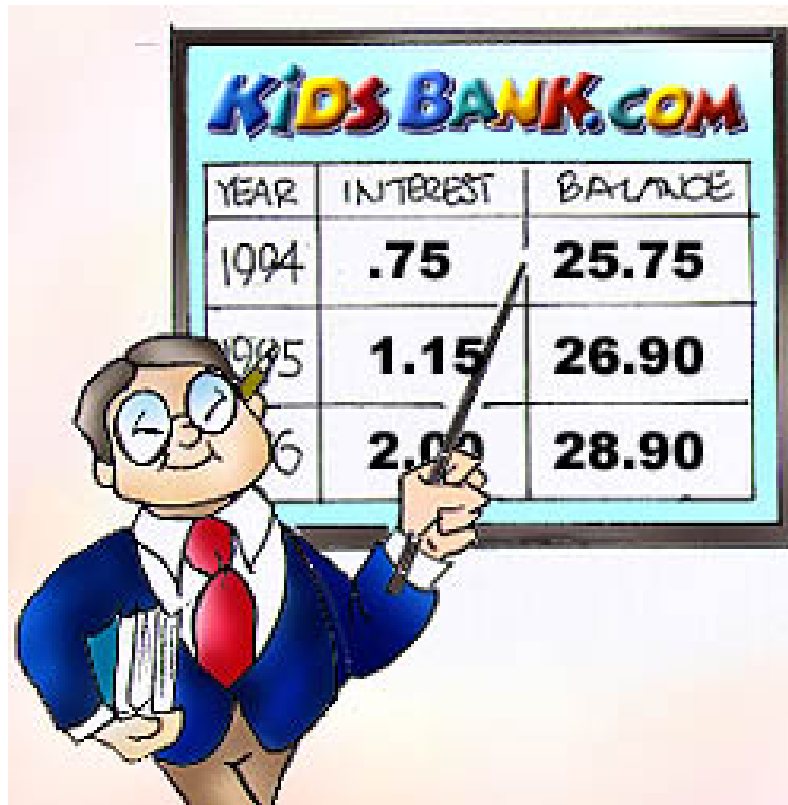


The Adventures of Interest Ray



Pleased to meet you! I'm Interest Ray, and I'm a special person at a bank or credit. I'm the reason that saving your money in a bank, savings and loan or credit union is super smart. I'll explain what interest is, how you get it, and why the bank gives it to you. You see, you're a special person to us, too!

The Adventures of Interest Ray



Interest is money that the bank gives to you for saving your money. The more money you keep in your savings account, and the longer you leave it there, the more money the bank will give you. That's why it's good to save as much as you can for as long as you can.



The Adventures of Interest Ray



The bank keeps track of how much money you have saved. That's one of the things in your passbook. They multiply how much money is in your account by something called an interest rate. The number they come up with is the amount of interest you get. They add the interest to your account, and you have that much more money.



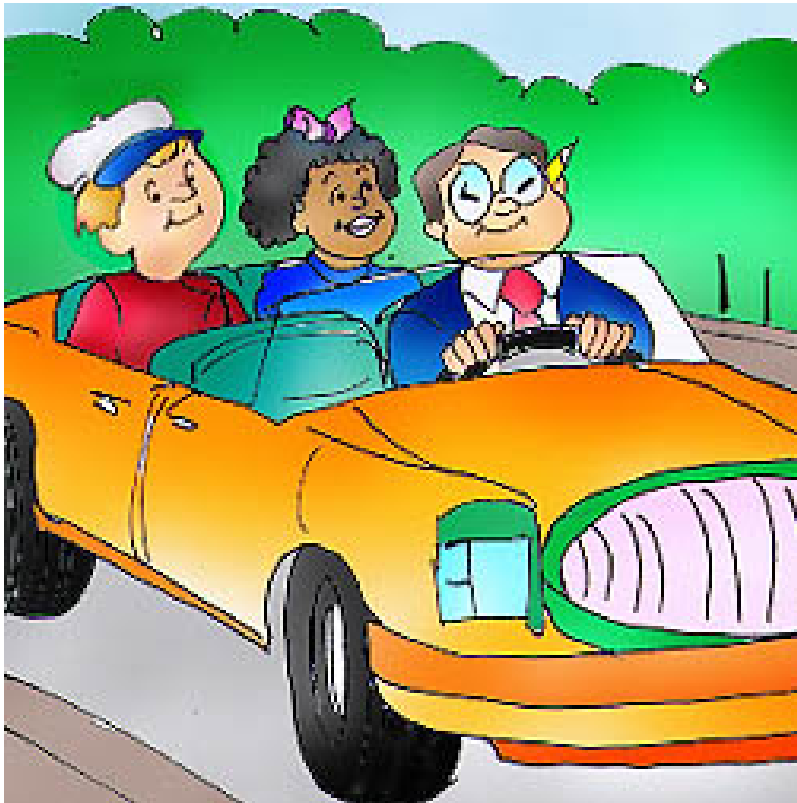
The Adventures of Interest Ray



I bet you're wondering why the bank would give you money for saving your money! It doesn't seem to make much sense, does it? Well, there's a very good reason! You see, when you save your money in the bank, it doesn't just sit there waiting for you to come back and get it. The bank uses your money to make more money. In a way, when you save your money, you're really loaning it to the bank. Interest is what the bank gives you for letting them use your money to make more money.



The Adventures of Interest Ray



One of the ways that the bank uses your money is to loan it to other people who need it. When people want to buy something special, but don't have enough money, they go to the bank to borrow it. They tell the bank what they want to buy, and the bank gives them the money to buy it. One of the ways that the bank uses your money is to loan it to other people who need it. When people want to buy something special, but don't have enough money, they go to the bank to borrow it. They tell the bank what they want to buy, and the bank gives them the money to buy it.



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When you borrow money from the bank, it's not yours to keep. You have to pay it back. You pay the bank a little bit at a time. You pay the bank what you borrowed, and you also pay them a little bit extra for letting you borrow it. The little bit extra is called...interest!



The Adventures of Interest Ray



The money that people pay the bank for borrowing money is the money that the bank pays you for saving it. You can always think of interest as being....."A little extra."

Interest is the little extra you get for saving your money....

and

Interest is the little extra you pay for borrowing it.

The Adventures of Interest Ray



Thanks for explaining interest to us, Interest Ray. It sure makes sense to save money. And it's nice to know we can borrow money if we need it, too.



Interest Ray, my mom has a bank account that she calls a checking account. Can we find out about checking accounts?



You sure can kids! Checks, the puppy, can tell you all about Checking Accounts...he's an expert!

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