

# Letter to Jane

	Total Points Earned
	Total Points Possible
	Percentage

Name \_\_\_\_\_

Date \_\_\_\_\_

Class \_\_\_\_\_

**Directions:** Answer the questions that follow. After the questions have been answered, write a letter to Jane explaining the savings tool choices.

- Jane recently moved to a new city. She is adjusting her current spending plan to fit her new lifestyle. She needs to find new depository institutions and savings tools to fit her new financial needs. She already has a checking account to help her manage her everyday spending. She has \$3,000 she wants to use as an emergency fund. Although, she does not plan to use this money very often, Jane knows unexpected expenses always occur in life. Therefore, she wants to be able to have quick and frequent access to the account with the \$3,000 emergency fund. Jane also has \$500 that she wants to save to buy a new computer in one year; her goal is to not use this money in the next year, so she wants to get the highest interest rate she can. Which savings tool(s) would you recommend Jane utilize and why?
  
- Jane has been researching depository institutions in her new city. It is her goal to find a depository institution close to either her apartment or her place of work, offering both in-person and ATM services. From these criteria, she has narrowed her search down to two depository institutions, Many Choices Credit Union and the Smart Savings Bank. She has \$3,000 she wants to use as an emergency fund. She does not plan to use this money often but realizes she may have unexpected expenses. Jane wants to be able to have quick and frequent access for this account. Jane also has \$500 that she wants to save to buy a new computer in one year. Her goal is to not use this money in the next year, so she wants to get the highest interest rate she can. She knows she wants to utilize either a Savings Account, Certificate of Deposit, or Money Market Deposit Account.

Complete this table by referring to the banking brochure comparison information below to determine Jane's best options for saving her money.

	Which Savings Tool (savings, money market deposit or certificate of deposit)?	Which depository institution (Many Choices or Smart Savings Bank)?	What type of account within the selected depository institution would be used?
\$3000 Emergency Fund			
\$500 Computer Saving			

3. Using the answers on your table in question two, write a letter to Jane explaining the savings tools, depository institutions and accounts that you would recommend for her. View the *Letter to Jane Rubric 2.4.3B2* for detailed instructions.

### **Banking Brochure Comparison Information**

Savings Accounts				
	Many Choices Credit Union Basic Savings Account	Many Choices Credit Union Regular Savings Account	Smart Savings Bank Basic Savings Account	Smart Savings Bank Premier Savings Account
<b>Interest rate</b>	0.15% compounded monthly	0.28% compounded monthly	0.25% compounded monthly	0.45% compounded monthly
<b>Amount needed to open account</b>	\$25.00	\$100.00	\$100.00	\$4,000.00
<b>Minimum balance required</b>	\$25.00	\$100.00	\$100.00	\$500.00
<b>Fee if minimum balance is not maintained</b>	\$1.00/month	\$2.00/month	\$2.00/month	\$9.95/month
<b>Withdrawals Allowed</b>	6 per month (\$1.00 for each withdrawal beyond 6)	6 per month (\$2.00 for each withdrawal beyond 6)	6 per month (\$2.00 for each withdrawal beyond 6)	6 per month (\$5.00 for each withdrawal beyond 6)
<b>Other Features</b>	24-hour ATM access	24-hour ATM access	FREE 24-hour access to account via Internet, telephone, or ATM	FREE 24-hour access to account via Internet, telephone, or ATM

<b>Money Market Deposit Accounts</b>		
	<b>Many Choices Credit Union Money Market Deposit Account</b>	<b>Smart Savings Bank Money Market Deposit Account</b>
<b>Interest rate</b>	Tiered interest rate compounded monthly based on balance: <ul style="list-style-type: none"> <li>• \$1,000.00 - \$9,999.00 = 0.40%</li> <li>• \$10,000.00 - \$25,000.00 = 0.90%</li> <li>• \$25,000.00 or more = 1.40%</li> </ul>	Tiered interest rate compounded monthly based on balance: <ul style="list-style-type: none"> <li>• \$1,000.00 - \$9,999.00 = 0.45%</li> <li>• \$10,000.00 - \$25,000.00 = 1.00%</li> <li>• \$25,000.00 or more = 1.55%</li> </ul>
<b>Amount needed to open account</b>	\$1,000.00	\$1,000.00
<b>Minimum balance required</b>	\$1,000.00	\$1,000.00
<b>Fee if balance is not maintained</b>	\$10.00/month	\$20.00/month
<b>Withdrawals</b>	3 per month (\$2.00 for each withdrawal beyond 3)	3 per month (\$5.00 for each withdrawal beyond 3)
<b>Other Features</b>	Check-writing capabilities (limited to 3 per month)	Check-writing capabilities (limited to 3 per month)

<b>Certificate of Deposits</b>		
<b>Many Choices Credit Union</b>		
<b>Length of Time</b>	<b>Interest Rate</b>	<b>Minimum balance required to open and maintain account</b>
1 month	0.50%	\$500.00
3 months	0.80%	\$500.00
6 months	1.25%	\$500.00
12 months	1.65%	\$500.00
24 months	2.15%	\$500.00

<b>Certificate of Deposits</b>		
<b>Smart Savings Bank</b>		
<b>Length of Time</b>	<b>Interest Rate</b>	<b>Minimum balance required to open and maintain account</b>
1 month	0.60%	\$10,000.00
3 months	0.90%	\$7,500.00
6 months	1.30%	\$5,000.00
12 months	1.60%	\$500.00
24 months	2.05%	\$500.00