

# MONEY MATTERS

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## Lesson Descriptions

### **Money Matters 1: Budgeting**

*What's a budget and why do I want one?*

### **Money Matters 2: Savings**

*What strategies will help me reach my saving goals?*

# PLANNING PYRAMID

## GRADE 8, Unit 7, Money Matters



### Some Students Will:

- Investigate custodial savings accounts.

### Most Students Will:

- Describe strategies for saving money.
- Given a sample weekly income, estimate how much they'd spend on food, transportation, clothing, and entertainment; then adjust their budgets to accommodate large or unexpected expenses.
- Create a personal savings plan that includes an item that they want to save for, how much they'll save each week, and how long it will take to reach their goal.

### All Students Will:

- Recognize that budgeting and saving are about making choices.
- Describe advantages of keeping money in a savings account.

Family Newsletter

Managing Money

**Roads to Success** is a new program designed to help middle and high school students prepare for their futures. This newsletter will keep you posted on what we're doing in school, and how families can follow through at home.

**Did you know?**

You can help your teen save money by opening a custodial savings account. The account is in your name and hers (or his). Either of you can put money into the account. But until she's (he's) an adult, only you can take money out. See your bank for details.

*"My mom was magical when it came to money. She paid all the bills on the first of the month, never had credit card debt, and didn't spend more than we had. She didn't shy away from saying 'that's too expensive' or 'we can't afford that.' But she never told me how she knew."*

Managing money shouldn't be a mystery to kids. It's a process you can teach—like doing laundry or buying groceries. Talking to your kids about everyday money matters now develops smart money habits in the future.

Here are some ideas to get the conversation started.

**It's ok to say no.** Sometimes parents try to shield kids from financial worry by giving in to requests for things they

can't afford. Instead, explain why you're turning down a request and provide a choice.

"I'd love to buy you a \$60 \_\_\_\_, but that money is set aside for groceries. We can save \$20 a week, so if you still want it in three weeks, it's yours. Or maybe you can find a different brand that costs less."



**Let your child know that credit costs.** Make it clear that credit cards are a kind of loan. Although they're convenient and good for emergencies, you have to pay the bank for your purchases. If you don't pay in full each month, the bank charges you extra for the money you've borrowed. You may be paying the

credit card bill long after you've forgotten what you bought in the first place.

**Explain your own good spending habits.** Are you saving for emergencies? Putting money in the bank for your child's college education? Comparing prices and product features before you buy? Talk to your child about how, when, and why you make financial decisions.

For more about kids and money, check out:

[www.consumerjungle.org](http://www.consumerjungle.org)  
Includes quizzes and games about buying cars, signing up for cell phones, choosing credit cards, and more.

[www.360financialliteracy.org](http://www.360financialliteracy.org)  
Everything from allowances to summer earnings.

<http://senseanddollars.thinkport.org>  
How many hours of babysitting will it take to buy a leather jacket? "Makin' the Bacon" calculator tells all.

Grade by Grade: Money in the Classroom

It takes practice to manage money. In grade 8, students stretch a sample weekly budget to buy clothes, school lunches, bus passes, and more. Will they be prepared for emergen-

cies? Staying flexible is the key!

•  
How long will it take to save for an i-Pod, a computer, a year of community college? A lesson on

savings shows the benefits of money in the bank, and explains how parents and teens can open a custodial account.

For more info, visit [www.roadstosuccess.org](http://www.roadstosuccess.org).



**Budgeting****The BIG Idea**

- What's a budget and why do I want one?

**AGENDA**

Approx. 45 minutes

- I. Warm-up: What a Nag!  
(5 minutes)
- II. How We Spend Our Money  
(10 minutes)
- III. Create-A-Budget Game  
(20 minutes)
- III. Budget Review & Discussion  
(5 minutes)
- IV. Wrap-up (5 minutes)

**MATERIALS** **STUDENT HANDBOOK PAGES:**

- Student Handbook page 64, Expenses Checklist
- Student Handbook pages 65 and 66, What's in Your Wallet?

 **FACILITATOR PAGES:**

- Facilitator Resource 1, Check Template  
(For each student in the class, 4 checks)
- Calculators (class set)

**OBJECTIVES**

During this lesson, the student(s) will:

- Discover that a budget is a way to compare money coming in (income) and money going out (expenditures).
- Develop, analyze, and revise a hypothetical budget of \$60 for 4 weeks.
- Recognize that a budget gives power and choice about spending and getting the things they want.

## OVERVIEW

In this lesson students discover how to make and maintain a budget. Students review and identify ways teens typically spend money. Then they categorize expenses to create a budget that will enable them to get the things they really want. In a culminating activity, students play a game in which they are challenged to create and adjust budgets based on a hypothetical income and unexpected expenses. Finally, pairs work together to review and assess each other's budgets.

## PREPARATION

- List the day's **BIG IDEA** and activities on the board.
- Write the day's vocabulary words and definitions on the board.
- The following handouts need to be made into overhead transparencies or copied onto chart paper:
  - **Student Handbook page 64, Expenses Checklist**
  - **Student Handbook pages 65 and 66, What's in Your Wallet?**
- For Activity III, copy and cut out **Facilitator Resource 1, Check Template** (4 checks per student).

## BACKGROUND INFORMATION

Most children spend money on impulse – if they see something they want and have the money, they buy it without thinking about it. And, they rarely keep track of how they spend their money. Many do not grasp the importance of using a budget to manage their money over time. Students should recognize that a budget is a plan of how they *think* they will use their money—and that they can change the plan (budget) as needed. The goal is to increase the satisfaction they will receive from their money. Learning how to make a budget encourages students' awareness of how much income they have, how much they spend, and how much money, if any, is left over. By learning to set up a budget, students will assure they make both smart consumer decisions and meet their savings goals.

## VOCABULARY .....

**Budget:** a plan that helps people track spending so they can get the things they need and want without running out of money.

**Expense:** what you spend money on.

**Income:** the money you have — earned from a job, received as allowance, gotten as a gift, etc.

## IMPLEMENTATION OPTIONS .....

In **Activity II**, “How We Spend Our Money,” if the prices do not reflect the items’ true costs where you live, encourage students to adjust them accordingly.

In **Activity II**, items 5-7, if students understand the concept of categories, you may prefer to have them designate Food, Transportation, Entertainment, and Clothing items on their own rather than working in groups.

For **Activity III**, you may wish to designate a student Payroll Specialist or Banker to distribute checks at the beginning of each “week.”

If your students have difficulty with math, you may wish to do **Activities III** and **IV** as whole-class activities.

## ACTIVITY STEPS

### I. Warm Up: What a Nag! (5 minutes)

1. [Welcome the students and let them know how happy you are to be with them again.]
2. **SAY SOMETHING LIKE:** How many of you have ever – at any time in your life – nagged an adult to buy something for you? [Allow time for students to respond.]
3. [After students have shared their nagging experiences,]

**SAY SOMETHING LIKE:** I have a technique that will drastically reduce the amount of nagging for stuff in the years to come, and enable you to buy things with your own money. Today you are going to discover how this technique works.

### II. How We Spend Our Money (10 minutes)

1. **SAY SOMETHING LIKE:** Did you know that tweens in the U.S. spend about \$15 billion of their own money each year? This means that advertisers are very interested in getting you to spend your money on the things that they are selling. You need to be extra smart to make sure the choices you make are yours, not theirs. Today and next week, we're going to learn some strategies to turn you into smart (or smarter) spenders.
2. **SAY SOMETHING LIKE:** So what's this \$15 billion being spent on anyway? [Direct students' attention to **Student Handbook page 64, Expenses Checklist**. Tell them that this is a list of 15 things we think teens may spend their money on. Explain that items you spend money on – like the ones on this list – are called **expenses**. Point out that some of the expenses are ones we *have* to spend money on each day or each week, while others are optional.]

**SAY SOMETHING LIKE:**

- Which expenses on this list do you have to buy every day? [Discuss local costs for school lunches and transportation to and from school.]
  - Which ones are things you want, but don't necessarily need to buy on a regular basis?
3. [Invite students to add five more items to the list of expenses of things they buy. Remind them to include the prices next to each item.]



4. **SAY SOMETHING LIKE:** When people are planning how they'll spend their money, they begin by figuring out how much they have. Then they estimate how much they will spend on different items, or expenses—like those on the list. However, as you can see, this list is long, and could be even longer. To make their planning easier, people put their expenses into categories. For this activity, we've chosen Transportation, Food, Entertainment, and Clothing. [Write the categories on the chalkboard or chart paper for everyone to see.]
5. [Ask a volunteer to read aloud the first item on the list, and identify which category it goes into: *Food, Transportation, Entertainment, or Clothing*. After the student responds correctly, instruct the class to put a T (for transportation) next to it. Have another volunteer read aloud the second item on the list and identify which category it goes into. Have the class put an F (for food) next to it.]
6. [Divide the class into two groups. Have one group identify expenses that go into *food* and *transportation* categories by labeling them F and T, while the other group figures out which expenses belong in the *entertainment* and *clothes* categories by labeling appropriate expenses as E and C. Finally, have both groups share their findings, so that each student has a category for each expense.]
7. [On their own, students should also identify a category (F, T, E, or C) for the last five expenses they added to their lists.]

\*Source of statistic: <http://pbskids.org/itsmylife/money/spendingSMARTS/>

### III. Create-a-Budget Game (20 minutes)

1. **SAY SOMETHING LIKE:** In the next couple years—as you begin high school—many of you will have after-school and weekend jobs. The money you earn is called an **income**. Earning your own money is terrific because you can buy things without nagging your folks. On the other hand, it also means making difficult choices about how to spend your money. For example, if you spend your hard-earned cash on games at the arcade, will you have enough for movie night with your friends? And, to make things trickier, sometimes there are things you want that cost more than the amount you make in a week, like concert tickets or a mountain bike. To help meet your spending needs without running out of money, you need a plan. A plan for how to spend your money is called a **budget**. In the game you're about to play, you will try your hand at creating a budget that you can stick with.

2. [Distribute one \$60 check to each student. Tell students that they have a new after-school job, like babysitting or stocking shelves. Each week, they'll earn \$60. Ask students to name the first thing they'd want to buy and how many weeks they think it would take to pay for it. Then, explain that they will use their income from their job to pay for different items that they want or need each week.]
3. [Refer students to **Student Handbook pages 65 and 66, What's In Your Wallet?** and walk students through the calculations for week 1 using an overhead projector, chart, or LCD projector.]

**SAY SOMETHING LIKE:** Let's start your budget by writing down how much money you have to spend. At the top of the page, under "Week 1," write \$60 next to "Income." This is the amount of your paycheck for the week. Since this is your first week of work, we'll assume you started with zero dollars in savings. A zero is already written in the "Savings" box. What's your total "\$ in the Bank" for Week 1? (\$60) Write \$60 next to "\$ in the Bank."

4. Next, it's up to you to figure out how much money you'll need for each category of expenses. Use the **Student Handbook page 64, Expenses Checklist** to figure out what you want to spend your money on.

Now that you have some money of your own, your parents have asked you to help out with some of your daily expenses, food and transportation. Let's talk about your food budget first. If you're buying your lunch at school, you have to figure out your food budget for the week. To do this, multiply the daily cost of lunch by five. [Model this on the overhead projector.] If you want to go out for pizza over the weekend, you need to put that number in the "Food" box as well, right underneath the cost of your lunches.

Now, let's look at "Transportation." If you're riding the school bus, you may not have any daily expenses in this category. But if you're sharing a ride with a friend, you'll want to contribute some money for gas. [Show calculations for daily gas budget or subway ride.] You can write any additional transportation costs right under this number.

5. **SAY SOMETHING LIKE:** Now, fill in the rest of Week 1. Figure out how much you'll spend on Entertainment and Clothing. Write down your expenses in each category. If you have an expense that doesn't seem to fit anywhere else, write it under "Other."
6. Now add up all 5 categories, and write the total next to "Total Expenses." Is your total

more than \$60? If so, you need to go back and cut out an expense or two. You can't spend more than you earned. [Show how to do this.]

7. To figure out what you saved during the week, subtract your "Total Expenses" from "\$ in the Bank," which you've already written at the top of the page. You can also write this number under "Savings" for next week. Any money you saved this week is money you have available to spend next week.
8. [Now tell students it's Week 2 and they've just finished their second week on the job. Distribute \$60 checks to everyone for their week's earnings. Have students write \$60 next to "Income," add their "Savings," and write this amount next to "\$ in the Bank" at the top of the page.]
9. **SAY SOMETHING LIKE:** This week, you notice that many of your classmates are wearing a new kind of sneaker that costs \$75. The commercials for the sneakers are awesome! They show your favorite athletes wearing these new sneakers. You're feeling a little uncool in last year's style. How many feel like you'd want these sneakers? You may notice that they cost more than your weekly income. How can you include them in your budget? [Get suggestions from students as to how this might be done.]
10. [Now have students repeat the steps above, filling in Week 2 on **Student Handbook pages 65 and 66, What's in Your Wallet?**]
11. Before students budget their money, **SAY SOMETHING LIKE:**  
  
How is it going? Does anyone here have \$75 for sneakers yet? If you can't afford the sneakers this week, what might you change about your spending?  
  
[Distribute \$60 paychecks and repeat the steps for Week 3. Remind students that at the top of the Budget Sheet for Week 3, they should record their "\$ in the Bank," which includes their weekly earnings from their job plus any money they saved from Week 2.]
12. [Distribute \$60 paychecks for week 4.]  
  
Before students budget their money, **SAY SOMETHING LIKE:** This week, there's a new budget item to consider. You lost your brother's favorite CD. It will cost \$15 to replace it. What can you do?" [Possible responses may include:

- Put off buying CD
- Put off buying sneakers
- Decide the sneakers are too expensive – you’d rather have more money to do what you want each week.]

12. [Have the class repeat the budgeting steps, reminding them that they need to find a way to replace their brother’s CD. Again, they should record their “\$ in the Bank,” including their weekly earnings and the money they’ve saved from Week 3 at the top of week 4.]

#### **IV. Budget Review & Discussion (5 minutes)**

1. [Divide the class into pairs. Invite pairs to work together to review each other’s completed budgets, **Student Handbook pages 65 and 66, What’s in Your Wallet?**]
2. [Guide students in their budget review by writing the following questions on the board, and let them know they’ll be expected to share their answers with the group.]
  - Did you save money each week? Why or why not?
  - Did you have to give up some things in order not to spend more than you had? How did you decide what to give up?

#### **V. Wrap Up (5 minutes)**

1. [Reconvene the class to discuss their answers.]

Following the discussion, **SAY SOMETHING LIKE:**

You’ve just finished making a budget for your income for an entire month. How did you do? Were you able to buy the sneakers? Replace your brother’s CD? How might you have planned your spending better?

How can you tell if you won the game? Is the person with the most stuff the winner? Or, is it the person who saved the most money? Or is everybody who didn’t spend more money than they had a winner? Explain your answer.

2. [Congratulate everyone on their hard work, and let students know that next week they’ll find out more about saving money for big goals and make a personal savings plan.]

## Check Template

<b>ROADS TO SUCCESS</b>	NUMBER _____
	DATE _____
PAY TO THE ORDER OF	Roads to Success Student
	\$ 60.00
	Sixty 00/100
	DOLLARS
FOR _____	SIGNED _____

<b>ROADS TO SUCCESS</b>	NUMBER _____
	DATE _____
PAY TO THE ORDER OF	Roads to Success Student
	\$ 60.00
	Sixty 00/100
	DOLLARS
FOR _____	SIGNED _____

<b>ROADS TO SUCCESS</b>	NUMBER _____
	DATE _____
PAY TO THE ORDER OF	Roads to Success Student
	\$ 60.00
	Sixty 00/100
	DOLLARS
FOR _____	SIGNED _____

## Expenses Checklist

Item	Expense	Budget Category
1. School transportation	\$2/day	
2. School lunch	\$3/day	
3. Movies & popcorn	\$12	
4. T-shirt	\$10	
5. Video game	\$40	
6. Jeans	\$50	
7. CD	\$15	
8. Soda or juice	\$1	
9. Baseball cap	\$10	
10. Fast food	\$5	
11. Movie rental	\$4	
12. Sunglasses	\$15	
13. Snack	\$1	
14. Music download	\$1/song	
15. Comic book or magazine	\$5	
16.		
17.		
18.		
19.		
20.		

**FOOD**



**TRANSPORTATION**



**ENTERTAINMENT**



**CLOTHING**







## What's in Your Wallet?

### WEEK 1

#### MONEY YOU HAVE

Income	
Savings	
\$ In The Bank	

#### MONEY YOU SPEND





Food 	
Transportation 	
Entertainment 	
Clothing 	
Other	
<b>Total Expenses</b> (F + T + E + C + O)	
<b>Money Left</b> (\$ In The Bank —total Expenses)	

### WEEK 2

#### MONEY YOU HAVE

Income	
Savings	
\$ In The Bank	

#### MONEY YOU SPEND

Food 	
Transportation 	
Entertainment 	
Clothing 	
Other	
<b>Total Expenses</b> (F + T + E + C + O)	
<b>Money Left</b> (\$ In The Bank —total Expenses)	





## What's in Your Wallet?

### WEEK 3

#### MONEY YOU HAVE

Income	
Savings	
\$ In The Bank	

#### MONEY YOU SPEND





Food 	
Transportation 	
Entertainment 	
Clothing 	
Other	
<b>Total Expenses</b> (F + T + E + C + O)	
<b>Money Left</b> (\$ In The Bank —total Expenses)	

### WEEK 4

#### MONEY YOU HAVE

Income	
Savings	
\$ In The Bank	

#### MONEY YOU SPEND

Food 	
Transportation 	
Entertainment 	
Clothing 	
Other	
<b>Total Expenses</b> (F + T + E + C + O)	
<b>Money Left</b> (\$ In The Bank —total Expenses)	



## Savings

### The **BIG** Idea

- What strategies will help me reach my saving goals?

### AGENDA

Approx. 45 minutes

- I. Warm-up (10 minutes)
- II. Saving Tips (10 minutes)
- III. Opportunity Costs (15 minutes)
- IV. Bank it! (10 minutes)

### MATERIALS

#### PORTFOLIO PAGES:

- Portfolio page 28, Grade 8 Skills Checklist (Money Matters skills only)

#### STUDENT HANDBOOK PAGES:

- Student Handbook page 67, Personal Savings Goal
- Student Handbook page 68, Tips for Saving
- Student Handbook page 69, Personal Savings Plan
- Student Handbook page 70, Get an Account
- Student Handbook page 13, Decision Making 101 (from **Setting Goals 2: Decision-Making**)

#### FACILITATOR PAGES:

- Facilitator Resource 1, Personal Savings Plan Sample
- Facilitator Resource 2, Banking Benefits

#### Calculators (class set)

#### Overhead projector

### OBJECTIVES

During this lesson, the student(s) will:

- Identify reasons and strategies for saving money.
- Create a personal savings plan.
- Define *opportunity cost* and be able to list several costs that are associated with saving money.

## OVERVIEW .....

Students discover that putting aside even a little bit of money every week can enable them to purchase big items over time. Students learn new savings tips and share their own tips with the class. (Depending on what units have been taught previously, students are either introduced to or revisit the concept of ‘opportunity cost’ in connection with saving money.) Students create a personal saving plan. Finally, students explore the many benefits of banking and get information about how to open an account.

## PREPARATION .....

- List the day’s **BIG IDEA** and activities on the board.
- Write the day’s vocabulary words and definitions on the board.
- The following handouts need to be made into overhead transparencies or copied onto chart paper:
  - **Student Handbook page 67, Personal Savings Goal**
  - **Student Handbook page 69, Personal Savings Plan**
  - **Student Handbook page 13, Decision Making 101**  
(from Setting Goals 2: Decision-Making)
  - **Facilitator Resource 2, Banking Benefits**
- For Warm-Up, bring to class a take-out coffee cup (e.g., Dunkin’ Donuts, Starbucks) or other evidence of unnecessary spending.
- Make copies of **Facilitator Resource 3, Do-Now**, or display it on the overhead projector.

## BACKGROUND INFORMATION .....

Personal savings rate in the U.S. has been steadily declining over the past few decades. In 1996, Americans saved only 4.9 percent of their disposable income, compared to 1970 when they saved 8 percent.\* America has one of the lowest savings rates among industrialized nations.

## ACTIVITY STEPS

### I. Warm Up (10 minutes)

1. [Have students complete **Student Handbook page 67, Personal Savings Goal**, as a DO NOW. When students have finished, ask a couple of students to share what they wish they had. You can also share something that you wish you had. Explain to the class that today they are going to figure out how things that seem impossible to save for are actually really within reach.]
2. [Hold up a Dunkin' Donuts cup (or other brand).]

**SAY SOMETHING LIKE:** Raise your hand if you remember keeping a spending diary last year. Who can describe what a spending diary is, and remind us of why someone would keep one? (You write down all of your weekly expenses; it helps you see where your money is going.) If I were to keep a spending diary, I would realize that every day that I come to school I buy a cup of coffee. Each cup costs me \$1.50 and there are 180 days in the school year. Can anyone guess how much this adds up to for a whole year? [Give students a chance to respond.]

Believe it or not, I'm spending a whopping \$270 in just one school year... on just coffee! Rather than sip away my money, I could be saving up for (whatever you mentioned earlier)! Deciding on a personal savings goal can make the difference between making a big purchase that you really want and lots of little purchases . . . like this cup of coffee.

### II. Tips for Saving (10 minutes)

1. **SAY SOMETHING LIKE:** How many of you have ever saved up for something before? [Hands go up.] Great. That means that you all probably have some valuable tips to share with your classmates. Everyone turn to **Student Handbook page 68, Tips for Saving**.

[Read the first tip and last tip out loud with the class. Instruct them to read the rest of the tips on their own and put a check in the box for any that they've done before. Encourage them to write two tips of their own. After about 5 or 6 minutes, have a few students share their tips.]

Data from the U.S. Census Bureau confirms our savings crisis. A recent report found that half of American families have net financial assets of less than \$1,000.\*\* And personal bankruptcies continue to climb.

With this as their heritage, children are being raised in an era of profligate spending and little planning for the future. They are in danger of reaching adulthood with no regard for saving, the value of money and the need for personal financial responsibility. In short, we are creating a generation of spenders. The good news is that we can reverse this trend. Studies find that as little as 10 hours of personal financial education positively affects students' spending and savings habits.\*\*\*

\*American Bankers Association, found in KidSource article: “Thousands of Bankers to Participate in National Teach Children to Save Day” (<http://www.kidsource.com/kidsource/content3/news3/kids.savings.k12.3.html>)

\*\*An analysis of Survey of Income and Program Participation commissioned by Merrill Lynch (1999).

\*\*\*National Endowment for Financial Education, “Teens Respond Well To Financial Education, Study Shows Financial Knowledge And Behavior Improve Immediately—And Are Retained” ([http://www.csrees.usda.gov/nea/economics/sri/security\\_sri\\_neferelease.html](http://www.csrees.usda.gov/nea/economics/sri/security_sri_neferelease.html)) For more information on NEFE, visit [www.nefe.org](http://www.nefe.org).

## VOCABULARY .....

**Interest:** money the bank pays you for keeping money in their bank.

**Save:** hanging onto your money for a future use instead of spending it. Saving is the opposite of spending.

**Savings Account:** a bank account that pays you interest for keeping your savings in it.

## IMPLEMENTATION OPTIONS .....

In Warm-Up, you can change the coffee example to whatever is relevant to you. If you're not a coffee-drinker, use another scenario such as buying lunch, or buying gas for your car.

### III. Opportunity Cost (15 minutes)

1. [Tell the students that their ideas were great. Note that many of the tips have something in common: they're about giving up things that the students want. Write **opportunity cost** on the board. Remind students that an opportunity cost is what you give up each time you have a choice. (Use a transparency of **Student Handbook page 13, Decision Making 101**, to provide examples of opportunity costs. See Setting Goals 2: Decision-Making for details.)
2. **SAY SOMETHING LIKE:** What does this have to do with saving money? Saving money is all about making choices. Sometimes you need to give up something today to get something bigger, or better, later on.

But giving things up only works if you're realistic. For instance, if I said that in order to buy a new bike I was going to walk everywhere rather than traveling by car or subway, and only eat rice and beans, I would probably fail and get discouraged. However, if I say that I'm only going to eat out once a week to save money, I'll probably be able to meet this goal. [You should personalize this example.]

3. [Place a transparency of **Student Handbook page 69, Personal Savings Plan**, on the overhead projector, and have students turn to this page in their handbook. Using the example found in **Facilitator Resource 1, Personal Savings Plan Sample**, work through the process as a group. Then have students complete an example of their own.]

### IV. Bank It! (10 minutes)

1. **SAY SOMETHING LIKE:** So now that we all have tons of money piling up around our house from all the coffee and clothes and soda we're not buying, where's the best place for us to keep it?

[If the idea of putting money in the bank doesn't come up, tell students that if you were saving money for \_\_\_\_\_, you'd put it in the bank. Ask the class why they think people put money in the bank – what the benefits might be. Then share **Facilitator Resource 2, Banking Benefits** on an overhead projector. Reveal benefits one at a time. Have a volunteer read it aloud, and then discuss what each means.]

2. [Before revealing the final benefit, say, "There is one more bonus for putting your money in the bank. Does anyone know what it is?" Give students a chance to reply. Then explain that one of the best things about putting money in the bank, rather than

under your mattress, is that the bank pays you for the use of your money. Tell them that this extra money that they make from the bank is called **interest**.]

3. [Ask the students if any of them have their own bank account. Ask them to turn to **Student Handbook page 70, Get an Account**. If there's time, read through the information with the students, answering questions. If you're short on time, simply point out the information as a resource.]

### SKILLS CHECKLIST

Direct students' attention to **Portfolio page 28, Grade 8 Skills Checklist**. Have students complete the skills checklist questions for Money Matters Skills.

#### Money Matters

I can...

Explain how a budget works.	<input type="checkbox"/> not at all	<input type="checkbox"/> somewhat	<input type="checkbox"/> very well
Give reasons why saving money is a good idea.	<input type="checkbox"/> not at all	<input type="checkbox"/> somewhat	<input type="checkbox"/> very well

### EXTENSION ACTIVITY

Suggest that students investigate custodial savings accounts at local banks to find out how much money is needed to start one, the interest rate, and whether or not there are any service charges or fees.



## Personal Savings Plan Sample

### Example:

1. What I want to save for:     *Ipod*
2. Total cost:     *\$150*
3. Savings goal (amount I want to save each week):     *\$10*

**NOTE:** This should not be all of the money you expect to have in a week. You'll be more successful if you're realistic.

4. Opportunity costs (what will you give up)
  - *Rent movies on DVD instead of going to the movies*
  - *Stop buying candy after school.*
  - *Only buy new clothes on sale.*
5. How long will it take you to reach your goal?

$$\begin{array}{r} \text{Total cost of item} \\ \hline \text{Weekly savings goal} \end{array} = \text{Number of weeks to save}$$
$$\begin{array}{r} \text{\$150} \\ \hline \text{\$10 per week} \end{array} = \text{\underline{15} weeks to save}$$

## Banking Benefits

Why is a savings account a good idea?

**Safety**

A bank is the safest place for your money. No worries about your money being lost, stolen, or borrowed without your permission.

**Easier to keep track of it**

A statement (a record) from the bank lists all your banking activity each month. This bank statement lists money you put in, money you took out, and how much is left.

**Easier to avoid buying stuff you don't really need**

If your money is in your wallet, under your mattress, or any other place where it's easy to get your hands on it, it's also easy to spend it without thinking.

**Interest**

The bank pays you for keeping money in their bank.

Adapted from: <http://pbskids.org/itsmylife/money/managing/article8.html>



## Personal Savings Goal

Today, we'll talk about how to save money for an item you want. To begin, please answer the following questions.

1. Write down something that you'd like to own, but have put off buying because it's too expensive. Then explain why this item is important to you.

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2. How much does this item cost? \_\_\_\_\_

3. How long would it take to save enough money to buy it? \_\_\_\_\_

4. What might prevent you from saving up the money needed to buy this item?

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## Tips for Saving

- Don't carry a lot of cash.** If you have to go home or to the bank before you spend money, you'll have a chance to think about whether or not you need the purchase. You'll be less likely to buy impulsively.
- Pay yourself first.** Set money aside each time you get some and pretty soon you'll be able to buy something that you really want.
- Skip the snacks.** If you save just \$2.00 each week on soda and candy, you'll have \$104.00 after one year - enough for a much bigger purchase.
- Keep a spending diary.** Write down everything that you spend money on. This will let you see where your money is going and help you stay on track.
- Don't be tempted by brand names.** Buy what you can afford. It's much better to have money in the bank than a closet full of clothes that were popular a month or two ago.
- Be patient with yourself.** Saving can be hard at first. Most adults aren't very good at it, which is why it's so important that you start practicing smart saving habits now!

### Write two Savings Tips of your own:

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

[Adapted from <http://pbskids.org/itsmylife/money/managing/article9.html> and <http://www.themint.org/saving/savingtricks.php>]



## Personal Savings Plan

1. What I want to save for: \_\_\_\_\_

2. Total cost: \_\_\_\_\_

3. Savings goal (amount I want to save each week): \_\_\_\_\_

**NOTE:** This should not be all of the money you expect to have in a week. You'll be more successful if you're realistic.

4. Opportunity costs (what will you give up)

- \_\_\_\_\_
- \_\_\_\_\_
- \_\_\_\_\_

5. How long will it take you to reach your goal?

$$\frac{\text{Total cost of item}}{\text{Weekly savings goal}} = \text{Number of weeks to save}$$

\_\_\_\_\_ = \_\_\_\_\_ weeks to save

## Get an Account

Your parent or guardian can set up a savings account for you until you're an adult (age 18 or 21, depending on what state you're in).

This is called a custodial account. Anybody can put money into the account, but only your parent or guardian can take money out. These accounts don't earn much interest — usually somewhere between  $\frac{1}{2}$  to one per cent. That's the bad news.

There's also good news:

- You don't need a lot of money to open this kind of account. Some banks\* require as little as \$5. Others want you to start with \$25.
- You don't need to keep a lot of money in this account. Most\* have no minimum balance.
- There are usually\* no service charges or fees to use this kind of account.

\*Different banks have different plans. Be sure to compare banks where you live so you're sure of the rules.