TOPIC: Saving

TIME REQUIRED: 60 minutes   
*(excluding* **Extended Exploration***activities)*

LEARNING OBJECTIVES:

Students will be able to…

* Explain what banks do and what interest is
* Name benefits of saving money in a bank versus at home
* Understand risks and why it’s important  
  to save for emergencies
* Evaluate real-world scenarios that focus   
  on saving for emergencies,  
  unexpected events or purchases
* Create an infographic to show possible risks for a real-world scenario

SUPPLIES:

* Projector (for teacher presentation slides)
* Whiteboard or chart paper, markers
* Access to the Internet **(optional)**
* Suggested books **(optional)**
  + *Banking* by Barbara Allman

PREPaRATION:

* Make copies of student handouts
* Set up projector with presentation slides

STUDENT HANDOUTS**:**  
*(found in* **Student Guide***)*

* ***What Are the Risks?***
* ***Calculate the Interest***
* ***Money Smart Book Comic Strip***

TEACHER PRESENTATION SLIDES:

* ***How Do Banks Work?***
* ***Story Problems: Risks***
* ***Saving for Emergencies***
* ***Real-Life Emergencies***

ESSENTIAL QUESTIONS:

* *What is a bank?*
* *How do banks work?*
* *What is interest?*
* *Why would keeping money in a bank be more useful than saving money at home?*
* *Why is it important to save for emergencies?*

ASSESSMENT ACTIVITIES:

**Pre-Assessment:**

* ***What Are the Risks?*** handout
* ***Calculate the Interest*** handout

**Post-Assessment:**

* ***Story Problems: Risks*** slide
* ***Money Smart Book Comic Strip*** handout

Instruction Steps

Warm Up

Understanding Ways to Save Money [5 minutes]

Begin the lesson with a discussion about saving money. Ask students to raise their hands if they have a piggy bank or savings jar. Ask: *Why are you saving the money? What have you used your savings for? How long did you save for the last item you bought?* *Why is it important to save money?* (When you save, you will have money to use in the future. It also ensures you will have the money you may need in case of an emergency or a special event.) Then have students name ways they might be able to save more money (for example: cutting back on “wants,” bargain hunting, putting more money aside to save, putting money in the bank). Write students’ ideas on a whiteboard or chart paper.

Guided Exploration

Discovering Where Money Is Saved [15 minutes]

Assess prior knowledge by asking students: *Who has been to a bank?* *What is a* ***bank****?* (A **bank** is a business where people can deposit and withdraw their money.) *How do banks work?* (Banks offer people a safe place to keep their money and pay people interest by using their deposits to make loans.) If students have not yet mentioned the term **interest**, ask whether they have heard of the term as related to money, and what they think it means. (**Interest** is the amount earned from deposits in a savings account.)

Display the ***How Do Banks Work?*** slide to give students background information on the basic principles of how banks work. Ask: *Why would keeping money in a bank be more useful than saving money at home?* (It’s safer in a bank and can earn interest.) Explain to students that the next activity will teach them more about interest.

MONEY SMART TIP!

The Federal Deposit Insurance Corporation, or the FDIC for short, is a   
part of the federal government. The FDIC’s biggest job is to insure the   
savings of millions of Americans in all of the FDIC-insured banks   
across the country. Since the FDIC was established in 1933,   
no depositor has lost a penny of FDIC-insured funds.

Explore the benefits of saving money in a bank by giving students the ***Calculate the Interest*** handout. It provides a real-life scenario and calculator chart to answer questions about interest on various amounts of money. Discuss the answers, and ask: *What are the benefits of saving more money?*   
(to earn more interest)

Grade-Level Modifications:

Beginner: Complete the activity as a whole class, in small groups, or individually. Ask students to explain how they solved each problem. If they need help with the third question, refer to the Answer Key and write the number sentence on a whiteboard or chart paper.

Advanced: Have students calculate interest rates on other amounts of money that are not on the calculator chart, such as $350, $1,000, $2,500, and so on. You may also want to teach the formula for calculating interest: principal (the amount of money invested) x rate x time = interest. For example, if you invest $1,000 (the principal) at a rate of .05 (a rate of 5 percent) x 2 years (time), it equals $100 (interest).

Understanding Risks and the Importance of Saving for Emergencies [30 minutes]

Ask students: *What is a* ***risk****?* (The possibility that something bad might happen.) Give an example of a child riding a bicycle. Distribute the ***What Are the Risks?*** handout to have students list the risks (falling, a flat tire, and so on) and ways to avoid or reduce those risks (wearing a helmet, riding in a safe area away from cars, carrying a bicycle pump, and so on). Discuss ideas as a class.

Grade-Level Modifications:

Beginner: Ask students: *Have you ever ridden a bicycle, scooter, or skateboard, or gone roller- skating or inline skating?* Have students talk about their experiences relating to risks, such as falling, and ways they avoided or reduced the risks.

Advanced: Ask students to write another example of a scenario that could pose risks and ways to reduce those risks.

Display the ***Story Problems: Risks*** slide and have students work in small groups to create a chart that shows their understanding of the possible risks and ways to avoid or reduce each risk for one of three scenarios listed on the slide. Have students share their answers.

Explain that risks carry the potential to cost people time and effort, as well as money. As much as you try to avoid or reduce the risks, emergencies can happen. That is why it is important to save for an emergency or something unexpected. Display the ***Saving for Emergencies*** slide. As a class, list the possible expenses of the scenario.

Then display the ***Real-Life Emergencies*** slide, and discuss. Have students reflect on the question: *Why might it be important to save for emergencies?* (to make sure you have enough money to pay for emergencies, because they are unplanned and unexpected)

Wrap Up

Class Reflection [10 minutes]

Ask students: *Why is it useful to keep your money in a bank instead of saving it at home? Why is saving for emergencies important?* As a final assessment, have students draw a comic strip using the ***Money Smart Book Comic Strip*** handout to show why it’s useful to keep money in a bank.

Grade-Level Modification:

Advanced: Ask students to use the cartoon to demonstrate why it is important to save for emergencies and unexpected events or purchases.

Extended Exploration

Note: Use the following activities to extend the lesson topic throughout the year. Activities can be completed as a class or in small groups. Duration of activities will vary.

* Have students work together to create smart shopping tips for their families and schoolmates.
* Invite students to test their budgeting skills by playing Mad Money at <http://pbskids.org/itsmylife/games/mad_money_flash.html>. The game includes emergency spending situations.
* Ask students to research the history of banking in the United States, using books (such as *Banking* by Barbara Allman) and online resources. Then have each student write an essay to summarize what he or she has learned and provide a list of sources.
* To explain the difference between keeping money in a bank and at home, have students create posters, and display in the library or around the school.

Answer Key 43

Glossary with key vocabulary 46

Standards met by lesson 48

Lesson Overview

As students’ financial judgments continue to grow throughout each module, add **interest** to their financial knowledge bank by exploring how and where to save money through the understanding of **banks** (federally insured financial institutions). This module will introduce the concept of **risk**. Learners will also evaluate real-world scenarios that address saving for emergencies.