



Make It Happen: Saving for a Rainy Day

LESSON 10: TEACHER'S GUIDE

Saving for a new phone or laptop isn't unusual for teens, but thinking beyond immediate wants can be a bigger challenge. This lesson introduces students to the concepts of saving for an emergency and other long-term expenses such as college, a home and retirement. Students will learn the benefits of saving for a rainy day and explore various saving and investing strategies.

Topic: Savings Options

Time Required: 65 minutes

SUPPLIES:

- Notebooks
- Computers or tablets
- Internet access
- Projector
- Student activity sheets (2)

PREPARATION:

- Copy student activity sheets

STUDENT ACTIVITY SHEETS:

Where to Stash Your Cash

This handout introduces students to basic savings and investing strategies including the risks, advantages and disadvantages associated with each.

Bank It

Students will research savings strategies offered by different banks to assess the fees, requirements and savings potential offered by each.

LEARNING OBJECTIVES:

Students will...

- Learn the pros and cons of savings and investing strategies
- Exercise skills needed for saving and investing
- Examine how saving and investing is part of financial well-being

STANDARDS:

Jump\$tart Standards:

- Planning Standard 4
- Savings Standards 1, 2 and 3

National Standards for Economics:

- Standard 1: Scarcity
- Standard 10: Institutions

Common Core ELA Anchor Standards:

- Speaking and Listening: Comprehension and Collaboration
- Speaking and Listening: Presentation of Knowledge and Ideas
- Language: Vocabulary Acquisition and Use

Common Core Math Standards:

- Numbers and Quantity: Quantities
- Modeling
- Statistics and Probability: Making Inferences and Justifying Conclusions

Essential Question*“What strategies should I use to save and invest my money?”***Investigate: Rainy Day Savings**

[Time Required: 10 minutes]

1. Begin by asking students what they think the phrase “saving for a rainy day” means. Invite volunteers to share their thoughts and explain that the expression refers to creating an emergency fund to pay for unexpected expenses, such as an illness or car repairs.
2. Ask the class why an emergency fund is important. What do we gain by being prepared for the unexpected? What would we do if we didn't have an emergency fund and something actually happened? Help students understand that preparing for emergencies can increase their sense of security.
3. Next, ask students what other long-term expenses they might incur in the future. Are they planning to go to college? Explain that just as we set aside money for emergencies, we should also set aside money for long-term needs like college, buying a home and retirement. Help students understand that the younger they start saving, the more their money will grow.

Student Preparation: Where to Keep Money

[Time Required: 20 minutes]

4. Explain to students that part of creating a good savings plan, whether for an emergency fund or long-term goals, is assessing where our money is best kept for maximizing savings.
5. Ask students what they do with the money they receive from jobs, allowance or gifts. Do they spend it? Save it? Keep it at home? Deposit it in a bank account? What choices do they make with their money and why? Invite students to share their experiences.
6. Explain that not all banks or savings accounts are the same and that we have many choices when it comes to saving and investing our money. Distribute the **Where to Stash Your Cash** tip sheet and review it as a class.

**TEACHER'S TIPS****What is the Essential Question?**

The Essential Question is designed to “hook” the learner, promote inquiry and engagement with the lesson, and allow students to exercise problem-solving abilities. It addresses a larger concept, does not have a right or wrong answer, and requires higher-order thinking skills.

Link to Lesson 9:

If you've already covered **Lesson 9** on budgeting, help students consider how creating a budget will help them save money for an emergency fund.

Extension Idea:

For more information on saving for retirement, see **Lessons 18** and **21** on investing.

Challenge: Comparing Options

[Time Required: 30 minutes]

- Next, hand out the student activity sheet **Bank It** and ask students to work in groups of 4-5 to complete the activity.
- Invite each group to share their findings. Discuss how money grows differently depending on the savings strategy. Explain that students' individual life needs will affect their savings strategies (e.g., younger people often take more savings risks than older people; saving for college tuition and books would be best done in an account that allows access to your assets without penalty, while saving for retirement could be done in an account where funds weren't as easily accessible).

Reflection

[Time Required: 5 minutes]

Invite students to reflect in their notebooks about which strategies they would consider using to save for a rainy day. Would they put their money in a CD, a 529 account or a savings account? Why?



TEACHER'S TIPS

Time-Saver:

To allow more time for in-class discussion of the scenarios on the **Bank It** activity sheet, ask students to complete the assignment as homework and then present their findings to the class.

What is Reflection?

The Reflection part of the class gives students the opportunity to reflect on the bigger-picture meaning of the exercise, and to assimilate and personalize some of the concepts and ideas learned about in the class.





Bank It

LESSON 10: ANSWER KEY 1

Content in chart will vary depending on banks researched.

Scenario 1

Aiden could choose a simple savings account to hold his emergency fund and save for a new car. However, if he wanted to get a better interest rate, he could also consider opening a CD or money market account to use solely for new car savings.

Scenario 2

Madeline has a few different options that could work—she could put her money in a savings account or she could take the \$500 she already saved and invest it in a short-term CD. Since she needs the money in one year, she has to be careful to select a CD with less than a 12-month maturity date or else she could face steep penalties.

Scenario 3

Because Scott has such a large sum to invest and he doesn't need the money for several more years, he would be wise to select a longer-term savings plan with high interest rates. A money market account or a CD would be a great choice, but Scott could also place the money in a 529 savings account because he plans to use it for college.