



Setting Savings Goals

Lesson Description:

In this lesson, students consider the thinking behind spending and savings decisions, and practice making these decisions using scenarios related to characters in the lesson video.

Suggested Grade Level:

1st – 3rd

Economic Concepts:

Scarcity

Spending and saving

Making financial decisions

Voluntary National Content Standards in Economics:

Content Standard 1: Scarcity

Students will understand that productive resources are limited. Therefore, people cannot have all the goods and services they want; as a result, they must choose some things and give up others.

Content Standard 2: Decision Making

Effective decision making requires comparing the additional costs of alternatives with the additional benefits. Many choices involve doing a little more or a little less of something: few choices are “all or nothing” decisions.

Content Standard 11: Money and Inflation

Money makes it easier to trade, borrow, save, invest, and compare the value of goods and services. The amount of money in the economy affects the overall price level. Inflation is an increase in the overall price level that reduces the value of money.

National Standards for Financial Literacy:

Standard II: Buying Goods and Services

People cannot buy or make all the goods and services they want; as a result, people choose to buy some goods and services and not buy others. People can improve their economic well-being by making informed spending decisions, which entails collecting information, planning, and budgeting.

Standard III: Saving

Saving is the part of income that people choose to set aside for future uses. People save for different reasons during the course of their lives. People make different choices about how they save and how much they save. Time, interest rates, and inflation affect the value of savings.

Jump Start National Standards in K-12 Personal Finance Education

Spending and Saving:

- Standard 1: Develop a plan for spending and saving.
- Standard 4: Apply consumer skills to spending and saving decisions.

Financial Decision Making:

- Standard 1: Recognize the responsibilities associated with personal financial decisions.
- Standard 4: Make criterion-based financial decisions by systematically considering alternatives and consequences.
- Standard 8: Use a personal financial plan.

Time Suggested:

45-60 minutes (if completed in a single teaching period)

Supplies:

- *Ronan and Ramona Go to Stinkland* video, and means to project it
- One copy of the Savings Plan graphic organizer per student, with writing utensil OR projected copy of the organizer for the whole class to use
- Spend or Save PowerPoint presentation
- Bulletin board paper, mounted on a surface where students can write, and markers

Classroom Procedures:

1. This lesson revolves around spending and saving decisions, which can be a difficult topic for students whose families are experiencing homelessness, job loss, or food insecurity. Be sensitive to what you know about students' situations, and aware that there may be hidden situations, as well. As always, using any sort of personal examples should be done with great care and caution.
2. To begin the lesson, help students brainstorm the sorts of purchases for which people usually save their money:
 - a. Ask, "What does it mean to save money?" (**Answers will depend upon students' life experience, but possibilities include: put your money in the bank; keep your money instead of spending it; or make decisions with your money and hold on to some of it for something you want to buy later.**)
 - b. Continue by asking, "What sorts of things do people save money to buy?" (**Again, answers depend upon students' situations, but likely responses are large purchases like houses, cars, vacations, college tuition, future emergencies, or electronics.**)
 - c. Ask students, "Why do people need to save for these sorts of purchases?" (**Because they are larger purchases, most people do not earn enough income to buy these things quickly. They need to take a portion of their income and save it, regularly, until they have enough money to make the purchase. If students are confused about why saving for larger purchases is necessary, tell them that they will be learning about good savings decisions during today's lesson, and proceed more slowly to ensure that students are beginning to grasp this concept.**)
3. Show students *Ronan and Ramona Go to Stinkland*. Before starting the video, ask students to watch for the skunks' savings goal, and the choices they had to make in order to achieve it.
4. Following the video, discuss the skunks' savings plan. Distribute the Savings Plan graphic organizer to students, if desired, or project it so that the whole class can see it at once. (A completed organizer is provided at the end of this document for reference, but students' answers will vary from the examples.) Students should record their answers on individual copies during the discussion, or volunteers can complete each section if working on the plan as a whole class.
 - a. Ask, "what goal did Ronan and Ramona Skunk have in mind when they were saving?" (**Buying tickets to visit Stinkland amusement park.**)
 - b. Follow up by asking, "why did they have to save to achieve this goal?" (**As mentioned several times in the video, visiting Stinkland is expensive. The tickets cost more money that Ronan and Ramona had, so they had to save some of the money they earned each week in order to pay for them.**) Some students may have experience visiting an amusement park, and may be aware of the different costs involved: ticket fees, parking fees, expensive food and drinks, etc. If students can make these connections, it will help them envision why Ronan and Ramona had to plan and save for their trip.

- c. Continue the discussion by helping students think about what Ronan and Ramona had to do in order to save the money. Ask, “what choices did Ronan and Ramona make in order to make sure they were saving the money that they needed to achieve their goal of visiting Stinkland?” **(They saved \$2 out of every \$10 they made in their pizza business. Ramona made the difficult choice NOT to spend some of her saved money on stinky perfume that she really wanted, even though it was on sale! She saved that money instead.)**
 - d. Finally, ask students whether they think the choices that Ronan and Ramona had to make in order to buy their Stinkland tickets were worth it. **(Students’ opinions will vary, but most will probably say that Ronan and Ramona definitely seemed excited to be at the amusement park, and that they were glad they had saved their money instead of making other purchases so that they could buy tickets and visit.)**
5. Next, tell students that they will help Ronan and Ramona make financial decisions in order to help them take another trip to Stinkland.
- a. Project the Spend or Save PowerPoint presentation. Each slide gives a scenario for students to consider.
 - b. On the first scenario slide (slide 3), Ramona must make a choice identical to one she discussed in the video. Should she buy expensive perfume or save the money? Students may notice that this is the same as a choice she has already made. If so, ask, “do you think Ramona will make the same choice again? Why or why not?” **(Some students may say that she enjoyed her trip to Stinkland enough that she will happily save the money rather than spend it on perfume. Others might think that since she has already visited Stinkland, she would be willing to wait a bit longer to go again if it meant she could have the perfume she really wanted.)**
 - c. Continue with subsequent slides, asking students to explain whether they would spend or save the money in question. Follow up by asking, “what helped you make that decision?” **(Some students will be motivated to get Ronan and Ramona to Stinkland as quickly as possible, while others might think the immediate purchase is more important.)**
 - d. Whichever answer they choose, encourage them to think about the consequences of that choice. Reinforce the idea that there is no “right” answer. While some answers will make the trip to Stinkland happen sooner, there are advantages and disadvantages to both choices presented on the slides.

Closing:

Explain to students that just as Ronan and Ramona must consider the positive and negative consequences of their savings decisions, people in the “real world” making savings and spending decisions must do the same thing. Review the purchases discussed in the lesson opening (cars, houses, etc.) and help students reflect on the ways that saving for those requires short-term sacrifices. Ask students to brainstorm what some of those sacrifices might be. **(Keeping to a strict budget, eating basic meals at home, not buying the newest clothes and shoes, etc.)**

Again, make sure that such spending discussions are sensitive to students whose families may not have the luxury of spending money on anything beyond necessities.

Conclude by reminding the class that evaluating the pros and cons of spending and savings decisions is something that they will continue to learn how to do as they get older.

Assessment:

Post a large sheet of bulletin board paper on the wall, and give each student a marker. Tell students that this is their chance to give Ronan and Ramona a compliment for their wise savings and spending choices. Allow a few students at a time to go to the paper and write a message congratulating Ronan and Ramona for a particular choice that one or both skunks made in order to achieve their savings goal. When everyone in the class has written a message, give Ronan and Ramona a round of applause to acknowledge their success.

As students record their answers, keep an eye out for those students who seem confident in recognizing good spending and savings decisions, as well as for those who seem to be struggling.

Extensions:

-If appropriate for the students in your class, they can complete a savings plan for a personal goal or a class goal. In the latter case, be clear with students about the goal, and whether it is imaginary or something that will really happen if the savings goal is met.

-The SmartPath learning platform includes a lesson set regarding Ronan and his friend Toby starting the pizza stand that helps them earn money for a trip to Stinkland. These lessons can be found here: <https://teach.smartpathlearning.com/teacher/curriculum/3/overview>.

Making a Savings Plan

What is my savings goal?

How much money do I need to save?

How will I save it?

What choices will I make to save?



Making a Savings Plan

What is my savings goal?

Ronan and Ramona Skunk want to earn enough money to buy tickets to Stinkland, a very expensive amusement park.

How much money do I need to save?

Enough for two tickets to the park.

How will I save it?

By saving \$2 out of every \$10 they earn at their pizza stand.

What choices will I make to save?

*They need to save the money they earn - they must put \$2 in the bank every time they earn \$10.

*Not buy unnecessary things - like super stinky perfume!

*When they have the chance to buy something, they have to think about whether or not that item is more important than saving toward the trip to Stinkland.

