

UNIT TWO: THE ART OF SAVING MONEY Make money work for you.

Exercise 3B. Which is the better deal?

Not all accounts are created equal. Review the following account features and determine which is the best deal for you.

Account A

Account A offers a 1.25% interest rate on all balances over \$1,000. If you fall below the minimum balance, there is a \$5 monthly charge. They offer free ATM withdrawals if you use their ATMs, but if you use an ATM outside of their network, each transaction is \$2.

Account B

Account B offers an interest rate is 1% on all balances, regardless of how much money you have. There is no minimum balance requirement, and no monthly fee. They offer free ATM withdrawals if you use their ATMs, but if you use an ATM outside of their network, each transaction is \$3.

Account C

Account C offers a 2.5% interest rate, but you must have at least \$2,500 in your account. If you fall below \$2,500, there is a \$25 penalty. You can make up to 3 ATM withdrawals per month, as long as you don't fall below your minimum.

Account D

Account D offers a 3.0% interest rate, but you must have at least \$5,000 in your account for 12 months. In addition, your funds are not insured, so there is a slight risk that you could lose your money. Withdrawals are not available until the 12 month term is completed.

My Choice: _____

Why: _____

Discussion: Which would you choose? Discuss your choice with your classmates. Did you pick a similar account as your classmates? Is there a right or wrong answer? What features were most important to you? Do you think your needs will change over time?