career girls

Building Wealth: Classroom Lesson Plan

Lesson Topic:

Financial Literacy: Banking and Investing

Lesson Objective:

Students will be able to describe the common types of financial accounts and the main purpose of each.

Materials:

- Writing utensils
- Whiteboard or overhead
- Copies of **Where Should I Put My Money? Reading 1-4**, one set per group
- Projector or other method to watch the movie

Advanced Preparation:

- Preview the video before sharing it with your students [1:58].
- Make copies of **Where Should I Put My Money? Reading 1-4**, enough for one set per group.

Warm-up Activity:

1. Read through the list below, one item at a time. Ask students to raise their hand if the item is something they have or have done.
    - I have money in my pocket or backpack.

- I spent money today.
- I have a job. (Babysitting etc. counts!)
- I have visited a bank.
- I have a bank account.
- I have talked with my parents or another adult about money.

2. Explain that money is part of everyday life no matter who you are, what kind of job you have, or where you live. And learning to control your money is one of the most powerful steps you can take to lead a secure life.
3. Introduce the term "financial literacy" as something similar to, "*The knowledge necessary to make important financial decisions.*"
4. Ask, "What types of skills or knowledge does someone who is financially literate have?"
5. Direct students to turn and talk to a partner, listing as many skills and pieces of knowledge as they can.
6. Bring the class together to discuss their ideas. Create a list of these skills or pieces of knowledge on the whiteboard or overhead.

View the Video: "Building Wealth"

1. Tell students they will be watching the video titled, "Building Wealth" to learn about the importance of creating and maintaining financial resources.
2. Explain that the video presents role models describing the ways that being financially literate can help create wealth.
3. View the video together. Invite students to formulate questions or comments about the ideas discussed in the video and to be prepared to discuss these after viewing the video.

Video Follow-up:

1. Ask students to offer their questions, comments, reactions, and responses to the video.
2. Ask, “What other skills or pieces of knowledge for financial literacy did the role models discuss?”
3. Allow students to discuss, then add any additional skills or pieces of knowledge to the list on the whiteboard or overhead from the Warm-up Activity.
4. Divide students into groups of four. Tell students that they will be learning about basic financial accounts, which is an important step towards financial literacy.
5. Pass out **Where Should I Put My Money? Reading 1-4**. Each member of the group should receive a different reading.
6. Tell students that they are responsible for reading their assigned reading and explaining the contents of the reading to their group using their own words. Encourage students to highlight, underline, or make notes as needed.
7. Allow students time to read their assigned reading. Then, direct groups to have one student at a time discuss their reading with the other group members. Allow enough time so that each group member has time to present.
8. Bring the class back together to briefly review the types of accounts, check for understanding, and answer any questions.
9. End by telling students that taking control of their finances is one of the most powerful steps they can take to lead a secure life. Financial literacy isn’t something that happens overnight, so beginning to learn about finances today and making deliberate choices with money now will lead to greater financial knowledge in the future.

career girls

Extension Activities:

1. Encourage students to discuss specific money or financial topics with the adults in their homes or interview them about their money experiences. Have students share what they learned with the class.
2. Have students create faux investment accounts to learn more about the stock market, index funds, ETFs, and compound interest. Ideally, students should track the market over time to view fluctuations and research historical trends.
3. Use the "Related Questions to Explore" as discussion springboards or writing prompts to help students further explore wealth-building concepts.

Related Questions to Explore:

- One role model said that it is never too early to become a disciplined worker. What makes someone a disciplined worker and how does this relate to building wealth?
- What do you want your financial future to look like? What do you need to do to get there? How will being financially literate help you achieve your goal?
- Financial stability is a goal many people have. What do you think financial stability looks like? How does someone know if they are financially stable?
- We all sometimes buy things we don't need. And having the money to purchase things that we "want" is a luxury. What are some examples of things that you want? Have you recently purchased anything that is a "want" instead of a "need"?

career girls

Where Should I Put My Money? Reading 1

Read the information below. Be prepared to explain what you learned to your classmates in your own words. You may want to highlight or underline the important parts to make sure you don't miss anything!

Savings Accounts

Savings accounts are a great place to hold funds you need in the short term. These accounts are generally held through a bank or another financial institution. They pay a small amount of interest, so your money is making money! But there are many other places to invest money to earn higher returns such as the stock market.

Savings accounts are very safe. You cannot lose money that is kept in a savings account as long as you choose a bank that is insured by the Federal Deposit Insurance Corporation (FDIC). This means that the government guarantees your money up to $250,000. However, many banks may limit the number of transactions that you can make with a savings account per month. That means that you may only be able to transfer money in or out of the account a couple times each month.

Online banks often offer higher interest rates. By using an online bank your money may earn more money each month. You should look at the interest rate the bank is offering as well as read the terms and conditions of the account such as what types of fees the bank charges. Compare a few banks before deciding on the best one for you.

Credit unions often have lower fees, so it's a great idea to look at a credit union as well!

career girls

Where Should I Put My Money? Reading 2

Read the information below. Be prepared to explain what you learned to your classmates in your own words. You may want to highlight or underline the important parts to make sure you don't miss anything!

Checking Accounts

A checking account is the best place to hold your day-to-day money. This is the account that you should use to pay for things like groceries and rent. Checking accounts are often held at the same financial institution as your savings account and many banks will require you to have both.

There are generally no limits on the number of deposits and withdrawals you can make per month. But these accounts offer very low (or sometimes no!) interest. This means that you should keep only enough money for your day-to-day or monthly needs in this account and move your extra money elsewhere.

Checking accounts are very safe. You cannot lose money that is kept in a checking account as long as you choose a bank that is FDIC insured. This means that the government guarantees your money up to $250,000.

Online banks often offer higher interest rates. By choosing to use an online bank your money may earn more money each month in interest. You should look at the interest rate the bank is offering as well as read the terms and conditions of the account such as what types of fees the bank charges. Checking accounts often come with lots of fees, so take the time to compare a few banks before deciding which is the best for you.

career girls

Where Should I Put My Money? Reading 3

Read the information below. Be prepared to explain what you learned to your classmates in your own words. You may want to highlight or underline the important parts to make sure you don't miss anything!

Investment Accounts - Stocks

Investment accounts are a place to hold money you are saving for the long-term future. Money invested here should be held for at least five years but ideally much longer. For example, this might include savings for retirement or another long-term goal.

You can often open an investment account at the same institution where you have savings or checking accounts. However, there are also many financial institutions devoted primarily to investment accounts.

One type of investment you may choose in an investment account are stocks. Stocks are tiny bits of well-known companies such as fast-food restaurants or internet stores. By buying a stock, you own a small bit of that company. If the company does well, your stock increases in value. If the company does poorly, your stock decreases in value. Some stocks even pay a dividend, a small amount of money based on the company's profits. This dividend is normally paid four times per year, although some companies pay a larger amount once a year instead.

Stocks are a riskier place to hold money than something like a savings account. It is possible to gain or lose a lot of money *depending on how successful the company is. However, historically stocks have had higher returns than most other places you can hold or invest your money.*

One way to invest in stocks with less risk is to purchase Exchange Traded Funds (ETFs) or mutual funds. These investments include a basket of different stocks (and sometimes bonds!). So instead of buying stock from a single company and having the price rise or fall due to the fate of only one company, you are buying very small shares in lots of companies. This means that your share of ETF or mutual fund will rise and fall based on the fate of many different companies. So even if a single company fails, other companies will likely be successful.

Remember that no matter what type of stock you choose to invest in, it is possible to lose money. However, with a 20–30-year timeline, the stock market can be a good place to invest your money for greater returns than you could earn with something like a savings account or bonds. A well balanced investment account should generally contain both stocks and bonds.

Where Should I Put My Money? Reading 4

Read the information below. Be prepared to explain what you learned to your classmates in your own words. You may want to highlight or underline the important parts to make sure you don't miss anything!

Investment Accounts - Bonds

Investment accounts are a place to hold money you are saving for the long-term future. Money invested here should be held for at least five years but ideally much longer. For example, this might include savings for retirement or another long-term goal.

You can often open an investment account at the same institution where you have savings or checking accounts. However, there are also many financial institutions devoted primarily to investment accounts.

One type of investment you may choose in an investment account are bonds. Often the government, banks, cities, and other organizations need more money to complete a project than they currently have. One way to overcome this challenge is to issue bonds. These bonds are a promise to repay a set amount of money plus interest over a period of time.

There are some bonds that can be shorter-term investments. For example, some government bonds are meant to be held for only a few months or years. Other bonds such as corporate bonds might have maturities 15-25 years in the future.

Generally, bonds pay interest at set dates. Then the principle, or the amount of money lent, is paid back at the agreed upon maturity date.

Often, bonds will have greater returns than the interest you can earn in something like a savings account but less than the stock market. Bonds are generally viewed to be a safer investment than the stock market. A good quality investment account for most people should contain both stocks and bonds.

Ideas for Future Lessons/Activities Related to Building Wealth:

1. Harnessing the Power of Compound Interest: Credit Card Companies Versus the Stock Market

2. Always Read the Fine Print: Understanding Loans, Bank Statements, and More

3. Balancing the Books: Budgeting and You

4. What Is the Stock Market and Why Should You Care?

5. The Framework of Financial Stability: From Emergency Funds to Retirement Accounts

6. How Much Should I Really Be Spending? Thinking About Fixed and Non-Fixed Expenses

7. What's an Investment? From Stocks and Bonds to Real Estate and Crypto