

Grades 9-12

Lesson 7



SAVING FOR SPECIAL PURPOSES, Part 2

Rationale: This lesson is intended for high school students in ninth through twelfth grades during a forty minute time period. The lesson teaches students the concept of saving money for special purposes using a budget and making payments from a checking account. The activities rely on a variety of interactive and visual formats designed to be interesting and fun.

Lesson Objectives: Students will be able to:

- Budget for special purposes.
- Identify monthly income.
- Identify monthly expenses.
- Calculate simple interest.
- Plan a monthly budget.
- Use a checking account.

Materials:

- Transparency of Budget Worksheet
- Savings deposit slips
- Savings withdrawal slips
- Checking deposit slips
- Sample Checks (2 copies per student)
- Checking account register
- Copy of the letter given to parents and students regarding senior trip payment information

**Materials not attached to this file may be found in a separate resource file.*

Setting the Stage:

Background Builder #1: Review with students the key points of the previous lesson on Saving for Special Purposes.

State the Objective: Tell the students what they will be able to do upon conclusion of the lesson.

“At the end of this lesson, you will be able to use the skills acquired in Lessons 1-4 to create a budget to achieve your goal of going on your senior trip to Disney World. Furthermore, you will be writing checks from your own account and balancing your checkbook monthly.”

The Lesson Procedure:

Budgeting is the process of making your needs and wants fit with the money you have. It can be difficult at times, but it is the key to making sure you have your money under control.

Remind students that some times their parents cannot afford to provide all of their desires. Tell students that at their age they can be responsible for some of their financial needs by providing a service (babysitting, dog watching, lawn cutting, etc.) or securing a job at a local store or restaurant. That will enable them to make purchases they desire. Today they will determine what monthly income they need to earn to pay for their senior trip to Disney World and to have \$100 spending money. We will assume that it is May of the year before the trip. Therefore, we'll assume that there is a period of twelve months to achieve their goal.

Distribute copies of the letter used by the school to inform parents and students about the cost of the senior trip to Disney World. Next, tell students that they should assume they are 100% responsible for making all trip payments and for providing \$100 in spending money for the trip.

Now that the students know how much the trip will cost, they should be motivated to make some money! At this time, it's time to reinforce the need for them to secure employment or provide a service that will provide a regular income.

Have students create Budget Worksheets, follow the example in the Sample Monthly Budget Worksheet. First, ask students to list monthly income. Second, ask students to list monthly expenses. Finally, have students calculate the monthly net income (income – expenses = net income).

Students should determine how much money they can earn and save each month to be able to go on the senior trip. Remind students that by depositing the money in an interest bearing savings account their money will grow.

TD Bank, like other banks, allows you to store your savings with us. A bank is the safest place to keep your money, and because we want you to let us protect your money, we give you a thank you gift that we call interest. Interest is money that you earn just by having money in a savings account. It is a percent of the total amount of money that you keep with us. The interest rate and the length of time determine the amount of interest that you leave your money in the bank.

(PLEASE WRITE THIS OUT VERY CLEARLY ON THE CHALKBOARD. KEEP ALL PERCENTS AS DECIMAL AMOUNTS SINCE STUDENTS WILL CALCULATE INTEREST USING THE DECIMAL CONVERSION.) For example, if you save \$100 for one year in an account with a 5% interest rate (write 0.05 on the board) you would have earned \$5.00 for free as a thank you from the bank.

Model how you arrived at this answer via the chalkboard and by using the calculator for computation.

Now that the students know what their budget will be in terms of earning, saving, and spending, it's time to talk about making payments for the trip. Have students practice writing deposit (to savings), withdrawal (from savings), and deposit (into checking) slips. They should also practice writing checks for the payments and recording each transaction in their checking account registers. It is important to make the point that a check provides a record of a transaction that is recorded not only by the owner but also the bank. This proof may come in handy if an error is made on the part of the recipient in recording the payment. The practice of this process will reinforce skills taught previously. It is also suggested that students be encouraged and reminded about the importance of balancing a checkbook monthly with its statement.

Closing the Lesson:

Ask students to describe how a budget can help them meet their goals of saving for a special purpose. Additionally, elicit from students that saving money in the bank is not only safe but also profitable because they will earn interest. Ask students to tell why it is better to pay with a check than with cash. See the suggestion page for "Ways to End and Review Lessons", for additional ideas.

National Council of Teachers of Mathematics Principles and Standards for School Mathematics, 2000.

Number and Operations – (Students will) Understand meanings of operations and how they relate to one another.

Number and Operations – (Students will) Compute fluently and make reasonable estimates.

Algebra – (Students will) Understand patterns, relations, and functions.

Problem Solving – (Students will) Build new mathematical knowledge through problem solving.

Communication – (Students will) Use the language of mathematics to express mathematical ideas precisely.

Connections – (Students will) Recognize and use connections among mathematical ideas.

Representation – (Students will) Create and use representations to organize, record, and communicate mathematical ideas.

Ways to End and Review Lessons

Beach Ball Toss: Write end of lesson review questions on a beach ball. When it's tossed the individual who catches it must read and answer the question written under their right thumb.

Sample Questions:

- What are some expenses you may have currently?
- What types of earnings do you gather?
- Define interest.
- When do you use a savings account?
- When do you use a checking account?
- Why is it important to record every deposit and check written in a register?

Interview: In pairs of two, students interview one another with regard to lesson content. When both pupils have had ample time to interview, they must summarize the partner's feedback in either written report or oral format

Sample Questions:

- What item would you be willing to save money for in order to make the purchase?
- Where do you expect to get the money you'll save?
- Are there items you'll need to forego in order to save enough money?
- How will you make sure you meet your goal?
- Is a savings account enough for your money?

Quiz the Teacher: Students have the opportunity to flip roles and ask the teacher the questions typically asked of them. Questions need to be generated by each student.

Storyboard/Stretch to Sketch: Have students write and illustrate a storyboard. A piece of paper is folded into twelve squares representing the twelve months before the trip, which are filled with a picture and caption for each square. The story should be the journey of earning, saving, and paying for the senior trip.

Creative Writing: Develop any of the following items that demonstrate knowledge of lesson content: Advertisement/Brochure/Riddles. Focus on any new piece of information learned. This will differ from one student to another.