

## COMPARING SAVINGS ACCOUNTS SIMULATION

### STUDENT SECTION

**Activity Overview****Digital Literacy Tool: Mint**

In today's activity, you will be using **Mint**, an online platform and mobile app to learn about savings accounts and interest. The financial tool – **Mint** – is used by millions of people to manage their own finances. Since every person's financial information is private, when you log in to **Mint**, you will be looking at fictional data for a person named Scott.

**Scenario for "Comparing Savings Accounts"****Task (Individually, with a Partner or in Small Groups)**

Scott is a 24-year-old who graduated from college and works as a sound engineer. When Scott was young, he liked filling his piggy bank with coins. Scott got his first savings account when he was 9 years old and always went with his mom to the bank to deposit money he received. Scott has excellent savings habits; he always puts a part of his paycheck into savings. However; he never pays attention to the details of the account – specifically the interest rate. Scott's friend told him he needs to make sure he is earning as much interest as possible to help his money grow.

**Directions**[www.mint.com](http://www.mint.com)

Follow the steps below to begin exploring the financial tool **Mint**.

Please note: For additional assistance screenshots are attached after your worksheet questions.

1. Read Scott's scenario to understand some background information.
2. Follow your instructor's directions for logging into Mint.
3. From the **Dashboard** find the **Ways to Save, Transactions, and Trends** tabs.
4. Investigate Scott's current savings account and then explore two alternative accounts for Scott in order to answer questions posed on the "**Comparing Savings Accounts**" worksheet.

**DISCLAIMER:**

To access Mint successfully, use the same computer or device every time or you will be forced to re-create a new account. Also, keep your username and password recorded in a safe place.  
**If you lose your login information, there is no way to reset or recover it.**



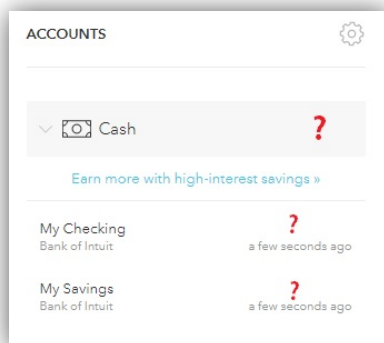
## COMPARING SAVINGS ACCOUNTS STUDENT SIMULATION WORKSHEET

Name(s): \_\_\_\_\_

**Directions:** To complete Part 1, use the **Dashboard**, **Transactions**, and **Trends** tab.

Then, in Part 2, you'll investigate alternative savings accounts on the **Ways to Save** tab.

### PART 1: SCOTT'S SAVINGS



From the Mint **Overview** tab, on the left side, we can see that Scott has both a Savings & Checking account. Together, they represent Scott's available money – in Mint it is summed as **'Cash'**.

1. What is Scott's "My Checking" balance?

\$

2. What is Scott's "My Savings" balance?

\$

3. What is Scott's total *Cash* balance?

\$

4. Does Scott have more money in Savings or Checking?

Savings

Checking

Click on Scott's Savings account, you will see more information specifically about that account.

5. How much is Scott transferring into his Savings each month?

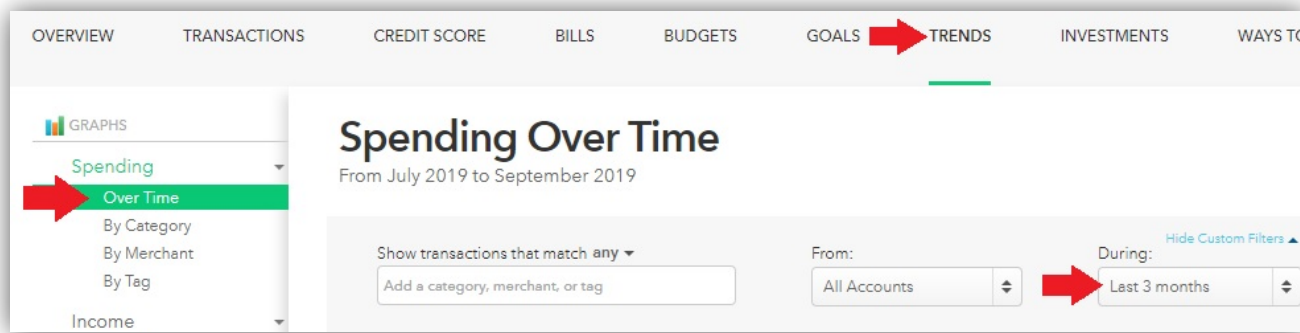
\$

6. How much interest did Scott earn last month?

\$

**Experts suggest a person should have 3-6 months' worth of expenses in savings. Does Scott?**

Let's investigate. First, click on the **Trends** tab of Mint. In Trends, select the **Spending Over Time** graph and then choose the duration of **Last 3 months**. Since this current month is not yet finished, look at the last previous complete month to analyze the graph.



7. Looking at the previous complete month, what were Scott's total expenses?

\$

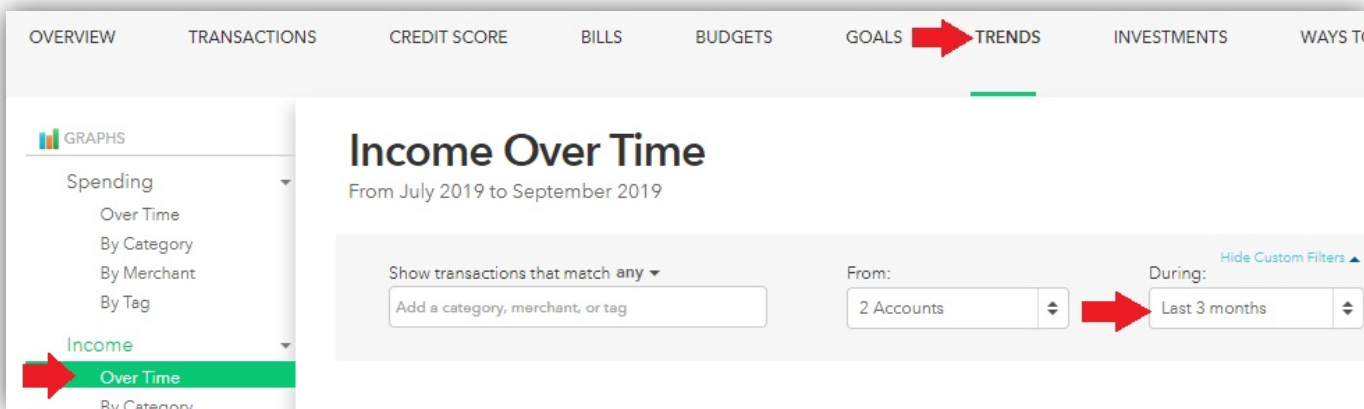
8. Based on how much Scott spends in 1 month, for Scott to have 3 months' worth of expenses in savings, he would need a savings balance of approximately:

9. In other words, Scott has approximately \_\_\_\_\_ months' worth of expenses in savings currently:

Less than 1 month    1 month    2 months    3 or more months

**Experts also suggest a person should save at least 10% of their income. Does Scott?**

Let's investigate. In the **Trends** tab, switch to **Income Over Time** graph and choose the duration of 3 months. Look at the previous two months to analyze the graph.



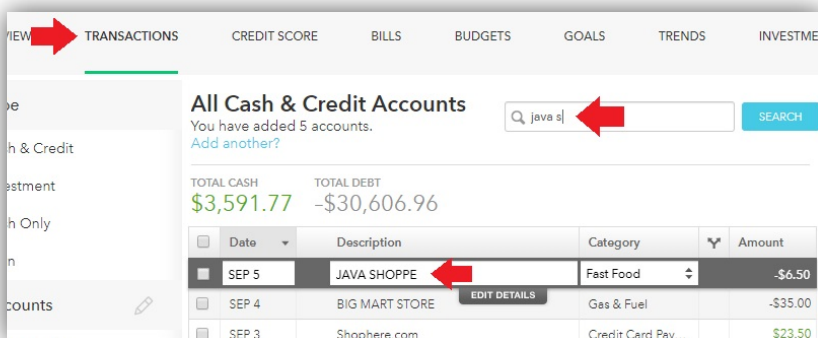
10. What is Scott's average income in the last two months?

11. Based on how much Scott saves each month (from #5 on the first page), we can calculate that Scott is saving about \_\_\_\_\_% of his income each month.

12. In order to save 10%, Scott should save \$\_\_\_\_\_ each month.

Finally, general financial wisdom suggests that when savings is too low, a person should cut unnecessary expenses.

Let's investigate. Switch to the **TRANSACTIONS** tab. You can scroll down to see all transactions, or use the search bar to find a specific transaction type.

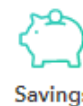


13. Find one example of a transaction of Scott's that appears to be unnecessary.

Name:       Date:       Amount \$

## PART 2: WAYS TO SAVE

Now, switch to the **Ways to Save** tab, then click on the Piggy Bank icon for Savings accounts. Below you will see offers for other Savings accounts.



14. Choose any two (2) offers and complete the grid below. Click on “*See Full Details*” of any offer to get necessary information.

	Account 1	Account 2
<b>Bank Account Name</b>		
<b>APY (%)</b>		
<b>Minimum amount needed to open an account</b>		
<b>Monthly fee?</b>		
<b>Is the bank FDIC insured</b> (may say “Member FDIC”)	<input type="checkbox"/> Yes <input type="checkbox"/> No	<input type="checkbox"/> Yes <input type="checkbox"/> No
<b>Free Bill Pay?</b>	<input type="checkbox"/> Yes <input type="checkbox"/> No	<input type="checkbox"/> Yes <input type="checkbox"/> No
<b>Free ATM use?</b>	<input type="checkbox"/> Yes <input type="checkbox"/> No	<input type="checkbox"/> Yes <input type="checkbox"/> No
<b>Comes with a debit card?</b>	<input type="checkbox"/> Yes <input type="checkbox"/> No	<input type="checkbox"/> Yes <input type="checkbox"/> No

Use the first savings account you found (Account 1) from your search to answer these last questions. Scott’s current bank account is paying 1% interest.

15. With Scott’s current savings balance (see #2 on first page), and an interest rate of 1%, how much interest will Scott earn next month?

16. If Scott switches to the savings account you found above, how much interest could he earn based on that interest rate?

17. Subtract the two above answers to determine the additional interest Scott could earn from switching to this bank.

## PART 3: CRITICAL THINKING

18. Most of the banks that offer 2% or higher APY are not ‘brick-and-mortar’. They are internet-only banks, with no physical location. What do you think are a couple negatives about an online-only bank for a customer?

**Application to Real-World****Final Task: New Bank Savings Offer****Exit Slip:**

Using a sticky note, index card, plain half sheet of paper, or below, write an answer to one of these questions:

**Question Option 1:**

A new bank is opening in your city. On the sign out front, in big letters, it reads:

**New Customers: 3.5% APY on Savings Accounts!**

Only for the first 6 months, then the APY adjusts to 0.25% APY

For a person who plans to save for many years, is this a good offer? Why or why not?

**Question Option 2:**

Scott decides to take wise advice and increase his savings to \$300 per month. He sets a goal to increase his savings to \$5000. Based on his current balance, and ignoring the little bit of interest he earns monthly, how long will it be until Scott has \$5000 in savings?

\*Be sure to include your name on your exit slip.