



# The Buzz

First State Bank

January 2012

Do you know what the bank does with your money after you deposit it?

Banks don't just keep your money locked up in their safe until you ask for it back. They loan it out to other people. The money you deposit in your account might be passed on to someone for a new car loan or for a mortgage on their first house. Bankers know how much money they will need to keep on hand for day-to-day business and how much they can lend out.

But why do the banks lend out your money? It is how they stay in business. When banks loan someone money, they charge interest - the interest they receive is their income.

Banks also pay interest to the people who keep their savings in their bank, but it is always a smaller amount than the interest they charge on their loans.



The amount of interest you earn on a savings account has changed over the years along with the economy. When the economy is booming, banks pay higher interest. When the economy is slow, banks pay less interest. Interest on a savings account has ranged from several percent to less than one percent.

The interest you earn on a savings account might not be much, but still it's free money that you wouldn't have had if you kept your money in a piggy bank on your dresser. Money Market Accounts and Certificates of Deposit are other types of savings plans many people use to earn more interest. These plans pay more interest, but they have restrictions, too. For example, you usually need a bigger deposit to open one, and you may have to wait months before you can take your money out.

Savings accounts are one of the safest ways to save money. The money you deposit in a savings account is insured by an agency called the Federal Deposit Insurance Corporation, or FDIC for short. You can have \$250,000 in a bank, and the FDIC will guarantee its safety. The money that banks do keep on hand is kept locked up in a huge safe, protected from robbers much more securely than that piggy bank in your bedroom.

You're also a little bit less likely to spend money once you've deposited it in a savings account. It is still there for when you really want to use it. Putting money away in a savings account from time to time can give you the feeling that you are making progress, saving for your future.

# Cups of Cocoa

After some outdoor winter fun a cup of hot cocoa really hits the spot!



Grab a pencil and finish the cups so they look like the one on the saucer!

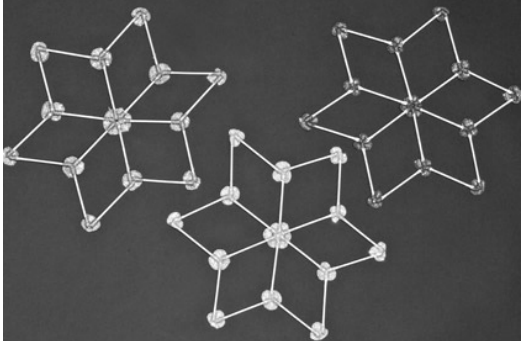


Test Yourself - from page 1

- A savings account \_\_\_\_\_.
  - pays higher interest than a Certificate of Deposit
  - pays you some interest
  - charges you interest
  - pays you high interest
- According to this article, \_\_\_\_\_ can be a good habit to get into.
  - borrowing money
  - saving money at home
  - saving money in a bank
  - loaning money
- A savings account could be used for \_\_\_\_\_.
  - saving money so you won't spend it so quickly
  - saving for a video game player
  - saving to buy birthday presents
  - all of the above
- The amount of interest banks pay on savings accounts \_\_\_\_\_.
  - is never more than 1%
  - is always 2%
  - varies
  - is usually about 0.5%
- The FDIC is an agency that \_\_\_\_\_.
  - loans money
  - pays interest on checking accounts
  - operates banks
  - insures savings

1.B 2.C 3.D 4.C 5.D

# Snow Swabs



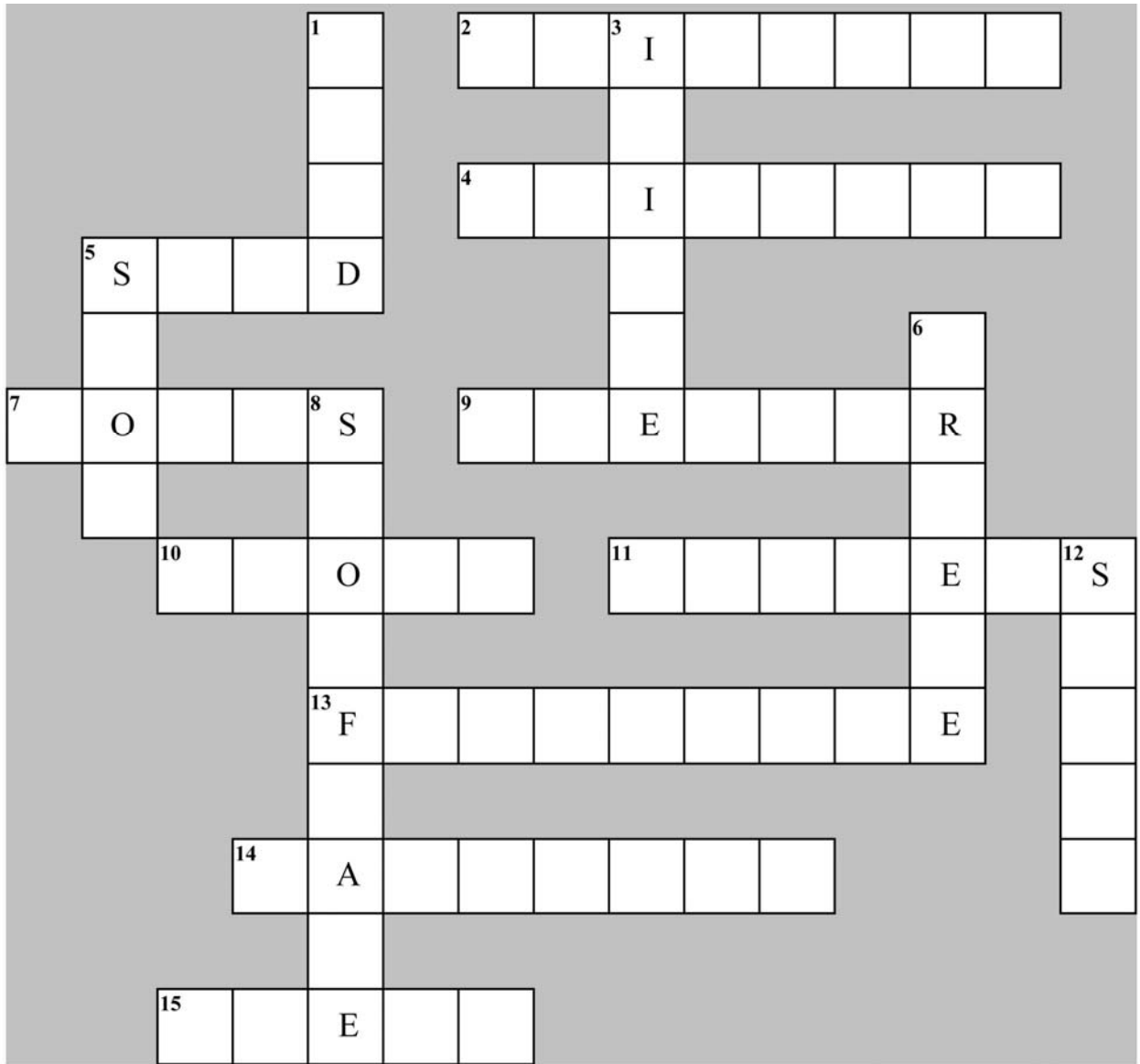
## Materials

- cardboard and plastic wrap for work surface
- 18 cotton swabs
- tacky glue
- glitter

## Instructions

- To make some, first create a work surface by covering a large piece of cardboard with plastic wrap.
- For each snowflake, arrange 18 cotton swabs as shown. Squeeze a small amount of glue where the ends of the swabs meet.
- Sprinkle glitter onto the glue & let the snowflakes dry overnight.
- Carefully peel each flake from the plastic. Collect and return the excess glitter to its container.

# Winter Crossword



## Across

- 2** - An area on the ground where you can easily fall.  
**4** - A heavy snowstorm with strong winds blowing at least 35 miles per hour.  
**5** - Horses or dogs pull some. It is fun to ride one of these down a hill!  
**7** - These are shoes that are made for walking or playing in snow.  
**9** - A piece of clothing that is knitted. You wear this over the upper part of your body.  
**10** - A layer of ice that may form on outside objects on a very cold night.  
**11** - You wear this to keep your hands warm. This only has one section for the fingers and one section for the thumb.  
**13** - The part of a chimney where a fire can safely burn.  
**14** - These fit over your ears to keep them warm.  
**15** - Rain that is partially frozen. This will happen when it is cold, but not cold enough to snow.

## Down

- 1** - This is how you feel when the temperature is very low.  
**3** - A hanging, pointed piece of ice formed by the freezing of dripping water.  
**5** - Flakes of frozen water or ice crystals that fall from clouds. It's fun to play in this!  
**6** - A change in a state of matter from a liquid to a solid, such as when water turns to ice.  
**8** - One crystal of snow.  
**12** - A piece of cloth worn around your neck or shoulders to keep you warm.



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Kids Club

# **“Bee” My Valentine Party**

Saturday, February 11th

10:00 - 11:30 AM

First State Investment Center

**Craft, Magic Show, Balloons & more!**

RSVP to 927-3814 by February 3rd