

SAVING AND PREPARING FOR FUTURE COSTS

Savings Interest and APY

Detailed practice, calculation, decision-making, and assessment

GRADES 9-12	TIME 2 x 42 min	GROUPING I / pairs / whole	PRODUCT Savings account recommendation
YOUR CHALLENGE Compare three fictional savings accounts. Calculate estimated interest, subtract possible fees, and recommend an account based on the saver's balance and habits.			

APY Helps You Compare

A savings account may pay interest. Annual Percentage Yield, or APY, shows the amount an account can earn in one year as a percentage, including the effect of compounding. Fees and account rules can reduce what a saver actually keeps.

Term	Student-friendly meaning
Interest	Money a bank or credit union pays on eligible savings.
APY	A yearly percentage used to compare how much deposit accounts may earn.
Compounding	Earning interest on the deposit and on interest already added.
Minimum balance	The lowest balance needed to receive a benefit or avoid a fee.
Fee	Money charged for an account service or rule.
Net gain	Interest and bonuses minus fees.
ESTIMATE RULE For this activity, estimated one-year interest = starting balance x APY. Real earnings can differ when balances, rates, deposits, or withdrawals change.	

Part 1 - Compare the Account Terms

Account	APY	Balance to avoid fee	Possible fee	Bonus or rule
Account A	4.00%	\$0	\$0	No bonus
Account B	4.25%	\$500	\$5 monthly below \$500	No bonus
Account C	3.75%	\$0	\$0	\$25 first-year bonus after stated steps

Underline the highest APY. Circle any rule that could cost money. Put a star beside a feature that happens only once.

Part 2 - Jamie Starts With \$400

Jamie deposits \$400 and makes no other deposits or withdrawals during the year. Assume each APY and fee stays the same. Jamie completes Account C’s bonus steps.

Account	Interest estimate	Yearly fees	Bonus	Net gain	Ending balance
A					
B					
C					

Show all three interest calculations. Convert each APY to a decimal before multiplying.

Which account gives Jamie the highest first-year net gain? Which feature creates that result?

Part 3 - Morgan Starts With \$1,200

Morgan deposits \$1,200. This balance avoids Account B’s fee. Morgan also completes Account C’s bonus steps.

Account	Interest estimate	Yearly fees	Bonus	First-year net gain	Net gain after bonus year
A					
B					
C					

Which account wins in the first year? Which may earn more after the one-time bonus is gone? Explain using dollars, not only APY.

Part 4 - Test Changing Balances

For each situation, decide which account feature matters most. Do not calculate more than the facts allow.

Situation	Most important feature	Likely effect	Information still needed
Balance drops below \$500 for four months			
Saver needs quick access for an emergency			
APY changes during the year			
Bonus requires direct deposit			
Saver adds \$50 every month			
Account has a withdrawal limit or fee			

Explain why the account with the highest advertised APY is not always the best account for every saver.

Part 5 - Make a Savings Account Recommendation

Decision check	Evidence
Starting balance	
Expected monthly deposits	
Need for quick access	
APY	
Fees	
Minimum-balance rule	
Bonus requirements	
Deposit insurance status to verify	
Best account and reason	

Write a 150-200 word recommendation for Jamie or Morgan. Include two calculations, one fee or balance rule, one limitation of your estimate, and one fact the saver should verify before opening the account.