



**Personal Finance**

# **Strategies to Save Day 1**

**April 15th, 2020**



Lesson: April 15th, 2020

## **Objective/Learning Target:**

Students will learn to:

- Identify various rules of thumb and strategies to save money
- Determine whether a direct deposit or manually saving is the better strategy for them
- Understand how compound interest works to increase savings.

# Warm up (think out loud, or write your answer down)

We all know that saving money is good for us. In this activity, you'll brainstorm and prioritize saving goals for your future.

- A. Using post-it notes, small pieces of paper, or a piece of scrap paper, brainstorm specific reasons for you to save or saving goals you would like to meet. Some of the reasons may be big, like saving for college. They may be small, like saving enough to buy a new pair of sunglasses. Or, they may be something in between, like saving up for a bicycle. Go to it! Come up with at least 20 ideas.

# Warm up (think out loud, or write your answer down)

- A. Now sort your ideas into three piles:
  - a. Short-term goals: ones you would like to achieve within two months
  - b. Medium-term goals: ones you would like to achieve from within two months to three years
  - c. Long-term goals: ones you would like to achieve three or more years out.

# Lesson

The 50-20-30 budgeting rule is a well known rule of thumb and considered easy to follow. Read the article, then answer the questions below.

<http://www.forbes.com/sites/trulia/2016/07/11/new-to-budgeting-why-you-should-try-the-50-20-30-rule/#49fe1b6be063>

1. Why is the 50-20-30 rule easy for people to follow, especially those who are new to budgeting and saving?
2. This article recommends that 20% of your income is meant for your savings, investments, and payments to reduce debt. What are the potential risks of having all three of these buckets belong in the same category?

# Lesson

Some people like to set up a direct deposit while others like to manually transfer their money into their savings account. Watch this video and answer the questions below.

<http://link.brightcove.com/services/player/bcpid719324520001?bckey=AQ~~,AAAAEIM9KCE~,OYsS6EQ7sm7GnhjUiKOvCjkSmZIFn3fA&bctid=1456348662001>

1. What does it mean to “pay yourself first”?
2. The last speaker in the video says something that’s factually not true. What makes him wrong?
3. Which option would YOU prefer: automatic or manual? What is one benefit AND one disadvantage of using your preferred method?

# Lesson

Another way to make saving easier? Use an app that automates saving small amounts. Read about one of the 4 apps in this article and answer the questions.

<https://www.nerdwallet.com/blog/banking/best-money-saving-apps/>

1. What app did you read about, and how does it work?
2. Does the app save or invest the money for you?
3. Would you be likely to use this app? Why or why not?

# Exit Ticket

1. How do you distribute your money when using the 50-20-30 rule?