



Member FDIC

Winter 2013

## How Banks Work



*Do you ever wonder how banks work? How do people use banks and why?*

### Lots of people give their money to banks.

When you give your money to a bank, it's called a deposit. Banks keep your money safe and, more importantly, banks will pay you for every dollar you keep in a savings account! The money the bank pays you is called interest. The bank will pay you interest every month you keep the money in your savings account! You're probably thinking, "Wait a second... banks pay ME money, and I don't have to do anything? Why in the world would a bank pay me money to do nothing?"

### Banks lend your money to other people.

If people don't have enough money saved up to buy something, they often borrow money from the bank to buy big things like houses and cars. The banks lend them the money to buy these things, but the banks expect people to pay the money back and pay the bank a little extra money, besides. Let's say you borrowed \$10 from a bank. You get the \$10 right away. But when you pay back the \$10, the bank will charge you \$1 or \$2 extra for giving you the money when you needed it. So you pay the bank \$11 or \$12. That's how banks earn money. Without money from people like you, banks wouldn't have any money to lend. That's why banks will pay you interest.

### If you leave your money in savings...

Every month, the bank pays you for keeping money in your savings account. And over time, that extra money really adds up! Imagine if your parents gave you \$100 for your birthday every year for ten years. If you put it in your piggy bank, you'd have \$1,000. But if you put it in a savings account, you might have \$1,100 or even more. That's an extra \$100, and you didn't have to lift a finger! That's why it pays to open up a savings account!

sources: themint.org

## Money Quiz

1. What is the name of the buffalo on the reverse of the Buffalo Nickel?

- A) Buffalo Bill
- B) Harry
- C) Black Diamond
- D) Balto

2. What is the "obverse" part of a coin?

- A) Heads
- B) Tails
- C) Edge
- D) None of the above

3. Who is pictured on a \$1 bill?

- A) Abraham Lincoln
- B) Benjamin Franklin
- C) Thomas Jefferson
- D) George Washington

4. What is a "Loon Dollar"?

- A) Arcade Token
- B) Canadian Dollar
- C) Lottery Ticket
- D) U.S. Dollar Coin

Answers: 1) C 2) A 3) D 4) B

**Do you have a story you'd like to share?** Send your story about saving, spending, or anything related to being a money smart kid. You could be featured in our next newsletter issue! Email (along with your name, age, and contact info) to [newsletter@milfordbank.com](mailto:newsletter@milfordbank.com) or mail to:

**Centsible Kids**  
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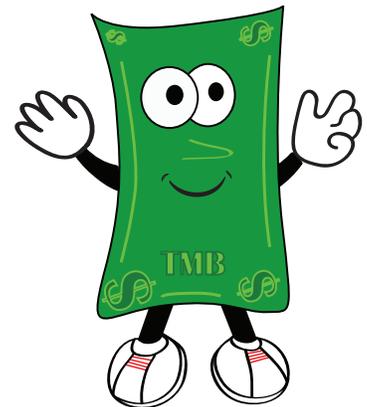
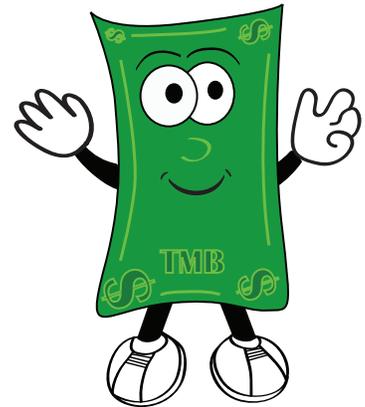
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## 5 Things That Money Can't Buy

- 1) **Time.** Money can't buy time, and it can't turn back the clock. Make the most of your time by doing things that make you happy and improve the quality of your life (and don't forget to let your friends and family know you love them)!
- 2) **Happiness.** Having money only solves the problems that *not having money* cause. Money may make your life more comfortable, but it cannot make you happy.
- 3) **Love.** Love cannot be bought. Relationships based on monetary wealth usually don't last long (and if they do, they aren't real). Friends that are only interested in what you have will likely disappear as soon as the money does.
- 4) **Health.** Yes, we need a certain amount of money to take care of basic medical needs, but money cannot make you healthy or fit, and it won't make you live longer.
- 5) **Success.** Success comes from hard work, dedication, networking, and a bit of good luck. Money can pay for training and education, but it won't make you successful. You also can't buy talent, which is crucial to being an expert in a field.

## Find the Differences

Can you find all 10 differences between the two pictures? Circle them and see if you can find them all!



**Answers:** Dolly's bow is different color, Dolly's eyes are different, Dolly's teeth lines are missing, TMB is upside down on Dolly, \$ symbol on Dolly missing (bottom right corner), Buck's eyebrows are missing, Buck's nose is different, Line on Buck's forehead is missing, Buck's shoelaces are red, TMB is different color on Buck.

## Free Tote Bag!

Bring this coupon into any Milford Bank office for one Free Travel Tote Bag! Limit one per customer. Supplies are limited.

Expires 3/31/13

