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### Calculate: How to Save

### Note to parents and caregivers:

Read and review the article together and talk through the questions that follow. Some questions involve some math to solve them. Let your child attempt to answer the questions first and provide them with help or suggestions as needed.

### Calculate: How to Save

It can sometimes be tricky to plan ahead for saving goals. One helpful saving strategy to address this challenge is to calculate how much money you need to save and create a plan on how to achieve a goal! Follow the directions in the activity to learn how to break down your saving plans.

**Part I: Calculations**

Read the example problem to learn how to calculate monthly, weekly, and daily saving amounts. Then, answer the questions.

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| **Example:**  Caroline wants to buy a computer that she can use for school next year, which is 9 months away. She discovers that she can buy a computer for $400 at a discount electronics store in town. She sketches out her saving plan for this medium-term goal.  How much do you have to save every month to buy it?  *$400 ÷ 9 months = $44.44 per month*  How much is it per week?  *$44.44 ÷ 4 weeks = $11.11 per week*  How much is it per day?  *$11.11 ÷ 7 days = $1.59 per day*  That's less than two dollars a day! That's a concrete amount she can work with. |

1. Adam wants to save up for a car when he gets his license in 4 years. His parents agreed to help him out if he can contribute $3,000 to the car’s down payment. Calculate how much per year, month, week, and day he’ll need to save for it.

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| --- |
| Year: |
| Month: |
| Week: |
| Day: |

1. Short-term goals, are goals that you can reach in a short period of time, in fewer than 2 months. Medium-term goals are goals that can take from two months to one year.. Long-term goals are goals can take two or more years. Breaking long-term goals into medium-term and short-terms goals makes them seem easier to reach.

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| --- | --- | --- | --- |
|  | Short-Term | Medium-Term | Long-Term |
| What are you saving for? |  |  |  |
| Do web research to figure out a reasonable estimate of the cost. |  |  |  |
| Pick a time frame. How many months or years away would you like to achieve your goal? |  |  |  |

3. Select the goal that you are the most excited to save up for and focus on that one for now. Calculate how much per month, week, and day you'll need to save for it.

Goal \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

|  |
| --- |
| Year: (optional) |
| Month: |
| Week: |
| Day: |

**Part II: Talk about it:**

Now that you’ve calculated how much you need to save for your goal, what are some items in your normal spending habits that you think you could give up for one day? In one week? In one month?

How do you think calculating a breakdown of an estimated amount you need to save helps strengthen strong saving habits?

Why might it sometimes be difficult to save money?

What tips would you give a friend that is trying to save up for a new bike?

*Note: This activity was adapted with permission from the NextGen Personal Finance Middle School Course MS-5.2.*