

## Activity 3.2.1 - A Friday Night in the Life of Carrie and Lisa

### Carrie

Carrie Patton finishes her shift at the Gas and Go Store. It is Friday, and she has received her paycheck for the previous two weeks of work. Her two-week, after-tax earnings are \$372.32. Carrie needs to cash her check. She has some bills to pay, and she needs money because she is going out with friends in the evening. Carrie stops at a check-cashing store. They agree to cash her check for a fee of \$3. Next, Carrie stops at a convenience store to obtain money orders to pay her \$75 monthly insurance payment and her \$40 cell phone bill. The convenience store charges Carrie \$7 for the money orders.

Carrie hurries home to get ready for the evening. She doesn't want to carry all of the remaining cash with her, so she sticks all but \$40 in a can in the freezer. She thinks it is a safe place to keep her money. She gets dressed and is ready to go when her friend picks her up. Carrie and her friends end up going to the mall. They get something to eat and then shop for a while. Carrie buys two shirts that are on sale. With dinner and the shirts, she only has \$7 left. She hadn't planned on shopping. Now her friends want to go to a movie, but Carrie doesn't have enough for the ticket. One of her friends tells Carrie to use the ATM, but Carrie doesn't have a bank account, so she can't do that. She ends up borrowing a few dollars from a friend with the promise to repay in a few days.

### Lisa

Lisa Tornabenni finishes her shift at Family Video Rentals. It is Friday, and her paycheck for the previous two weeks of work was automatically deposited into her checking account. She pays no fees for her checking account. Her after-tax earnings are \$365.15. She heads home and goes online to pay her electric bill, \$75 monthly insurance payment and her \$50 cell phone bill. Her bank offers free, online banking, so there's no fee for paying these bills. She also earns a small amount of interest for the money she keeps in her account. While online, Lisa transfers \$25 to her savings account at the same bank. She is earning 3.1% interest, compounded quarterly, on that account. Lisa is going out with friends. They decide to go to the mall for dinner and some shopping. Lisa only has \$25 with her, but if she needs more, she can always visit an ATM. She uses her debit card to pay for dinner and her shopping. She has to remember to enter those debits in her account register, so she knows the balance in her account. When she and her friends decide to see a movie, Lisa has enough cash to pay for the ticket.

- A. Carrie doesn't have any type of bank account. What are the dollar and non-dollar costs of her decision not to have a bank account?
- B. What are the dollar and non-dollar benefits of this decision?
- C. Lisa has a checking account. What are the dollar and non-dollar costs of her decision to have a bank account?
- D. What are the dollar and non-dollar benefits of her decision?