

# Saving for unexpected events

Students brainstorm unexpected events that may cost money and then analyze emergency scenarios to better understand the importance of having an emergency savings fund.

## Learning goals

### Big idea

Planning ahead for unexpected events makes it easier to face financial challenges.

### Essential questions

- How can I prepare myself financially for unexpected events?
- How can I start to build an emergency savings fund?

### Objectives

- Identify types of unexpected events that cost money
- Understand how to create a budget or savings plan to set aside money for unexpected events



### NOTE

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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:

-  Executive function
-  Financial knowledge and decision-making skills

**Grade level:** Middle school (6–8)

**Age range:** 11–14

**Topic:** Save and invest (Building emergency savings, Choosing how to save, Saving for long-term goals, Saving for short-term goals)

**School subject:** English or language arts, Math

**Teaching strategy:** Cooperative learning

**Bloom's Taxonomy level:** Understand, Apply, Analyze

**Activity duration:** 45–60 minutes

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### National Standards for Personal Financial Education, 2021

Saving: 4-1, 4-2, 8-1, 8-2

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

- Brainstorm unexpected events that cost money.
- Analyze two budgets and determine whether there's enough money saved to cover the unplanned need.

## Preparing for this activity

- While it's not necessary, completing the "[Exploring savings habits](#)" 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.
- Students should have access to calculators.

### What you'll need

#### THIS TEACHER GUIDE

- [Saving for unexpected events \(guide\)](#)  
[cfpb\\_building\\_block\\_activities\\_saving-unexpected-events\\_guide.pdf](#)

#### STUDENT MATERIALS

- [Saving for unexpected events \(worksheet\)](#)  
[cfpb\\_building\\_block\\_activities\\_saving-unexpected-events\\_worksheet.pdf](#)
- Calculators

## Exploring key financial concepts

Saving money is important for many reasons, but it's especially useful to help you handle unexpected emergencies. Whether it's a trip to the hospital or a broken-down car, financial emergencies can happen at any time. They can also cost a lot of money. Having money set aside for an unexpected expense can save you money in the long run. You won't have to rely on credit cards or other types of loans. If you don't have money saved, you might have to borrow some. This may mean you'll wind up paying more in the long run.

### TIP

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Because savings 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

- Pass out the “Saving for unexpected events” worksheet.
- Be sure students understand key vocabulary:
  - **Budget:** A plan that outlines what money you expect to earn or receive (your income) and how you will save it or spend it (your expenses) for a given period of time; also called a spending plan.
  - **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.
- Give students one or two examples of an unexpected event that costs money, like a car breaking down or a roof leaking.
- Ask a few students to give you examples of an unexpected event or emergency that could cost money.

### TIP

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Visit CFPB’s financial education glossary at [consumerfinance.gov/financial-education-glossary/](https://consumerfinance.gov/financial-education-glossary/).

## Individual or group work

- Students will work independently or with a partner to read the worksheet scenarios about unexpected events.
- For each scenario, they’ll calculate whether the emergency savings account has enough money to cover the cost.
- Students will answer questions about the scenarios on the worksheet.

## Wrap-up

- Bring the class back together and discuss the scenarios.
- Ask the class to share their answers.
- Encourage students to share their thoughts about whether or not the scenarios presented good reasons to tap into savings.
  - Ask them to explore what other options they’d have.
- Ask students to brainstorm things Kya and Ashar could do to put more money in their emergency savings accounts.

- Use their answers to engage them in a discussion about making responsible saving and spending choices.

## Suggested next steps

Consider searching for other CFPB activities that address the topic of saving, including building emergency savings, choosing how to save, saving for short-term goals and saving for long-term goals. Suggested activities include “Opening a savings account” and “Preparing to pay for education after high school.”

## Measuring student learning

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

This answer guide provides possible answers for the “Saving for unexpected events” worksheet. **Keep in mind that students’ answers on questions 3 and 4 may vary, as there may not be only one right answer.** The important thing is for students to have reasonable justifications for their answers.

## Answer guide

This answer guide provides possible answers for the “Saving for unexpected events” worksheet.

### Scenario 1. Kya

Kya is 11 years old and she loves to play soccer. For the past three years, Kya has put half of her birthday money in her emergency savings account. Here’s how much she saved each year:

9th birthday - \$30

10th birthday - \$20

11th birthday - \$28

After school yesterday, Kya’s soccer ball went flat. She looked up the prices of new soccer balls online and saw that she could buy a new ball for \$10.

1. How much money does Kya have in her emergency savings account? **\$78**
2. How much will she have if she buys a new soccer ball? **\$68**

3. Do you think Kya should use the money in her emergency savings account to buy a new soccer ball? Why or why not? **Answers will vary. The important thing is for students to support their answers.**
4. What do you think Kya can do to save more money in her emergency savings account? **Answers will vary. The important thing is for students to support their answers.**

## Scenario 2. Ashar

Ashar is 20 years old and works part-time as a school bus driver while he takes classes at his local community college. He brings home \$1,200 a month. Each month, Ashar spends \$750 on rent and utilities, \$50 for his cellphone, \$50 for car insurance, and \$200 to \$275 on groceries and going out with his friends. For the past six months, he has put \$25 a month in his emergency savings account. When he was driving home last night, his car got a flat tire. He put on a spare tire but needs to buy a new permanent tire. That will cost him \$106.

1. How much money does Ashar have in his emergency savings account? **\$150**
2. How much will he have if he buys a new tire? **\$44**
3. Should Ashar use his emergency savings to buy a new tire? Why or why not? **Answers will vary. The important thing is for students to support their answers.**
4. What do you think Ashar can do to adjust his budget to help save more for unexpected events that will cost him money? **Answers will vary. The important thing is for students to support their answers.**