Teach Children to Save Day 2015

Lesson: <u>The Great Investo and the Flourishing Flamingos</u>

Materials:
Teacher will supply:

- overhead projector and transparency pen OR document camera
- pencils
- chalkboard or whiteboard and appropriate writing implement
- a magnet for displaying word card

Banker will supply:

- 30 copies of the Handout

A transparency of the Handout and a copy of the word card will be in your packet. If the classroom has a document camera, you will only need a paper copy of the Handout.

Preparation:
Review the lesson ahead of time.
Before beginning the lesson, place Handout 1 on (under) the projector.

Tips for Bankers:

1. Write the story questions on post-it notes, then place the sticky notes on pages where the reading stops.
2. You might want to put a light pencil mark at your reading stopping points.
3. As you read, show the pictures to the students. You can show them using the document camera if one is available.
4. Place the Handout on the projector or document camera, but do not turn it on. Turn it on as you are having students record answers on their handout beginning with Procedure 10. You should also write the answers on your projected copy.
5. As students are working, circulate around the room to help where needed.
6. Distribute gifts from your bank at the **end** of the session.

Procedure:

1. **Introduce** yourself and your bank.

2. Begin the lesson by **asking** the following questions.
   a. What does it mean to save money? *(Not spending your money right now, keeping it for later)*

b. Why is saving money important? *(Saving helps with making expensive purchases and with life's emergencies.)*
c. How many of you save your money? *(Answers will vary.)*
d. What are some things you are saving for? *(Answers will vary.)*

3. **Distribute** the Handout, one per student, and ask students to have pencils on their desks.

4. **Show** the cover of the book. **Read** the title and author. **Ask:** Does anyone know what the word ***flourishing*** means? (*lots of something*) Tell students that Investo, the world's worst money magician, and the students are going to learn about how your saved money can earn even more money.

5. Begin to **read** the story. Stop after page 7. **Ask:** Why is it best to save your money in a bank? (*A bank is safe and pays interest*.) Does anyone know what *interest* is? (*Have a couple of students share answers.)* **Say:** Penny is always very smart about money. Let's see what she says about interest.

6. Continue to **read**. Stop after page 9. **Ask:** How does Penny explain interest? (*"Interest is what the bank pays when you deposit your money and then let it stay."*) Why do you think it is important to let your money stay in the bank? (*The more you deposit and the longer it stays in the bank, the more interest it will earn.)*

7. Continue to **read**. As you are reading page 11, emphasize "interest on interest you've already learned". **Stop** after page 11. Display the **compound** word card. Explain that Penny is talking about *compound interest*. The word **compound** means **more of something**. **Ask:** So what would *compound interest* mean? (*Not only does the money you deposit earn interest, also the interest earns interest, so you get even more!)*

8. Continue to **read**. Stop after page 21. **Ask:** So what happened when the flamingos compounded? (*They multiplied – there were more and more*!)

9. Continue to **read**. Stop after page 37. **Explain:** A percentage is just like a fraction; it means part of a whole thing. (**Write** the following examples on the board as you are explaining.) For example, 25 percent is the same as ¼. With a percentage, the bottom number (the denominator) is always 100 (**write** this on the board as **xx/100**), so 5 percent is **5/100**. You can also write it as **5%**. **Ask:** How much money will be deposited each week? (*$5.00*) How much interest will be paid in this example? (*5%*) [You might want to mention that not all accounts earn the same percentage of interest.]

10. **Display the Handout on the overhead projector or document camera**. **Explain:** We are going to do Part 1 on the Handout. **You and the students read aloud together** from the Handout: Penny is going to challenge The Great Investo to a savings race. She is going to offer the following two options:

1. $500.00 right now

   OR

2. $5.00 that she will deposit into an interest-bearing savings account.

Have students vote (only once!) to indicate which option they would choose. Both you and the students will write the count in the blanks on the Handout. Then answer the questions at the beginning of Part 2. Write *52* x *$5* on the board (vertically) and have a student explain how to get the answer of $260 per year.

11. **Explain:** I am going to continue reading. As I read, we will be filling in the chart on your Handout so we can see how savings increase when the money is earning compound interest.

12. Continue to **read**, starting from page 38. **Stop** at pages 39, 40, 43, and 44 to fill in the chart. As you fill in answers on the chart, have students also fill in their charts.

13. **Finish reading** the book. **Read** Part 3 on the Handout and have students follow the directions. **Ask:** How much money did you actually deposit in 50 years? (*$1300*) How much interest did that $1300 earn? (*$44,864.60*)

14. **Wrap-up -- Ask:** Are you all happy with your vote in Part 1? From the information we have just learned about compound interest, how many of you would change your vote? (Note that some students still may choose the $500 option. Ask them to explain their decision. Others will change and go for option 2. Ask those students why they changed their decision.)

    Review by asking the following questions:
    - What does *compound* mean? (*more of something*)
    - Where is the best place to save your money? *(a savings account at a bank)*
    - Why? *(your money earns compound interest, it is safe, you won't be tempted to spend it, you won't lose it)*

compound

Name _____ Handout 1

Part 1 -- Penny is going to challenge The Great Investo to a savings race. She is going to offer the following two options:

3. $500.00 right now

   OR

4. $5.00 that she will deposit into an interest-bearing savings account for him.

Which one would you choose to have? Take a class vote:

Option 1 _____ Option 2 _____

Part 2

How many weeks are in a year? _____

If you deposit $5 every week, how much money will you deposit in a year? _____

We are going to fill in the chart as Penny explains about the compound interest we would earn.

	Money you have deposited	Interest earned at 5% interest	Amount in savings account	Rounded-off amount (to the nearest hundred)	Amount in jar
5 years					
10 years					
20 years					
50 years					

Part 3 – Now draw a circle around the total amount you deposited in 50 years and a square around the total amount of interest you earned in 50 years. Your earned interest is more than 3 TIMES THE AMOUNT YOU DEPOSITED!!

Name ____**ANSWER KEY**_____ **Handout 1**

Part 1 -- Penny is going to challenge The Great Investo to a savings race. She is going to offer the following two options:

1. $500.00 right now
   OR
2. $5.00 that she will deposit into an interest-bearing savings account for him.

Which one would you choose to have? Take a class vote:

Option 1 _____ Option 2 _____

Part 2

How many weeks are in a year? **__52__**

If you deposit $5 every week, how much money will you deposit in a year? **$260_**

We are going to fill in the chart as Penny explains about the compound interest we would earn.

	Money you have deposited	Interest earned at 5% interest	Amount in savings account	Rounded-off amount (to the nearest hundred)	Amount in jar
5 years	$1,300	$179.02	$1,479.42	$1,500	$1,300
10 years	$2,600	$771.65	$3,371.65	$3,400	$2,600
20 years	$5,200	$3,3716.55	$8,916.55	$9,000	$5,200
50 years	$13,000	$44,864.60	$57,863.60	$57,900	$13,000

Part 3 – Now draw a circle around the total amount you deposited in 50 years and a square around the total amount of interest you earned in 50 years. Your earned interest is more than 3 TIMES THE AMOUNT YOU DEPOSITED!!