



# Lesson 6: Super Savers

## TOPIC: Buying Decisions

### OVERVIEW:

Learners explore **savings** at a deeper level in Lesson 6 by debating when an emergency fund is applicable and discussing how to plan for special purchases and how to set and achieve long-term financial goals. Using collaborative learning, students will craft savings strategies that lead to positive savings habits and demonstrate how financial institutions can help grow money.

**Time:** 45 min

### Supplies:

- Projector (for teacher presentation slides)
- Access to the Internet (optional)

### Preparation:

- Set up projector with presentation slides
- Set up individual or group computers with access to the Internet(optional)

**Glossary with key vocabulary** 15

### OBJECTIVES:

1. Understand and explain the importance of saving money
2. Evaluate methods for saving money, both for a scenario and in their own lives

### INDIVIDUAL HANDOUTS:

- None

### GROUP HANDOUTS:

- None

### TEACHER PRESENTATION SLIDES:

- Scenarios
- Savings Options

### ESSENTIAL QUESTIONS:

- How do you save money?
- Why should I save money?
- What are the most effective methods for saving money?

### ASSESSMENT ACTIVITIES:

#### Pre-Assessment:

- **Activity:** Saving Money and Me

#### Post-Assessment:

- **Activity:** What Would You Do?
- **Discussion:** The Best Methods

# Instruction Steps

## WARM UP Saving Money and Me

5 MINUTES

Prompt students to think about getting their first paycheck. Remind them that it won't be a huge amount of money, but it might be more than they've ever had at one time. Ask them to consider how they might save that money.

### Pose the questions:

- *How could you save your money?*
- *Why would you save some of your money?*

Allow students some time to think about their answers, and then share. Prompt students to start thinking about how effective their money saving methods are. For example: if a student says that she puts money into a piggy bank, ask her whether she's ever tempted to use that money for something other than what she's saving for, or whether that money slowly grows over time by putting it in a piggy bank.

### MONEY SMART TIP!

Lesson 7 goes into detail about a few savings options that may hook students' interest. The lesson allows students to learn about several savings options and weigh them against one another.

## GROUP EXPLORATION Evaluating Saving Options

35 MINUTES

### Scenarios

**Group 1:**  
Your parents have just informed you that, if you want a car, you'll have to pay for it yourself. You're 14, and right now you get a small allowance, but you plan to get a job as soon as you can. In the meantime, you want to make sure that you save money so that you'll be able to buy your car.

**Group 2:**  
One of your favorite bands is coming to town. Tickets cost \$50. All of your friends are going, but you're not sure you'll have enough extra money for a ticket. You have two babysitting jobs lined up for the next two weeks, but that leaves you a few dollars short of purchasing the \$50 ticket.

**Group 3:**  
You've achieved your goal of getting a full scholarship to the college of your dreams. The only problem is that the scholarship will not cover the cost of textbooks, which you estimate will run you about \$500 for the first semester. You have the summer to save money, and you have a summer job.

**Group 4:**  
You like to look very put-together for the start of the new school year. This year, you're on your own. No one is paying for any of your back-to-school clothes. It's the summer, and you have a few bucks stashed away in your room, plus a couple of jobs lined up mowing neighbors' lawns for money.

**Group 5:**  
You want to have a savings fund of \$500 for future opportunities. You get some money for holidays and birthdays. You also make about \$10 a week selling game guides you created online.

Money Smart for Young People Grades 3 - 5

Split your class into five groups and share that each group will be working together on savings strategies. Next display the **Scenarios** slide, provide each group with its scenario:

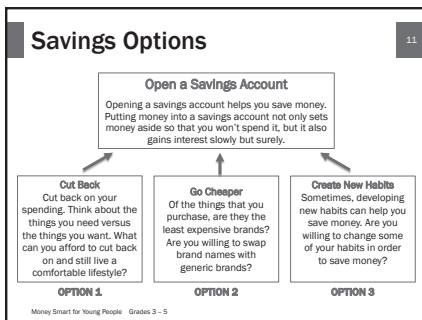
- **Group 1:** Your parents have just informed you that, if you want a car, you'll have to pay for it yourself. You're 14, and right now you get a small allowance, but you plan to get a job as soon as you can. In the meantime, you want to make sure that you save money so that you'll be able to buy your car.
- **Group 2:** One of your favorite bands is coming to town. Tickets cost \$50. All of your friends are going, but you're not sure you'll have enough extra money for a ticket. You have two babysitting jobs lined up for the next two weeks, but that leaves you a few dollars short of purchasing a \$50 ticket.
- **Group 3:** You've achieved your goal of getting a full scholarship to the college of your dreams. The only problem is that the scholarship will not cover the cost of textbooks, which you estimate will run you about \$500 for the first semester. You have the summer to save money, and you have a summer job.

- **Group 4:** You like to look “very put-together” for the start of the new school year. This year, you’re on your own. No one is paying for any of your back-to-school clothes. It’s the summer, and you have a few bucks stashed away in your room, plus a couple of jobs lined up mowing neighbors’ lawns for money.
- **Group 5:** You want to have a savings fund of \$500 for future opportunities. You get some money for holidays and birthdays. You also make about \$10 a week selling game guides you created online.

**Grade-Level Modifications:**

**Beginner:** One scenario for the entire class. When student groups share their decisions, all students in the room will be familiar with the scenario and will be able to weigh the group’s decisions against their own.

**Advanced:** Add costs and time limits into the scenario, so that students have to compute.



Highlight that in each scenario they have some income, and they want to be able to make a purchase. Display the **Savings Options** slide and review each option with students.

Start by explaining that all options begin and end with opening a savings account. Opening a savings account will allow you to protect your saved money from a variety of risks, including bank failure, theft, and fraud. Additionally, opening a savings account allows you to earn interest on your money while it remains in your account.

Then, explain the three additional options students could select for their scenarios. Remind students that selecting one of these options should pair with opening a savings account, in most cases.

- **Cut Back** – examples include eliminating expenses such as online games or going to the movies or reuse school supplies instead of buying new items
- **Go Cheaper** – examples include buying inexpensive clothing instead of name brands
- **Create New Habits** – an example is eating at home instead of going out to eat

Explain that students can pick one or more of the savings options, but they should consider their scenario as they pick their savings options. As they make their group decisions, students should discuss the benefits and reason for their chosen savings option.

Explain that, when they have finished making their decisions, they must put together a presentation to their class where they must justify why this savings option was the best for this scenario. See the **Answer Key** for a completed sample.

Before presentations, redisplay the **Scenarios** slide. Ask students to make some quick decisions about what they would do for the other three scenarios that groups worked on in class. Explain that students will be weighing their snap decisions against the group's decision and may have the opportunity to question the group about their decision.

Allow the first group to present their scenario, then explain which savings option(s) they choose, and why. As the group presents, listeners should note compliments and questions. When the group finishes, ask the audience to pose questions, compliments, and/or make their own argument for the best savings option(s) in this scenario. (Note: There isn't necessarily a correct answer for any of the scenarios; what matters more is the justification that students use to support their savings options election.)

## **WRAP UP**

### **The Best Methods**

5 MINUTES

Ask students to consider something that they want to save for in the future.

**Then discuss:** *What would be the best savings option for making that purchase in the future? Why?*

---

## **Extended Exploration**

**Note:** Use the following ideas to extend financial literacy concepts throughout the school year within core content areas through English Language Arts, Math, Social Studies and Economics, and Technology activities, projects, and discussions. Duration of activities will vary.

### **ENGLISH LANGUAGE ARTS**

#### **Writing Prompts:**

Write a letter to your future self. Describe to your future self why saving money is so important. Remind your future self about a preferred savings option from today's lesson and how it could be used in the future that you've imagined for yourself.

#### **Additional Readings/Resources:**

*Save and Invest* by the Financial Literacy and Education Commission: A short overview of tips on student saving and investing.

[www.mymoney.gov/save-invest/Pages/saveandinvest.aspx](http://www.mymoney.gov/save-invest/Pages/saveandinvest.aspx)

*Saving and Investing for Your Future* by BizKids: A short video clip on the importance of starting a savings plan early. (Time of video: 1:16 minutes) <http://bizkids.com/clip/saving-and-investing>

## MATH

### Activity/Project Ideas:

Write down all of your spending over the course of a week. Review the “Cut Back” and “Go Cheaper” savings options. Using online or in-store research, determine how much money you would have saved had you either cut back on your expenses or purchased cheaper items. Explain: Are the savings worth the sacrifices to you?

## SOCIAL STUDIES AND ECONOMICS

### Activity/Project Ideas:

Consider teen Suvir Mirchandani’s plan to save the government millions of dollars at [www.thewire.com/national/2014/03/switching-fonts-wont-save-the-government-money/359925/](http://www.thewire.com/national/2014/03/switching-fonts-wont-save-the-government-money/359925/). Although the plan was criticized, his idea about finding ways for the federal government to save money. Research some of the expenses of your school or your local government. What money savings options would you suggest to your school or your local government? Why?

## TECHNOLOGY

### Online Games/Tools:

*How to Earn Money by Saving Money* by The Mint: An article with interactive calculators to help students learn money-saving strategies. [www.themint.org/teens/earn-money-by-saving-money.html](http://www.themint.org/teens/earn-money-by-saving-money.html)

---

## Classroom activities from the Consumer Financial Protection Bureau (CFPB)

The CFPB has developed a set of classroom activities to help teachers develop and support the building blocks of financial capability in their students. Each activity is designed to be completed within a single class period and includes a teacher guide and supporting student material. Some specific activities that are relevant to this lesson include:

Exploring savings habits	Students learn about the benefits of forming their own savings habits and explore what it looks like to save a percentage of income. <a href="http://www.consumerfinance.gov/practitioner-resources/youth-financial-education/teach/activities/exploring-savings-habits/">www.consumerfinance.gov/practitioner-resources/youth-financial-education/teach/activities/exploring-savings-habits/</a>
Saving for a rainy day	Students explore the importance of saving for unexpected expenses and then draw pictures of what their rainy day savings could pay for. <a href="http://www.consumerfinance.gov/practitioner-resources/youth-financial-education/teach/activities/saving-rainy-day/">www.consumerfinance.gov/practitioner-resources/youth-financial-education/teach/activities/saving-rainy-day/</a>
Saving for unexpected events	Students brainstorm unexpected events that may cost money and then analyze emergency scenarios to better understand the importance of having an emergency savings fund. <a href="http://www.consumerfinance.gov/practitioner-resources/youth-financial-education/teach/activities/saving-unexpected-events/">www.consumerfinance.gov/practitioner-resources/youth-financial-education/teach/activities/saving-unexpected-events/</a>
Using idioms to promote saving	Students explore idioms, which are expressions that use figurative speech, to better understand financial concepts like saving and earning. <a href="http://www.consumerfinance.gov/practitioner-resources/youth-financial-education/teach/activities/using-idioms-promote-saving/">www.consumerfinance.gov/practitioner-resources/youth-financial-education/teach/activities/using-idioms-promote-saving/</a>

---

## Answer Key


Group Exploration:

*Evaluating Saving Options*

Answers will vary. See completed sample.

## Group Exploration: *Evaluating Saving Options*

**SAMPLE**

Scenario	Savings Options I Would Use	Justification
#1 14 years old, must pay for car and allowance, and eventually will get a job.	▪ open a savings account 	Several years to save money and putting savings in an account will generate interest.
	▪ cut back	Cut back on a few things here and there in order to put more money into savings.
#2 Concert costs \$50, two weeks away. Two babysitting jobs, but will still be short.	▪ cut back	For two weeks, cut back on expenses to save an extra couple of dollars. Cut back on things like snacks at the store.
	▪ go cheaper	If I must spend money, I'll try to save an extra couple of dollars by buying less- expensive things.
#3 Need \$500 for books for college. Have a summer job and the summer to save.	▪ open a savings account	Savings account will generate interest and will need more money for books in other semesters.
	▪ go cheaper	Buy cheaper things over the summer to save an extra few dollars AND consider cheaper book options like used textbooks.
#4 Want back-to-school clothes. Have some money and a few lawn-care jobs lined up. Summer to save.	▪ create new habits	Make it a habit to watch movies and eat snacks at home.
	▪ go cheaper	Plan to spend a little less on my back-to-school clothes.
#5 Want to have \$500 in savings. Get money for birthdays and holidays. Earn \$10 a week selling game guides.	▪ open a savings account	Savings account will generate interest as you work to save \$500.
	▪ create new habits	Make it a habit to save a portion of all the money you earn or receive as gifts.