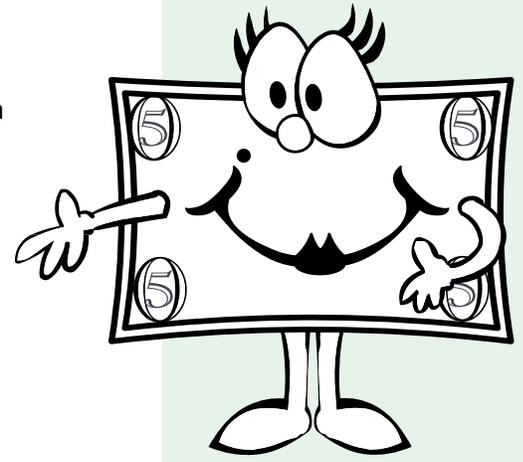




Lesson plan provided courtesy of  
2009 Wisconsin Bankers Association  
Reading Raises Interest kit.

# Savings Plan

Grade 3



## Overview

Students share the book *Kermit the Hermit*, by Bill Peet, to learn about the role of money, saving, needs and wants, and spending. Students complete a needs and wants worksheet, make a piggy bank, and create a savings plan.

## Lesson Objectives

Students will be able to:

- Explain why people need money
- Explain the difference between economic needs and wants
- Define the term *spend*
- Describe different ways people can save their money

## Materials List

1. Book: *Kermit the Hermit*, by Bill Peet (Houghton Mifflin Company, 1965)
2. Chalkboard or chart paper
3. Empty, plastic gallon milk jugs (enough for each student to have one)
4. Art supplies: paint, paintbrushes, glue, construction paper, markers, scissors
5. 3-inch x 5-inch index cards (enough for each student to have one)
6. Handouts:
  - **Needs and Wants** worksheet
  - **Savings Plan** worksheet

## Large-Group Activity

### Materials

- Book: *Kermit the Hermit*
  - Handout: **Needs and Wants** worksheet
1. Gather students to share the book *Kermit the Hermit*.

## Content Standards

The activities in this lesson correlate to national standards in economics and language arts. See the end of this lesson for content standards information.

## Vocabulary

income  
interest  
need  
savings  
spend  
want

- Say:

**Imagine that someone gave you 20 dollars. What would you do with the money?**

Allow students to respond.

**I'm going to read a story about a crab who gives a poor family some money. It's called *Kermit the Hermit*, and it was written by Bill Peet.**

**Let's see why the crab gave the family money.**

- Read the book to the class. Pause after each two-page spread and allow the students to view the pictures.

2. Discuss the book with the class.

- **Why was Kermit the Hermit greedy and grumpy?**

There was a shortage of food in the bay, and Kermit the Hermit had to fight for survival.

- **Kermit the Hermit saw something shiny on the beach. What did he think it was?**

He thought it was something valuable, like a watch or jewelry.

- **What happened when Kermit the Hermit found the tin can?**

A dog saw Kermit the Hermit. The dog tried to bury him in the sand.

- **Who saved the Kermit the Hermit?**

A little boy.

- **What did Kermit the Hermit want to do to repay the little boy?**

Kermit the Hermit wanted to buy a bicycle for the little boy.

- **Why couldn't Kermit the Hermit buy the little boy a bicycle?**

Kermit the Hermit didn't have any money.

- **What did Kermit the Hermit find in the ocean?**

Kermit the Hermit found a treasure chest filled with gold.

- **What did Kermit the Hermit do with the gold?**

He gave the gold to the little boy's family.

- **What did the family buy with the gold?**

The family bought a TV set, toys, dolls, and bikes.

- **What did the father do with the money they didn't spend?**

The father saved the money.

3. Discuss this lesson's economic concepts: the role of money, spending, and saving.

○ *Role of Money*

**Kermit the Hermit wanted to repay the boy by giving him a bicycle, but he couldn't buy him a bicycle. Why not?**

Kermit the Hermit didn't have any money.

**Kermit the Hermit couldn't give the boy a bicycle because he didn't have any money. When people want to buy a good, they usually exchange money for that good. Have you ever exchanged money for a good? What did you exchange your money for?**

Allow students to share their experiences with exchanging money for goods.

**Do you think money would be useful if you couldn't use it to buy things you need or want? Why or why not?**

Have students share their thoughts. Students will probably answer no.

**Money is useful because you can exchange it for goods. If you could not exchange money for goods, most people would not want it.**

○ *Saving*

**The little boy's father used some money to buy things for his kids. He saved the rest of the money. When you save money, you keep some money for the future instead of buying goods or services right now. Have you ever saved money? What did you save money to buy?**

Have students share their experiences with saving money.

**Where do you save your money?**

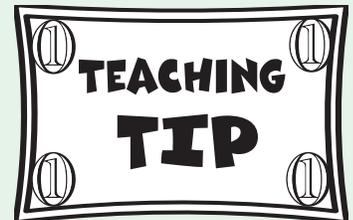
Allow students to respond. Students may say in a piggy bank or a savings account.

**One way to save your money is in a piggy bank. If you leave your money in your pockets or on a desk in your room, you can easily lose it. You are not as likely to lose money you put in a piggy bank. Piggy banks are also nice because you can get to your money quickly and easily, and you can take it out at any time and count it.**

**You can also save your money in a savings account located at a bank. Why do many people keep their money in a savings account at a bank rather than in a piggy bank?**

Have students share their ideas. Students may say that they can earn money if they put their money in a savings account.

**Many people put their money in a savings account because they can earn money. Most banks will give you a certain amount of money for every dollar you have in the bank. This extra money is called **interest**. Some people put their money in a savings account because they can't easily spend this money. If you leave your money in a piggy bank, you can access it easily. So you may be tempted to spend it. Do any of you have a savings account?**



If needed, remind students that a good is an object that satisfies economic wants.

Have students respond.

○ ***Needs, Wants, and Spending***

When you **spend** money, you use it to buy goods. What did the father spend his money on?

The father spent the money on a TV, toys, dolls, and bicycles.

Most people don't have enough money to buy everything they want. They have to decide what they really **need** to buy and what they **want** to buy. Needs are something you must have for survival. Food and water are examples of needs. Without food, you would not be able to live. Wants are something that you would like to have, but are not necessary. You could do without them. Examples of wants are CDs and toys. Think about what the little boy's father spent his money on. Were these things needs or wants?

Students should say that these were economic wants.

Hold up a copy of the **Needs and Wants** worksheet.

**This worksheet shows four pictures. Decide if each of these things is a need or a want. Then circle your answer. Underneath the pictures, you will see five blank lines. Write down five items that you recently spent your money on. Next to each item, write down if the item was a need or a want.**

Allow students to work on the worksheet while you work with individual groups in the following small-group activities. After small-group work, you might want to go over the answers with the students.

## Small-Group Activity One: Saving Money

### Concept Taught

Saving

### Materials

- Book: *Kermit the Hermit*
- Chalkboard or chart paper
- Empty, plastic gallon milk jugs (enough for each student to have one)
- Art supplies: paint, paintbrushes, glue, construction paper, markers, scissors
- 3-inch x 5-inch index cards (enough for each student to have one)

1. Begin Activity One: Saving Money.

- Make a table on the chalkboard or on chart paper. The table should look like this:

|               | Piggy Bank | Bank |
|---------------|------------|------|
| Advantages    |            |      |
| Disadvantages |            |      |

- Say:

**You can save your money in a piggy bank or in a savings account at a bank. What are some advantages and disadvantages of saving your money in a piggy bank and a savings account?**

Allow students to respond. Write student responses in the chart. Students may say that advantages of saving money in a piggy bank are: you won't lose your money easily, you can easily access your money, you can count your money any time you want to. Some disadvantages of using a piggy bank are: you may be tempted to spend the money, you don't earn money. Some advantages of putting your money in a savings account at a bank are: you earn interest, you aren't as tempted to spend it, the bank makes sure your money is safe so you won't lose your money. Not being able to access your money immediately is a disadvantage of putting your money in a savings account at a bank.

2. Have students make a savings jug.

- Give each student an empty, plastic gallon milk jug. Put the art supplies on the table. Make sure everyone can reach them.
- Say:

**Use the materials provided to create a unique bank. This bank should reflect your personality. On the index card, write down one item for which you would like to save. When your bank dries, you can tape this card to your bank.**

**Show your bank to your friends and family and tell them about the different ways you can save money.**

## Small-Group Activity Two: Savings Plan

### Concept Taught

Saving

### Materials

- Book: *Kermit the Hermit*
- Chalkboard or chart paper
- Handout: **Savings Plan** worksheet

1. Begin Activity Two: Savings Plan.

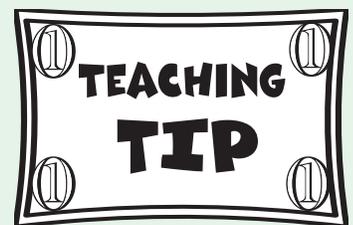
- Say:

**People usually save their money because they want to buy something in the future. Have any of you saved your money to buy an item that you wanted? What did you save for?**

Have students share their experiences with saving.

**Once you decide to save your money, you should create a savings plan. This will make saving easier.**

**The first thing you should do is decide what you are saving your money for. You may want to write the name of the item you are**



You may want to write down the steps of creating a savings plan on the chalkboard or chart paper.

**saving for on a piece of paper or cut out a picture of this item. You can then put this in a place where you will see it often. This will remind you what you are saving for.**

**After you decide what you are saving your money for, you need to decide where to save your money. Where can you save your money?**

Students may say in a piggy bank or in a savings account at a bank.

**You can start saving once you've decided where to save your money. It is important to save as much money as you can whenever you can.**

2. Have students create a savings plan. Give each student a copy of the **Savings Plan** worksheet.

○ Say:

**Now you can create a savings plan. First, draw a picture of what you would like to save for. Then write down where you will save your money. You should also tell one reason why this is a good way to save your money. Finally, Write down all of your sources of money and write down how much of this money you will save. For example, do you receive an allowance, or do you get money for baby-sitting? How much of this money will you save?**

When students are finished creating their savings plans, allow them to share their plans with the group.

## Assessment

Check students' understanding by listening carefully to the responses they give during group discussions and on the **Needs and Wants** worksheet. Give students a blank piece of notebook paper. Have students create a two-column table. Ask students to write the words "piggy bank" at the top of one column, and "bank" at the top of the other column. Have students write the advantages and disadvantages of each of the different ways to save money.

## Suggested Online Activity

**NOTE:** Teachers should preview all sites to ensure they are age-appropriate for their students. At the time of publication, all URLs listed here were valid. In addition, some Web sites provide lessons via pop-up screens, so you may have to disable your computer's pop-up blocker software to access them.

### *Will Saves for the Stars*

Have students visit Wise Pockets World, at [www.umsl.edu/~wpockets](http://www.umsl.edu/~wpockets), and read an interactive story about different ways of saving money. This Web site is produced by the Center for Entrepreneurship and Economic Education at the University of Missouri–St. Louis.

## National Standards Correlations

### Economics

The activities in this lesson correlate to the following Voluntary National Content Standards in Economics, as determined by the National Council on Economics Education, found at: [www.ncee.net/ea/standards](http://www.ncee.net/ea/standards).

#### Standard 1: Scarcity

Students will understand that: Productive resources are limited. Therefore, people cannot have all the goods and services they want; as a result, they must choose some things and give up others.

K–4 Grade Benchmarks:

- Economic wants are desires that can be satisfied by consuming a good, service, or leisure activity.

#### Standard 10: Role of Economic Institutions

Institutions evolve in market economies to help individuals and groups accomplish their goals. Banks, labor unions, corporations, legal systems, and not-for-profit organizations are examples of important institutions. A different kind of institution, [and] clearly defined and enforced property rights, [are] essential to a market economy.

K–4 Grade Benchmarks:

- Banks are institutions where people save money and earn interest, and where other people borrow money and pay interest.
- Saving is the part of income not spent on taxes or consumption.

#### Standard 11: Role of Money

Money makes it easier to trade, borrow, save, invest, and compare the value of goods and services.

K–4 Grade Benchmarks:

- People consume goods and services, not money; money is useful primarily because it can be used to buy goods and services.

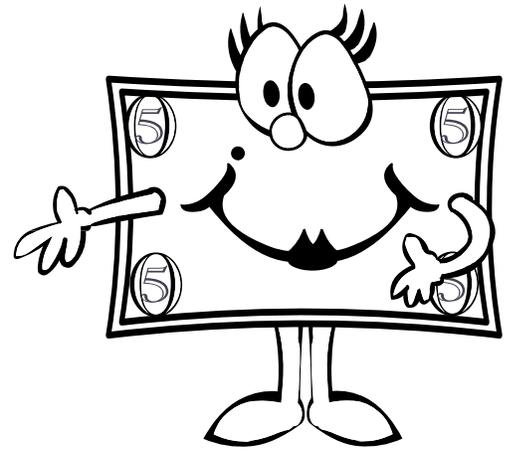
### Language Arts

This lesson, based on the children’s book *Kermit the Hermit* by Bill Peet, also correlates to the following *Standards for the English Language Arts*, from the National Council of Teachers of English, found at: [www.ncte.org/print.asp?id=110846&node=204](http://www.ncte.org/print.asp?id=110846&node=204).

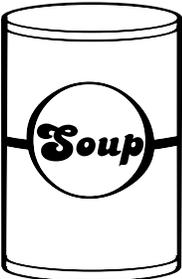
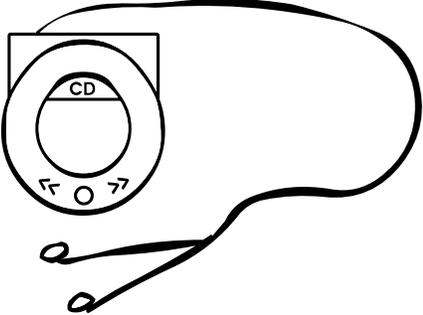
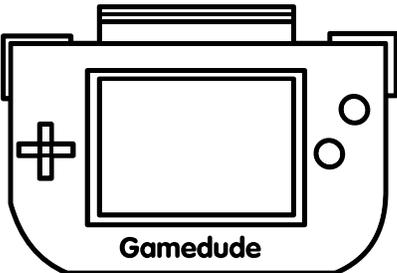
1. Students read a wide range of print and non-print texts to build an understanding of texts, of themselves, and of the cultures of the United States and the world; to acquire new information; to respond to the needs and demands of society and the workplace; and for personal fulfillment. Among these texts are fiction and nonfiction, classic and contemporary works.
3. Students apply a wide range of strategies to comprehend, interpret, evaluate, and appreciate texts. They draw on their prior experience, their interactions with other readers and writers, their knowledge of word meaning and of other texts, their word identification strategies, and their understanding of textual features (e.g., sound-letter correspondence, sentence structure, context, graphics).

# Needs and Wants

Name \_\_\_\_\_



1. Look at each picture below. Decide if each item is a need or a want. Then circle your answer.

|   |  |
|---|--|
|  <p>Need                      Want</p>  |  <p>Need                      Want</p>  |
|  <p>Need                      Want</p> |  <p>Need                      Want</p> |

2. Write down five items that you recently spent your money on. Next to each item, write down if the item was a need or a want.

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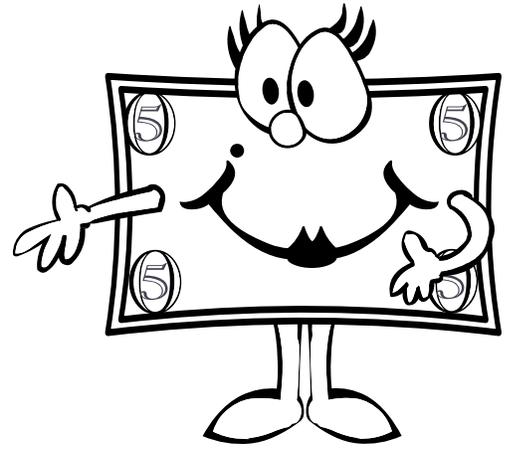
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# Savings Plan

Name \_\_\_\_\_



1. Draw a picture of one item you would like to purchase in the future.

2. Where will you save your money? Why is this a good place to save your money?

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3. Where will you get money? How much of this money will you save?

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