

Kids and Savings Accounts

Notes:

Learner Outcomes

Outcome #1: Participants will be able to list advantages to saving money in a savings account.

Outcome #2: Participants will be able to identify the term for money earned in a savings account.

Outcome #3: Participants will be able to name how to determine how much money they can earn in a savings account.

Target Audience

Parents of elementary-age kids (grades 3 to 6)

Materials

1. Flip chart and markers or a dry-erase board and dry-erase markers
2. Name tags (downloaded for free from the Bank It Web site), one for each participant
3. A pen or pencil for each participant
4. A kitchen timer, clock or watch to track time
5. Evaluation Pretest #2-SA-PE for each participant
6. Evaluation Posttest #2-SA-PE for each participant
7. Take-Home Notes #2-SA-PE for each participant
8. Optional: PowerPoint Presentation PDF #2-SA-PE
9. Optional: Handout #2-SA-PE for each participant

Timing

1 hour

Want more background and training tips? See the free, downloadable Bank It Elementary Quick Start Leader's Guide at www.bankit.com.

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1. Welcome and Overview (5 minutes)

Arrive early. We highly recommend that you use the optional PowerPoint Presentation PDF and the optional handout. Both will greatly enhance your session. If you're using the PowerPoint Presentation PDF, show the "Welcome to Bank It" slide as participants enter the room.

Greet participants individually and learn their names as they arrive. Have them create a name tag with their first name only.

Give participants a copy of the Notes #2-SA-PE and either a pen or pencil. Encourage them to take notes during your session on the notes handout. Have them sit in clusters of about four people. If possible, have them sit at tables. Then welcome the whole group to the session.

Say: Welcome to Bank It. Bank It delivers real-world financial topics and tools for kids and parents that make it easier to understand, talk about, and manage money. Bank It was developed by Capital One and Search Institute. I'm glad each one of you is here.

Today we will focus on kids and savings accounts, and we plan on meeting three goals. One: By the end of this session, you will be able to list advantages to saving money in a savings account. Two: You will be able to identify the term for money earned in a savings account. Three: You will be able to name how to determine how much money they can earn in a savings account.

If this session is not the first session you're presenting to this group, consider briefly discussing the challenge you may have given participants at the end of your previous session.

2. Pretest and Activity (15 minutes)

Say: The first activity we'll do is a short pretest. The pretest has only six questions, and I don't want you to worry about how well you'll do on it. We'll take this exact test again at the end of our session after we have learned about the money concepts on this test.

What matters most is how much you learn and how well you do on the test at the end of our session, not on how well you do on this test.

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Distribute the Evaluation Pretest #2-SA-PE to participants. Give them time to complete the pretest. Then collect the pretests when they have finished. The Evaluation Key #2-SA-PE has all the answers for your information.

Ask: *What is a savings account?* Give participants time to respond. The answer is: A savings account is held at a financial institution, where you can save and withdraw money.

Ask: *Where can you open a savings account?* Give participants time to respond. Make sure they list these three institutions: Bank, savings and loan, and credit union. Write those three financial institutions on a flip chart and name them for the group.

Ask: *What is the difference between saving money in a savings account, such as at a bank or a credit union, and saving money in a piggy bank at home?* Give participants time to respond.

Answers could include: It's easier to spend the money you try to save at home. You must travel to a bank, savings and loan, or credit union to save money. You can earn money if you have an interest-bearing savings account.

Once participants understand the difference between saving money at home and saving money in a savings account at a financial institution, say that you're going to do a quick activity called "Savings Account or Piggy Bank?"

Explain that you're going to name different saving situations. Ask participants to stand. If participants think their child would save his or her money at home in a piggy bank, have them place their arms at their sides. If they think their child would save money in a savings account at a bank or credit union, have them hold their arms out to their sides at shoulder length.

Say: *Your child gets money that he or she will save until tomorrow.* Give participants time to respond. Encourage them to look around the room to see how others responded.

Give other examples, one at a time, giving participants time to respond. Use examples such as these: *Your child gets money that he or she wants to save for a year or more.* *Your child gets money that he or she wants to save for next week.*

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Your child gets money that he or she wants to save for next month. Your child gets money that he or she doesn't know what to do with yet.

Have participants take a seat. Say: *The way our kids save money affects how our children use their savings. It's easier for our kids to spend money that they try to save at home.*

3. Present (15 minutes)

Explain that there are advantages to saving money in a savings account at a bank, savings and loan, or credit union. On a flip chart, write 1. You can earn money with the right kind of account. 2. You know where your money is. 3. Your money is safe in an insured account.

Ask: *How can you earn money with the right kind of account?* Give participants time to respond. Do not be surprised if no one knows the answer. Explain that a savings account that earns interest is the same as earning money on your savings. Note, however, that not all savings accounts earn interest. That's why it's important to ask about an interest-bearing savings account.

Ask: *How do you know if an account is insured?* Give participants time to respond. Do not be surprised if no one knows the answer. On a flip chart write: FDIC insured. Explain that money is insured at an FDIC-insured financial institution. That means if the bank goes out of business at an FDIC-insured financial institution, up to \$100,000 of your money (and each depositor's) will be secure.

Ask: *What percentage of young people open up a savings account when they learn about savings accounts?* Give participants time to respond. On a flip chart, write the correct answer: 57%.¹

Ask: *What percentage of young people open up a savings account when they do not learn about savings accounts?* Give participants time to respond. On a flip chart, write the correct answer: 44%.²

Point to the two numbers. Explain that when young people learn about savings accounts, they are much more likely to open up a savings account. That's why it's important to learn about savings accounts.

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Say: Researchers have found that when young people open up a savings account in their own name, it gives them a sense of empowerment, which is an important factor to help them succeed in school.³

For young people who are minors, which means they are under the age of 18, they need a parent or other adult who will open up the savings account with them. These are called custodial accounts, and many children have these types of savings accounts.

Ask: What do you call the money earned on a savings account? Give participants time to respond. The answer is: Interest.

If you plan to distribute the optional handout, use it at this time. Walk through the different aspects of the savings statement so participants understand what one looks like and how to read one.

Ask: How can you find out how much money you can earn on a savings account? Give participants time to respond. The answer is: Look at the annual percentage yield earned. (If you're using the optional handout, point out this information on the handout.)

4. Discuss (5 minutes)

Say: Take some time to talk to the people near you. Talk to about two or three people. Take turns. I want you to do two things: 1. Say your first name. 2. Explain why you think having a savings account is a good idea. Start with the person who exercised or played a sport most recently. Then have each person take a turn.

5. Review and Evaluate (15 minutes)

Review what was accomplished during this session. *Ask: Where can you open a savings account?* (Answer: 1. At a bank. 2. At a savings and loan. 3. At a credit union.)

Ask: What are advantages to saving money in a savings account? (Answer: 1. You can earn money with the right kind of account. 2. You know where your money is. 3. Your money is save in an insured account.)

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Ask: *What percentage of young people open up a savings account when they learn about savings accounts? (Answer: 57%.) What percentage of young people open up a savings account when they do not learn about savings accounts? (Answer: 44%.)* Encourage participants to remember these percentages since they both appear on the evaluation.

Ask: *What do you call the money earned on a savings account? (Answer: Interest.)*
Ask: *How can you find out how much money you can earn on a savings account? (Answer: Look at the annual percentage yield earned.)*

At the end of the review, distribute Evaluation Posttest #2-SA-PE to each participant. Give participants time to fill out the posttest. Collect all the posttests after participants finish so you can find out the measurable outcomes for the session. The Evaluation Key #2-SA-PE has all the answers for your information.

6. Close (5 minutes)

Do a short activity for the closing. Have participants stand in a circle. Ask for a volunteer to start. Then go around the circle clockwise, giving each participant the opportunity to talk if he or she wishes.

Encourage participants to say their first names and how they hope to help their kids save money regularly.

Say: *A savings account is a helpful way to save money.* Challenge participants to talk to family members about this topic, which is listed under the Talk about It section of their Take-Home Notes. Thank participants for coming and for being involved.

Optional Activities

- 1. Distribute Handout #2-SA-PE: Savings Statement.** Give participants the handout. Use Handout Key #2-SA-PE to explain the handout to them.
- 2. Show the PowerPoint Presentation PDF #2-SA-PE.** Use the presentation to accompany the one-hour session.

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3. Give Participants a Challenge. Encourage participants to use the next week to ask their children about savings accounts. (If you wish, follow up during your next session to find out how the challenge went.)

Questions? Looking for more ideas? Visit www.bankit.com for answers and more resources.

For More Information

National Standards in K–12 Personal Finance Education (Washington, D.C., Jump\$tart Coalition for Personal Financial Literacy, 2007), standard 1 in the area of Saving and Investing.

An Asset Builder's Guide to Youth and Money by Jolene Roehlkepartain (Minneapolis: Search Institute, 1999).

Sources

¹Boys and Girls Clubs of America and Charles Schwab Foundation, *Report from Boys and Girls Clubs of America and Charles Schwab Foundation Shows Increased Knowledge Among Teens Leads to Positive Behavioral Change*, January 27, 2009.

²Ibid.

³William Elliott III and Sondra Beverly, "The Role of Savings and Wealth in Reducing 'Wilt' between Expectations and College Attendance," Center for Social Development Research Brief, Washington University in St. Louis, January 2010.