

Lesson Plan

This lesson plan is designed to help you teach using a Common Craft video. Use the information below to introduce the video and then follow the video with discussion questions and other resources.



commoncraft.com/video/saving-money-compound-interest

ISTE Standard:

**Knowledge Constructor,
Indicator 3d**

Saving Money (Compound Interest)

Explained by Common Craft

This video introduces the basics of using a bank or credit union to earn money from compound interest. It follows the story of Jasmine, who saves money to buy a home.

Learning Outcomes

- Explain the value of saving money
- Compare and contrast saving money in a piggy bank and saving money in a bank account
- Define the term Annual Percentage Yield (APY)
- Describe how the amount of interest a bank account earns is calculated
- Describe how compound interest works over time

Discussion Questions

Q #1

What are your future goals? What solutions would you suggest for saving toward them?

Q #2

How would you determine which bank or credit union to use?

Knowledge Check Q&A

Q

What is the problem with saving money in a piggy bank?

A

The problem with a piggy bank is that the money just sits there and does not grow.

Q

What is interest? And why does the bank pay it?

A

Interest is extra money from the bank. When a person puts money in a bank, the bank may use it to help other customers who need to borrow money, so the bank pays interest in exchange for their use of the money.

Q

What is Annual Percentage Yield (APY)?

A

APY is a rate set by the bank that determines the amount of interest paid to a person over the course of a year.

Q

What is compound interest?

A

Compound interest is the idea that money that earns interest grows faster over time because, as long as the interest continues to be invested, the earned interest will in turn earn interest year after year.

Resources for Learning More

Kiplinger

Lisa Gerstner

“Start saving now” 1/2015

[http://www.kiplinger.com/article/saving/
1047-C006-S002-start-saving-now.html](http://www.kiplinger.com/article/saving/1047-C006-S002-start-saving-now.html)

Investopedia

“APR and APY: Why your bank hopes you can’t tell the difference” 9/2017

[http://www.investopedia.com/articles/
basics/04/102904.asp](http://www.investopedia.com/articles/basics/04/102904.asp)

Investor.gov

“Compound interest calculator”

[https://www.investor.gov/additional-
resources/free-financial-planning-tools/
compound-interest-calculator](https://www.investor.gov/additional-resources/free-financial-planning-tools/compound-interest-calculator)

Investor.gov

“Save and invest: Here are a few important steps to help you define and meet your financial goals”

[https://www.investor.gov/introduction-
investing/basics/save-invest](https://www.investor.gov/introduction-investing/basics/save-invest)

TedTalk

Keith Chen

“Could your language affect your ability to save money?” 6/2012

[https://www.ted.com/talks/
keith_chen_could_your_language_affect
_your_ability_to_save_money#t-40460](https://www.ted.com/talks/keith_chen_could_your_language_affect_your_ability_to_save_money#t-40460)