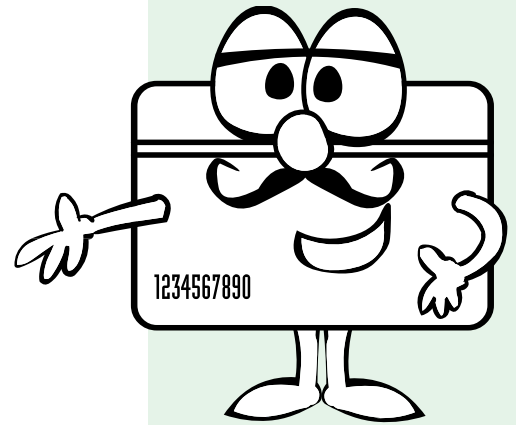


Grade Five

Saving and Investing



Overview

Students share several chapters from the book *The Young Investor: Projects and Activities for Making Your Money Grow*, by Katherine R. Bateman, to learn about saving and investing. Students complete a worksheet on creating a portfolio, play a saving and investing card game, and create a skit for a commercial that explains why it is important to invest.

Lesson Objectives

- Students will be able to:
- Define the term *save*
- Define the term *invest*
- Describe the various ways people can save their money
- Describe the various ways people can invest their money

Materials List

1. Book: *The Young Investor: Projects and Activities for Making Your Money Grow*, by Katherine R. Bateman (Chicago Review Press, 2001)
2. Chalkboard or chart paper
3. Handouts:
 - **My Own Portfolio** worksheet
 - **Saving and Investing** cards

Content Standards

The activities in this lesson correlate to national standards in economics, social studies, mathematics, and language arts. See the end of this lesson for content standards information.

Vocabulary

bond
certificate of deposit
invest
money market account
mutual fund
portfolio
save
savings account
stock

Large-Group Activity

Materials

- Book: *The Young Investor: Projects and Activities for Making Your Money Grow*
- Chalkboard or chart paper
- Handout: **My Own Portfolio** worksheet

1. Gather students to share the book *The Young Investor: Projects and Activities for Making Your Money Grow*, by Katherine R. Bateman.

- Say:

I'm going to read you part of a book that describes the various ways individuals can save and invest their money. This book is called *The Young Investor: Projects and Activities for Making Your Money Grow*, and it's written by Katherine R. Bateman.

The first part that I'm going to read to you is about saving. What does the word *save* mean?

Allow students to respond.

When you **save your money, you keep some money for the future instead of buying goods and services right away.**

Have any of you saved your money? What did you save for? How did you save your money?

Allow students to share their experiences with saving money.

Let's learn about the different ways individuals can save their money.

- Read the pages 15 through 18 aloud to the class. Stop before you get to "The Power of Compounding."

2. Discuss this part of the book with the class.

- **This book talked about many different ways you can save money. Let's talk about the different ways to save money.**

Ask students the following questions. Write the definitions of the terms on the chalkboard or on chart paper.

What is a **savings account?**

Students should understand that people may have a savings account at a bank or a credit union. Most banks will give you a certain amount of money for every dollar you have in the bank. This extra money is called interest.

What is a **money market account? How is it different from a savings account?**

Students should understand that a money market account is a type of savings account. People who are trained to make investments invest the money you put into a money market account. You get more interest in a money market account than in a savings account. You can also write checks against money market accounts, but it has to be a large amount. You also have to

pay the bank that holds your account a small portion of the money it makes for you.

What is a certificate of deposit or CD?

A certificate of deposit is a type of savings for people who won't need their money for a long time. The longer you leave your money in a certificate of deposit, the more interest you earn.

3. Talk about investing.

○ **Now let's learn about investing. What does the word *invest* mean?**

Allow students to respond.

When you invest your money, you use it to make more money. I will read you another part of the book *The Young Investor: Projects and Activities for Making Your Money Grow*. This part explains how you can invest your money.

Read pages 25 through 37 to students.

This book mentioned a lot of different ways you can invest your money. Let's go over each of the different ways.

○ Ask students the following questions. Write the definitions of the terms on the chalkboard or on chart paper.

What is a *bond*? Name some different types of bonds.

Bonds are loans to companies or the government. The company or government that borrows your money promises to pay you back by a specific date and pay you interest. You can purchase United States Savings Bonds, Treasury Bonds, Municipal Bonds or Corporate Bonds. When you purchase U.S. Savings Bonds and Treasury Bonds, you are loaning money to the federal government. Cities, towns, counties, and states are often referred to as municipalities. When you purchase a municipal bond, you are loaning money to these municipalities. They are often used to pay for things such as schools or hospitals. When you purchase a corporate bond, you are lending money to a private company for a private purpose.

What are *stocks*?

If you own stock in a company, you own a piece of that company. The company does not have to pay you back the money if money runs short. The money you receive depends on the strength of the company.

What are *mutual funds*?

Mutual funds are collections of lots of different stocks or bonds. Individuals own shares in a mutual fund. When you own a share of a mutual fund, you own a portion of the whole collection.

If you had money, how would you invest your money?

Allow students to respond.

Hold up a copy of the **My Own Portfolio** worksheet.

A collection of investments is called a *portfolio*. Imagine that you had 500 dollars to invest. How would you invest it? In the space provided, write down how much money you would put in a savings

account, how much you would put in a money market account, how much you would put in a certificate of deposit, how much you would invest in bonds, how much you would invest in stocks, and how much you would invest in mutual funds. Then write a paragraph that explains why you made these choices.

Allow students to work on this worksheet while you work with individual groups in the following small-group activities. After small-group work you might want to discuss the choices students made on this worksheet.

Small-Group Activity One: Saving and Investing

Concepts Taught

Saving and Investing

Materials

- Book: *The Young Investor: Projects and Activities for Making Your Money Grow*
 - Handout: **Saving and Investing** cards, cut apart (**NOTE: You may want to laminate these cards for durability.**)
1. Begin Activity One: Saving and Investing.
 - Briefly review the following terms with students: savings account, certificate of deposit (CD), money market account, bond, stock, mutual fund.
 2. Have students play the saving and investing memory game.

- Lay the Saving and Investing cards face down on the table. Make sure you put the words on one side and the definitions on another side of the table.

We are going to play a game to see how well you know what your saving and investing options are. I have placed cards on the table. These cards have a word written on the back. Point to the word cards. These cards have a definition written on the back. Point to the definition cards. You will each have a turn to choose one word card and one definition card. If the word card matches the definition card, you may keep the two cards and take another turn. If the word card does not match the definition card, put the cards back. You need to make sure that the cards are facing down. The next player will then get a turn. The person with the most cards at the end of the game wins.

- Allow students to play the game.

Small-Group Activity Two: Investing Tips

Concept Taught

Investing

Materials

- Book: *The Young Investor: Projects and Activities for Making Your Money Grow*
 - Chalkboard or chart paper
1. Begin Activity Two: Investing Tips.

- We have learned about the different ways that an individual can save and invest money. Which methods of saving and investing do you prefer? Why do you prefer those methods over the others?

Have students respond.

What are some of the advantages and disadvantages of the various methods of saving and investing? Let's create a table that shows the advantages and disadvantages of these methods.

- Draw a table on the chalkboard or on chart paper. The table should look like this:

	Advantages	Disadvantages
Savings Account		
Money Market Account		
Certificate of Deposit (CD)		
Bonds		
Stocks		
Mutual Funds		

- Have students list the advantages and disadvantages of the different options. Write these advantages and disadvantages in the table. If students are having difficulty, you may want to refer them to the definitions you wrote on the chalkboard or chart paper during the large-group activity.
2. Have students create a skit for a commercial about investing.
- **Imagine that you have been hired to work for a brokerage firm. This firm has asked all of you to create a three-minute commercial that encourages people to invest and explains the advantages and disadvantages of the different forms of saving and investing. As a group, write a skit for this commercial.**
 - Have students write the script for the commercial. If time permits, allow each group to perform its skit in front of the class.

Assessment

Check students' understanding by listening carefully to the responses they give during group discussions and on the **My Own Portfolio** worksheet. Give students a blank piece of notebook paper. Have them write a paragraph that describes the various ways individuals can save and invest money.

Suggested Online Activity

NOTE: Teachers should preview all sites to ensure they are age-appropriate for their students. At the time of publication, all URLs listed here were valid. In addi-

tion, some Web sites provide lessons via pop-up screens, so you may have to disable your computer's pop-up blocker software to access them.

Savings Bonds for Kids

Have students visit the U.S. Department of Treasury's Bureau of the Public Debt Web site at www.publicdebt.treas.gov/sav/savkids.htm and learn about savings bonds. At this site, students can read information and play games about savings bonds.

National Standards Correlations

Economics

The activities in this lesson correlate to the following Voluntary National Content Standards in Economics, as determined by the National Council on Economics Education, found at: www.ncee.net/ea/standards.

Standard 10: Role of Economic Institutions

Students will understand that: Institutions evolve in market economies to help individuals and groups accomplish their goals. Banks, labor unions, corporations, legal systems, and not-for-profit organizations are examples of important institutions. A different kind of institution, [and] clearly defined and enforced property rights, [are] essential to a market economy.

K–4 Grade Benchmarks:

- Banks are institutions where people save money and earn interest, and where other people borrow money and pay interest.
- Saving is the part of income not spent on taxes or consumption.

5–8 Grade Benchmarks:

- Banks and other financial institutions channel funds from savers to borrowers and investors.

Social Studies

In addition to economics, the activities in this lesson also correlate to the following *Curriculum Standards for the Social Studies*, from the National Council for the Social Studies, found at: www.socialstudies.org/standards.

VII. Production, Distribution, & Consumption

Social studies programs should include experiences that provide for the study of *how people organize for the production, distribution, and consumption of goods and services*, so that the learner can:

Middle Grades Benchmarks:

- d. describe a range of examples of the various institutions that make up economic systems such as households, business firms, banks, government agencies, labor unions, and corporations.

Mathematics

In addition to economics, the activities in this lesson also correlate to the following *Principles and Standards for School Mathematics*, from the National Council of Teachers of Mathematics, found at: standards.nctm.org/document/index.htm.

Numbers and Operations Standards

Understand numbers, ways of representing numbers, relationships among numbers, and number systems

3-5 Grade Benchmarks:

- Develop fluency in adding, subtracting, multiplying, and dividing whole numbers.

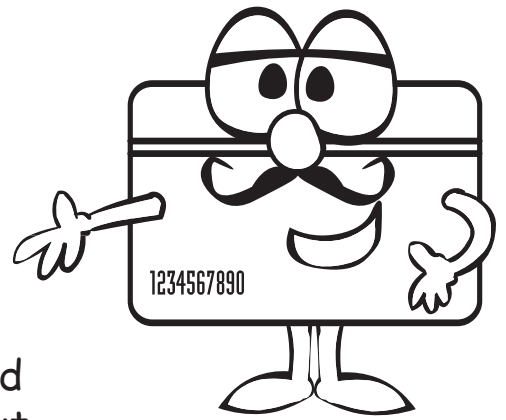
Language Arts

This lesson, based on the children's book *The Young Investor: Projects and Activities for Making Your Money Grow*, by Katherine R. Bateman, also correlates to the following *Standards for the English Language Arts*, from the National Council of Teachers of English, found at: www.ncte.org/print.asp?id=110846&node=204.

1. Students read a wide range of print and non-print texts to build an understanding of texts, of themselves, and of the cultures of the United States and the world; to acquire new information; to respond to the needs and demands of society and the workplace; and for personal fulfillment. Among these texts are fiction and nonfiction, classic and contemporary works.
3. Students apply a wide range of strategies to comprehend, interpret, evaluate, and appreciate texts. They draw on their prior experience, their interactions with other readers and writers, their knowledge of word meaning and of other texts, their word identification strategies, and their understanding of textual features (e.g., sound-letter correspondence, sentence structure, context, graphics).

My Own Portfolio

Name _____



Directions: Imagine that you had \$500.00 to invest. How would you invest it? In the space provided, write down how much money you would put in a savings account, how much you would put in a money market account, how much you would put in a certificate of deposit, how much you would invest in bonds, how much you would invest in stocks, and how much you would invest in mutual funds. Then write a paragraph that explains why you made these choices.

Savings:

Savings Account: \$ _____

Money Market Account: \$ _____

Certificate of Deposit: \$ _____

Investments:

Bonds: \$ _____

Stocks: \$ _____

Mutual Funds: \$ _____

Saving and Investing Cards

savings account

An account located at a bank in which people deposit money. Most banks will give you a certain amount of money for every dollar you have in the bank. This extra money is called interest.

money market account

A type of savings account. People who are trained to make investments invest the money in this type of account.

certificate of deposit (CD)

A type of savings for people who won't need their money for a long time. The longer you leave your money in this type of account, the more interest you earn.

bond

A loan to companies or the government. The company or government that borrows your money promises to pay you back by a specific date and pay you interest.

Saving and Investing Cards

stock

Ownership in a company.

mutual fund

**A collection of a lot of
different stocks or bonds.**