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## The Great Piggy Bank Savers Challenge

*Thank you for helping us reach out to students to encourage them to develop a good savings habit. Contact Joanne Kuster, 515.991.5632 or [joanne@kusterltd.com](mailto:joanne@kusterltd.com) if you have questions. **Everyone can save!***

*Below is the lesson for presentation to K-4<sup>th</sup> grade:*

*Kids who get in the habit of saving when they're young keep saving later. Having a piggy bank leads to opening a savings account at a bank or credit union, which leads to financial stability. Learning to save is a great lifelong skill to have, just like learning to read or to swim.*

- I. How does someone get money?
  - a. Earn it—Gets paid to do a service or job, like walking the dog
  - b. Gets a present
  - c. Sells something, like homegrown tomatoes, cookies, or a garage sale
  - d. Earns interest from money they put in a bank/credit union
    - i. What is interest?
    - ii. Why would a bank give interest to me?
    - iii. Where does the bank get the money to pay me interest?
- II. Where can someone keep money, once you have it?
  - a. Keep everything in your pocket (*can also do the duct tape wallet here*)
  - b. Use this piggy bank (*today, we're going to assembly and decorate it*)
  - c. Open a savings account at a bank/credit union (*bring your own samples*)
  - d. Give it to someone else to keep or use
  - e. Don't keep it; just SPEND it all
    - i. What's wrong with spending all my money; I'll get more
    - ii. But I NEED that... (candy bar, video game, iTunes)
    - iii. The difference between wants and needs
    - iv. When a "rainy day" comes, spenders are "up a creek without a paddle"
- III. Why should I save money?
  - a. Your money can grow—small amounts add up
  - b. Setting aside some money now gives you more to spend later
  - c. Saving money gives you power to buy something you want

- d. Having money in savings is like a safety net
- IV. How does anyone save money?
- a. Remember WANTS are different than NEEDS
    - i. Can't buy everything you want—everyone has to choose
    - ii. Learn to make smart choices
    - iii. Take time to think before you buy
  - b. Make savings a habit
    - i. Save some of everything you earn (allowance or a paycheck)
    - ii. You don't have to save big amounts, but save some regularly
  - c. Save in creative ways
    - i. When you buy something small, save the change for your piggy bank
    - ii. Collect state quarters
    - iii. Change a habit (like skip buying a soda with your take-out pizza)
  - d. Other ways to save
    - i. If you get money as a gift, save it
    - ii. Ask others (grandma?) to help you save for a special item (college)
    - iii. Tell others you are saving and ask for help (SmartyPig, Facebook)
    - iv. Start a "savings" club and save together (*enlist help of local bank*)
- V. What are major things most of us must SAVE money for? (NOT daily expenses)
- a. Car
  - b. House
  - c. College/education
  - d. Fun (vacation, electronics and bigger toys, like yachts or bikes)
  - e. Investments (farmland/equipment, business, lake home)
- VI. Sometimes, you might want/need these items before you've saved enough: Borrow?
- a. It's easier for good savers to get a loan, or borrow \$
    - i. Have you ever loaned something to someone?
    - ii. Do you expect it to return in good condition?
    - iii. How do you get a loan?
  - b. Banks/credit unions will lend to someone with good "credit"
    - i. What is credit?
    - ii. What is good/bad credit?
    - iii. Banks/credit unions will NOT lend to someone who can't pay it back
  - c. Credit cards are loans, for people with income
    - i. How does a credit card work?
    - ii. Why have a credit card?
    - iii. Do I need a credit card? When should I get one?
  - d. It is not a good idea to use credit cards if you can't pay for something

- VII. What is a loan? (Optional: you might want to skip this for younger students)
- a. A loan is money you must repay
    - i. How long do I have to repay?
    - ii. What if I don't want to or can't repay all of the loan on time?
  - b. A loan is not free—there is a cost to borrow, also called interest
    - i. Does everyone pay the same to borrow money?
  - c. You don't pay as much if you have savings to use too—down payment
    - i. What is a down payment?
    - ii. What is collateral?
    - iii. What is principle?
  - d. Good borrowers pay off a loan on time, when the lender said
- VIII. I like saving, and I'm getting good at it. What's next?
- a. If your piggy bank is full, it's time to open a savings account.
    - i. Here's how to open one
    - ii. How do I make a deposit?
    - iii. What if I need my money back?
    - iv. Do I get the same dollar bills back? Where do you keep *my* money?
    - v. Is my money safe? How do I know?
    - vi. How many savings accounts can I have?
  - b. Once you save regularly, you can learn to invest
    - i. What is the difference between saving and investing?
    - ii. Can I save and invest at the same time?
    - iii. What is the stock market?
    - iv. Do I need a different account or do I use a savings account?
    - v. Getting an investment account at a bank/credit union/broker
  - c. You can save for many goals at once—a bicycle, college, Christmas gifts
    - i. Long term vs. short term goals
    - ii. The magic of compounding
    - iii. Types of savings accounts (regular account, money market, CD, savings bond, interest checking account)
  - d. You can share, or donate some money to others
    - i. What is philanthropy?
    - ii. Are all philanthropists rich?
    - iii. Philanthropy in our community
    - iv. Tithing at church and other types of donations
    - v. Donating to a cause, like a hunger hike, Katrina or *Race for a Cure*
    - vi. Ideas to do as a class
    - vii. What is a good amount to share?
    - viii. Who gets donations from a food pantry?
    - ix. Is giving a book to the library philanthropy?



### *Vocabulary words*

**Allowance:** Money earned in return for doing chores (services).

**Asset:** Something of value (money, home, car) that is owned.

**Bank/Credit union:** A financial institution where it's safe to store money or get a loan.

**Bankrupt:** A person or business has more debts than assets, and no ability to repay.

**Borrow:** How a customer gets money if he/she needs more than is in an account.

**Check:** A way to pay without using actual cash. When dated and signed, this written promise to pay may be exchanged for cash at a bank/credit union.

**Checking account:** This is a way a bank/credit union can safely store your money and give you access to use it as you want. You can make several withdrawals using checks, automated teller machines (ATMs) and electronic debits (plastic card).

**Collateral:** A tangible asset (car) offered as security for a loan.

**Consumer:** A person who uses up goods and services.

**Credit:** A loan to a customer, who borrows to purchase goods or services immediately, promising to repay when the bill is due or pay interest to continue using the money.

**Credit card:** Financial institutions issue these to give customers access to borrow money to pay for goods or services upon demand. Later, a bill for payment is sent.

**Credit score:** A number (between 300 and 850) which is used by a lender, and shows the probability a person will repay debts or money borrowed. The higher the number, the better. Credit scores change as you use money, pay bills, open credit cards, etc.

**Currency:** An official, accepted form of money, issued by a government and circulated within an economy. Currency allows a convenient way to trade for goods and services.

**Customer:** A person (or business) that purchases goods or services.

**Debit card:** An electronic form of payment that allows a customer to withdraw money from an account at his/her bank/credit union in order to pay for goods or services directly at the merchant location.

**Deposit:** Put money into an account at a financial institution.

**Donation:** Something you give to another, without expecting repayment.

**Down payment:** A portion of a major purchase paid (with cash) up front, when the rest is financed with a loan which requires regular payments until the loan is repaid.

**Earning:** A way to get money in exchange for work (services) or products (goods).

**Economy:** Everything related to producing goods and services for a group of consumers, usually a country.

**Goals:** Your dreams, with a deadline.

**Interest:** Savers get this “bonus” for leaving their money on deposit in a savings account. Borrowers pay this fee to use a sum of money for a certain period of time.

**Invest:** To use assets (like money) to earn a profit. Risk is involved.

**Lend:** Giving something (like money) to another, in exchange for repayment plus interest.

**Loan:** An amount of money borrowed, with the promise to repay, including a fee for the privilege of borrowing.

**Money:** An asset, such as official paper currency or gold coins, which can be exchanged for goods and services.

**Money management:** Skills acquired to handle your finances on a routine basis.

**Needs:** Something you can't live without (food, water, shelter, clothing); opposite of want.

**Philanthropy:** The effort to increase the well being of others, by donating or sharing time, talent, or treasure (money).

**Save:** To set aside something now (like money) in order to use (spend) it later.

**Savings account:** This is how financial institutions keep track of your money--withdrawals, deposits, and interest paid. Open an account, and a special number is assigned to you.

**Spending plan:** Another name for a budget, an estimate of expenses and income for a period of time.

**Tithes:** A voluntary contribution of support, such as for a church or congregation.

**Wants:** Something you can live without (cell phone, tv, car); opposite of need.

**Withdraw:** Take money out of an account at a financial institution.