

Lesson Plan: Saving and Investing
50-65 minutes

Learning Objectives	Students will be able to: <ul style="list-style-type: none"> • Compare different savings vehicles • Examine the role of budgeting to control spending and manage savings • Explain the basic concept of investing and identify common investing vehicles
Materials needed	<ul style="list-style-type: none"> • White Board • Vault Savings Account Scenarios Worksheet • Pens or Pencils

Overview: The lesson will teach students the concept of earning interest on savings. The students will learn that it is possible to make money with money through earning interest. The students will work with different scenarios to learn how to calculate interest and compare earnings at different interest rates.

Background Knowledge Required: This lesson plan refers to the “Savings” activity in the *Insurance and Safety* concept group of the **Vault™** program. “Savings” should be completed by the students before the discussion and activity are done in class.

The following vocabulary should be understood:

Savings – Money set aside for short-term or long-term goals.

Budget – A spending and savings plan.

Expense- The cost of goods and services.

Interest- Amount of money the borrower pays for the use of a lender’s money.

Provided Student & Teacher Materials:

- Vault™ Savings Account Scenarios Worksheet/Answer Key

Lesson Plan:

Opening	<i>Duration: 10 minutes</i> <ul style="list-style-type: none"> • Ask the students what saving money means and how you can save money by cutting expenses.
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	<ul style="list-style-type: none"> • Discuss long-term and short-term goals for saving money. Make a T-chart on the board with long-term and short-term goals the students can come up with. • Ask the students the different ways of saving money based on what they learned in the Vault™ program. Also, ask which of these ways of saving money also earns the saver money. • In this discussion, explain that saving money in a bank is allowing the bank to use your money and that the bank will pay for the ability in the form of interest. Discuss how an interest payment is a way of making money with money. <p><u>Background Information</u></p> <ul style="list-style-type: none"> • The students will need to be familiar with the concept of savings and interest, how to form a budget, and what an expense is.
Introduction to New Material	<p><i>Duration: 10 minutes</i></p> <ul style="list-style-type: none"> • Explain to the students that they will be analyzing different savings accounts and interests rates. • Background information: <ul style="list-style-type: none"> ○ Earning interest is a way of making money with money (a basic principle of investing). Any time a person is being loaned money, they have to pay it back with interest. ○ When you put your money into a savings account at the bank, the money doesn't sit there. The bank lends out your money to other people, and the bank earn interests on the loans. The bank then gives you a portion of the interest they've earned. • Show an example on the board of a savings account scenario to show how investing money makes you money (intro to the worksheet).
Activity/Practice	<p><i>Duration: 30 minutes</i></p> <ul style="list-style-type: none"> • Pass out the Vault™ Savings Account Scenarios Worksheet to each student. Ask students to review the scenarios quietly at their desks. • Next, ask students to calculate how much interest is earned on each savings scenario. Depending on age and ability, the students can either multiply the interest rates times the savings total and then sum the interest and savings amounts, or they can

	<p>add the interest amount to the savings total.</p> <ul style="list-style-type: none"> • Note: There are two versions of the Vault Savings Account Scenarios Worksheets that teachers can select from based on their students' age and ability. • Start a discussion about the savings accounts with the same total savings, but different interest rates. Ask for student volunteers who have completed that section of the worksheet successfully to write their calculations and answers on the board. Ask the class what happens to the amount of interest earned as the interest rate increases. • Next, discuss the section of the worksheet with different savings totals with the same interest rate. Ask for student volunteers who have completed that section of the worksheet successfully to write their equations and answers on the board. Ask the class what happens to the amount of interest earned as the savings total increases. • Ask class what would happen to the savings total if the interest rate is zero. Discuss why that is the case.
Closing	<p><i>Duration: 10 minutes</i></p> <ul style="list-style-type: none"> • Ask students to analyze the different interest-rate scenarios on the board. Specifically, have students discuss how the interest rate and amount of savings affects the total amount. • Explain to the class that the more money is saved, the greater the interest savings can be, but that the level of interest rate is also an important part of the equation.

Vault™ Savings Account Scenarios Worksheet

Lesson Plan 6: Saving and Investing

Teacher version with answer key

Savings Account	Interest Rate	Interest Earned	Savings + Interest
\$100	1.0%	\$1	\$101
\$200	2.0%	\$4	\$204
\$300	3.0%	\$9	\$309
\$400	4.0%	\$16	\$416
\$500	5.0%	\$25	\$525
\$600	1.0%	\$6	\$606
\$700	2.0%	\$14	\$714
\$800	3.0%	\$24	\$824
\$900	4.0%	\$36	\$936
\$1000	5.0%	\$50	\$1050

Vault™ Savings Account Scenarios Worksheet

Lesson Plan 6: Saving and Investing

Directions: Add the “Savings Account” value to the “Interest Earned” value and write the sum in the “Savings + Interest” column for each row.

Savings Account	Interest Rate	Interest Earned	Savings + Interest
\$100	1.0%	\$1	
\$200	2.0%	\$4	
\$300	3.0%	\$9	
\$400	4.0%	\$16	
\$500	5.0%	\$25	
\$600	1.0%	\$6	
\$700	2.0%	\$14	
\$800	3.0%	\$24	
\$900	4.0%	\$36	
\$1000	5.0%	\$50	

Vault™ Savings Account Scenarios Worksheet

Lesson Plan 6: Saving and Investing

Directions: Multiply the “Savings Account” value with the “Interest Rate” value and write the product in the “Interest Earned” column. Then, add the “Interest Earned” value to the “Savings Account” value and write the sum in the “Savings + Interest” column for each row.

Savings Account	Interest Rate	Interest Earned	Savings + Interest
\$100	1.0%	.	.
\$200	2.0%		
\$300	3.0%	.	.
\$400	4.0%		
\$500	5.0%
\$600	1.0%		
\$700	2.0%	.	.
\$800	3.0%	.	.
\$900	4.0%		
\$1000	5.0%		