

MONEY TALK\$

INSIDE THIS ISSUE:

<i>Lesson Background</i>	2
<i>Where to Save Your Money</i>	3
<i>Mind Your Money</i>	4
<i>Make Your Money Grow</i>	5
<i>Ways to Save Money</i>	6

MONEY TALK\$ is a joint project of:

**Delaware Financial Literacy Institute/
Delaware Money School**
Ronni Cohen, Director
3301 Green Street
Claymont, DE 19703
302.792.1200
www.delawaremoneyschool.com

Center for Economic Education and Entrepreneurship
Jim O'Neill, Director
102 Alfred Lerner Hall
Newark, DE 19716
302.831.2559
www.udel.edu/ceee

State Treasurer Jack Markell
540 S DuPont Hwy, Ste 4
Dover, DE 19901
302.744.1000
www.state.de.us/treasure

Editor

Amanda Murphy
amandamurphy@delawaremoneyschool.com

Teacher Advisory Board

Michele Amalfitano Sue Shaw
Dawn Camfield Lisa Stoner
Jenni Million

A Message from State Treasurer Jack Markell

Teaching our children to save at a very young age is critical. Lately, interest has surged in promoting financial literacy among students. Why? With the U.S. Department of Treasury reporting America's household debt has reached a staggering \$6.7 trillion, we must make financial education a priority. We must provide our children with the knowledge and skills they need to manage their money, stay out of debt and save for retirement. We hope you will continue to find the tools in MONEY TALK\$ useful as you incorporate financial education into your classroom.

ISSUE Focus: Saving and the Power of Compounding

The second issue of MONEY TALK\$ is focused around easy-to-use activity sheets and more of them! These activities will help your students learn about saving and why it's important to: **Save early and often!**

Summer Graduate Seminars

FREE for DE Public School Teachers

Money Talk\$

July 12-16, Grades 4-12, 2-3 Graduate Credits

Making Sense of Money and Banking

July 19-23, Grades K-12, 2 Graduate Credits

Mini-Society

July 21-23, Grades 3-6, 1 Graduate Credit

Professional Development

Wide World of Trade

Wed., Mar. 31, Postlethwait Middle, Grades 6-8

Includes curriculum of 11 hands-on lessons

Contact the Center for Economic Education and Entrepreneurship for more information: meszarob@lerner.udel.edu or 302.831.2559.

Meaningful Economics Competition

The 19th Annual M.E. Competition will have Delaware's students testing their economics, entrepreneurial and personal finance skills. Last year, nearly 100 teams competed in this exciting three-day event. In Georgetown Grades 3-5 will compete on May 27th. In Newark, Grades 3-4 will compete on June 2nd and Grades 5-6 on June 3rd. To learn about bringing a team, email meszarob@lerner.udel.edu or call 302.831.2559.

Saving teaches:

- Planning and delayed gratification
- A way to get what you want and need
- The interrelationship between spending and earning

FREE Economics Comic Books



To order online, go to <http://app.ny.frb.org/education/elemiddleschool.html> and click on "Order Comic Books."

Free Lessons on the Web

Check out these story-based personal finance lessons—your students will love them! <http://www.moneymanagement.org/Education/Resources/>

Delaware Money School

FREE Financial Education Classes

Upcoming titles include:

- Teachers' Plan Book for Retiring
- Mutual Fund Basics
- Think Rich: Mind Your Money
- And many, many more...

Visit www.delawaremoneyschool.com
Email classes@delawaremoneyschool.com
Or call 302.792.1200 for a current schedule

NEXT ISSUE: School's Out Activity Calendar

LESSON: SAVING AND THE POWER OF COMPOUNDING

Introduction

Because this lesson was designed to be flexible, the activity sheets can be completed individually or all at once. Lessons can be introduced with one or more of the *Discussion Starters*. Help build students' knowledge about saving by teaching them the *Words to Know*.

Economics Standards and Concepts

- *Delaware Economics Standard One (Microeconomics):* Students will analyze the potential costs and benefits of personal economic choices in a market economy.
- Saving
- Interest & Compounding

Discussion Starters

Introduce the lesson by asking students:

- What is saving?
- What have you saved (in addition to money)?
- Can you think of any more examples of saving?
- How can you save money?
- Why do you save?
- What is an example of a short-term saving goal?
- What is an example of a long-term saving goal?
- When you get money, do you buy something right away or do you save until you can afford something you really want?
- Have you ever lost money (playing on the playground or forgetting to take it out of your laundry)? How did you feel? How can you prevent this from happening?
- Where can you save your money?
- Has anyone ever found your hiding spot for your money?
- Where are some safe places to save your money?

Ways to Save Money (Page 6)

& Where to Save Your Money (Page 3)

Objectives: Students will: 1) identify different ways to save money, 2) identify the costs and benefits of different saving locations, 3) learn the figurative meaning of the idiom "Save for a rainy day."

Words to Know: saving, opportunity cost, incentive, interest

Hints: 1) Remind students that opportunity cost is the best alternative that must be given up because another option is chosen. 2) The answer to the saving for a rainy day question is *choice b*.

Assessment: Using persuasive writing, have students write letters convincing a friend of the best way to save money. Have them include at least three supporting details.

Mind Your Money (Page 4)

Objective: Students will analyze spending habits.

Assessment: Sarah earned \$11 babysitting on Friday night. This is what she bought over the weekend:

Soda & Chips = \$1.88 Book = \$4.95 Ice Cream Cone = \$2.50

How much money does Sarah have left? (\$1.67) If you could go back in time, what advice would you give Sarah to help her handle her money?

Make Your Money Grow (Page 5)

Materials: calculators

Objectives: Students will: 1) explain how compounding enhances savings, 2) solve problems by compounding, 3) learn how to use the Rule of 72.

Words to Know: opportunity cost, interest, interest rate, compounding, Rule of 72

Variation: Have students keep this worksheet in a book they bring to class every day and have them complete one square each day for a month.

Hints: 1) If the penny were compounded daily, at the end of the month there would be \$10,737,418.24. 2) 2% = 36 yrs, 5% = 14.4 yrs, 1% = 72 yrs, 4% = 18 yrs.

Assessment: If you were given a quarter and it was compounded every day for a week, how much would you have at the end of the week? (\$16) OR Draw a conclusion about the Rule of 72, pretending interest is at an all time high of 8%.

Extra: Check out this saving calculator at: <http://www.moneychimp.com/features/rule72.htm>

Literature Extensions

- *Lucky the Golden Goose* by John Wrenn
- *My Rows and Piles of Coins* by Tololwa M. Mollel
- *One Grain of Rice* by Demi
- *The King's Chessboard* by David Birch
- *Willie Wins* by Almira Astudillo Gilles

Online Extension

Students can log on to www.wisepockets.com and visit the Wise Pockets Clubhouse Library to read "Tim's Turn to Learn," an interactive story about a boy who's having trouble saving his money.

Words to Know

Saving - Income not spent on current consumption of goods and services.

Opportunity Cost - The best alternative that must be given up because another option is chosen.

Incentive - A reward or penalty offered to influence how people behave.

Interest - The price of using someone else's money. Banks pay interest as an incentive to savers.

Interest rate - The price of using someone else's money, in the form of a percentage.

Compounding - The action of leaving earned interest in the account so it earns interest too.

Rule of 72 - A formula for calculating how long it takes money to double.

Where to Save Your Money

People often say they are *saving for a rainy day*. They mean they are:

- a) saving money to spend doing fun stuff the next time it rains.
- b) saving money for a time when they really need it, like an unexpected expense.
- c) saving money to buy an umbrella.

List as many costs and benefits as possible for each place you could save your money.

Location	Good Things About This Location Benefits ☺	Bad Things About This Location Costs ☹
Stash it in your pocket.		
Give it to an adult to hold.		
Save it in your piggy bank.		
Find a special place at home.		
Deposit it into a bank savings account.		
Write another location here. _____		

Using your chart, decide where you will save your money.

I would choose to save my money in/by _____

Because _____

My opportunity cost is _____

Mind Your Money

“Mind the pennies and the dollars will take care of themselves.”

~ Old Proverb

- Here’s the Challenge:**
- Estimate how much money you spend in an average week. \$ _____
 - For one week, record every cent you spend and save.
 - Remember to include little things like snacks.
 - Use the back of the paper if you need more space.
 - At the end of the week, total your spending and answer the questions.

Day 1	Day 2	Day 3	Day 4	Day 5	Day 6	Day 7
I spent \$ _____ to buy _____	I spent \$ _____ to buy _____	I spent \$ _____ to buy _____	I spent \$ _____ to buy _____	I spent \$ _____ to buy _____	I spent \$ _____ to buy _____	I spent \$ _____ to buy _____
I spent \$ _____ to buy _____	I spent \$ _____ to buy _____	I spent \$ _____ to buy _____	I spent \$ _____ to buy _____	I spent \$ _____ to buy _____	I spent \$ _____ to buy _____	I spent \$ _____ to buy _____
I spent \$ _____ to buy _____	I spent \$ _____ to buy _____	I spent \$ _____ to buy _____	I spent \$ _____ to buy _____	I spent \$ _____ to buy _____	I spent \$ _____ to buy _____	I spent \$ _____ to buy _____
I spent \$ _____ to buy _____	I spent \$ _____ to buy _____	I spent \$ _____ to buy _____	I spent \$ _____ to buy _____	I spent \$ _____ to buy _____	I spent \$ _____ to buy _____	I spent \$ _____ to buy _____
Daily = \$ _____ Total	Daily = \$ _____ Total	Daily = \$ _____ Total	Daily = \$ _____ Total	Daily = \$ _____ Total	Daily = \$ _____ Total	Daily = \$ _____ Total

Add the Daily Totals to find your Total Spent during the week.

Total Spent = \$ _____ + \$ _____ + \$ _____ + \$ _____ + \$ _____ + \$ _____ + \$ _____ = \$ _____

Does the Total Spent surprise you? _____ Circle any purchases which surprise you.

Check your estimate at the top. Did you spend more or less than you estimated? _____

Put a star beside any purchases you could have spent less on or skipped entirely.

How much did you save for the future and for what are you saving? _____

Make Your Money Grow

- Imagine your family is really, really rich. You always receive a big allowance, but this month your family is going to let you choose how much to receive. Circle your choice:
 - Receive \$500,000 for the month.
 - Receive one penny on the first day and double that amount each day of the month. This is called **compounding**.
- Complete the calendar by doing the math to see how smart your choice was.

Really, Really Rich Month						
Sunday	Monday	Tuesday	Wednesday	Thursday	Friday	Saturday
	1 \$0.01	2 \$0.01 $\times 2$ \$0.02	3 \$0.02 $\times 2$ \$0.04	4 \$0.04 $\times 2$ \$0.08	5	6
7	8	9	10	11	12	13
14	15	16	17	18	19	20
21	22	23	24	25	26	27
28	29	30	31	Circle one: > Day 31 < \$500,000 =		

How much money will you have at the end of the month if your money is **compounded daily**? \$ _____
 Circle the allowance choice you would choose now. a) \$500,000 or b) one penny compounded daily

EXTRA FOR EXPERTS: Doubling Your Money

Use the **Rule of 72** to find out how long it will take your invested money to double.
72 ÷ interest rate = # of years for your money to double
 Example for a 3% interest rate: 72 ÷ 3 = 24 years

Find out how long it will take to double your money at these interest rates.

2% = _____ years 5% = _____ years 1% = _____ years 4% = _____ years

MONEY TALK\$

A joint project of
Delaware Financial Literacy Institute
Delaware Money School
State Treasurer Jack Markell
Center for Economic Education and Entrepreneurship
102 Alfred Lerner Hall
Newark, DE 19716

Money isn't everything.
Understanding it is.

ATTENTION: Activity Sheets Inside

MONEY TALK\$

Volume 1, Issue 2
Saving and the Power of Compounding

Ways to Save Money

- 1¢ **Pay yourself first:** Always put aside some savings before you spend any money.
- 2¢ **Shop around:** Compare brands and prices to get the best buy.
- 3¢ **Sleep on it:** Give yourself a waiting time before making a purchase.

List at least three more ways to save money.
