



## 5. Saving For Success

### Learning Objectives

To:

- link aspirations and goals to good money management
- understand how simple interest calculations operate

### Learning Outcomes

By the end of this lesson students will:

- have thought about their own long term goals
- worked through examples of simple interest calculations

### Links to pfeg Financial Education Planning Framework 3-11 years

#### Age 7-9

**How to manage money**  
Keeping records

**Becoming a critical consumer**  
Choices about spending and saving  
Spending and saving priorities

**Managing risks and emotions associated with money**  
Using accounts to keep money safe and to save

#### Age 9-11

**How to manage money**  
Simple financial records and budgets

**Becoming a critical consumer**  
Influences on spending and saving

**Managing risks and emotions associated with money**  
Borrowing and saving

### Vocabulary

- bank account
- interest
- aims
- goals
- targets
- AER

### TIMING

10 MINS

### STARTER ACTIVITY

**Watch the video and raise the following questions:**

- a) Where does Prudence put her money to keep it safe? (In a bank account)
- b) What other benefit does keeping it in a bank account have? (It earns interest)
- c) How is the money saved and the interest earned going to be used? (To help meet long term goals)

### RESOURCES

Video: Saving For Success



### Info

With simple interest, if £1,000 at 3% is saved this would earn £30 per year, every year. The amount of interest earned stays the same every year.

Compound interest (the system usually used) is paid on the amount already earned leading to greater and greater amounts of interest over time. For example £1,000 at 3% compound interest would earn you £30 in the first year but in the second year you would earn 3% on the new amount of £1,030 which would be £30.90 – a grand total of £1,060.90.

### Tasks

Role play shopping in the sales to practice calculating percentages

Use 1, 2 & 3 dice and round up to the nearest 10

### TIMING

### MAIN ACTIVITIES

### RESOURCES

12 MINS

- 1) Identify the long terms goals/aims of the six band members (Prudence – travel; Bobby – education; Zul – racing car; Justin – business; Pepper – dream house; Charity – helping others) See what students can recall and then watch the video again to confirm what they have remembered and/or fill in any gaps. Ask the class what factor links all these things (They all involve money and saving money is probably going to be necessary to achieve them).

Band members  
long term goals

15 MINS

- 2) Carry out a diamond nine activity. In small groups students organise their preferred long term goals. There will be disagreement about the sequence but this will help to reinforce the subjective nature of goal setting. As an extension task ask students to set out a pattern showing what they think the most to least expensive would be.  
N.B. Two cards have been left blank so students can add their own ideas.

Diamond nine

20 MINS

- 3) Work through interest calculations. **In practice the system is more complex** but the idea is to get across the general principle of having “your money work for you”. If the money is just kept in a jam jar then all you have at the end of the year is what you started with. If it is put in a savings account then there is, effectively, a bonus payment. Although amounts are not large they show the process at work and students can be encouraged to “scale up” if that is helpful. Some **prior knowledge** is assumed here. Calculators may be useful to aid the working out. If there is time, talk to students about comparing interest rates and why this is important.

Interest calculations

### PLENARY

5 MINS

- Ask students to nominate one important (to them) long term goal which may involve a saving target.

### EXTENSION WORK WITH PARENT /CARER ENGAGEMENT

Ask students to look out for and bring in any adverts about saving products which mention interest rates (they will need to look for the term “AER” (Annual Equivalent Rate)).

Use these to create a display highlighting how interest rates may differ. Alternatively ask students to research junior bank accounts.

Parent/carer can help students with their internet research. [www.moneysavingexpert.com/savings/child-savings-tax-free](http://www.moneysavingexpert.com/savings/child-savings-tax-free) may be particularly helpful.