

Business and Personal Finance © 2012

Chapter 14: Banking

Check Your Answers: Section Assessment

Section 2

Review Key Concepts

1. Costs: a minimum balance and a limited number of checks; benefit: higher interest rate
2. You should consider the rate of return, inflation, tax considerations, liquidity, restrictions, and fees.
3. Restrictions, fees, interest, and special services.
4. Deposits, checks, ATM withdrawals, debit card charges, interest earned, and fees.
5. I would use online service to monitor my account and a passbook with deposit slips and withdraw slips and ATM receipts to track transactions.

Higher Order Thinking

6. Sample answer: separate accounts, to avoid a minimum balance or for higher interest rates.

English Language Arts

7. **Savings Options** Answers will vary. Students may consider interest rates and access to their money.

Mathematics

8. **Annual Percentage Yield** 1 month = $[(\$300 \times 3.5\%)/12] + \$300 = \$300.88$; 2 month = $[(\$300.88 \times 3.5\%)/12] + \$300.88 = \$301.75$; 3 month = $[(\$301.75 \times 3.5\%)/12] + \$301.75 = \$302.63$; 4 month = $[(\$302.63 \times 3.5\%)/12] + \$302.63 = \$303.52$; 5 month = $[(\$303.52 \times 3.5\%)/12] + \$303.52 = \$304.40$; 6 month = $[(\$304.40 \times 3.5\%)/12] + \$304.40 = \$305.29$; Interest earned = $\$305.29 - \$300 = \$5.29$; Annual Percentage Yield = $(\$310.67 - \$300)/\$300 = 3.56\%$