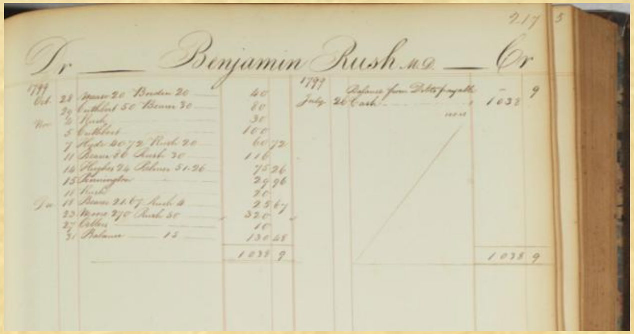
Lesson 2

The Bank of North America

Keeping Track of Your Money Then and Now

How did people keep track of their money back then?

- People used a bank to know how much money they spent (withdrew) or saved (deposited).
- When the Bank of North America first opened they used a handwritten ledger to keep track of how much money was in an account.



This ledger belonged to Benjamin Rush

- **Account**: a relationship established with a bank to keep track of your personal, or business, finances.
- **Ledger**: a book that keeps track of your withdrawals and deposits.
- **Benjamin Rush**: a doctor in Philadelphia and one of our founding fathers.

How do we keep track of money today?

- Today, instead of using ledgers, we keep track of our bank accounts in different ways:
  - Online – signing into your bank's website.
  - Mail – having your **bank balance** mailed.
  - Telephone – calling the bank for your balance.
  - Visiting the Bank – a **teller** can tell you how much money is in your account or make deposits and withdrawals.

- **Bank Balance:** this tells you how much money is in your bank account.
- **Teller**: a bank employee who will take your deposits or withdrawals.

Why do we use banks?

- A bank will keep your money in a safe and secure location until you need it.
- Money in a bank earns interest.

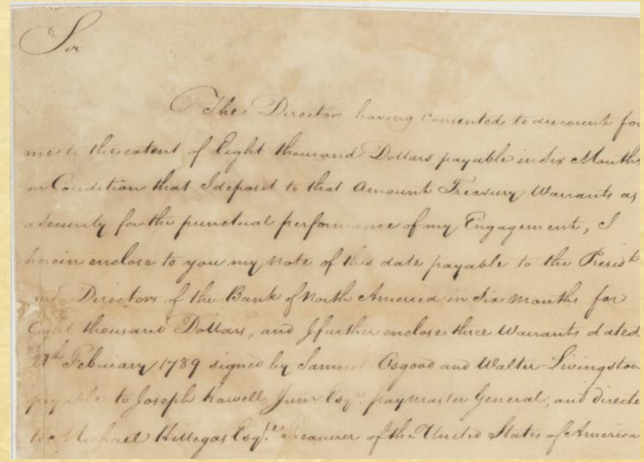
How can we earn money?

- People earn an income when they are hired by an **employer** to work at a job.
- There are other ways a person can get **income** such as **renting** a home or land to another person.

- **Interest**: an amount of money that a bank deposits into your account just for keeping your money at that bank. Every day that you leave money in your account the amount will increase little by little with money added by the bank.
- **Income**: money you earned.
- **Employer**: somebody who hires people to work a job.
- **Renting**: paying to use something such as a car or a house.

How do we pay for things?

- People pay for things with money.
- If you do not have enough money to buy something a bank will let you take out a personal **loan**.
  - People use loans for things such as starting a business, college tuition, as well as buying a car or house.



Sir

The Director having consented to discount for me to the extent of Eight thousand Dollars payable in six Months on Condition that I deposit to that Amount Treasury Warrants as a security for the punctual performance of my Engagement, I herein enclose to you my Note of this date payable to the Presid^t and Directors of the Bank of North America in six months for Eight thousand Dollars, and I further enclose three Warrants dated 27^th February 1789 signed by Samuel Osgood and Walter Livingston payable to Joseph Howell Jun^r Esq^r paymaster General, and directed to Michael Hillegas Esq^r Treasurer of the United States of America

This is a loan that states the person requesting the loan will pay back 8000 dollars to the bank over a period of six months.

➢ **Loan:** Money temporarily given that needs to be repaid, usually with interest. This means that you pay back more than the original amount of the loan.

How do you pay other people?

- When we want to give somebody else money from our bank account we write them a **personal check.**

- They can take the check to the bank and **cash out,** or they can deposit the amount on the check into their own bank account.

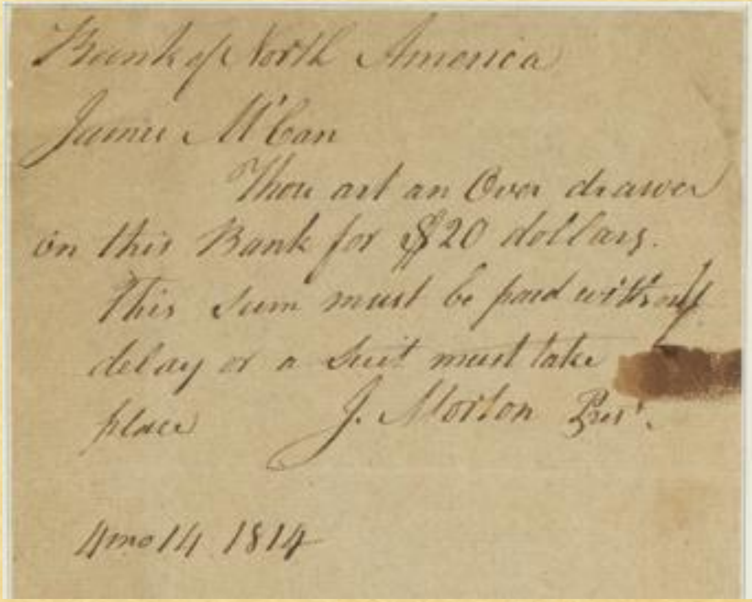
- Now the money is no longer ours and is **transferred** to the other person.

This check is over 150 years old!

- **Cash out**: receive cash for the amount of the personal check.
- **Personal Check**: when you write a personal check the money will be withdrawn from your personal account.
- **Transfer**: move something from one place to another.

What if you overspend?

- If you spend more money than you have in your bank account then you owe a **debt** to the bank.
- If you spend more than you have and are unable to pay it back you might have to file **bankruptcy.**


Bank of North America
James M'Can
Thou art an Over drawer on this Bank for $20 dollars.
This Sum must be paid without delay or a Suit must take place
J. Morton Pr.
4mo 14 1814

This notice, from 1814 states that this person owes the bank money.

- **Bankruptcy**: unable to pay your debt.
- **Debt**: owing money.
- **Overspend**: spending more money than you have.

What can we do with our money?

*The **bank note** shown above is worth five dollars. What are three things a person could do with this note?*

If we wanted to buy a hat from Russell's Hat store, shown above, what are three ways to pay for it?

- **Bank Note**: acts the same as paper money and given by a central bank.