institution you would choose based on these circumstances.

**Step 3:** Explain your choice in several paragraphs.

*I had an enjoyable time researching the pros and cons of getting a checking account with the different institutions. Honestly, all three accounts were very similar and basically do the same things. The main difference I found was in the service charges and services offered. For example, Westmark does not have a service fee, but they do not have many locations and online bill pay is not unlimited. Bank of Idaho Falls has unlimited online bill pay, but charges a $5 service fee and $50 minimum deposit to open an account. Finally, Wells Fargo charges a $10 service fee, but that fee is waived under certain circumstances. Also, they offer mobile banking, that is an app you can put on a phone or tablet.*

*Using the scenario above it would be a real toss up to decide which bank to get an account with. Westmark would be great, but because of the lack of locations and knowing I don’t own a car, I would not choose them. The Bank of Idaho Falls would be a good solution as well, but has limited locations within walking distance. If I had a car; they would be my best option. However, knowing I don’t have a car, I would have to choose Wells Fargo. I don’t like that they have a $10 service fee, but with how many locations they have it would save me time. I am absolutely willing to spend $10 if it saves me time and reduces walking in the cold/heat. Frankly, my time is much more valuable than $10.*

*In conclusion, given the circumstances of the assignment, I would choose to have an account with Wells Fargo. If the circumstances were different, that would very likely change. Currently, I have an account with Wells Fargo. I have it because with my financial circumstance, I do not pay the service fee. Also, access to my account with a phone or tablet is something I use every day.*

**Part III:**

Points: 15

**Step 1:** Review the services of the following online banking services: [CitiGroup](http://www.citigroup.com/citigroup/press/011023a.htm), [Wells Fargo](https://www.wellsfargo.com/checking/), and [Bank of America](http://www.bankofamerica.com/). Note: These sites are designed to market products. They do not represent a comprehensive or balanced description of all banking services available online.

**Step 2:** How do the offers made at these Web sites compare with those made by the local lending institutions you visited in Part II? Which institution would you use and why? What is it about the other institutions that made you decide not to choose them? Write your complete answers in a paragraph.

*The offers made by the web sites are fairly similar to what I found when visiting the banks around town. The difference is not being able to talk to an actual person. Some of the information the sites is vague, and it would be nice to ask someone questions. Also, I couldn’t imagine banking with someone that doesn’t have a physical location I can visit. A good example of this is something that happened to me today. I lost my debit card a couple of days ago, it was lost not stolen, and I needed to replace. I tried to make a couple of calls and kept getting re-directed and put on hold. Finally, after quite a bit of frustration, I decided I would just go into the bank and take care of it. Once inside the bank, it took about three minutes to complete the entire process, and I was given a replacement card on the spot. Having multiple branches around town to serve my needs is a must.*

*As I mentioned in one of my paragraphs earlier, I would use Wells Fargo under the restraints that were given. I would bank with them solely for the fact that they have so many branches around town to save me time and hassle. I would also make sure to have my direct deposit set up with them in order to avoid the $15 a month account fee.*