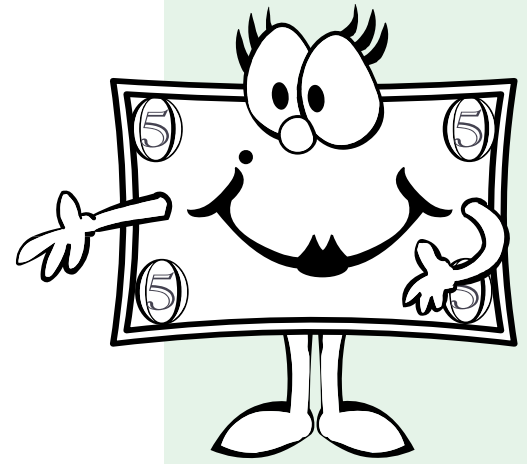


Grade Three

Saving



Overview

Students share the book *If You Made a Million*, by David M. Schwartz, to learn about spending, saving, interest, borrowing, and lending. Students complete a worksheet about money equivalencies, practice writing checks, and role-play saving and borrowing money.

Prerequisite Skills

Students should be able to recognize and know the value of one hundred-dollar bills, fifty-dollar bills, twenty-dollar bills, ten-dollar bills, five-dollar bills, one-dollar bills, quarters, dimes, nickels, and pennies.

Lesson Objectives

Students will be able to:

- Explain how people can save their money
- Define the term *interest*
- Describe different ways people can pay for goods and services
- Discuss the role of banks

Materials List

1. Book: *If You Made a Million*, by David M. Schwartz (Lothrop, Lee & Shepard Books, 1989)
2. Blank checks (enough for each student to have one)
3. Play money (about \$1,100.00)
4. Handouts:
 - **If You Made a Million** worksheet
 - **Is It the Same Amount?** worksheet
 - **Savers and Borrowers** script

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

interest
loan
savings
spend

Large-Group Activity

Materials

■ Book: *If You Made a Million*

■ Handouts:

- **If You Made a Million** worksheet
- **Is It the Same Amount?** worksheet

1. Gather students to share the book *If You Made a Million*.

○ Say:

What would you do if you made a million dollars?

Allow students to respond.

I'm going to read you a book called *If You Made a Million*. It was written by David M. Schwartz and illustrated by Steven Kellogg. This book describes different ways you can save and spend money.

Give each student a copy of the **If You Made a Million** worksheet.

Look at the left side of this worksheet. You will see different amounts of money listed. Listen carefully as I read this book. On the line next to each dollar amount, write down the different things you can do with that amount of money. Make sure you write only things that are listed in the story.

- Read the book to the class. Pause after each two-page spread and allow the students to view the pictures.
- Go over the students' answers to the worksheet when you finish reading the book.

2. Discuss this lesson's economic concepts: spending, saving, interest, borrowing, and lending.

○ *Spending, Saving, and Interest*

When you **spend your money, you use it to buy goods. According to the magician in this story, you could use a dollar to buy one hundred pieces of penny candy, or twenty five-cent balloons, or ten stickers for ten cents each, or four rubber balls that cost twenty-five cents a piece. How would you spend a dollar?**

Have students respond.

If you don't spend your money, you can **save it. When you save money, you keep some money for the future instead of buying goods or services right now.**

There are many different ways to save your money. How do you save your money?

Students may say that they save their money in a piggy bank or in a savings account at a bank.

Many people save their money in a savings account at a bank. Do any of you have a savings account at a bank?

Allow students to respond.

Why do you think people save their money in a savings account at a bank rather than in a piggy bank?

Have student share their ideas.

People also save their money in a savings account at a bank because they can earn money. Many banks pay you a certain amount of money for every dollar you have in the bank. This money is called **interest. For example, a bank may pay you five cents a year for every dollar you have in the bank.**

○ *Borrowing and Lending*

Imagine that you want to buy a new bicycle but you don't have enough money for it. What can you do?

Let students share their ideas. Students may say that they can earn some money or that they can borrow it.

If you don't have enough money to buy something you want, you can save your money until you have enough to buy the item, you can earn the money by working, or you can borrow money. Who can people borrow money from?

Students may say you can borrow money from friends and family or from a bank.

You can borrow money from friends and family, or you can get a loan from a bank. When you get a loan, you borrow money and promise to repay the money. You will have to pay back more money than you borrowed because banks charge people **interest when they lend people money. This means the bank charges you a certain amount of money for every dollar that you borrow.**

Hold up a copy of the **Is It the Same Amount?** worksheet.

The book *If You Made a Million*, shows that one dollar is the same as one hundred pennies, one hundred dollars is the same as ten thousand pennies, and one million dollars is the same as one million one-dollar bills.

This worksheet shows money in two ways, pictures of bills and coins on the left side, and three choices of written amounts on the right side. Count the bills and coins, and then find and circle the written money that is worth the same amount.

Allow students to work on the worksheet while you work with individual groups in the following small-group activities. After small-group work, you might want go over the answers with the students.

Small-Group Activity One: Spending Money

Concepts Taught

Spending, Credit Cards, Checks

Materials

- Book: *If You Made a Million*
- Blank checks (enough for each student to have one)
- Store catalogs

1. Begin Activity One: Spending Money.

- Say:

When you go to the store, how do you pay for the items you want?

Allow students to respond. Students may say that they use money to buy items.

Can you use something other than money to pay for the things you want at a store? What can you use?

Students may say that you can use credit cards or checks.

If you don't have money, you can use a credit card to purchase items.

Read the last paragraph of "Loans" in "A Note From the Author" in *If You Made a Million*.

You can also purchase items by writing a check.

Read "Checks and Checking Accounts" in "A Note From the Author" in *If You Made a Million*.

2. Have students practice writing checks.

- Give each student a blank check. Then show students how to write a check.
- Say:

When you write a check, you need to tell the bank who to give the money to. Suppose that you want to buy something from Super Store. You need to write "Super Store" next to the "Pay to the Order of" section on the check.

Write Super Store on a blank check, and show it to the students.

Next, you need to write numbers to show how much to give Super Store. Let's imagine that we want to buy an item that costs five dollars and fifty cents.

Write \$5.50 in the box on the check, and show it to the students.

Then you need to write words to show how much to give Super Store.

Write Five and 50/100 on the check, and show it to the students.

Finally, you need to sign your name.

Sign your name on the check, and show it to the students.

- Put store catalogs on the table.
- Say:

Now you can practice writing a check.

Have each student pick an item from a store catalog and write a check to purchase that item. When the students are finished writing their checks, ask each student to show the group which item he is purchasing and the check he wrote.

Small-Group Activity Two: The Role of Banks

Concepts Taught

The Role of Banks, Spending, Saving

Materials

- Book: *If You Made a Million*
- Play money (about \$1,100.00)
- Handout: **Savers and Borrowers** script

1. Begin Activity One: The Role of Banks.

- Say:

Why do people put their money in banks?

Allow students to respond. Students may say people put their money in banks to protect it and to make money by earning interest.

What do you think banks do with the money people put in their banks?

Have students share their ideas.

Banks lend the money that people have put in their banks to customers who want to take out a loan to buy homes or cars, send their children to school, or start a business.

2. Have students role-play how banks channel funds from savers to borrowers.

- Select three students. Assign one student to be the saver, one to be the banker, and one to be the investor. Give the saver \$500.00. Give the borrower \$25.00. Give the rest of the money to the banker.
- Give the three students a copy of the **Savers and Borrowers** script and instruct them to read their parts.
- Discuss the role-play when the three students have finished reading the script.

Why does the bank charge more interest for borrowing money than it pays for saving money?

Have students respond.

Banks are businesses that need to make money. To make money, banks charge people more interest for borrowing money than they pay for saving money. In this way, banks make a profit—they make money.

- Have the group create its own presentation in which students explain the relationship between saving money and earning interest and borrowing money and paying interest. Students may design a flow chart, act out another skit, or create models. If time permits, allow all of the small groups to share their presentations with the class.

Assessment

Check students' understanding by listening carefully to the responses they give during group discussions and on the **Is It the Same Amount?** worksheet. Give students a blank piece of notebook paper. Ask students to write a paragraph that explains the relationship between saving money and earning interest and borrowing money and paying interest.

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.

KidsBank.com

Have students visit www.kidsbank.com/parents/index.asp, sponsored by Sovereign Bank to learn about money and banking. At this site, students can read stories and play games to test their knowledge about money and banking.

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.

Standard 11: Role of Money

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

K–4 Grade Benchmarks:

- People consume goods and services, not money; money is useful primarily because it can be used to buy goods and services.

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 Benchmarks:

- Understand the place-value structure of the base-ten number system and be able to represent and compare whole numbers and decimals.

Compute fluently and make reasonable estimates

- Develop and use strategies to estimate computations involving fractions and decimals in situations relevant to students' experience.
- Use visual models, benchmarks, and equivalent forms to add and subtract commonly used fractions and decimals.

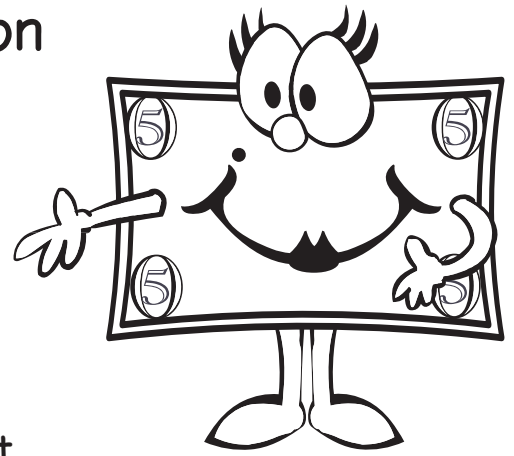
Language Arts

This lesson, based on the children's book *If You Made a Million*, by David M. Schwartz, 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).

If You Made a Million



Name _____

Directions: Listen carefully as someone reads *If You Made a Million* by David M. Schwartz. On the line next to each dollar amount, write down the different things you can do with that amount of money. Make sure you write only things that are listed in the story.

1¢

\$1.00

\$10.00

\$100.00

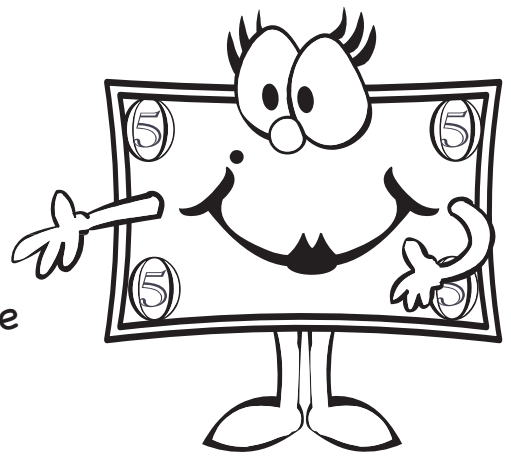
\$1,000.00

\$50,000.00

\$1,000,000.00

Is It the Same Amount?

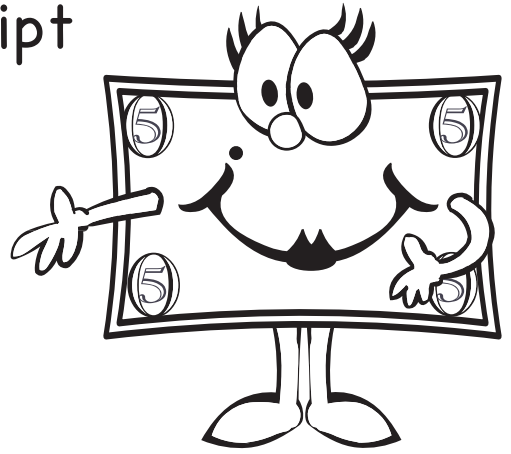
Name _____



Count the bills and coins in each box. Circle the amount that matches the amount you counted.

	<p>\$5.00</p> <p>\$4.55</p> <p>\$5.30</p>
	<p>\$18.00</p> <p>\$18.25</p> <p>\$14.00</p>
	<p>\$125.00</p> <p>\$99.75</p> <p>\$100.25</p>

Savers and Borrowers Script



Saver: Shake hands with the banker and say, "Hello. I would like to put \$500.00 in a savings account."

Banker: Say, "Okay. Let me tell you about our interest rates. We can offer you a two-percent interest rate. This means that every year we will give you two cents for every dollar you have in your savings account."

Saver: Give the banker \$500.00.

Banker: Take the \$500.00 and say, "Thank you."

Borrower: Shake hands with the banker and say, "Hello. I would like to borrow \$500.00 to pay for college."

Banker: Shake hands with the borrower and say, "Okay. Let me tell you about our interest rates. We charge five percent interest on loans. This means that for every dollar you borrow, we will charge you five cents a year. You will have to pay back \$500.00 plus the interest." Give the borrower \$500.00.

Borrower: "I can't believe one year has passed. I have the money to repay you. Here is the \$525.00 I owe you."

Banker: Take the \$525.00 and say, "Thank you."

Saver: Tell the banker, "I would like to take my money out of my savings account."

Banker: "Okay. Here is \$510.00."