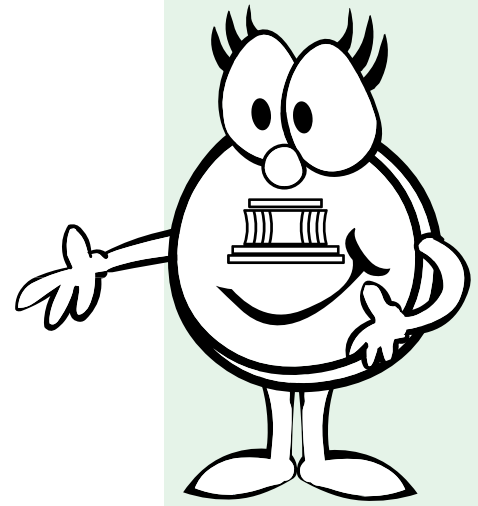


Savings Accounts and Interest



Overview

Students share the book *Berenstain Bears' Trouble with Money*, by Stan and Jan Berenstain, to learn about saving money, banks, and interest.

Prerequisite Skills

Add one-digit numbers with renaming; count pennies, nickels, dimes, and quarters up to a dollar.

Lesson Objectives

Students will be able to:

- Understand that money must be managed carefully
- Understand the role of banks in helping people save money
- Define *savings account*
- Understand that interest is extra money earned by saving money at a bank

Materials List

1. Book: *The Berenstain Bears' Trouble with Money (A First Time Book)*, by Stan and Jan Berenstain (Random House, 1983)
2. Chart paper or chalkboard
3. Play money: pennies, nickels, dimes, quarters
4. Drawing paper
5. Crayons
6. Handout: **Nest Eggs and Tables** worksheet

Content Standards

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

Vocabulary

bank
interest
miser
nest egg
responsible
savings account
spendthrift

Large-Group Activity

Materials

- Book: *The Berenstain Bears' Trouble with Money*
- Chart paper or chalkboard
- Drawing paper
- Crayons

1. Gather students to share the book *The Berenstain Bears' Trouble with Money*.

○ Say:

How many of you have piggy banks? Do you leave the money in the bank, or do you take it out and spend it? Allow students to share their experiences.

I'm going to read a book to you about a brother and sister who learn an important lesson about saving money. The book is called *The Berenstain Bears' Trouble with Money*, and it was written and illustrated by Stan and Jan Berenstain. There are over 250 Berenstain Bears books—have you read or heard of any others? Allow students to share some book titles with the class.

In this book, Brother and Sister Bear have a problem with money. Let's find out what their problem is, and how Mama and Papa Bear help them solve it.

○ Read the book aloud to the class, stopping to allow all students to see the pictures.

2. Briefly discuss the book with the class.

○ **What was Brother and Sister Bear's problem with money at the beginning of the story?**

They spent money too quickly—they wasted it.

○ **What was their problem later in the book?**

They worried too much about money—all they wanted to do was make more and more and save it in piggy banks and sugar bowls.

○ **What did Mama Bear want to do about the cubs' problem with money?**

She wanted to give them an allowance to help them learn to take better care of their money.

○ **Which problem do you think is worse: wasting money or holding onto it too much?**

Accept any answers. Encourage students to discuss this question freely.

3. Discuss today's economic concepts: responsible attitudes toward money and savings accounts and interest.

○ *Responsible Money Sense*

When Brother and Sister Bear were wasting money at the beginning of the story, Papa called them **spendthrifts**. Write the word “spendthrift” on the chalkboard or chart paper.

You can probably guess that a spendthrift is someone who wastes money. A spendthrift can’t save money for anything—he spends it as soon as he gets it. Can you guess why being a spendthrift can cause problems? Allow students to speculate.

Because a spendthrift is someone who throws away his money, he doesn’t save money to pay for things he needs. He doesn’t plan how he will spend his money so that he always has enough to pay his bills.

How many of you know the story of Jack and the Beanstalk? Even though he didn’t have money at the beginning of the story, Jack was still a spendthrift. Can you tell me how? Help students understand that Jack traded his cow for a handful of beans when he was supposed to sell it for things he and his mother needed.

When the cubs saw how upset Papa got over their spendthrift ways, they decided to stop wasting money. Unfortunately, they still weren’t very smart with money. What did they do instead of wasting it? They worked too many jobs and put all their money into piggy banks and jars.

This time, Papa called them **misers**. Write the word “miser” on the board.

A miser is just the opposite of a spendthrift—he *never* wants to spend money. All he cares about is making more and more money, and keeping it all to himself. Why do you think acting like a miser can cause problems? Allow students to speculate.

Can you think of a famous character from a book or a movie or a cartoon that was a miser? Help students brainstorm ideas. They may remember Ebenezer Scrooge from Charles Dickens’s book *A Christmas Carol* (or any of the movie and cartoon versions of the story), or they might think of the Disney character Scrooge McDuck.

When Brother and Sister decided not to be spendthrifts anymore, they went overboard, and kept working and working to make money. They stopped wasting money; in fact, they stopped spending money at all. All they did was stuff their money in piggy banks and sugar bowls.

Mama and Papa Bear didn’t want their cubs to be spendthrifts or misers. They wanted them to learn to be **responsible** with money. Write the word “responsible” on the board.

When you are responsible with money, you don’t waste it or hide it away. You have the money you need to pay your bills, plus you have some left to have fun. Let’s talk about the ways Mama Bear showed the cubs to handle their money responsibly.

○ *Banks, Savings Accounts, and Interest*

When Mama and Papa Bear suggested the cubs put most of the money they earned into a **bank**, did they mean a piggy bank?

No, the bank they were talking about is a building full of people whose job is to look after money. You can do many things with money in a bank, but today we're going to talk about using a bank to help you save your money. When you put money into a bank, it goes into something called a **savings account**. Write the words "savings account" on the board.

A savings account in a bank is a better place to save money than putting it into a piggy bank or sugar bowl. Can you guess why? Allow students to speculate. They may suggest that it's harder to get money out of a bank.

If your money is in a piggy bank or jar or bowl in your room, it's very easy to take some out whenever you think of something you want. Pretty soon, the money is gone. Remember, Sister Bear used to take her money out of the piggy bank before it had a chance to cool off! You might want to return to the seventh page of the book to reread this passage.

Not only is it too easy to grab money from a piggy bank or jar, but while the money is in there it's not doing anything. Money in a savings account at a bank, however, doesn't just sit there—it grows. Let's talk about how your money grows in a savings account.

Papa called the money the cubs were putting into the bank a **nest egg.** Write the words "nest egg" on the board.

Do you remember how Mama explained the meaning of this term? She explained that the "nest egg" is the egg a farmer leaves in the chicken's nest. The rest of the eggs are sold for people to eat, but the nest egg is left to hatch into a chick.

Just like a nest egg hatches into a chick that the farmer will use later, a nest egg in the bank will "hatch" something called **interest.** Write the word "interest" on the board.

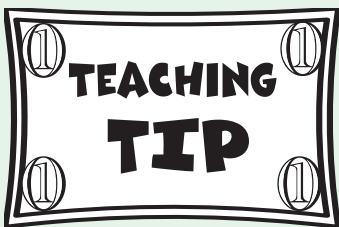
When we're talking about money, the word "interest" is very important. In a savings account, interest is extra money the bank pays you for letting them keep your money for a while.

Have you ever rented a movie at a video store? How does it work? You pay the video store to let you use the video for a while. Then you bring the video back later.

Just like you pay a video store to use their VHS tapes and DVDs, the bank uses your money for a while. You might say the bank is "renting" your money, so they have to pay you for it.

If you put ten dollars in a savings account at a bank and leave it there for a while, when you go to get it out you get back more than ten dollars. And the longer you leave the money in the bank, the more it will grow. NOTE: The discussion of how interest works is covered in the small-group activity, so don't attempt to explain it at this time.

Would you rather keep your money in a piggy bank in your room or put it in a savings account? Accept any answers, encouraging open discussion of the pros and cons of piggy banks and savings accounts.



You may need to explain that this is a figure of speech. First graders may believe the money actually hatches.

4. Introduce the Large-Group Activity: Spendthrifts and Misers.
- Pass out drawing paper to the students and have them fold the paper in half. Help them write the word “Spendthrift” at the top of one half of the paper and the word “Miser” on the other half. Say:

On the “spendthrift” side of your paper draw and color someone wasting money. On the “miser” side draw someone who never spends his or her money. If you have time, draw someone being responsible with money on the back of the page.

You might want to allow students to complete these drawings while you work with small groups in the following activity.

Small-Group Activity: The Interest in Savings

Concepts Taught

Using a Table to Understand Interest Earned in a Savings Account

Materials

- Play money: pennies, nickels, dimes, quarters
 - Handout: **Nest Eggs and Tables** worksheet
1. Discuss the concept of interest earned on savings.

- Say:

We know that putting our money in a savings account at a bank allows the money to “grow.” Let’s take a closer look at how interest works, and why your money grows bigger the longer you leave it in the bank.

On the chalkboard or chart paper draw a simple table like the following:

Savings	Interest			
	1 day	2 days	3 days	4 days
___¢	1¢	2¢	3¢	4¢

This is a table. A table is a way to organize information. Point to the word “Interest” on the table. **This word is “interest.”**

Under the word “interest” you can see the numbers 1, 2, 3, and 4. On this table, these numbers stand for days. Under each of the numbers is an amount. What amount do you see under the number one? The amount under number one is “1¢.” Ask volunteers to name the amounts under the other numbers.

Point to the word “Savings.” **This word is “savings.” In this box we will write an amount of money someone put into a savings account.** Write in the amount “4¢” in the box under “Savings.”

If I put four cents into the savings account, how much interest would I earn in one day? The interest for one day is one cent. **What would be my total savings after one day?** Use pennies on the table to illustrate the



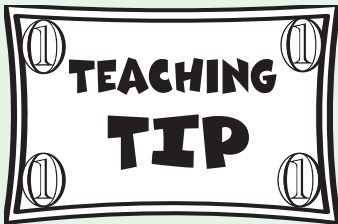
This lesson has been simplified to match first graders’ ability levels.

calculation as you say it aloud: “ $4\text{¢} + 1\text{¢} = 5\text{¢}$.” **After one day my nest egg has grown from four cents to five cents. How much would it grow after three days? After three days the money grows from four cents to seven cents.**

Let’s try another one. Erase “ 4¢ ” from the “Savings” box of the table and write in “ 2¢ .” **NOTE: Don’t attempt to explain changing interest rates due to changing amounts in savings to students at this level. This round is designed only to make sure students know how to read the table.**

If I put two cents in the savings account, can you tell me what my total savings would be after four days? Remember, you will add my savings to the interest earned in four days. Write the simple addition problem on the board as you say it aloud: “ $2\text{¢} + 4\text{¢} = 6\text{¢}$,” and use pennies to demonstrate it concretely.

After one day my nest egg has grown from two cents to six cents. How can I get the most interest on my savings? Savings grow bigger the longer the money stays in the account.



First graders haven’t learned to write money using dollar signs and decimal points. Always use amounts less than a dollar.

- Practice using the table to calculate interest.
 - Erase the amounts of interest for the four days and replace them with other small amounts. Allow individual students to find the interest earned for various amounts of savings, keeping the numbers small so that the calculations are for basic addition facts only.
- Introduce the group activity: **Nest Eggs and Tables** worksheet.
 - Pass out the worksheets and explain that it shows two different savings accounts, one for Penny and one for Buck. This time the interest is given in months, not in days.

Go through the first three questions as a group, using play money to help students count. Then allow students to complete the last question—Buck’s savings—on their own. Watch students’ work carefully and provide help if needed.

Assessment

Check students’ understanding by listening carefully to the responses they give during group discussions and on the **Nest Eggs and Tables** worksheet. Watch carefully to see if any students struggle with the tasks in the small-group activity. Allow students to share their **Spendthrifts and Misers** drawings, explaining what each character is doing and why that isn’t a responsible way use 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 addition, 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.

Room 108 Money Drills

Owned and operated by a primary teacher, Room 108 is an educational activity center for kids. The Piggy Bank game, located in the math section, allows students to virtually count coins into a piggy bank to equal a given amount, by dragging the

coins with the mouse cursor. Found at:
www.scugog-net.com/room108/money/money.htm.

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 Economic 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 Benchmarks:

- Banks are institutions where people save money and earn interest, and where other people borrow money and pay interest.

Standard 11: Role of Money

Money makes it easier to trade, borrow, save, invest, and compare the value of goods and services.

K– 4 Benchmarks:

- Money makes trading easier by replacing barter with transactions involving currency, coins, or checks.

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

PreK–2 Benchmarks:

- Count with understanding and recognize “how many” in sets of objects

Algebra Standards

Represent and analyze mathematical situations and structures using algebraic symbols

- Use concrete, pictorial, and verbal representations to develop an understanding of invented and conventional symbolic notations.
- Use mathematical models to represent and understand quantitative relationships.

Analyze change in various contexts

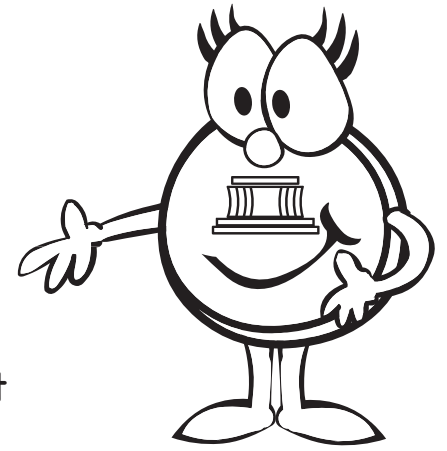
- Describe quantitative change, such as a student's growing two inches in one year.

Language Arts

This lesson, based on the children's book *The Berenstain Bears' Trouble with Money (A First Time Book)*, by Stan and Jan Berenstain, 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.

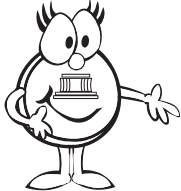
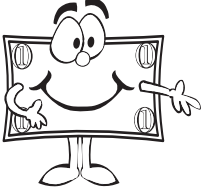
1. Students read a wide range of print and non-print texts to build an understanding of texts, of themselves, and of the cultures of the United States and the world; to acquire new information; to respond to the needs and demands of society and the workplace; and for personal fulfillment. Among these 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).

Nest Eggs and Tables



Name _____

Penny and Buck put their money in a savings account at the First Bank of Savings. Look at the table. Use the table to answer the questions about Penny's and Buck's nest eggs.

Savings	Interest			
	1 Month	2 Months	3 Months	4 Months
 25¢	5¢	10¢	15¢	20¢
 10¢	3¢	6¢	9¢	12¢

1. How much money did Penny put in the bank?
2. How much interest would she make in three months?
3. How much money would be her total after three months?
4. What would Buck's total be if he saved for four months?

