



How to Make a Million Bucks!

EPISODE #406

LESSON LEVEL

Grades 9-12

KEY TOPICS

- Compound interest
- Money management
- Saving

LEARNING OBJECTIVES

1. Learn how compound interest works.
2. Recognize the importance of saving.
3. Understand that time is a factor in building wealth.
4. Learn financial terms.

EPISODE SYNOPSIS

It is possible for you to become a millionaire and be financially independent! If you start early and save consistently, you can take advantage of the power of compound interest. If you work hard, spend less than you make, and save - you can make a million!

NATIONAL STANDARDS CORRELATIONS

Aligned to *National Financial Literacy Standards* from the **JumpStart Coalition for Personal Financial Literacy**.

Financial Responsibility and Decision Making

Standard 1: Take responsibility for personal financial decisions.

Standard 4: Make financial decisions by systematically considering alternatives and consequences.

Planning and Money Management

Standard 1: Develop a plan for spending and saving.

Standard 6: Develop a personal financial plan.

Saving and Investing

Standard 1: Discuss how saving contributes to financial well-being.

Standard 2: Explain how investing builds wealth and helps meet financial goals.

Standard 3: Evaluate investment alternatives.

Aligned to *Voluntary National Content Standards in Economics* from the **Council for Economic Education**.

Standard 2: Decision Making

Standard 14: Entrepreneurship

Aligned to **Common Core State Standards Initiative's** standards for *Literacy in History/Social Studies, Science and Technical Subjects*.

Standard 1: Read closely to determine what the text says explicitly and to make logical inferences from it; cite specific textual evidence when writing or speaking to support conclusions drawn from the text.

Standard 4: Interpret words and phrases as they are used in a text, including determining technical, connotative, and figurative meanings, and analyze how specific word choices shape meaning or tone.

Standard 7: Integrate and evaluate content presented in diverse formats and media, including visually and quantitatively, as well as in words.

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LESSON PREP & SCREENING

Getting Started

Familiarize yourself with the episode ahead of time. It will serve as a springboard for student learning, discussions, vocabulary exploration, and hands-on activities. Determine what equipment is required to show the episode in your classroom and request it if needed. Choose an activity (each one takes between 45-60 minutes), and gather supplies. Students will need a pen or pencil and copies of the activity worksheets. Have fun!

Screening

Introduce the series and the episode. Explain that Biz Kid\$ is a public television series that teaches kids about money and business. Mention that the bizkids.com website has lots of video clips, games, a blog, and other resources to help kids start businesses and learn about money. Prior to playing the episode, lead your students in a discussion with the preview questions on this page.

About the Episode

It is possible for you to become a millionaire and be financially independent! If you start early and save consistently, you can take advantage of the power of compound interest. If you work hard, spend less than you make, and save - you can make a million!

Episode Preview Questions

Before you show this Biz Kid\$ episode, lead your students in a brief discussion of the following questions:

- Would you like to be a millionaire?
- Are you aware of how your money can work for you to make more money?
- What is your strategy for becoming financially independent?

Next Steps

Show this episode. After the episode, read the Summary and Conclusion to the class.

Summary and Conclusion

In this episode, you have learned about the importance of having a saving strategy for your short-term and long-term financial goals. Several young entrepreneurs have demonstrated how important interest rates can be when letting your money work for you. Now it's your turn to plan how you will make your first million bucks!

Family Connection

Distribute a copy of the Family Activity Sheet to each student to share what they've learned with their families.



FAMILY ACTIVITY SHEET

Episode Synopsis

It is possible for you to become a millionaire and be financially independent! If you start early and save consistently, you can take advantage of the power of compound interest. If you work hard, spend less than you make, and save - you can make a million!

Activity Suggestions

Your student has learned about compound interest, a topic many adults are not familiar with because they were never taught about this financial tool. Ask your child to explain what they have learned, and how it can benefit people the most who begin saving early in life. If you have taken advantage of this method of letting your money work for you to make more money, share the results with your child.

Help your child make a plan to save more and spend less, to go from a spending mentality to a saving mentality. Go with your child to open a savings account at a bank or credit union, and encourage and support them as they contribute weekly or monthly.

Consider creating a family percentage rule, as did a family in this episode, where money is allocated in specific percentages for spending, saving, sharing (donating), and investing.

Younger students may enjoy creating a decorative set of jars or envelopes, each labeled with the words SAVE, SPEND, INVEST, and DONATE to hold their money for each purpose.

Remind your student that saving something is better than saving nothing, and it will help them become financially independent much sooner in life!



Activity #1:

BIZ TERM\$

WORKSHEET FOR STUDENTS

Biz Term\$

- Bond
- Certificate of Deposit (CD)
- Compound interest
- High-yield
- Interest
- Mutual fund
- Reinvest
- Roth IRA
- Stock
- Tax-deductible

Directions

With students, read aloud the Biz Term\$ and each question. Call on volunteers for answers, and have them explain why they chose the term they believe to be correct.

Biz Term\$ Episode Review

1. A _____ is a document that represents ownership of part of a company.
2. A donation to charity that you can subtract from the taxes that you owe is called a _____ donation.
3. Money that you have earned from your business, that you put back into your business, is profit that you _____.
4. Interest paid on interest already earned is called _____.
5. A _____ is a loan made to a government that will be repaid with interest by a specific date.
6. A specific type of investment that is made up of shares of stock in different industries is called a _____.
7. _____ is a fee charged for borrowing money.



CURRICULUM CONNECTIONS

Language Arts

- Have students construct sentences, write a paragraph, or create a story, skit, or dialog using Biz Term\$.
- Have students create a class Dictionary of Financial Terms using Biz Term\$.
- Have students start their own Journal of Personal Financial Education and continue to add to it.

History/Social Studies

- How many millionaires are there today in the US? How many were there ten years ago? Has the percentage of millionaires in the US increased or decreased?

Mathematics

- Explain why hoping to win the lottery to make a million bucks is unlikely, while using compound interest is a sure thing.

Economics

- Research and report on the details of a Roth IRA. What is it? Who can have one? Are there age requirements? What are the advantages of a Roth IRA over a traditional IRA?

Optional Vocabulary Extensions

Make Art!

Ask students to create personal illustrated glossaries using sketches or cartoons to visually represent the meaning of each Biz Term.

Make It Personal!

Provide students with dictionaries and ask students to re-write formal definitions for each Biz Term in their own words to demonstrate comprehension.



Activity #2:

BE A MILLIONAIRE

WORKSHEET FOR STUDENTS

Lesson Level:

Grades 9-12

Learning Objective:

Understand that time is a factor in building wealth and learn how compound interest works.

Directions

At age 18 you are setting the goal now that you want to be a millionaire. It is important to understand how time will help you reach that goal.

1. If you want to make a million dollars within the next 50 years, by age 68, how much money do you need to save each year to reach that goal? What if you want to make a million dollars by age 48? Now how much money would you need to save each year?

2. The formula for compound interest is $A=P(1+r/n)^{nt}$ where A is the amount you accumulate, P is the principal amount that you started with, r is the rate of interest, n is the number of times compounded per year, and t is the number of years. If you take \$100 and invest it at 3% annual interest, how much will you have at the end of one year if that interest is compounded once a year (n=1, t=1)? Four times a year (n=4, t=1)? Once a month (n=12, t=1)? Daily (n=365, t=1)?

3. If you invest the amount you save each year from question one into an account with compound interest, will it be faster to reach a million dollars than if you just keep saving without investing? Why?

4. Do you believe that you can actually save \$1 million dollars in your lifetime? What challenges do you face in reaching that goal?

Have students discuss these ideas and share their answers with the class.



Activity #3:

SAVE ME!

WORKSHEET FOR STUDENTS

Lesson Level:

Grades 9-12

Learning Objective:

Recognize the importance of saving.

Directions

Think about why it is important to save some of the money that you acquire.

1. Do you save any of the money that you receive? How do you save it - in a piggy bank, in a savings account, in an investment, or something else? If you do not save it, why not?

2. List one good reason why people try to save some of their money each month.

3. One popular formula for saving is that 10% of each paycheck should go into your savings account. Do you think this amount is too much, just right, or not enough? Why?

4. Another popular formula is that you divide each paycheck into SAVE, SPEND, INVEST, and DONATE. If you did this with your check, what percentage would you put into the 'save' category? Would the amount that you save affect your decision as to the amount to invest? Why or why not?

5. If you were to give advice to a 4th grade class (10 year olds) about money, what would you tell them about saving?

Have students discuss these ideas and share their answers with the class.



BIZ TERMS DEFINITIONS

- *Bond*: A loan made to a government or company that is repaid with interest by a certain date.
- *Certificate of Deposit (CD)*: A financial account that requires your money be held on deposit for a specific amount of time.
- *Compound interest*: Interest that is paid on interest that you have already earned.
- *High-yield*: A greater return on investment than most financial accounts.
- *Interest*: A fee charged for borrowing money.
- *Mutual fund*: A diverse group of financial investments that may include stocks, bonds, and more.
- *Reinvest*: To take money you have earned from your business, and put it back into your business to make it grow.
- *Roth IRA*: A type of individual retirement account with certain restrictions and benefits that differ from a traditional retirement account.
- *Stock*: Shares representing ownership of part of a company.
- *Tax-deductible*: A donation to charity or another specially classified expense that you are allowed to subtract from the income taxes that you owe.



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