

Day 5: Choosing Accounts

Thursday, December 19, 2013 1:32 PM

AW Math 11

DAY 5 *Choosing an Account class notes*

NORTHWEST BANK OF CANADA (NWBC) SERVICE PACKAGE

	Value Account	Self-service Account	Full-service Account	Bonus Savings Account
Monthly Fee	\$3.90	\$10.90 Youth and Students save 50%	\$24.50	No fee
Fee waived on minimum monthly balance	\$1000.00	\$1500.00	\$2000.00	
Transactions covered by monthly fee: <ul style="list-style-type: none"> • cheques ✓ • withdrawals ✓ • bill payments ✓ • debit purchases • transfers to other NWBC accounts 	10 self-service	25 self-service	40 self-service or teller-assisted No annual fee for a credit card	2 debit transactions
Charge for additional transactions not covered by monthly fee	Self-service \$0.50 each Teller-assisted \$1.00 each	Self-service \$0.50 each Teller-assisted \$1.00 each	Self-service \$0.25 each	Self-service or teller-assisted \$1.25 each
Non-NWBC ATM withdrawals	\$1.50 each	\$1.50 each		
Interest				Daily interest that grows with your balance

Transaction Types

Self-service: Any transaction that does not require a bank teller. This includes withdrawals, deposits, cheques, money transfers, direct payment purchases and transactions made at an ATM, by telephone or online.

Teller-assisted: Includes all transactions that require a teller, such as in-branch withdrawals, transfers, bill payments, and travellers' cheques and foreign currency purchases.

EXAMPLE 1 Comparing Accounts

11 total transactions

In one month, you make 2 deposits and 5 cash withdrawals at Northwest Bank ATMs. You pay 4 bills online but your balance never drops below \$1000.00. Calculate the monthly fees for each of the account types below. Which account is the best choice?

	Value	Self Serve	full serve	Bonus
fee:	waived	\$10.90	\$24.50	No fee
trans:	1 x \$0.50	0	0	9 x \$1.25 = \$11.25
Total:	\$0.50	\$10.90	\$24.50	\$11.25

EXAMPLE 2 Managing an Account

The following are Jo's transactions for the past month on her Value Account. (Review the Value Account information on pg. 2 regarding monthly and transaction fees.)

Transaction	Description	Withdrawal(-)	Deposit (+)	Balance
				\$4398.40
1	ATM	Cash		\$100.00
	ATM (other bank)	Cash (other ATM)		\$40.00
2	Bank card	Lunch		\$12.95
3	Bank card	Groceries		\$174.32
4	ATM	Birthday gift	\$50.00	\$50.00
	Teller	Phone bill		\$62.31
5	Auto-withdrawal	Car payment		\$275.48
6	ATM	Cash		\$100.00
7	Direct deposit	Paycheque	\$586.21	\$586.21
8	Auto-withdrawal	Rent		\$790.00
9	Bank card	Groceries		\$58.21
10	Bank card	Lunch		\$8.59
11	Direct deposit	Paycheque	\$586.21	\$586.21
	Teller	Gas bill		\$107.45

a. How much must also be paid in extra transaction fees? Is there an account fee to pay? Explain and show work.

- No monthly fee (above \$1000)
- Teller: 2 x \$1.00 = \$2
- ATM other bank: 1 x 1.50
- 11 trans (allowed 10)
- 1 x \$0.50
- total: \$4.00

b. What is the month-end balance?

\$ 3891.51 - \$4.00 (fee)
= \$ 3887.51

Assignment pg 4-7

DAY 5 *Choosing an Account assignment*

Use the Northwest Bank of Canada Service Packages table (pg. 2).

1. Frederic makes 2 direct deposits per month and pays 4 bills online. Last month, he also made 5 cash withdrawals and 10 debit purchases with his bank card. He maintains a minimum monthly balance of \$1500.00.

Calculate his service charges for the month if he had:

- a. the Value Account

 - b. the Self-service Account
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2. Tom made 29 self-service transactions on his bank account last month. He kept a minimum balance of \$900.00. What would his service charges be if he had:
 - a. the Bonus Savings Account (assume at least 2 transactions were debits)

 - b. the Full-service Account
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3. In one month, Li made 4 self-service deposits and 4 self-service withdrawals on her account. She visits a teller on two occasions, once to make a foreign currency purchase and once to pay a bill. Her minimum monthly balance was \$965.95. She has a **Value Account**. What are her fees?

4. Find Teresa's balance at the end of the month if she has a **Full-service Account**.

Transaction	Description	Withdrawal	Deposit	Balance
				\$1798.53
Direct deposit	Paycheque		\$1432.51	
ATM	Cash	\$200.00		
Bank card	Clothes	\$75.32		
Bank card	Groceries	\$63.95		
Bank card	Movie	\$24.50		
Teller	Hydro bill	\$89.56		
Direct deposit	Paycheque		\$1432.50	
ATM	Cash	\$100.00		
Auto-withdrawal	Loan payment	\$375.86		
Bank card	Groceries	\$154.32		
Bank card	Gas	\$56.23		
Bank card	Dinner	\$25.38		
Auto-withdrawal	Rent	\$575.00		
Bank card	Books	\$123.45		

- a. How much must also be paid in extra transaction fees? Is there an account fee to pay? Explain and show work.

 - b. What is the month-end balance?
5. Georgina has an account that has *no monthly fees*. However, she must pay \$0.50 for every self-service transaction and \$2.00 for any full-service transaction. She made 8 self-service and 3 full-service transactions last month. What were her service charges?

6. Marek has a **Value Account** and makes the following transactions. What is his balance at the end of the month?

Transaction	Description	Withdrawal	Deposit	Balance
				\$532.89
ATM	Cash	\$50.00		
Bank card	Movie/snack	\$18.54		
Auto-deposit	Paycheque		\$238.21	
Auto-payment	Loan	\$385.21		
Bank card	Groceries	\$115.87		
ATM	Cash	\$100.00		

- a. How much must also be paid in extra transaction fees? Is there an account fee to pay? Explain and show work.
- b. What is the month-end balance?
7. Rolfe has \$2675.32 in his **Self-service Account**. If he makes 4 deposits and 6 withdrawals of \$100.00 each during the month, what will his fees be?
8. Patrice is trying to determine what account she should open.
- She has about \$3500.00 that she can deposit.
 - She estimates that she can save \$500.00 per month to add to that.
 - She regularly makes 3 online payments per month.
 - She withdraws money from an ATM every week (4 times per month).
 - She uses her bank card about 8 times a month to make purchases.

Which would be the best for her and why? Show your work.

9. Calculate Noah's balance at the end of the month if he has a **Bonus Savings Account**.

Transaction	Description	Withdrawal	Deposit	Balance
				\$785.53
ATM	Cash	\$40.00		
ATM	Cash	\$100.00		
Bank card	Movie	\$12.95		
Bank card	Groceries	\$45.98		
ATM	Babysitting		\$30.00	
Bank Card	Snacks	\$9.59		
Direct deposit	Paycheque		\$187.37	
Auto-withdrawal	Telephone	\$58.82		
ATM	Cash	\$100.00		

- a. How much must also be paid in extra transaction fees? Is there an account fee to pay? Explain and show work.
- b. What is the month-end balance?
- c. Is this the best account choice for him?