

MOVE: To Understand Overdraft Fees

Teacher Support

Using this Activity in Class

The objective of this activity is to understand how overdraft fees are calculated and to compare fee structures at a selection of popular banks and credit unions.

- ❖ **Teacher Tip:** There is substantial overlap between the content of this MOVE activity and the NGPF project [Overdraft Fee Analysis](#). Use your judgment as to whether you'd prefer to use one resource over the other or if you'll use both.

Part I: Prepare the Game

- A. Decide how many decks you want to use. Here are some suggestions to help you choose:
 - a. Each deck includes 10 cards. So, you could have groups of 10, (one card per person), though that's a big group.
 - b. Groups of 5 would allow each student to have 2 cards.
 - i. We recommend using option a or option b **IF** you want students to hold the cards up and physically line up in your classroom to order the transactions.
 - c. In reality, the activity will work with any group size. Just create groups of whatever size you want and hand each group a deck of 10 cards. In this case, students won't be moving their bodies into a line of transactions -- they'll just be moving the cards. The cards could be arranged on a tabletop, taped to a wall, etc.
 - d. We created 3 separate decks, just so you can do the activity more than once. Depending on how much time you have, you can use 1, 2, or 3 decks. They don't vary in terms of difficulty, so you can do them in any order.
- B. Print out the appropriate number of transaction "decks" to use with your class. Each group needs at least one deck. Shuffle the cards around within each deck.

<u>Deck 1</u> Starting Balance \$225	<u>Deck 2</u> Starting Balance \$550	<u>Deck 3</u> Starting Balance \$300
---	---	---

- C. Print out the answer key sheet spreadsheet so you know if groups are correct for each round (teachers only -- you can find the answers in the Activity Bank tab of the NGPF Answer Key spreadsheet).
- D. Put the [slide deck](#), projected in your classroom so all students can see, into PRESENT mode.
- E. Break your students into groups and hand each group a deck.

Part II: Play the Game

- A. **ROUND 1: Chase and Alphabetized Transactions**
 - a. Project the Chase slide so all students can see it. Chase charges \$34 each time you overdraw your account, with a max of 3 fees/day.
 - b. Students must do TWO things:

- i. Arrange their deck of 10 cards into Starting Balance, then the remaining 9 transactions **alphabetized**
- ii. Determine how much they will pay in overdraft fees if they bank with Chase and complete these 9 transactions, in alphabetical order, in the course of one day.
- c. When a group finishes, go over and check their answers.
- d. Two options for scoring:
 - i. You can have your different groups RACE, and see who can order their transactions and determine their total fees correctly first. Winning team gets a point.
 - ii. OR, you can give the whole class a set amount of time to complete the round (maybe 3-5 minutes) and check all answers then. Any group who has it correct would get a point.

Ways to Modify The Game:

1. In order to determine how much they'll pay in overdraft fees, students basically need to keep a running balance. You can require your students to show the math work for that running balance, if you'd like.
2. You can model this first round with all the students so they know exactly how to do each consecutive round, or you can have them develop the strategy themselves. You know your students best.

B. ROUND 2: Chase and Transactions Ordered to MINIMIZE Fees

- a. Keep the Chase slide projected.
- b. Students must do TWO things:
 - i. Rearrange their deck of 10 cards into Starting Balance, then the remaining 9 transactions **in an order that MINIMIZES the fees they'll have to pay**
 - ii. Determine how much they will pay in overdraft fees if they bank with Chase
- c. Continue scoring as noted for the first round.

C. ROUND 3: Chase and Transactions Ordered to MAXIMIZE Fees

- a. Keep the Chase slide projected.
- b. Students must do TWO things:
 - i. Rearrange their deck of 10 cards into Starting Balance, then the remaining 9 transactions **in an order that MAXIMIZES the fees they'll have to pay -- pretend they work for the bank and are trying to generate fee revenue!**
 - ii. Determine how much the customer will pay in overdraft fees if they bank with Chase
- c. Continue scoring as noted for the first round.

D. ROUND 4: Citizens Bank and Alphabetized Transactions

- a. Now, move past the Chase slide and project the Citizens Bank slide so all students can see it.
- b. Students must do TWO things:
 - i. Arrange their deck of 10 cards into Starting Balance, then the remaining 9 transactions **alphabetized**
- c. Continue game play as advised in the rounds above.

Ways to Modify The Game:

There are THREE (3) card decks, THREE (3) suggested ways to sequence the transactions, and FIVE (5) different banks, making it possible for you to play 45 different rounds. That will become very repetitive, and we do not recommend it, but we wanted to provide you with lots of options. Here are some suggestions:

3. If you preview the answer key, you'll notice that sometimes the **alphabetized** round and the **minimize fee** round have the same exact answers. You may not want to do both rounds, in that case, because it's repetitive.
4. Rather than do **alphabetized**, **minimize fees**, and **maximize fees** all for the same bank, switch the banks after every round, and play at maximum 5 rounds.

5. You can play such that every group has the SAME deck of transaction cards in a given round (example: every group has Deck 1) OR play that different groups have different transaction decks in the same round (example: one group has Deck 1, one group has Deck 2, one group has Deck 3).
6. Each group could have the SAME deck but instead of projecting one bank at a time, you could print out the bank slides, too, and give a different bank to each group. So, everyone is working from Deck 1, but group 1 has Chase, group 2 has Citizens Bank, group 3 has U.S. Bank, etc. The point here would be to see how the same set of transactions, occurring in the same order, has vastly different fees at different banks.

❖ **Teacher Tip:** It's important you don't leave your students with the wrong impression. Real banks never alphabetize your transactions for the day and process them in that order, nor do most banks reorder transactions in order to minimize fees. As of 2016, the majority of banks are simply processing transactions in the order in which you make them. In prior years, it was a somewhat common practice for banks to reorder transactions from largest to smallest and assess fees accordingly, but that's far less common now. Here's some information on transaction reordering, if you or your students care to learn more:

- [Consumers Need Protection from Excessive Overdraft Costs](#)
- [Overdraft Fees: Does Your Bank Stack the Deck?](#)

In this activity, the ordering and reordering of transactions occur so that the game is more fun, leads to different outcomes, and allows students to move transactions in a tactile way.

❖ All data for the bank fees were found on the NerdWallet website [Overdraft Fees: Compare What Banks Charge](#) on 6/12/19.