Teacher's Guide





overview

Part of learning about money management includes knowing where to put savings. The value of savings differs depending on how the money is managed. Placing savings in something beyond a savings account introduces students to the world of investments.

When they become adults, these students will have control over where they invest their money for retirement. It is important that they understand how to get the best growth for their money. At the same time, they need to understand the chances of losing that money in investments.

This lesson introduces students to the basics of how money grows through saving and investing. It introduces the concepts of financial risk and rates of return.

goals

Understand the different savings options that can grow their savings. Perform activities associated with calculating interest rates and future savings growth.

lesson objectives

- Consider alternative ways to help money grow through savings.
- Apply simple math concepts to determine future savings growth.
- Introduce students to the concept of investment risk.

presentations

3-A Calculating Simple Interest

student activities

3-1 Financial Institutions

Related Worksheet: savings alternatives

- List and discuss alternative places for saving money.
- Help students recognize the pros and cons of each alternative.

3-2 Interest Rates

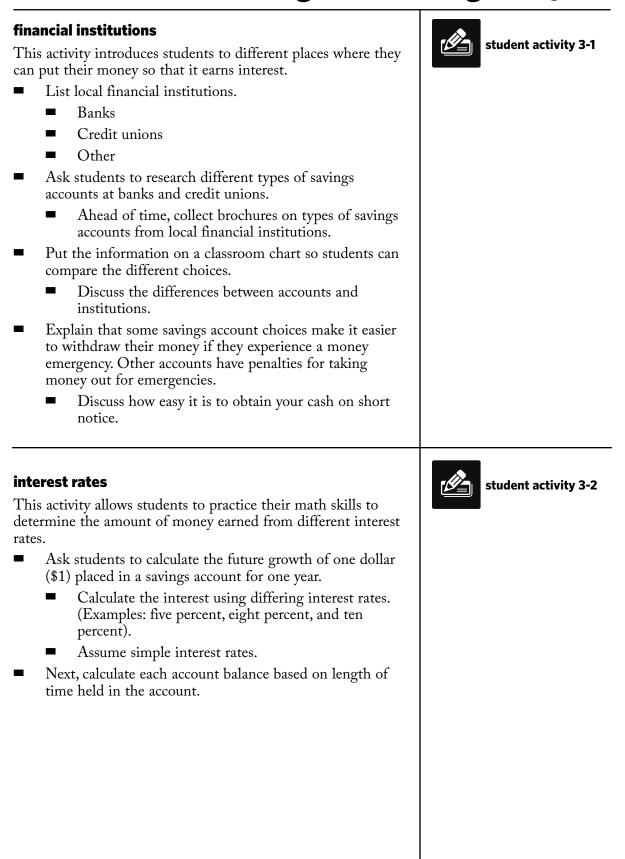
Related Worksheet: interest rates

- Students learn to calculate future money values.
- Students compare the interest rates of different savings accounts.

3-3 Stocks and Ownership

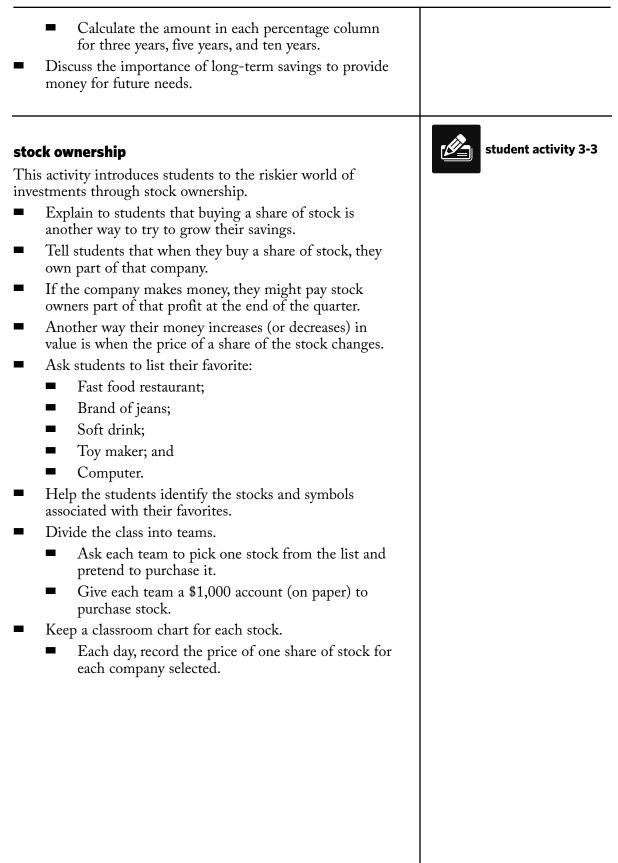
Related Worksheet: trading stocks

- Students learn about stocks and company ownership by playing a stock simulation game.
- Provide an opportunity for students to practice investing in stocks with play money.
- **3-4** Lesson Three Quiz



saving and investing teaching notes

saving and investing teaching notes



saving and investing teaching notes

stock ownership (continued)	
This activity introduces students to the riskier world of investments through stock ownership.	
 Check the previous day's closing prices on the Internet or in the newspaper. 	
 Order copies of the annual reports for the companies selected. (This can be done via the Wall Street Journal website). 	
 Let the students read more about the companies they selected. 	
 Record any dividends paid for each stock during this activity period. 	
 Allow students to buy or sell shares. 	
 Track the prices for four weeks. 	
 Compare the team account balances at the end of the four weeks. 	
 Discuss the need to own stocks over a long term for the best investment. 	
lesson 3 quiz	quiz 3-4



directions

The longer your money sits in the bank, the more money it will earn for you. The money earned is called interest. The higher the interest rate, the more money you earn. Fill in the chart below, assuming you are figuring out the money earned on a deposit of \$1 (for simple interest).

Teacher: Figures based on simple annual interest. There may be some differences due to rounding.

	5%	8%	10%
1 year	\$1.05	\$1.08	\$1.10
3 years	\$1.15	\$1.24	\$1.30
5 years	\$1.25	\$1.40	\$1.50
10 years	\$1.50	\$1.80	\$2.00

Future savings growth: \$1



lesson 3 quiz: investing

circle the correct answer for each question.

1. Placing money into a savings account can increase my money. True *

False

2. The longer my money is in a savings account, the more money it will earn. True *

False

3. Different savings accounts pay different amounts of interest.

True *

False

4. If the price per share of stock increases, I can sell it for more money than I paid for it. True *

False

5. Compound interest makes money grow faster.

True * False

- 6. Which of the following increases the value of my stocks?
 - a. Increase in price per share *
 - b. Dividends
 - c. Stock splits
 - d. All of the above
- 7. Owning shares of stock:
 - a. can grow my savings
 - b. can shrink my savings
 - c. can provide income from dividends
 - d. all of the above *
- 8. Which of the following is the best way to increase the value of a savings account?
 - a. Make few withdrawals from the account
 - b. Make regular deposits into the account
 - c. Leave the money in the account for as long as possible
 - d. All of the above *
- 9. Which of the following is not a place to find information about stocks?
 - a. annual reports
 - b. newspaper financial page
 - c. cookbook *
 - d. internet

10. The best way to grow my money is to:

- a. make a variety of investments *
- b. save my money in a closet
- c. loan it to a friend
- d. buy new clothes