

# PFL Academy

Teacher Guide: Chapter 4.1 — Understanding and Using Banking Tools

## OVERVIEW

TIME	MATERIALS	PREREQUISITES
45-50 Minutes	Student Activity Packet, Calculator	Basic arithmetic skills

## LESSON FLOW

### 5 min THE CHALLENGE

- Read Tyler's scenario aloud. Ask: "Can anyone already see what went wrong?"
- Discussion: "Has anyone experienced or know someone who got an overdraft fee?"
- Emphasize that this is a common, costly mistake that's easily preventable.

### 8 min CORE CONCEPTS

- Review the 5 key terms. Emphasize "pending transaction" as often overlooked.
- Read the Background paragraph together.
- Quick poll: "How do you currently track your spending?" (App, mental math, don't track)

### 25-30 min APPLY IT

- **Part A (12 min):** Check register practice. Walk through first transaction as a class. Watch for arithmetic errors.
- **Part B (8 min):** Banking tool selection. Discuss why context matters for tool choice.
- **Part C (10 min):** Fee awareness. Calculate annual fee impact to show real cost.

### 10 min CHECK YOUR UNDERSTANDING

- Complete in class or assign as homework.
- Emphasize Q5 (Reflection) as practical planning for their own lives.

## DIFFERENTIATION

### Support

- Provide calculators for all students.
- Work through check register as a whole class activity.
- Create a step-by-step guide: "First subtract payments, then add deposits."
- Pair students for Part A calculations.

### Extension

- Calculate monthly budget with fixed expenses and variable income.
- Research and compare mobile banking apps and their features.
- Create a one-month spending tracker template.

## ANSWER KEY

### Part A: Check Register Practice

Check Register Balances:  
Mon: \$450.00 (Starting)  
Tue: \$450.00 - \$200.00 = \$250.00  
Wed: \$250.00 - \$85.00 = \$165.00  
Thu: \$165.00 + \$150.00 = \$315.00  
Fri (before rent): \$315.00  
Fri (after rent): \$315.00 - \$400.00 = -\$85.00  
Fri (after fee): -\$85.00 - \$35.00 = -\$120.00

1. Balance before rent: **\$315.00**

2. Short by:  $\$400 - \$315 = \$85.00$

3. Tyler could have: (1) Waited to make the deposit until after rent cleared, (2) Made a larger deposit, (3) Postponed a purchase, (4) Transferred money from savings, or (5) Contacted the landlord to delay the auto-debit.

### Part B: Banking Tool Selection

1. **Maya (Rent):** Check. Provides paper record for landlord, creates proof of payment, and landlord doesn't accept digital.

2. **Jordan (Lunch):** Debit Card. Quick, convenient for small purchases at merchants that accept cards.

3. **Alex (Roommate):** Online Transfer. Instant, no paper needed, free between same-bank accounts, easy to track.

### Part C: Fee Awareness

#### How to Avoid (accept reasonable answers):

- Overdraft: Track transactions, set up alerts, link to savings for protection
- ATM Fees: Use in-network ATMs, get cash back at stores, choose bank with large network
- Maintenance: Choose no-fee accounts, meet direct deposit requirements, use credit unions
- Minimum Balance: Keep buffer in account, set up low-balance alerts, choose accounts without minimums

Annual Fee Calculation:  
 $\$35 + \$4 + \$12 + \$15 = \$66$  per month  
 $\$66 \times 12 = \$792$  per year

### Check Your Understanding

1. B (To identify errors and unauthorized transactions)

2. Pending transactions may not be reflected yet. Checks written but not cashed, holds on deposits, or recently authorized transactions may not show in the balance.

3.  $\$525 - \$200 - \$150 + \$100 = \$275$

4. Risk of overdraft because pending transactions aren't included in the online balance. She might think she has more money available than she actually does.

5. Accept any reasonable system: banking app with alerts, spreadsheet, written register, budgeting app. Should include why it fits their lifestyle.

## COMMON MISCONCEPTIONS

Misconception

Clarification

"My online balance shows what I can spend."	Online balance may not reflect pending transactions, outstanding checks, or recent debit card authorizations. Always track separately.
"Overdraft protection means I can't overdraw."	Overdraft protection prevents declined transactions but still charges fees. It's not free money—it's essentially a loan you pay for.
"Checks clear immediately when written."	Checks can take days to clear. Money may appear available but the check hasn't been cashed yet, leading to overdrafts.