



Lesson 6: Savings and Investing

45 minutes

Facilitator background

The purpose of this document is to provide a script to guide classroom discussion and activity. While you will find suggested language, prompts, and timing throughout, these are all just recommendations that you can refer back to as needed. For more ideas, see *Appendix C: General Tips and Tricks for Leading a Classroom*.

As a facilitator, your goal is to have fun and encourage students to reflect on a topic they might have little familiarity with. There is no wrong way to do this! Students will learn something new and have fun doing it.

Objectives

After finishing this lesson, students will be able to:

- Define stocks, bonds, and mutual funds
- Distinguish between savings accounts and CDs
- Create a long-term savings plan
- Consider the pros and cons of different types of investments

Key Questions

- What are stocks, bonds, and mutual funds?
- What are savings accounts and CDs?
- How do I save for my future long-term goals?
- How do I decide which type of investment is best for me?

How to read this document:

The table below contains three columns:

- **SECTION** - This defines where you are in the lesson
- **DESCRIPTION** - These are the actual notes about what you will be doing or saying:
 - *Text that is italicized and (in parenthesis)* is meant to be additional instructions for you
 - "Text that is in quotes is meant to be examples of what you might say or ask"
- **DURATION** - This is the recommended timing for each section

Materials

- *Long-Term Savings Plan* Worksheets (1 per student, 2-sided)
- Calculators
- 4 Corners cards printed out
- 4 Corners statement pages printed for you to read aloud
- *Which Investment is Best?* Worksheets (1 per student)

Vocabulary Terms

- **Investing** - when you purchase a security like a stock or bond, in the hopes that over time it will make money
- **Stocks** - pieces of a public company owned by the general public
- **Bonds** - money lent temporarily to a company or government with the promise of repayment and interest
- **Certificate of deposit** - a savings certificate that gains interest and has a set time before you can withdraw your money
- **Savings account** - an account that gains interest and allows withdrawals
- **Mutual fund** - a type of investment made up of stocks, bonds, etc. that is shared by many investors
- **Interest** - money earned when you invest your money somewhere; usually a percentage of how much you invested

Ahead of your visit (See Appendix A: School Visit Checklist):

- Make sure you have all the materials you need (including whether you need to have them cut out or copied)
- Read through this lesson plan. There are several opportunities for you to share about yourself that you might want to have prepared ahead of time.

SECTION	DESCRIPTION	DURATION
Opening	<p><i>It might be helpful to ask the teacher to have students start out this lesson in their classroom gathering space, often on the rug somewhere.</i></p> <p>Introduce yourself, sharing information such as:</p> <ul style="list-style-type: none">• Title and day-to-day responsibilities. <i>(Remember these are elementary aged students, so try to simplify your explanations.)</i>	5 minutes
Activate Prior Knowledge Investing	<ul style="list-style-type: none">• “Today we are going to talk about different ways that you can invest your money. Investing means putting your money somewhere special in the hopes that you will get even more money later. There are several different kinds of investments, and all of them come with a unique set of risks. Risks are the possible consequences of an action. For example, if you ride your bike without a helmet, you risk getting a head injury if you crash. Even with risks, though, many people choose to invest their money rather than just hang on to it because investing increases your money over time, most likely, and then you can buy more of your wants and needs!”• “Let’s talk about the different kinds of places you could invest your money. There are a few main ones - stocks, bonds, mutual funds, savings accounts, and CDs.”<ul style="list-style-type: none">• “Stocks are when a company is divided up into pieces like a puzzle and people can buy those pieces and own them. That means that if the whole puzzle is worth more money, your pieces are worth more money too! A risk with stocks is that there is a chance the ‘whole puzzle’ could be worth less money than when you bought your pieces, and then your pieces will make you lose money.”	7 minutes

SECTION	DESCRIPTION	DURATION
	<ul style="list-style-type: none"> • “Bonds are like lending money to a company for a while with a promise that they’ll give it back later with some interest. Interest is what money a company gives you over time to borrow your money now or the money you earn when you invest your money somewhere; it’s usually a percentage of how much you invested. So, for example, if you invested \$100 in a company, you would get more interest than if you invested only \$10.” • “A mutual fund is like a big fruit basket or salad that has all kinds of stocks and bonds thrown together. With mutual funds, many people own the ‘salad’ together.” • “When you decide to invest your money, some people like to ask for professional advice from a bank or a brokerage firm - you might want to do that too! Both banks and brokerage firms are types of financial institutions.” <ul style="list-style-type: none"> • “A bank does all kinds of financial things from checking accounts to ATM withdrawals to advice about investing money.” • “A brokerage firm focuses more on investing your money in stocks, bonds, and mutual funds.” • “No matter which one you choose, you can get support from professionals and keep accurate records of your money. You might even make a little extra money, too.” 	
<p>Activity 4 Corners</p>	<ul style="list-style-type: none"> • “Now that you know a little more about stocks, bonds, mutual funds, and financial institutions, let’s practice that knowledge together.” • Explain the activity to the students <ul style="list-style-type: none"> • Gather students in the center of the classroom. • Use the 4 corners cards to label each corner of the room as one thing. • You will read one statement from one of the 4 Corners Statement pages. Students will quickly, but safely, move to the correct corner that corresponds. Tip: Read the statements in a random order so that students can’t predict what comes next. (e.g. don’t read all of the mutual funds ones in a row.) • Once everyone has decided on a corner to stand in for a statement, tell them the correct answer. • This is just a fun game - no one gets out - so continue reading and playing until you’ve gone through all statements. Emphasize to the students that it’s ok to make mistakes because they’re all learning something new. 	<p>5 minutes</p>

SECTION	DESCRIPTION	DURATION
<p>New Learning Savings</p>	<ul style="list-style-type: none"> • Have students return to the classroom gathering space • “There are other types of ways that you can invest your money that are less risky too. You can put your money in a savings account or a CD.” <ul style="list-style-type: none"> • “With a savings account, you put your money into a bank and the money gains interest. Remember that interest is money earned when you invest your money somewhere; usually a percentage of how much you invested. With a savings account, you are allowed to take out your money when you need it and it stays in there until you decide to take it out. Since this is not risky, your interest rate, or how fast you earn money, is much lower.” • “A CD is short for ‘certificate of deposit’. With CDs, you give your money to the bank to hold on to for a while, and you’re giving them permission to use it to lend to other people. Your money in a CD has to stay put for a certain amount of time. It can be as short as 6 months to as long as 5 years. While your money is in the CD, it gains interest, just like with a savings account.” • “No matter whether you choose to save using a savings account or CD, you can already think about saving for college or other long-term goals like a car. It’s never too early to start saving!” 	<p>5 minutes</p>
<p>Activity Savings Plan</p>	<ul style="list-style-type: none"> • “Let’s practice our long-term planning skills by coming up with a plan to help save for something far off in the future. Remember that long-term savings goals are for things that are several years away. Short-term savings goals are for things that are in a few weeks or months.” • Have students return to their desks/workspaces for this activity . • Distribute the <i>“Long-Term Savings Plan”</i> worksheets and calculators (if available) • Go over the worksheet and its components with the students. Ask them what questions they have. Don’t spend too much time on whole-class questions because you should walk around while they’re working. • Allow students time to complete these. • Walk around and answer questions. • Debrief <ul style="list-style-type: none"> • Encourage students not to be discouraged by the high cost of college and/or a car because even saving some of the amount that it will cost to pay for those things is a great financial decision! • Ask for a few students to share their long-term goals, how much they plan to save, and how much they need to save each week. • Remind students that the best way to get started is to talk about their goal with a trusted adult. 	<p>7 minutes</p>

SECTION	DESCRIPTION	DURATION
Activity Which Investment is Best?	<ul style="list-style-type: none"> • <i>Optional: If you have time, they can work on this in class. Otherwise, you can distribute it as a take-home activity that they can complete later.</i> • Have students return to their desks/workspaces for this activity , if they are not already there. • Distribute the Which Investment is Best worksheet. • Let them know that they will be working to decide which investment type they would prefer considering all of the different pros, cons, and risks. • Go over the worksheet and its components with the students. • Ask them what questions they have. Don't spend too much time on whole-class questions because you should walk around while they're working. • Allow students time to work independently to complete these. • Walk around and answer questions. • You will most likely need to help them with the second row. It is likely that they will have minimal experience with calculating percentages. <ul style="list-style-type: none"> • Debrief • Ask students which investment type(s) they would choose and why. Discuss what led them to make those decisions. • Emphasize that big risk can equal big loss or big reward. • <i>Optional: Share about a time when you invested in stocks and lost or won really big.</i> 	10 minutes <i>(if time allows)</i>
Closing and Reflection	<p>To wrap up the whole lesson, ask the students to share with a partner:</p> <ul style="list-style-type: none"> • 3 things I learned are... • 2 questions I still have are... • 1 thing that stuck with me is... <p>Ask for a couple of volunteers to share aloud with the whole class.</p>	2-3 minutes

Name _____

Date _____

Which Investment is Best?

	Stocks	Mutual Funds	Bonds	CD	Savings Account
Initial Investment	\$100	\$100	\$100	\$100	\$100
Rate of Return	12%	8%	6%	2.5%	1%
Amount after 1 year <i>Initial Investment x (1 + rate of return)</i>					
Risk Level	Very High	High	Medium	Low	Very Low
Cons	The market can change quickly. 12% is not a guaranteed rate of return. You may lose your money if the stock market is negative for the year.	They sometimes charge fees to manage your money. The rate of return is lower than stocks.	The rate of return is lower than stocks, and you can't access your money for a set amount of time.	You can't access your money for a set amount of time, kind of like bonds. The interest rate is low.	The interest rate is very low.
Pros	The market can change quickly. You might make even more than 12%	Mutual funds are more secure than stocks but not as secure as bonds. You usually get your money back and then some.	Bonds are really secure. You almost always get your money back with interest.	Your money is very secure. You always get your money back with interest.	Your money is very secure. You always get your money back with interest. You can access your money at any time.
My Ranking (1-5)					

Name _____

Date _____

Long-Term Savings Plan

What is your long-term savings goal? (Circle one):

College

Car

Other: _____

How much do you want to save for that goal? \$ _____

Hint: College costs start at about \$10,000 per year. A new car costs about \$15,000.

How many years until you need to reach your goal? _____

Divide your goal by the years needed to reach it

$$\frac{\text{_____}}{\text{goal}} \div \frac{\text{_____}}{\text{years}} = \frac{\text{_____}}{\text{amount per year}}$$

Now take the amount per year and divide it by 12.

$$\frac{\text{_____}}{\text{amount per year}} \div \frac{\text{_____}}{12} = \frac{\text{_____}}{\text{amount per month}}$$

Finally, take the amount per month and divide it by 4.

$$\frac{\text{_____}}{\text{amount per month}} \div \frac{\text{_____}}{4} = \frac{\text{_____}}{\text{amount per week}}$$

To save for my long-term goal, I need to put away \$ _____ each week.

One of the best ways to save money is to cut expenses, list some expenses below that you could cut to help you save for your long-term goal.

Expense	Cost

Which type of investments do you think you might use? *Circle all of the ones you're considering:*

Stocks Bonds Mutual Funds Savings Account CD

When thinking about saving, you should talk to a trusted adult. Who could you ask to help you as you start saving for the future? _____