

Evaluating savings scenarios

By analyzing real-world scenarios, students practice making informed decisions about savings tools to meet financial situations and needs.

Learning goals

Big idea

Different situations may require different savings tools.

Essential questions

- What are some benefits and risks related to different savings tools?
- How do you decide which savings tools work for different situations and needs?

Objectives


- Understand ways to store money, including types of savings tools offered by insured depository institutions
- Be able to match appropriate savings tools with real-world scenarios

NOTE

Please remember to consider your students' accommodations and special needs to ensure that all students are able to participate in a meaningful way.

KEY INFORMATION

Building block:

 Financial knowledge and decision-making skills

Grade level: High school (9-12)

Age range: 13-19

Topic: Save and invest (Banking options, Choosing how to save)

School subject: CTE (Career and technical education), Social studies or history

Teaching strategy: Cooperative learning, Simulation

Bloom's Taxonomy level: Evaluate

Activity duration: 75-90 minutes

National Standards for Personal Financial Education, 2021

Saving: 12-1, 12-3, 12-8

Investing: 12-1, 12-3

These standards are cumulative, and topics are not repeated in each grade level. This activity may include information students need to understand before exploring this topic in more detail.

What students will do

- Use the “Evaluating savings scenarios” worksheet to review real-world savings situations.
- Recommend at least one savings tool for each scenario.
- Give a clear reason for choosing each savings tool.

Preparing for this activity

- While it’s not necessary, completing the “Storing my savings” activity first may make this one more meaningful.
- Print copies of all student materials for each student, or prepare for students to access them electronically.

What you’ll need

THIS TEACHER GUIDE

- Evaluating savings scenarios (guide)
[cfpb_building_block_activities_evaluating-savings-scenarios_guide.pdf](#)

STUDENT MATERIALS

- Evaluating savings scenarios (worksheet)
[cfpb_building_block_activities_evaluating-savings-scenarios_worksheet.pdf](#)
- Options for storing your savings (handout)
[cfpb_building_block_activities_options-for-storing-savings_handout.pdf](#)

Exploring key financial concepts

Saving is part of financial planning. There are many different savings tools for storing your money. It’s important to weigh the benefits and risks of each tool and determine which ones can meet your financial goals.

TIP

Because financial products, terms, and laws change, students should be encouraged to always look for the most up-to-date information.

Teaching this activity

Whole-class introduction

- Ask students to share some places or products they have heard of to store their savings.
- Be sure students understand key vocabulary:
 - **Bank:** A financial institution and business that accepts deposits, makes loans, and handles other financial transactions.
 - **Benefit:** An advantage; something that is good.
 - **Credit union:** A cooperative financial institution that is chartered by the National Credit Union Administration (a federal independent agency) or a state government and is owned by its individual members.
 - **Depository institution:** A financial institution like a bank or credit union that is authorized to accept checking or savings deposits.
 - **Interest:** A fee charged by a lender, and paid by a borrower, for the use of money. A bank or credit union may also pay you interest if you deposit money in certain types of accounts.
 - **Liquidity:** A measure of the ability and ease with which you can access and use your money.
 - **Risk:** Exposure to danger, harm, or loss.
 - **Savings:** Money you have set aside in a secure place, such as in a bank account, that you can use for future emergencies or to make specific purchases.
 - **Savings account:** An account at a bank (sometimes called a share savings account at a credit union) used to set aside money and that pays you interest.
 - **Term:** A fixed or limited period of time for which something lasts or is intended to last (for example, five-year loan, a three-year certificate of deposit, a one-year insurance policy, a 30-year mortgage).

TIP

Visit CFPB's financial education glossary at consumerfinance.gov/financial-education-glossary/.

Individual or group work

- Distribute the "Evaluating savings scenarios" worksheet and the "Options for storing your savings" handout.

- Explain that the information in the handout will help students weigh the benefits and risks of each savings tool for different scenarios in the worksheet.
- Ask students to read the savings scenarios in the “Evaluating savings scenarios” worksheet. After examining the scenarios, students will recommend at least one savings tool for that scenario and justify their choice.

A tip for differentiating instruction

- If you want to use this activity to assess students’ understanding of savings tools, have students work individually to complete this worksheet. If assessment isn’t your goal, students can work in pairs or small groups.
- If you don’t have time for students to address all scenarios, or you’re working with English language learners or students working below grade level, different groups can focus on different scenarios and share their findings with the whole class.

Wrap-up

Review the worksheet as a whole class so students can discuss the possible solutions for each scenario, assess the recommendations of their peers, and come to agreements on which tools are reasonable choices for which scenarios.

Suggested next steps

Consider searching for other [CFPB activities](#) that address the topic of saving, including banking options and choosing how to save. Suggested activities include [“Setting a SMART savings goal”](#) and [“Creating your own savings rules”](#).

Measuring student learning

Students’ answers on their worksheets and during discussion can give you a sense of their understanding.

This answer guide provides possible answers for the “Evaluating savings scenarios” worksheet. **Keep in mind that students’ answers may vary, as there may not be only one right answer.** The important thing is for students to have reasonable justification for their answers.

Answer guide

Scenario	Recommended savings tool(s)	Explain your choice(s)
A	Savings account or money market deposit account	These accounts pay interest and are safer places to keep money than a drawer. With a money market deposit account, Omar could write a limited number of checks to pay college expenses. His current savings of \$1,000 may be enough to open a money market deposit account at some places. But with both types of accounts, he would need to keep a minimum balance to avoid fees.
B	Certificate of deposit (CD)	Shanice wants the money from her grandmother’s estate once she starts grad school. If she puts it in a three-year CD, she may earn a higher rate of interest than in a savings account or a money market deposit account. The rules for CDs may help her not spend the money on other things.
C	Money market deposit account	In some cases, \$3,542 is enough for the coach to open a money market deposit account, which may earn more interest than a savings or checking account. The team can add funds at any time from future fundraisers. When they travel to the tournament, the coach can use this account to pay for transportation and meal costs without exceeding the number of transactions permitted each month.
D	Health savings account	This account lets you set aside pre-tax money, sometimes directly from your paycheck, to pay for eligible medical expenses. These accounts can earn interest, and the interest or other earnings on the account are tax-free. Calvin and Carly would have to make sure they have a certain kind of health insurance and meet other conditions to set up an account.
E	Checking and savings account	A checking account would meet Brennan’s needs (a student checking account may be ideal). He could also open a savings account to deposit money each time he gets paid and start saving.