



Lesson Plan

Savings Benefits and Methods

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Standards Met:

Nevada Academic Standards for Social Studies – Financial Literacy

Grade 4 – SS.4.32: Explain the benefits of saving and methods of saving including but not limited to financial institutions, saving at home, etc.

Overview

Students split into groups to create posters and presentations which explore the benefits of saving, as well as the methods of saving. Each group presents their posters. Students learn about saving for a rainy day, wealth building, and saving for a spending goal. Students consider methods of saving including piggy banks, banks, and credit unions.

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Materials

1. Student handouts to prepare posters:
 - a. Wealth Building
 - b. Rainy Day Fund
 - c. Saving for a spending goal
 - d. Piggy Bank
 - e. Bank savings account
 - f. Credit Union Savings Account
2. Poster paper and markers
3. Worksheet - Assessment

Preparation

Print handouts for groups to prepare posters.
Print Assessment

Activity

1. Introduction

- a. Tell the student that as they grow up, it is important to develop good work habits, learn to focus on important activities, and wait to do things that are less important. An example of this is homework. Students need a routine to do homework every night. Some may do the homework as soon as they get home. Others may do homework after dinner. But it needs to get done before the next day. Once the students get their homework done, they can use the rest of the time they have after school for other activities that they want or need to do.
- b. Saving money is a way that we develop good habits, learn to focus on important activities, and wait to do things that are less important. It is a lot like waiting to play until you get your homework done. Saving requires us to put money away now, so that it is available for future use. It's important for everyone to save money. Even if the students do not have money now when they are children, they still need to learn to save money. When they grow up, they will have to manage their own money.
- c. Today the students are going to look at the reasons people save, and how saving will make their lives better. They will also look at places, or ways to save money, and make decisions about where and how to save.
- d. Split the class into six or more groups of 3-5 students. You can have more than one group for the bank and credit union scenarios. Tell the students that each group will get a special assignment that teaches either the benefits of saving, or methods of savings. Each group will make a poster about their subject, and give a short presentation to the class.

2. Activity

- a. Give each group a piece of poster paper, and markers. Have them find a spot to work. They should read the one-page assignment handed out to them. They need to ask the teacher for help if they don't understand anything.
- b. Have the students work for 15 minutes creating their presentations. Give them five-minute and two-minute warnings.
- c. Have each group present their poster and reason to save or method of saving to the other students in the class. Have the presentations go in alphabetical order, starting with A – the Rainy Day Fund, and finishing with F – Credit Union. Put each poster up around the room once it is presented.
- d. Let the students ask questions.

- e. After each presentation on saving, have the students raise their hands if they would like to save money for the purpose presented.
- f. Under wealth building, tell them that if they stay in school, work hard and save money, anyone in the room could save over a million dollars.
- g. After each presentation on banking (piggy banks, banks and credit unions) have the students raise their hands if they would like to save money at the place presented.
- h. After both the bank(s) and the credit union(s) have presented, ask the students to choose one place to save. Have the students who would use the bank raise their hands. Then have the students who would use the credit union raise their hands. Ask several students why they chose the way they did.
 - i. Tell the students that banks and credit unions offer very similar services, and both are good places to save money. Tell the students that most people choose banks or credit unions based on location, and how people make them feel when they are in the bank or credit union. People do business with people they know, like and trust. They are often willing to pay more to be somewhere they feel comfortable.
- i. A note on Get Rich Quick Schemes. Tell the students that if they have money saved, there may be people who would like to take that money from them. These people might say something like, "If you give me \$100, I will give you \$200 in six months." These situations are very risky, even if the people seem nice. It's important to save money in a safe place, where your money is insured. People need to work hard day after day to earn and save money.

3. Conclusion

- a. Once the presentations are finished, thank the students for their hard work. Ask for any further comments or questions.
- b. Tell the students they should always keep a Rainy Day Fund in a savings account to cover emergencies.
- c. Tell the students that when they grow up, they should start a wealth building retirement account as soon as they start working. They can all be millionaires if they start saving early.

Worksheet/Assessment: Benefits and Methods of Saving

- Hand out the worksheet, which can also be used as an assessment.
- Have each child fill out their own worksheet.
- Once the students have completed the worksheet, either go over the answers, or collect the worksheets to review and hand back later.

Extended Activities

The following activities, along with the Bizzy Whiz picture book *If I Have a Penny*, give the students the concept of how you can start small with savings, and have it build.

Once the fourth graders have completed the lesson, they could visit a younger class, read *If I Have a Penny*, tell the younger students what they have learned, and help the younger students with the dollar ten frame activity below.

- **Compound interest calculator**
 - You can use this calculator to estimate how much money you will have if you save for a certain period of time. Estimate a 5% interest rate, with a variance of 3%. Use monthly savings. Historically people earn 5-8% on their wealth investments. <https://www.investor.gov/additional-resources/free-financial-planning-tools/compound-interest-calculator>

- **How long will it take to save a dollar?** Start with a penny and save one additional penny a day. Download the dollar ten frame from the Activity page at www.bizzywhiz.com.
Answer: 14 days

- **Save an Extra Penny a Day for a Year**
If you saved one penny the first day, two pennies the second day, and continued adding one penny a day, how much money would you have at the end of a year?
Answer: \$667.95

Group A: Rainy Day Fund

Your job is to convince your classmates that they should have a rainy day savings fund.

1. **Prepare a poster** about rainy day funds and why people need them.
2. **Prepare a short speech** that tells your classmates why they should have a rainy day fund.
 - a. **Give two or three examples** of when people would use a rainy day fund.

Information about a rainy day savings fund:

A rainy day savings fund is for money that you can use if something goes wrong and you need money quickly. It is money which is saved in a bank or credit union savings account, and can be taken out quickly to use for emergencies.

People should save enough money in a rainy day fund to pay for basic needs such as housing and food in case their income goes away.

Once people have enough money to live for three months to six months without a job, they do not need to save any more in their rainy day fund. It just stays at that amount and earns interest from the bank. If people have to use their rainy day fund, then they must save the money again after the emergency is over.

Examples of when people use their rainy day fund:

- When a car breaks down, and they either need to fix it or buy another car
- Someone loses a job. They do not earn any money until they get a new job. But they still have to pay for basic needs including the cost of housing and food.
- Someone gets very sick and has hospital bills not covered by insurance.

Group B: Wealth Building

Your job is to convince your classmates that they should build wealth by saving money every month in a special account that they leave there for many years.

1. **Prepare a poster** about why people need to build wealth
2. **Prepare a short speech** that tells your classmates why they should build wealth.
3. **Include an example of wealth building** in your speech.

Information about wealth building

Wealth building is a way to use money to make more money. As you save money, you will earn interest and other income off that savings. People need to save money when they are young, so that they can retire, or stop working for money when they get old.

Some people build enough wealth to “retire” when they are younger, and be able to do whatever they want without having to make money.

To start building wealth, the most important thing is to start young and save a certain amount of money every month that you will always keep in your wealth building account. In time, this money will grow and grow and grow.

Jobs in wealth building

Many people have jobs working as financial planners. They can also be called wealth advisors. Financial planners help people who want to build wealth figure out the best way to do that. A certified financial planner has taken classes and studied the best way to help people build wealth.

Where to save

There are special ways to save money for wealth building that this lesson doesn't cover.

Examples of wealth building:

Save \$700 a month for 40 years. You may have about \$1 million. Earn \$50,000 a year to spend for the rest of your life from your \$1 million in wealth.

Save \$2000 a month for 25 years. You may have about \$1 million. Earn \$50,000 a year to spend for the rest of your life from your \$1 million in wealth.

Group C: Saving for a Spending Goal

Your job is to convince your classmates that they should set goals for things they want to buy, and save money for those goals

1. **Prepare a poster** about why people should save money for a goal
2. **Prepare a short speech** that tells your classmates why they should save for a goal
3. **Include examples of saving for a goal**

Information about saving for a goal

Saving for a goal is a way to get things that are important to you. When you save for a goal, you focus on getting something you really want. And you don't buy things that are not as important to you.

Some goals that people save for include buying a house, buying a car, paying for college, saving to start a business, or saving for a special vacation or event. These goals often take years of savings. But they make a big difference in people's lives.

Other goals that people save for include smaller items, like buying special birthday presents, saving for a family camping trip, saving for a new toy or a backyard swimming pool. These goals may take weeks or months to save for.

When you save for a goal, you have the money to pay for an item when you buy it. You will pay the cost of the item. And you will get to keep any interest you earned while your money was in the bank.

Group D: Piggy Banks:

Your job is to convince your classmates that it is good to save money in a piggy bank at home.

1. **Prepare a poster** about your piggy bank.
2. **Prepare a short speech** that tells your classmates when and why they should save their money in a piggy bank.
3. **Tell your classmates how they could make a piggy bank at home** if they don't already have one. Think about things in your house that could be made into a piggy bank.

History of Piggy Banks

A piggy bank is a term that refers to saving money at home. Many years ago, people made jars out of an orange clay called, "Pygg". They put spare coins in one of these jars in the kitchen. Over the years, the jars became known as piggy banks, and businesses started making small, pig-shaped "banks" for children to keep their coins in.

Reasons to save in a piggy bank:

- Piggy banks are an easy and fun place to save small amounts of money.
- It is easy to save money in your house. You don't have to travel anywhere.
- You can get the money out to use any time you are home.
- You can see, touch and count your money every day.

Reasons not to save in a piggy bank:

- May not be very safe. Your money could get lost.
- Does not pay interest.

Group E: Be a Banker

You work at a bank and your job is to convince your classmates that they should save money in your bank.

4. **Give your bank a name** that will appeal to your classmates.
5. **Choose *one* special program or reward** that you will give to children opening an account at your bank. You can give them \$5 in their account when they open it.
6. **Prepare a poster about your bank.**
7. **Prepare a short speech** that tells your classmates that you can help them save money, and why they should save their money with you.

Information about Banks

Banks are for-profit businesses which help people manage their money. People put their money in bank accounts to keep it safe, and to make it easy to pay for things.

- A child's parent or guardian must open the account for children (anyone under 18). The parent takes the money in and out of the bank. They must read and sign papers.
- Your savings account is insured up to \$250,000. If something bad happens at the bank, you will still get your money back.
- May require a minimum deposit amount. Your bank requires a child to have \$25 to open a savings account
- A savings account pays interest. Interest is money the bank pays you for keeping your money in the bank. You can withdraw, (take your money out) at any time.
- The bank may have special programs or rewards for children who save.

Reasons people choose a certain bank or credit union

- It is close to where they live or work.
- It has the banking services they need, like a savings account
- The people at the bank make them feel special and valuable
- Someone at the bank is a friend or family member
- The bank has reasonable fees that they charge for services
 - Usually a savings account is free, but savers may need to keep a certain amount of money in the account to avoid fees.
- The bank offers special programs or events that you would like to participate in such as
 - A Kid's Savings Club with rewards for saving.
 - Classes about how to save money.
 - An annual barbecue
 - A free book when you open an account.
 - A free piggy bank

Group F: Be a Credit Union Worker

You work at a credit union and your job is to convince your classmates that they should save money in your credit union

1. **Give your credit union a name** that will appeal to your classmates.
2. **Choose *one* special program or reward** that you will give to children opening an account at your credit union. You cannot give them money.
3. **Prepare a poster about your credit union.**
4. **Prepare a short speech** that tells your classmates that you can help them save money, and why they should save their money with you.

Credit Unions are non-profit businesses that help people manage money. People put their money in credit unions to keep it safe, and to make it easy to pay for things.

- A parent or guardian must open the account for children (anyone under 18), and the parent takes the money in and out of the bank. They must read and sign papers.
- Savings accounts are insured up to \$250,000. Even if the credit union closes, people who have saved their money in the credit union will get it back.
- A savings account pays interest. Interest is money the bank pays you for keeping your money in the bank. You can withdraw, (take your money out) at any time.
- May require a minimum deposit amount. For instance, a child might need at least \$1 to open a savings account
- May have special programs or rewards for children who save

Reasons people choose a certain bank or credit union

- It is close to where they live or work.
- It has the banking services they need, like a savings account
- The people at the credit union make them feel special and valuable
- Someone at the credit union is a friend or family member
- The credit union has reasonable fees that they charge for services
 - Usually a savings account is free, but they may need to keep a certain amount of money in it
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Benefits and Methods of Saving Worksheet

1) Where is the safest place to save your money? Why is it safe? _____

2) For the four examples below, fill in the following information:

A. Write in what kind of saving this is:

- a) Wealth Building
- b) Rainy Day Fund
- c) Saving for a Spending Goal

B. Write in where the best place is to save the money:

- a) Bank or Credit Union
- b) Piggy Bank

C. Explain what benefit you would get from saving this amount.

A. Save \$20 to buy a birthday present for someone in your family. Save $\frac{1}{2}$ of your \$10 weekly allowance for 4 weeks.

- 1) Kind of Saving _____
 - 2) Best place to save the money _____
 - 3) What benefit you would get from saving? _____
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B. You save \$600 to buy a computer. Save your \$10 allowance every week for over a year.

- 1) Kind of Saving _____
 - 2) Best place to save the money _____
 - 3) What benefit you would get from saving? _____
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C. Your Dad's car is old and he needs it to get to work. He saves \$200 a month from his earnings from his job in a special account in case the car breaks down.

1) Kind of Saving _____

2) Best place to save the money _____

3) What benefit you would he get from saving? _____

D. Your grandmother saved \$1000 every month in a retirement savings account for 35 years. She never took any money out. After 35 years, she had over a million dollars. She will receive \$50 thousand dollars a year or more income from this account for the rest of her life.

1) Kind of Saving _____

2) Best place to save the money – a special account that earns more money than the interest a bank or credit union savings account pays. This money cannot be withdrawn easily.

3) What benefit you would get from saving? _____
