



**Money
Smart**

for Grades 6-8



Educator Guide



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WELCOME TO MONEY SMART

Welcome to **Money Smart**, an exciting interactive exploration of the concepts of money. This standards-aligned, cross-curricular program is designed to promote financial understanding for middle school students in grades 6 through 8. You can use **Money Smart** to add engaging and enriching activities to financial literacy and economics instruction. Extension activities support English Language Arts, Math, Social Studies and Economics, and Technology, while also helping your students build the foundation to become financially responsible adults.

In **Money Smart** you will find:

- **Twelve Lessons** with hands-on, cross-curricular activities that engage sixth- through eighth- grade students in discussing and exploring key financial concepts
- **Teacher Presentation Slides**, which provide helpful visuals, as well as challenge exercises and reflective prompts to support the activities in each lesson
- **A Student Guide** with handouts, worksheets, and resources that let students explore the topics covered in each lesson and apply their new knowledge
- **A Parent/Caregiver Guide** with information about topics and terms being covered in class, conversation starters, online and literary sources, along with activities to try at home and around town

Developing positive financial habits equips students with 21st-century skills and tools that last a lifetime. We hope you and your students enjoy learning about money and its many uses.

We are eager to hear from you about how you use this curriculum. We would like to know what works well and what could be improved to make **Money Smart** even better. If you have any questions, we would like to help. Please contact us with your comments and questions via e-mail at communityaffairs@fdic.gov.

GETTING STARTED

Money Smart provides a comprehensive, developmentally appropriate program for middle school students to build an understanding of key financial concepts.

There are many features that help make the **Money Smart** curriculum engaging, motivating, and easy to use. Each lesson includes learning objectives, essential questions, supplies needed, and preparation required, as well as the following features and components to support easy integration of **Money Smart** activities into your instructional day.

STANDARDS

Each lesson promotes real-world connections through student-centered learning experiences and aligns to the following education standards and learning outcomes, including Common Core State Standards in mathematics and English Language Arts. The **Education Standards Chart** identifies which standards are met in each lesson.

- Financial Literacy JumpStart Standards
- English Language Arts Common Core State Standards
- Mathematics Common Core State Standards
- National Standards for Financial Literacy by the Council for Economic Education
- Partnership for 21st-Century Skills

GRADE-LEVEL MODIFICATIONS

Please note the modifications identified throughout lessons to differentiate learning experiences for beginner and advanced students. Modifications provide developmentally appropriate activity recommendations and extension opportunities.

PRESENTATION TIME

Each lesson plan includes an estimated time needed to teach the lesson. Actual time required will vary from classroom to classroom. The estimation includes instructional time spent on the **Warm Up**, **Guided Exploration**, **Group Exploration**, **Independent Exploration**, and **Wrap Up**. Activities may also be taught as several short lessons over a period of days or weeks. **Extended Exploration** activities are included to extend financial literacy learning opportunities throughout the year and provide easy ways to integrate the topics into various content areas.

ASSESSMENTS

A variety of assessments are integrated throughout each of the twelve lessons. Assessments are designed to build value, meaning, and context around a topic, while providing teachers with opportunities to evaluate prior student knowledge, and collect evidence their new understandings of lesson concepts and skills. Pre- (formative) and post- (summative) assessments are noted on the first page of each lesson. Assessments include discussions, reflections, questions and answers, reading, writing, and problem-solving exercises. Assessments are aligned to standards so that teachers may track students' mastery of standards. Student handouts are an especially useful form of written assessment.

LESSON STRUCTURE

Each lesson is designed to include the following:

- **Warm Up** introduces students to the topic and sparks inquiry.
- **Guided Exploration** integrates cross-curricular and developmentally appropriate learning activities and assessments while focusing on the key financial literacy learning objectives of the lesson, with teacher guidance.
- **Money Smart Tips** are provided throughout lessons to offer additional guidance, interesting and relevant financial facts, and additional ideas to help make *Money Smart* a success in your classroom.
- **Group Exploration** allows students to work in small groups to explore concepts and solve problems together. Cooperative learning is considered a “best practice” in middle school instruction.
- **Independent Exploration** activities are designed to engage students in the process of learning through individual discovery, research, and interpretation. These activities are more independent than the Guided and Group Exploration activities and may also be used as homework assignments or independent study.
- **Wrap Up** provides a reflection question or activity to review lesson concepts and allow students to demonstrate their understanding.
- **Extended Exploration** provides teachers with additional opportunities to extend financial literacy concepts throughout the school year within core content areas including English Language Arts and Math. Activities can be completed as a class, in small groups, or by students individually. Useful resources (such as books, web links, games, or videos) are also included to promote even more student engagement. The books and online resources suggested in this guide are just a few of the many available resources that explore these topics, and are not endorsed by the FDIC.
- **Student Handouts** (found in the **Student Guide**), **Group Handouts** (found in this guide), and **Teacher Presentation Slides** provide dynamic instructional support. Student and group handouts create an opportunity for students to apply their knowledge and for teachers to assess their understanding. Teacher presentation slides offer visuals and interactive activities corresponding with lessons.
- The **Answer Key**, **Glossary**, and **Standards Chart** house all of the information needed to check for understanding, define key terms, and check which activities meet specific education standards. Vocabulary words are **bolded** in each lesson as they are introduced. It may be helpful to distribute copies of the entire glossary to students as a reference.

MONEY SMART AT HOME

The *Money Smart* curriculum includes a helpful **Parent/Caregiver Guide** that corresponds to the classroom materials. Families may also use it independently of the curriculum. It contains resources, activities, games, and conversation starters on financial literacy topics covered in each lesson. Use the following ideas to encourage parents to use the guide at home:

- Introduce parents to the *Money Smart* program and share the **Parent/Caregiver Guide** at the start of the school year.
- Discuss the *Money Smart* program during parent-teacher conferences or in monthly parent newsletters home, and emphasize the importance of building healthy financial habits from an early age.
- Hold a *Money Smart* family night. Play games and have students share short skits about financial concepts they have learned.
- Send student handouts from each lesson home in homework folders for parents to review and sign.

INTERDISCIPLINARY PROJECTS

Interdisciplinary project-based learning provides the connectedness that many middle school students need as they make the transition from single classroom instruction in elementary school to subject-specific classrooms at the secondary levels. This section provides a few ideas for connecting financial literacy across disciplines into single projects.

1. Financial Literacy Assembly or Community Awareness Campaign

Use arts-integration to allow students a creative outlet to demonstrate their learning from one, some, or all *Money Smart* lessons. Some options include:

- **Drama:** Write and perform a play, a video advertisement, or a news broadcast. For example: students could combine their learning from **Lesson 1: *The Path to Success*** and **Lesson 2: *Bread and Butter*** to write a play about how to select a career field, how to get a job, and what happens once you get a job.
- **Visual Art:** Study and develop public service announcement (PSA) posters for the school or the community. For example: students could use their learning from **Lesson 10: *Protecting Yourself*** to develop PSA posters on what identity theft looks like, how to avoid it, and what you should do if you suspect that you are a victim of it.
- **Music/Choir:** Write and perform a song or rap. For example: students can demonstrate their learning from **Lesson 12: *Spend, Save, or Give?*** by writing a song that helps other students identify the various ways that they can spend, save, or give their money. The song can be played on the school PA system, posted on the school website or performed at an assembly.
- **Technology:** Create PSAs using PowerPoint, Prezi, Microsoft Publisher, online cartoon creators like <http://www.abcya.com/animate.htm> or <http://scratch.mit.edu/>, or other design programs. For example: students could create an online cartoon to share with others that demonstrates their understanding of **Lesson 7: *How to Stash Your Cash***.

2. Managing a Budget

Planning a field trip, an assembly, or a school party? Develop an interdisciplinary project to allow students to create and manage the budget. Some options include:

- **Social Studies:** Assess the needs and wants of the event. Prioritize necessary items and then wanted items. Students can use their learning from **Lesson 4: *Being a Savvy Shopper*** to research to identify and evaluate costs.
- **Math:** Develop a suggested budget based on assessing needs and wants for the event. If and when the budget is accepted, manage the spending to ensure that the event does not go over budget. Students can use their learning from **Lesson 3: *Designing Dreams*** and **Lesson 5: *Go with the Flow***.
- **English:** Write a persuasive letter to the school administration explaining the needs and wants of the event, analyzing the suggested budget, and requesting the funds to execute the event. Students can use their learning from **Lesson 3: *Designing Dreams*** and **Lesson 5: *Go with the Flow***.

3. School Store

Whether your school has a school store, or it is something that the students might be interested in starting, consider developing a project to provide students with ownership, while allowing them to learn more about financial literacy. Some options include:

- **Social Studies:** In coordination with other students and staff in the building, develop an inventory of needs and wants that can be supplied in the school store. Use research to identify and evaluate costs. Students can use their learning from **Lesson 4: *Being a Savvy Shopper***.
- **Math:** Develop a budget for purchasing bulk items. Consider options for and create sale prices for each item. Create a cash flow statement to determine the amount of product that must be sold in order to turn a profit. Students can use their learning from **Lesson 3: *Designing Dreams*** and **Lesson 5: *Go with the Flow***.
- **Art/Design:** Use advertising techniques to advertise and sell the school store products. Students can use their learning from **Lesson 4: *Being a Savvy Shopper***.
- **English:** Write a persuasive argument to open a school savings account to keep school store profits in a safe place and earn interest. Alternately, write a persuasive argument to invest the profits in an investment vehicle like stocks or bonds. Students can use their learning from **Lesson 7: *How to Stash Your Cash*** and **Lesson 8: *Money Doesn't Grow on Trees***.

4. Create and Use Financial Literacy Games

Playing games is a great way to engage students in learning. Even better, is to allow students to create their own games to play. Students can demonstrate their learning from one, some, or all **Money Smart** lessons. These games can be created and played in several subject areas including Social Studies, English, Math, and Art. Some options include:

- **The Path to Success:** Create a game where you must make choices about your education, your career, the jobs you get and the associated income, the taxes you pay on your income, and the insurance purchases that you can make. **Money Smart** connections: **Lesson 1: *The Path to Success***, **Lesson 2: *Bread and Butter***, **Lesson 11: *Risky Business***.

- **Charge It!** Create a game where you can make choices about which credit card to apply for, make purchases with credit versus cash, and build credit. **Money Smart** connection: **Lesson 9: Credit and Debt.**
- **Money, Money, Money:** Create a game where you can make choices about how to earn and spend money, factoring in cash flow, saving, and charitable giving. **Money Smart** connections: **Lesson 5: Go with the Flow, Lesson 12: Spend, Save, or Give?**

5. Solve a Community Problem

The intersection of problem-solving and real-life application is important for middle school students. What better way to combine the two than to solve a community-wide problem? Start by considering problems in your community. Problems could be split along content lines, for example:

- **Science:** Does your community recycle? How “green” is your community? Investigate science career fields and discover how students might make a career of solving these community problems, using **Lesson 1: The Path to Success.**
- **Technology:** Who has access to technology in your community? Inform your community about online threats after covering **Lesson 10: Protecting Yourself.**
- **Arts:** Does any part of your community need beautifying? Determine a method to raise and spend money on community beautification using **Lesson 5: Go with the Flow.**
- **Foreign Language:** Do non–English speaking members of your community need access to resources? Consider developing a foreign-language PSA that ties to student learning from **Lesson 4: Being a Savvy Shopper.**

Encourage students to use the financial literacy topics learned in **Money Smart** lessons to identify a community problem and develop and maintain a budget for solving the problem.

FINANCIAL LITERACY ALL YEAR LONG

Highlight financial literacy at your school all year long, especially in April, during National Financial Literacy and School Library Month.

- Create bulletin boards or posters with students about financial literacy themes learned in **Money Smart.**
- Develop interdisciplinary projects that incorporate financial literacy topics.
- Create a class or school newsletter with students to distribute to the school community about money skills and financial concepts covered in class.
- Integrate real-world applications of financial literacy into content area classes.

The more students are exposed to financial literacy, and the more opportunity they have to practice applying their new knowledge and understanding of concepts, at school and at home, the more prepared they will be to live **Money Smart** lives.

LESSON-AT-A-GLANCE

Title	Learning Objectives	Time Required
<p>7 How to Stash Your Cash</p> <p>Savings Options</p>	<p>Evaluate and differentiate a variety of banking and savings options</p> <ul style="list-style-type: none">• Identify the benefits of creating a savings account• Understand compound interest and how it can increase savings	<p>50 min</p> <p>Session 1 (25 min)</p> <ul style="list-style-type: none">• Understanding Compound Interest (10 min)• Opening a Savings Account—Decision Making (15 min) <p>Session 2 (25 min)</p> <ul style="list-style-type: none">• Opening a Savings Account—Presentation (15 min)• The Perfect Savings Account (10 min)



LESSON 7: HOW TO STASH YOUR CASH

GRADES
6 - 8

LESSON OVERVIEW

Compounding knowledge about financial institutions, learners will examine how to select a **bank** by researching and assessing competing factors such as fees, services, and **interest rates** offered for savings products.

TOPIC: Savings Options

TIME REQUIRED: 50 minutes
(excluding **Extended Exploration** activities)

LEARNING OBJECTIVES:

Students will be able to...

- Evaluate and differentiate a variety of banking and savings options
- Identify the benefits of creating a savings account
- Understand compound interest and how it can increase savings

SUPPLIES:

- Projector (for teacher presentation slide)
- Chart paper and markers for student presentations
- Loose-leaf for Wrap Up activity
- Access to the Internet (**optional**)

PREPARATION:

- Make copies of student handout and group handouts
- Set up projector with presentation slide
- Set up individual or group computers with access to the Internet (**optional**)

STUDENT HANDOUT:

(found in **Student Guide**)

- **Opening a Savings Account**

GROUP HANDOUTS:

- **Commercial Bank #1** (1 per group)
- **Commercial Bank #2** (1 per group)
- **Credit Union** (1 per group)

TEACHER PRESENTATION SLIDE:

- **Understanding Compound Interest Warm Up**

ESSENTIAL QUESTIONS:

- *What are the benefits of saving with a financial institution?*
- *What savings option is best for a particular situation?*

ASSESSMENT ACTIVITIES:

Pre-Assessment:

- **Understanding Compound Interest** activity

Post-Assessment:

- **Opening a Savings Account** activity
- **Opening a Savings Account** presentation
- **The Perfect Bank** activity

Group Handouts	16
Answer Key	19
Glossary with key vocabulary	20



INSTRUCTION STEPS

WARM UP

UNDERSTANDING COMPOUND INTEREST [10 MINUTES]

To begin the lesson, provide students with a math problem from the ***Understanding Compound Interest Warm Up*** slide to help them understand compound interest. Explain the compound interest formula to students: In order to find the amount of money that you'll make after n years, you have to add 1 plus the interest rate (as a decimal – represented by r on the slide) over the number of years that you leave the money in the account (represented by n on the slide). Multiply the number of times the interest is compounded per year (represented by n on the slide) by the number of years for which the amount is deposited (represented by t on the slide). Use the n product as an exponent for your first sum. Then multiply that by the principal (or the initial amount that you put in savings– represented by P on the slide).

For example: if you want to find the amount of money in your savings account after one year, assuming you originally deposited \$100, and with an interest rate of 5% compounded annually, you compute the following: Amount = $\$100(1 + .05/1)$.

After reviewing the answers, discuss:

- *When we compound interest annually, notice that each year, my interest is added to my principal, and we find the interest of that new, bigger number.*
- *What would happen if I made the interest rate higher? (more money accumulated in interest) Lower? (less money accumulated in interest)*
- *What would happen if I started with a higher principal? (more money accumulated in interest) Lower? (less money accumulated in interest)*

Grade-Level Modification:

Beginner: Build background knowledge about compound interest by showing *Compound Interest: How to Make a Million Bucks*. Build additional background knowledge about the services financial institutions offer by showing *Take It to the Bank*. See additional readings and resources in Money Smart Tip below.

MONEY SMART TIP!

Teach your students more about compound interest by discussing “10 Things You Need to Know About Compound Interest” from *U.S. News & World Report*.

<http://money.usnews.com/money/blogs/my-money/2012/09/20/10-things-you-need-to-know-about-compound-interest>



GROUP EXPLORATION

OPENING A SAVINGS ACCOUNT — DECISION MAKING [15 MINUTES]

Split students into small groups of three to five for this activity. Each group will receive a set amount of money and will have a financial goal. Distribute the **Opening a Savings Account** student handout.

Have each group write its amount of money and its goal on the top of its handout. The groups are:

- **Group 1 – \$10,000.** This money has been sitting in a checking account, not earning interest, and you're just hoping to make it start earning some interest.
- **Group 2 – \$5,000.** You're hoping that you will have \$10,000 to buy a car in a few years.
- **Group 3 – \$3,000.** This is your emergency fund, which you've been keeping in your savings account. You need to be able to access it if there's an emergency.
- **Group 4 – \$150.** You just got your first paycheck for your summer job and you want to make sure that you don't spend it all right away.

Grade-Level Modifications:

Beginner: Provide only one or two options for students, using numbers that are easy for interest calculations.

Advanced: Allow students to determine their own scenario, including the amount of money they would like to put into the savings account.

Provide groups with a copy of the group handouts representing offerings from *Commercial Bank #1*, *Commercial Bank #2*, and the *Credit Union*. In their groups, students should read through the variety of savings options and select the best financial institution and account for their scenario. As they're working through their decision, they should be filling out the **Opening a Savings Account** student handout. See a sample of a completed student handout in the **Answer Key**.

Grade-Level Modifications:

Beginner: Reduce the number of banking options and/or account options.

Advanced: Allow students to look up additional banking and account options online.

OPENING A SAVINGS ACCOUNT – PRESENTATION [15 MINUTES]

Once groups have made their decision, they should prepare a group presentation about it. After a short preparation period, allow students to share their presentations with one another.

Check for understanding by asking the following questions:

- *What are the differences between some of the accounts that were available? Why did some groups choose one type of account and other groups choose another?*
- *How did the financial institutions themselves differ? What institution might you choose to create your first savings account? Why?*
- *Why is it important to save money with a financial institution that is insured? What might happen if that bank is not insured?*



WRAP UP

THE PERFECT SAVINGS ACCOUNT [10 MINUTES]

Have students take out a sheet of loose-leaf paper, on which they will quick-write about the perfect savings account. This activity will help students understand bank accounts from the perspective of a financial institution, rather than a consumer.

Prompt them with the following questions: *Describe the perfect savings account. What is the minimum initial deposit? What are the terms, fees, and interest rate? Now consider: Why can't this "perfect" bank account exist? (For example: what would happen if a bank provided high interest rates on all of its accounts? Or, what would happen if people could earn interest and have protection on any amount of money, as opposed to the "up to \$250,000" offered by most banks?)* Ask students to use vocabulary that they learned in this lesson to demonstrate their understanding of savings options.

EXTENSION IDEAS

Note: Use the following ideas to extend financial literacy concepts throughout the school year within core content areas through English Language Arts, Math, Social Studies and Economics, and Technology activities, projects, and discussions. Duration of activities will vary.

ENGLISH LANGUAGE ARTS

- **Writing Prompts:**
 - Imagine that you are about to embark on your first job. You will receive a biweekly paycheck of \$950 once taxes and deductions are taken out. Explain your savings plan for this period of your life.
- **Additional Readings/Resources:**
 - *Set a Goal: What to Save For* by the Consumer Federation of America: Helpful advice for saving for a variety of things, like a car, a house, or retirement. <http://www.americasaves.org/for-savers/set-a-goal-what-to-save-for>
 - *Make a Plan: How to Save Money* by the Consumer Federation of America: Suggestions for saving strategies and budgeting. <http://www.americasaves.org/for-savers/make-a-plan-how-to-save-money>
 - *Take It to the Bank* by BizKids: A video overview of the services that financial institutions offer. (Time of video: 1:17 minutes) <http://bizkids.com/episode/take-it-to-the-bank>
 - *Compound Interest: How to Make a Million Bucks* by Biz Kids: A video episode about how it is possible to make a lot of money through taking advantage of savings. (Time of video: 1:55 minutes) <http://bizkids.com/clip/de-compound-interest>



MATH

- **Activity/Project Ideas:**
 - Imagine that you receive a \$200 gift from a family member. Research savings accounts at a local bank. Determine how much interest you would earn on your \$200 savings account deposit if you allowed it to accumulate compound interest over 5, 10, 15, and 20 years.

SOCIAL STUDIES AND ECONOMICS

- **Activity/Project Ideas:**
 - Learn more about the Bank Reform Act of 1933, which ultimately resulted in changes for depositors in the safety of their deposits in federally insured banks. Describe the differences between banks before the Bank Reform Act of 1933 and after. Explain the impact of the act.

TECHNOLOGY

- **Online Games/Tools:**
 - *Compound Interest Calculator* by the U.S. Securities and Exchange Commission: A tool to calculate how much your money can grow with compound interest.
http://www.investor.gov/tools/calculators/compound-interest-calculator#.U_3hdLywJ78
 - *Test Your Money Smarts* by the U.S. Securities and Exchange Commission: An online quiz to test knowledge of saving and investing concepts.
http://www.investor.gov/tools/quizzes/test-your-money-smarts#.U_3hz7ywJ78
 - *Hit the Road: A Financial Adventure Game* by the National Credit Union Administration takes you on a virtual road trip across the country, but the journey is not an easy one. You must save and spend your money wisely to complete challenges along the way.
<http://www.mycreditunion.gov/Pages/pocket-cents-game.aspx>
 - *The Great Piggy Bank Adventure* by the Disney Corporation: A game that helps students set a financial goal and carry through with their plans.
<http://piggybank.disney.go.com/game/>



COMMERCIAL BANK #1

Directions: Use with **Opening a Savings Account–Decision Making** activity.

Make one copy per group of students.

ABOUT US:

Our bank seeks to help our customers improve their financial lives. We work with more than 50 million people individually, in a business setting or in their communities. As experts in finance, we hope we can serve you, too.

<p align="center">Basic Savings Account First savings account?</p>	<p align="center">Personal Money Market Savings Account Want to earn more interest as your balance grows?</p>
<p>Fees:</p> <ul style="list-style-type: none"> • \$25 minimum opening deposit • \$5 monthly fee if balance is less than \$300 <p>Interest Rate:</p> <ul style="list-style-type: none"> • .01% compounded interest <p>Benefits:</p> <ul style="list-style-type: none"> • Includes a debit card for ATM withdrawals and deposits • Debit card may be used for commercial transactions <p>Terms and Conditions:</p> <ul style="list-style-type: none"> • Limited to three withdrawals per month • FDIC-insured up to \$250,000 	<p>Fees:</p> <ul style="list-style-type: none"> • \$25 minimum opening deposit • \$12 monthly fee if balance is less than \$2,500 <p>Interest Rate:</p> <ul style="list-style-type: none"> • .02% with balance less than \$20,000 • .03% with balance of \$20,000–\$250,000 • .04% with balance over \$250,000 <p>Benefits:</p> <ul style="list-style-type: none"> • Online and mobile phone banking available <p>Terms and Conditions:</p> <ul style="list-style-type: none"> • FDIC-insured up to \$250,000

*WHAT IF THE BANK FAILS? INSURING YOUR MONEY:

The Federal Deposit Insurance Corporation (FDIC) is an independent agency of the United States government. The FDIC protects depositors against the loss of their insured deposits if an FDIC-insured bank or savings association fails. FDIC insurance is backed by the full faith and credit of the United States government. The FDIC provides up to \$250,000 in deposit insurance per depositor, per bank, and per account category, in accordance with the FDIC's deposit insurance regulations. Insured deposits include funds deposited in checking accounts, savings accounts, money market savings accounts, and CDs.



COMMERCIAL BANK #2

Directions: Use with **Opening a Savings Account–Decision Making** activity.
Make one copy per group of students.

ABOUT US:

We are neighbors meeting the banking needs of neighbors. Join us today!

Passbook Savings Account

Need a basic savings account?

Fees:

- \$5 minimum opening deposit
- \$20 monthly fee if balance is less than \$250

Interest Rate:

- .05% compounded interest

Benefits:

- Includes a debit card for ATM withdrawals and deposits only

Terms and Conditions:

- Limited to one withdrawal per month
- FDIC-insured up to \$250,000

High-Yield Savings Account

Want premium interest rates?

Fees:

- \$1 minimum opening deposit
- \$10 monthly fee if balance is less than \$3,500

Interest Rate:

- .03% with balance less than \$100,000
- .05% with balance over \$100,000

Benefits:

- Checkbook provided

Terms and Conditions:

- Limited to six withdrawals per month
- FDIC-insured up to \$250,000

WHAT IF THE BANK FAILS? INSURING YOUR MONEY:

The Federal Deposit Insurance Corporation (FDIC) is an independent agency of the United States government. The FDIC protects depositors against the loss of their insured deposits if an FDIC-insured bank or savings association fails. FDIC insurance is backed by the full faith and credit of the United States government. The FDIC provides up to \$250,000 in deposit insurance per depositor, per bank, and per account category, in accordance with the FDIC's deposit insurance regulations. Insured deposits include funds deposited in checking accounts, savings accounts, money market savings accounts, and CDs.



CREDIT UNION

Directions: Use with **Opening a Savings Account–Decision Making** activity.
Make one copy per group of students.

ABOUT US:

We are a member-owned, democratically controlled financial institution. That means that, if you open an account with us, you can help us make decisions. We work together to offer competitive rates for our members and to serve our community.

Young Savers Club Account Designed by students, for students	Share Savings Account Want premium interest rates?
<p>Fees:</p> <ul style="list-style-type: none"> • \$10 minimum opening deposit <p>Interest Rate:</p> <ul style="list-style-type: none"> • .03% compounded interest <p>Benefits:</p> <ul style="list-style-type: none"> • No monthly minimum fees <p>Terms and Conditions:</p> <ul style="list-style-type: none"> • Withdrawals and deposits may only be made in person at the bank • Available only for students 	<p>Fees:</p> <ul style="list-style-type: none"> • \$1 minimum opening deposit <p>Interest Rate:</p> <ul style="list-style-type: none"> • .03% compounded interest <p>Benefits:</p> <ul style="list-style-type: none"> • No monthly minimum fees • Includes a debit card for ATM withdrawals and deposits only <p>Terms and Conditions:</p> <ul style="list-style-type: none"> • Limited to three withdrawals per month

WHAT IF THE BANK FAILS? INSURING YOUR MONEY:

The National Credit Union Administration (NCUA) is an independent agency of the United States government. The NCUA protects credit union members against losses if an NCUA-insured credit union fails. NCUA insurance is backed by the full faith and credit of the United States government. The NCUA provides up to \$250,000 in insurance coverage to each shareowner, per insured credit union, for each account ownership category, in accordance with the NCUA’s regulations. Funds that are insured by NCUA include regular shares (similar to savings), share drafts (similar to checking), money market accounts, and share certificates (similar to CDs).

ANSWER KEY

for Student Handouts

LESSON 7: OPENING A SAVINGS ACCOUNT

Answers will vary. Completed Sample:

Money to save: **\$5,000**

Scenario: **You're hoping that you will have \$10,000 to buy a car in a few years.**

OUR DECISION

Financial Institution: **Commercial Bank #2**

Account Name: **Passbook Savings Account**

Fees, Terms, and Other Important Information: **\$5 minimum opening deposit, \$20 low fee if balance is less than \$250, one withdrawal per month.**

INTEREST RATE TABLE

Year	Balance	Interest	Total
1	\$5,000.00	\$2.50	\$5,002.50
2	\$5,002.50	\$2.50	\$5,005
3	\$5,005	\$2.50	\$5,007.50
4	\$5,007.50	\$2.50	\$5,010
5	\$5,010	\$2.51	\$5,012.51

Why did you choose this financial institution and this account over others? **First, it has one of the higher interest rates for lower balances. Second, even though it only allows one withdrawal a month, it is being used to save, and that limit may help with savings.**

GLOSSARY

Annual Percentage Rate (APR): The cost of borrowing money on a yearly basis, expressed as a percentage rate.

Bank: A financial institution and business that accepts deposits, makes loans, and handles other financial transactions.

Budget: A plan that outlines what money you expect to earn or receive (your income) and how you will save it or spend it (your expenses) for a given period of time.

Career: The type of work a person pursues for the majority of their life that may involve formal education, special training, or be within a specific industry.

Cash Flow: Income and expenses over a given period of time.

Credit: The ability to borrow money and pay it back later.

Credit Card: A plastic card that can be used to obtain credit (such as to purchase goods and services).

Debit: An amount of money taken out of a deposit account to pay for something.

Debit Card: A plastic card that can be used to deposit or withdraw cash from a checking or other bank deposit account, such as at automated teller machines or at retail locations that accept cards.

Debt: Money that is owed.

Discretionary Expenses: Money that is not essential to spend; money spent on wants.

Diversification: The approach of spreading your money among various investments with the hope that if one investment loses money, the others will make up for those losses; also referred to by the phrase "don't put all your eggs in one basket".

Earned Income: Money you get from working, such as wages, commissions and tips.

Expense: The cost of goods and services; the amount of money that is spent.

Federal Deposit Insurance Corporation (FDIC): Preserves and promotes public confidence in the U.S. financial system by insuring deposits in banks and thrift institutions for at least \$250,000. An independent agency of the federal government, the FDIC was created in 1933.

Financial Institution: A bank or credit union.

Fixed Expense: An expense that does not change from month to month.

Goal: Something you wish to achieve or accomplish in a specific amount of time.

Identity Theft: When someone steals another person's identity to commit fraud, such as by using his or her name or Social Security number to get something. Identity theft is a crime.

Income: Money that you receive from jobs, allowances, gifts, interest, dividends, and other sources.

Income Tax: Taxes on income, both earned (salaries, wages, tips, commissions) and unearned (interest, dividends). Income taxes can be levied on both individuals (personal income taxes) and businesses (business and corporate income taxes).

Insurance: A contractual relationship that exists when one party (the Insurer), for a fee(the

GLOSSARY (continued)

premium) agrees to reimburse another party (the Insured or third party on behalf of the Insured) for a specific loss.

Interest: Money that a bank or other financial institution pays you for keeping money on deposit with them, or the amount of money you pay a bank as a fee when you borrow money.

Invest: To put money at risk with the goal of making a profit in the future.

Investment Vehicles: The methods that a person (or business) can use to invest money.

Job: A specific duty, task, or activity someone completes using his or her time, skills, and energy to earn money.

Mutual Fund: An investment tool that pools the money of many investors and invests it in stocks, bonds, and money market assets, or other securities.

Need: Something you must have to survive, such as clothes, shelter, or food.

Opportunity Cost: The next best thing that you give up in order to do something else; a trade-off of a decision you make.

Payroll Deduction: Money that an employer withholds from earnings.

Phishing: When fraudsters impersonate a business or government agency to try to get you to give them personal information, such as through an email or text message. Can also be thought of as “fishing for confidential information”.

Profit: The money gained or left over after money spent (expense) is subtracted from money earned (income).

Return: Money made (profit) from an investment.

Risk: The possibility that something unplanned or unintended may happen (such as losing money). Uncertainty about outcomes that are not equally desirable. In finance, it refers to the degree of uncertainty about the rate of return and the potential harm that could arise when financial returns are not what the investor expected.

Risk Management: The process of calculating risk and choosing approaches to minimize or manage loss.

Save: Setting something, like money, aside to use in the future.

Savings Account: A bank account that you can use to set aside money, and that pays you interest.

Savings Bond: People lend money to the Government so it can pay its bills. Over time, the Government gives that money, plus a bit extra (interest), back to those people as payment for using the borrowed money.

Stock: An investment that represents a share of ownership in a company.

Tax: Money that has to be paid to a government to provide public goods and services.

Variable Expense: Money that a person spends or gives away that varies from month to month.

Want: Something that you would like to have but that you could live without, such as a TV or tickets to a baseball game.



**Money
Smart**

for Grades 6-8
Student Guide



A fun way to help kids
get smart about money.





OPENING A SAVINGS ACCOUNT

Name: _____

Money to save: _____

Scenario: _____

OUR DECISION

Financial institution: _____

Account name: _____

Fees, terms, and other important information: _____

INTEREST/APY RATE TABLE

Year	Balance	Interest	Total
1			
2			
3			
4			
5			

Why did you choose this financial institution and this account over others? _____

