

cobblestone®

MONEY SMARTS

In this issue, students explore how financial institutions affect their ability to save, invest, and spend.

CONVERSATION QUESTION

How do financial institutions impact our everyday lives?

TEACHING OBJECTIVES

- Students will learn about financial institutions.
- Students will describe the role of banks in an economy.
- Students will explain what interest rates are.
- Students will compare the benefits and costs of individual choices.
- Students will conduct research and create a multimedia presentation.
- Students will create a graph.
- Students will use details from a text to write a story.



In addition to supplemental materials focused on core Social Studies skills, this flexible teaching tool offers vocabulary-building activities, questions for discussion, and cross-curricular activities.

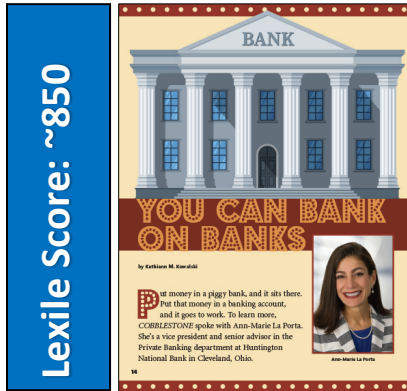
SELECTIONS

- **You Can Bank on Banks**
Expository Nonfiction, ~850L
- **An Interesting Thing About Money**
Expository Nonfiction, ~1050L
- **Debt: Good or Bad?**
Expository Nonfiction, ~1050L

You Can Bank on Banks

pp. 14–17, Expository Nonfiction

Explore how banks help people who want to save money and people who want to borrow money.



RESOURCES

- The Banking System

OBJECTIVES

- Students will read and analyze a nonfiction article.
- Students will learn about financial institutions.
- Students will describe the role of banks in an economy.
- Students will conduct research and create a multimedia presentation.

KEY VOCABULARY

- **interest (p. 15)** the money paid by a borrower for the use of borrowed money
- **debits (p. 15)** amounts of money taken out of a bank account
- **credits (p. 15)** amounts of money added to a bank account

ENGAGE

Conversation Question: How do financial institutions impact our everyday lives?

Ask students to share what comes to mind when they hear the term *bank*. What function do banks serve in society? Could our modern society function well without them? Why or why not?

INTRODUCE VOCABULARY

Review the vocabulary words and definitions. Then display the sentences below. Have students complete the sentences using the vocabulary words. Go over responses. Then remind students to look for the vocabulary words as they read the article.

- _____ is earned on _____ that one keeps in a savings account.
- Taking a lot of _____ from a savings account would reduce the amount of _____ a saver could earn.

READ & DISCUSS

Have students read the article with a partner. Then use these prompts for discussion:

1. How can banks help you grow your savings?
2. How do banks help people to make large purchases?
3. How has technology changed the way people use banks?

CONCEPT FOCUS: Describe Roles

INSTRUCT: Remind students that the article describes several services banks provide to help people save and borrow money. Also explain to students that banks help make money flow through the economy by coordinating savers and borrowers.

ASSESS: Have students work in pairs to complete the diagram in *The Banking System* organizer and then describe the importance of banks in keeping money flowing in an economy. Then hold a class discussion to answer these questions: What challenges would exist if there were no banks? What challenges would result from banks failing during an economic downturn and being unable to operate?

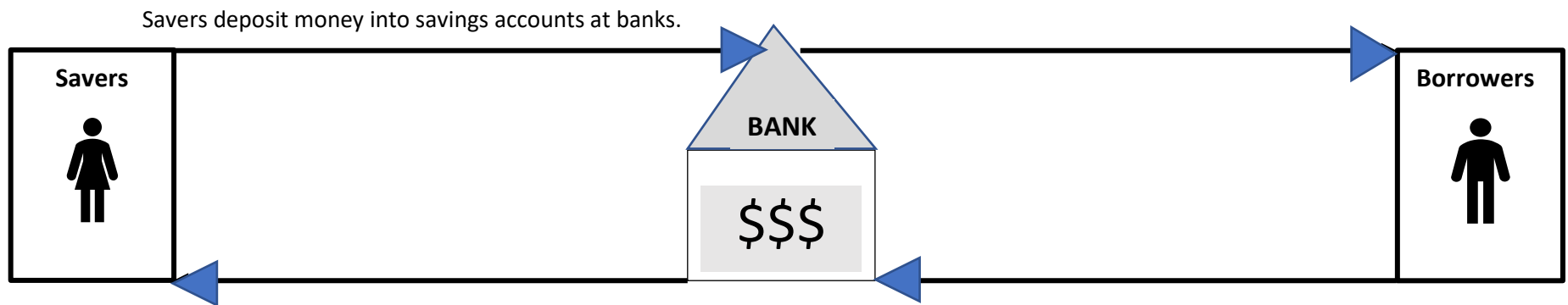
EXTEND

English Language Arts Have students conduct research to gather information about two different types of products banks offer people who want to save or borrow money, excluding savings and checking accounts. Then have students develop a multimedia presentation that describes how each product helps people accomplish their goals.

The Banking System

In the diagram below, record details to show how banks help to keep money flowing between savers and borrowers in an economy.

1. On the left side of the diagram, write two details that tell about the relationship between banks and **savers**. Write the details on the arrows. The first detail has been added.
2. On the right side, write two details that tell about the relationship between banks and **borrowers**. Write the details on the arrows.



Write Use the details you've recorded in the diagram above to help you write a short paragraph that describes the importance of banks in keeping money flowing in an economy.

An Interesting Thing About Money

pp. 19–21, Expository Nonfiction

Explore how interest can benefit people who want to save money and cost people who want to borrow money.



OBJECTIVES

- Students will read and analyze a nonfiction article.
- Students will learn about financial institutions.
- Students will explain what interest rates are.
- Students will create a graph.

KEY VOCABULARY

- **interest (p. 19)** the money paid by a borrower for the use of borrowed money
- **yield (p. 21)** an amount of money produced by earning interest on a deposit

ENGAGE

Conversation Question: How do financial institutions impact our everyday lives?

Have students describe a situation where they borrowed money. How long did they borrow it before paying it back? Did they have to pay back more than the amount they borrowed? Then have students describe a situation where they saved money at home. What made that amount grow over time? Finally, tell students they'll learn about how interest can make savings grow faster or increase the amount they'll have to pay back on a loan.

INTRODUCE VOCABULARY

Review the vocabulary words and definitions. Then ask students to use the vocabulary words to make predictions about the topic of the text. If necessary, help students guess the topic by revealing the title of the article. Then remind students to look for the vocabulary words as they read the article.

READ & DISCUSS

Have students read the article with a partner. Then use these prompts for discussion:

1. How does compound interest on a deposit grow savings faster than a simple interest rate would?
2. If you were a borrower, would it make more sense to take a loan with a simple interest rate or a compound interest rate? Why?
3. How does the length of repayment on a loan affect the amount of interest a borrower will pay?

CONCEPT FOCUS: Explain Interest

INSTRUCT: Remind students that the article discusses both basic interest rates and compounded interest rates. Review these concepts. Then tell students that they'll be working in teams to simulate the process of growing savings in a bank.

ASSESS: Have students work in pairs, with one partner acting as a banker and the other acting as a saver. Have partners work together to determine how much money they would earn over three years on a deposit of \$100 that has an interest rate of 5% compounded annually.

EXTEND

Math Point out that the article discusses the incentives and disincentives interest rates create for savers and borrowers. Ask students to conduct research to find out what interest rates for borrowers were 20 years ago. Then have students determine whether it would've been more costly to buy a home 20 years ago or today. Finally, have students create a simple column graph to compare interest rates 20 years ago and today.

Debt: Good or Bad?

pp. 26–29, Expository Nonfiction

Discover why borrowing money can create benefits or lead to challenges that make it difficult to achieve personal goals.



OBJECTIVES

- Students will read and analyze a nonfiction article.
- Students will learn about financial institutions.
- Students will compare the benefits and costs of individual choices.
- Students will use details from a text to write a story.

KEY VOCABULARY

- **investment (p. 26)** the use of money to earn a profit over time
- **risk (p. 29)** a situation involving exposure to danger
- **credit history (p. 29)** a record of a borrower's repayment of debts, often used by banks to determine the interest rate they charge the borrower for taking out a loan

ENGAGE

Conversation Question: How do financial institutions impact our everyday lives?

Ask students to think about why they might need to borrow money. Then ask students to hypothesize how borrowing money could cost or benefit them in the long run, depending on how they use the money.

INTRODUCE VOCABULARY

Review the vocabulary words and definitions. Then have students work in small groups to write a single sentence that uses all three vocabulary words correctly. Invite students to share their sentences. Then remind them to look for these words as they read the article.

READ & DISCUSS

Have students read the article with a partner. Then use these prompts for discussion:

1. In what situations can debt be a bad thing?
2. In what situations can debt be a good thing?

CONCEPT FOCUS: Compare Benefits

INSTRUCT: Remind students that the article discusses ways that debt can be both a good and bad thing. Tell students that they'll be working together to make a plan for their futures that involves taking on debt. Tell them they'll have to work together to determine what they'll use debt for and how it will both cost and benefit them in the long run.

ASSESS: Have students work in pairs to review the article. Then tell pairs to create three goals for their future that will require taking on debt. Next, have them discuss the costs and benefits of taking on debt to achieve each goal. Finally, invite students to explain their choices to the rest of the class.

EXTEND

English Language Arts Point out that the article discusses the fact that debt can be both a good and bad thing. Have students write a one-page story about a person who has taken on debt. Tell students that the story must explain how that debt has become either a bad or a good thing for the character. Remind them to use dialogue and descriptive details to make their stories interesting and memorable. Invite students to share their finished stories with the class.