

LESSON
2

The Principles of Saving

Show students how they can practice this valuable life skill now.

OBJECTIVE

Students will:

- learn that saving instead of spending gives the opportunity to buy things later
- set savings goals as incentives to save
- represent and solve problems involving addition

TIME

30 minutes

MATERIALS

- Pencils and paper
- Be a Good Saver activity sheet
- Help Your Child Save Toward a Goal family activity sheet

ADDITIONAL RESOURCES

- Lesson 1 and Family Activity, [Meet the Coins Poster/Teaching Guide](#)

STANDARDS

- Common Core State Standards, Math Content 1.OA.A.1 and 2.OA.A.1
- Jump\$tart Financial Literacy Standards: Spending and Saving Standard 1d and e

DIRECTIONS

1. Ask students to imagine a friend who is paid \$1 a week to do chores at home. Have them discuss in groups or in pairs how the friend could spend the money.
2. Invite students to share their choices. If students respond with a \$5 or \$10 item, ask how their friend could pay for the item when they only make \$1 per week. If students don't suggest it, mention that the \$1 could be put aside every week until the friend has saved enough for the more expensive item. Have students calculate how many weeks it would take to save for it. Ask the class: Who would choose to not spend money immediately in order to save for a more expensive item? Point out that many people, even adults, have difficulty not spending money immediately in order to save for something in the future.
3. Note that saving to buy something isn't the only reason to save. In life, unexpected **expenses** might come up, and it's always good to have extra money put aside just in case. Also point out that many people save because it will lead to a financially secure future, meaning they'll have money put away for when they need it. Finally, mention that saving and spending aren't the only ways people can use their money. Many people like to give some of their money to **charities** like children's hospitals, groups that protect the environment, and science and art museums.
4. Ask students if they know how to save money. Some students might bring up piggy banks, while others might mention the bank. Point out that piggy banks are good for smaller amounts of money, but to keep larger amounts safe, it's a good idea to ask parents to open a savings **account** for them. Also note that an advantage of a savings account is that banks often pay savers something called **interest** (money) to keep their money in the bank.
5. Hand out the Be a Good Saver activity sheet and ask students to complete it individually or in pairs (or for grade 1, as a class, and/or with manipulatives). Review activity sheet answers as a class.
6. Hand out the Help Your Child Save Toward a Goal family activity sheet. Ask students to take it home and complete it with their parents.

ANSWER KEY FOR STUDENT ACTIVITY SHEET

1. 12 weeks. Each twin has income of \$2 per week and spends \$1 on trading cards. Together, they can save \$2 a week. After 12 weeks, they'll have saved \$24.
2. If they stop buying trading cards, they'll be able to save an additional \$1 per week each and save \$24 in just 6 weeks. Even reducing their card purchases to every



(Lesson continued on next page.)



The Principles of Saving

other week would shorten the amount of time they need to save.

3. The twins have enough to pay \$6 for the crab's food and supplies each month. Even if they keep buying trading cards, they each earn \$1 more per week than they spend, so Jessie's \$1 + Jackie's \$1 = \$2. Over one month (4 weeks), that's \$8, which is more than the \$6 cost of crab food and supplies.
4. Answers reflect personal preference and will vary.

EXTENSION

Ask the class the following: "Some people save their money in a bank to keep it safe and to earn interest. If your money is no longer with you, how can you say that it's still yours?" As part of the discussion, make sure the class understands that by law, ownership of the money deposited stays with the person who makes the deposit, not the bank. Also, banks have records they send to the depositor so they know how much money they have in the bank.

ASSESSMENT QUESTIONS

Ask your students to answer the following questions on a separate piece of paper. Your class may be at a point in their development where they can answer the questions in a couple of sentences, or the questions might be best answered by drawing a picture with a caption. Listening in on discussions in small groups would also work.

1. When we have money, why might we not want to spend it all right away?

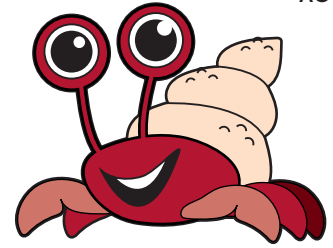
Key point: By waiting, we can save to buy a more expensive item we can't afford right now.

2. What can we do to save more money more quickly?

Key point: We can look at the things we spend our money on and buy less now so we have more money for later.

NAME _____

Be a Good Saver



If someone really wanted a pet, should they be allowed to get it? Pets cost money even after they come home. Seven-year-old twins Jessie and Jackie really want one but have to determine if they have the money to pay for it and take care of it. Read the questions and share what you think!

- 1** Jessie and Jackie are saving for a hermit crab and its habitat. They've learned that the crab will cost \$5. Plus, they will need money for a tank, food, and supplies, totaling \$19. In total, that's \$24. The twins each receive \$2 a week for doing chores around the house, and they each spend \$1 every week on trading cards. **How many weeks will it take for Jessie and Jackie to save \$24? Show your math.**

- 2** Can you think of any way Jessie and Jackie might be able to save the money they need in less time?

- 3** The crab will continue to need food costing \$4 each month and other supplies that total \$2 every month. **Will the twins have enough money to care for the hermit crab? Explain how you came up with your answer.**

- 4** What are some of the things you might save for? **List them below:**

Help Your Child Save Toward a Goal



Dear Parents,

Your child has been learning in class the principles of saving: how to delay buying things today to have more financial resources in the future. Try this exercise at home to teach your child good saving habits.

- 1 Discuss with your child things they want for themselves or their room. Talk about what these things might cost, and what could be a couple of goals they could save for. Then research the true costs together, and list the goals and costs below:

Goal 1	Cost
Goal 2	Cost

- 2 To save money, one must have an income. For students in younger elementary grades, income can include things like payment for chores, and birthday or holiday gift money. Think of ways your child can earn income to reach their goals:

- 3 Help your child estimate their weekly or monthly income.

Weekly or Monthly Income \$ _____

- 4 Given the amount of weekly or monthly income, how long will it take to save enough to reach each of the goals?

Goal 1 _____ **Goal 2** _____

Ayude a su hijo(a) a ahorrar para una meta



Estimados padres:

Su hijo(a) ha estado aprendiendo en clase los principios del ahorro, por ejemplo, cómo posponer la compra de cosas en el presente para tener más recursos financieros en el futuro. Pruebe este ejercicio en casa para enseñarle a su hijo(a) buenos hábitos de ahorro.

- 1 Dialogue con su hijo(a) sobre las cosas que quiere para él (ella) mismo(a) o para su habitación. Hablen sobre lo que podrían costar estas cosas y cuáles podrían ser algunas metas para las que podrían ahorrar. Luego, investiguen juntos cuáles son los costos verdaderos y, a continuación, hagan una lista de las metas y los costos:

Meta 1	Costo
Meta 2	Costo

- 2 Para ahorrar dinero, uno debe tener ingresos. Para los estudiantes que cursan los primeros años de la escuela primaria, los ingresos pueden incluir cosas como un pago por realizar tareas domésticas y dinero que se recibe como regalo de cumpleaños o para las fiestas. Piensen en las distintas maneras en que su hijo(a) puede obtener ingresos para alcanzar sus metas:

- 3 Ayude a su hijo(a) a hacer un cálculo aproximado de sus "ingresos" semanales o mensuales.

Ingresos semanales o mensuales \$ _____

- 4 Según la cantidad de ingresos semanales o mensuales, ¿cuánto tiempo le llevará ahorrar lo suficiente para alcanzar cada una de las metas?

Meta 1 _____ **Meta 2** _____