

Financial Literacy for Middle School Students

This lesson is designed to help students learn about money management and the importance of developing financial skills and techniques early on that will follow them into adulthood.

OBJECTIVES

Students will:

1. Learn about the importance of saving and determine a personal savings plan
2. Identify and evaluate money management skills
3. Create financial goals

ACTIVITIES

PART 1

Content Knowledge

1. Start this lesson by having a discussion with students about money management and why it's important to develop strong financial skills, techniques, and goals. Why is saving important?
 - Can help in a financial emergency
 - Builds self-reliance, pride, and independence
 - Provides a greater sense of financial freedom
 - Keeps money safe
 - Allows you to pay for large purchases
2. Introduce and discuss the Glossary of Terms (included)
3. Introduce and discuss S.M.A.R.T. financial goals and how to set them. S.M.A.R.T. goals are Specific, Measurable, Attainable, Relevant, and Time-Oriented.
S.M.A.R.T. goal example:
Goal: I will save \$2,000 by August 2022
Strategy: Have students think about and answer these questions (this could be used as a group activity):
 - Specific: What do you want to accomplish?
 - Measurable: How will you know when you achieve this goal?
 - Attainable: Is your goal achievable if you set your mind to it?
 - Relevant: Is this a worthwhile goal? Do you have the resources you need in order to achieve this goal?
 - Time-Oriented: What is the timeline for your goal? When will it be achieved?

Grade Level: 6-8

MEFA PATHWAY SECTIONS WITHIN THIS LESSON:

- Goals & Strategies
- Financial Literacy
- Sample Budgets

SUBJECT AREAS:

- Personal Finance
- Economics

MATERIALS NEEDED:

- Glossary of Terms (included)
- Internet connection to work with the MEFA Pathway website

Email any questions to:
info@mefapathway.org

©2021 MEFA® and MEFA Pathway Your Plan for the Future are service marks of the Massachusetts Educational Financing Authority



LESSON PLAN

4. Ask students to think about financial goals for the future and encourage them to establish goals for the next one, two, and five years. Have students then estimate the cost of each of these goals. Ask them to share with a partner and discuss how having financial goals may affect their quality of life.
5. Help students identify skills that will help them develop good money management habits. Ask them what skills are needed to be financially successful. Here are a few examples:
 - Self-discipline
 - Organization
 - Confidence
 - Critical Thinking
 - Action-oriented

PART 2

Applying Information

1. Knowing what they learned about S.M.A.R.T. goals, encourage students to log in to mefapathway.org and navigate to *Goals & Strategies* under the *Create Your Profile* tab. Ask students to add three personal financial goals for the next one, two, and five years. All goals should adhere to the S.M.A.R.T. goal criteria.
2. Students should then navigate to *Financial Literacy* under the *Pay for College* tab. Have students use the Compound Interest Calculator to see how savings can grow when kept in an account that earns interest.
3. Students should then navigate to *Skills & Strengths* within *Profile Details* under the *Create Your Profile* tab. Have students select the skills identified to be financially successful that they believe they possess.

PART 3

Evaluating Information

Have students evaluate the three financial goals they added to their *Goals & Strategies* page individually, with a partner, or in a group to make certain they are Smart, Measureable, Attainable, Relevant, and Time-Oriented.

PART 4

Critical Thinking/Creative Application

1. After students have evaluated their financial goals, students should add strategies within their *Goals & Strategies* page in MEFA Pathway that will allow them to meet and complete each of their goals. Students should develop at least one strategy for each goal, however they may add more than one. Strategies will encourage students to stay on target in order to achieve their goals. An example of a strategy to help the student get started is: Create a budget to help stay on track with saving money.
2. Students should navigate to *Sample Budgets* under the *Pay for College* tab. Here, students can learn more about setting up a budget, view the sample budget provided, and create their own monthly budget by downloading the worksheet available.
3. Encourage students to discuss what they learned about money management with their parents and share their monthly budget and goals.

Email any questions to:
info@mefapathway.org

Glossary of Terms

Principal: Original amount of money deposited into a savings account

Savings Account: A bank account that allows to you to deposit money, keep it safe while earning interest, and withdraw funds

Interest: The percentage a bank pays a depositor for holding the depositor's money, which goes to the balance of the savings account. Example:

- Balance in savings account is \$1,000
- Interest is 1%
- At the end of the year, the savings balance is \$1,010

Compound Interest: The interest calculated on both the initial principal of a deposit and the accumulated interest from that deposit. Compound interest works best over a long period of time. Example:

- Balance in savings account is \$100
- Interest is 5%
- At the end of the first year, the savings balance is \$105
- At the end of the second year, the savings balance is \$110.25
- The account earned \$5 on the original \$100 deposit and \$.025 on the \$5 of interest
- In 10 years, the earnings will be \$162
- In 25 years, the earnings will be \$340

Income: Money earned or coming in

Expenses: Money spent or going out

Budget: A tool that allows you to track income and expenses to see how much money is expected for the month and to plan for how much money you can spend

Credit:

1. The amount of money a person is approved to borrow, which comes with an agreement to repay the original amount along with any additional fees or interest
2. The borrowing status of a person, which shows payment history