

ACTIVITY 1.1

A CONVERSATION AMONG FRIENDS

*Patrick, Matthew, Elizabeth, Benjamin, and Steph are talking about money. Their teacher, Ms. Greenberg, has asked them to think about saving money. Read their conversation. Then answer the **Questions for Discussion** that follow.*

- Patrick:** Last week I bought this really cool basketball jersey for \$50. The week before, the price had been \$57. I saved \$7.
- Elizabeth:** But Patrick, you spent \$50. I don't think this is what Ms. Greenberg means by saving.
- Matthew:** I think Ms. Greenberg means that saving is not spending our money now.
- Benjamin:** Yeah, I think Matthew is right. But it is SO hard to save. I don't really have very much money. And I want a lot of stuff.
- Steph:** Well, my parents want me to save some of my allowance. They said that if I have \$100 saved at the end of the year, they would add \$100 to it.
- Elizabeth:** Wow, that's pretty generous. Are you going to do it?
- Steph:** I'm going to try. I started a savings account at the bank.
- Matthew:** I don't have a savings account, but I try not to spend all the money I have because I want to buy a nice Christmas present for my dad.
- Patrick:** I've heard that you get interest on money you put into a savings account at a bank. Is that right, Steph?
- Steph:** Yeah, I think so, but I don't know much about it.
- Benjamin:** I really do want a new bike, and my parents said I have to save my money for it. They won't buy it for me.
- Elizabeth:** I want an iPad, and my parents told me the same thing.
- Patrick:** I just don't know how I can save any money. There are too many things to spend my money on now. I don't know if I want to give up spending.
- Matthew:** You're right, Patrick. It's hard to give up spending, especially when we don't have much money just now.
- Benjamin:** I heard some guy on TV the other day say that people should pay themselves first. I wonder what he meant by this.

Questions for Discussion

In your small groups, choose a representative to take notes and report the results of your discussion to the class. Then discuss and record your responses to the following questions:

- A. What do you think is meant by this statement: "Pay yourself first"?
- B. What are some reasons why people save?