### **ACCOUNT COMPARISON**



Using a computer, research two different financial institutions in your community (i.e. banks, credit unions etc.) to compare account types, fees, and more.

Name: Date:

Account Features & Details	Financial Institution #1	Financial Institution #2
Institution Name: i.e. CIBC		
Account Type: i.e. Student Account, chequing, savings, etc		
Monthly Fee		
Transaction limit & fe	e:	
ATM Fees: i.e. first 3 free, then \$1		
Is there an exclusive offer? i.e. get \$60 when you open an account		
E-Transfers: I.e. 5 per month free, \$1.00 after 5		

### WHAT IS INTEREST & WHY SHOULD WE CARE?

**Borrowing:** "The interest rate is the amount a lender charges a borrower and is a percentage of the principal—the amount loaned" - Investopedia.com In other words, you are paying to borrow money, so **you want a LOW interest rate.** 

Since not all financial institutions, like banks, credit unions, money loaners etc., are the same, it is important to compare interest rates on the money you are borrowing!

Types of borrowing: Credit Card Cash Loan Student Loan Mortgage Personal Loans Lines of Credit Automobile Loan and more...



**Investing:** When investing, interest is when your money grows for you. An interest rate can be as simple as the percentage earned at a bank or credit union from a savings account.

#### In this case, you want a HIGH interest rate.



Types of Investing: Property Stocks Bonds Mutual Funds Various Bank Accounts Pension Plans and more...





# **COMPARING INTEREST RATES**

Based on the options provided in each question, decide which interest rate is best and circle if it is an example of borrowing or investing.

1.You have \$500 in cash and want to put it into a your bank account. Circle which you would choose:

a. 2% interest savings account

b. 4% interest savings account

Is this an example of Borrowing or Investing? (circle)

2. You are short on cash this month and need to buy groceries, gas, and a new winter coat. Choose the best interest rate:

a. Personal line of credit at 3% interest
b. Credit Card at 19.99% interest
c. Cash loan of 22% interest
ls this an example of Borrowing or Investing? (circle)

# **COMPARING INTEREST RATES**

Based on the options provided in each question, decide which interest rate is best and circle if it is an example of borrowing or investing.

3. Frank is a 40 year old who owns a small convenience store. He needs to replace the fridges in his store, which will cost him \$8,000. Frank does not have that kind of cash right now. Choose the best option for Frank:

a. Buy the fridges with his credit card that charges him 20% interest

b. Request a \$10,000 business loan from his bank, that charges him 5% interest

c. Use his \$4,000 in savings and request a business line of credit of 5% for the remaining \$4,000

Is this an example of Borrowing or Investing? (circle)

Explain why you chose your answer: