

# 6

## Practice Saving Money

### TRANSITION OBJECTIVE

Students will calculate an amount of *game cash* to put into a savings account for future needs.

### RELEVANCE TO SUCCESSFUL TRANSITION

Financial planning can save young people from future heartache. In addition, planning ahead and saving money can provide new options and opportunities for training, as well as when making significant purchases.

## INSTRUCTIONAL SEQUENCE

### ❑ STEP 1: Update Journal

I will save money . . .

### ❑ STEP 2: Convene Roundtable

"Saving money is important because \_\_\_\_."

### ❑ STEP 3: Advance Organizer

"After this lesson you will know the importance of saving money."

### ❑ STEP 4: Activity - 15 Minutes

Ask students to raise their hand if they are saving money for something right now. Call on those with hands up and ask them to share what they are planning to buy with their savings. Ask them if they have a savings account at a bank and why or why not.

Discuss whether or not it is something they want or something they need. Now, ask students to count the amount of *game cash* they have been able to save. Explain why saving money is important for their future. Give a variety of personal examples to make the point. Ask students to turn to a partner and write down five reasons for saving money. After five minutes have all of the pairs share two ideas with the class. Write these ideas on the board.

### ❑ STEP 5: Activity - 25 Minutes

Discuss the amount of money a person should save. Tell students that experts say that a person should eventually accumulate

three to six months pay in a savings account. Over time a person can save enough money to be prepared for emergencies. Provide relevant examples. Many experts advise that people should save 10% of their net pay from every paycheck. Reinforce the vocabulary from Lesson 5. The easiest way to save is with a simple savings account. Money that is kept in a savings account usually earns interest. Review basic information about a savings account, using such examples as a minimum requirement to open an account, varying interest rates and withdrawing money. Have students mark the square labeled, *Learn To Save Money*, on **The Game of Life**. Now have students take turns rolling the dice to earn extra cash.



LIFE MANAGEMENT: Unit 3
LESSON 6

### How Much Can I Save?


Follow the directions to see how much money you can save.

1. Enter your weekly net pay here: \_\_\_\_\_
2. Enter Line 1 x 4.3 for your monthly net pay here: \_\_\_\_\_
3. Enter Line 2 x .10 for your 10% monthly savings here: \_\_\_\_\_
4. Enter Line 3 x 12 for your 10% yearly savings here: \_\_\_\_\_
5. Enter Line 4 x .06 for your yearly interest earnings here: \_\_\_\_\_
6. Enter Line 3 + Line 4 for a total yearly savings here: \_\_\_\_\_
7. Enter Line 6 x 5 to show approximate 5-year savings\*: \_\_\_\_\_
8. Enter Line 6 x 10 to show approximate 10-year savings\*: \_\_\_\_\_

\*actually you could earn as much as 30% to 36% more if your interest is compounding.

**DID YOU KNOW?**  
If you save \$2000 each starting at age 20, you will have a total savings of \$492,300.34 when reach the age 65. This will be your total savings if you leave the money alone to compound at an average of 6% if you're lucky.

Go to kids.gov for more information about saving money.



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THE TRANSITIONS CURRICULUM

100

A roll of one, two or three represents a good decision about saving money and they receive \$100. A roll of four, five or six means they have made a poor decision and spent their money instead of saving it. They pay \$20 to the bank. Discuss the importance of making your own choices vs. just by chance (the roll of dice).

Go over the handout **How Much Can I Save?** with the class, using sample figures on a screen image from the check stub of Terry Smith, in *Lesson 4*, whose weekly net pay was \$324.41. Continue to make the association with Terry Smith, so that students can follow the process. Next, have students complete the worksheet using the weekly net pay from their own check stubs in *Lesson 4*.

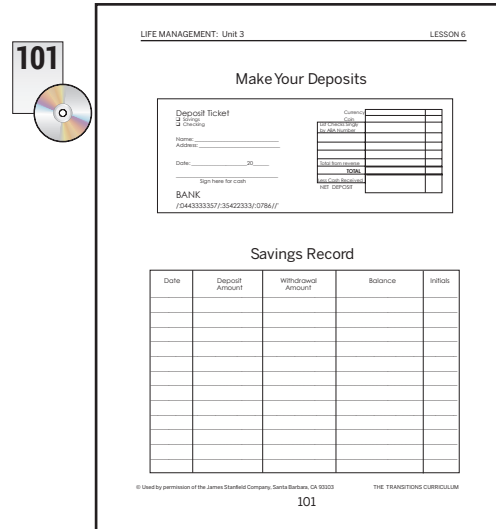
With their *game cash* from class activities, have students open a savings account. Use the forms on the handout **Make Your Deposits**. Students fill out the deposit slip, review it with you, then deposit the money in the classroom bank. Use a ledger to record all of the deposits and withdrawals students make throughout the activities in this unit. If there is a student who is familiar with a computerized financial application, designate this student as a savings officer.

## ❑ STEP 6: Evaluate Outcomes

One reason I want to save money is “\_\_\_\_\_.”

## ❑ STEP 7: Connecting Activity

Compound the interest on your savings account at 3% per week. Keep a record of your interest earnings.



## KEY WORDS

saving	interest	savings account	withdraw	minimum
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## MATERIALS AND PREPARATION

- Student Handouts: **How Much Can I Save?**, page 100; **Make Your Deposits**, page 101.
- Prepare for discussion about saving money.
- Prepare a screen image using figures from the sample check stub in Lesson 4.

## SCANS FOUNDATION SKILLS

- Basic Academic Skills: Reading, Math
- Thinking Skills: Problem Solving, Knowing How to Learn
- Personal Qualities: Responsibility, Self Management, Integrity/Honesty