

WARM UP

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2-1

Choosing a bank

GOALS

- Explore different types of checking accounts
- Calculate the interest and bank charges
- Compare the costs of banking services



CHECKING ACCOUNTS

- Cost Per check
- Minimum balance
- Low balance
- Ave balance
- Free checking
- Now



INTEREST

- Is an amount of money paid for the use of your money



AMOUNT EARNED OR CHARGED

- Interest minus cost of checks
- $A = br - cn$
- b = average balance
- r = monthly interest rate
- c = cost per check
- n = number of checks



EXAMPLE 1

- Godfather's checking account pays $.125\%$ interest per month and charges 25¢ per check. Find the amount earned if 10 checks are written and the average monthly balance is $\$2100$.



SOLUTION

- $A = 2100 (.00125) - 10(.25)$

- $\$.125$



AMOUNT EARNED OR CHARGED WITH SERVICE FEE

- $A = br - cn - s$
- b = average balance
- r = monthly interest rate
- c = cost per check
- n = number of checks
- s = service fee



EXAMPLE 2

- At the Soprano's bank of Italy there is a service charge as well as a charge per each check. If the interest is $.15\%$ and 20¢ per check with a $\$25$ monthly service fee, how much will the amount earned or charge be in a month when 15 checks are written? The ave bal is $\$2700$.



SOLUTION

- $A = \$2700 (.0015) - 15(.20) - 25 =$
- $\$-23.95$



ASSIGNMENT

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