

Money Report



June 23, 2016

News from Mrs. Shepard's Wall Street in Libertyville Class

This has been a fun week in our Wall Street in Libertyville Class. We started the week with an activity called "What's my interest?" Students were given "savings accounts" of jellybeans that they could save or spend. Students who saved their jellybeans earned "interest" of 1 jellybean for each 5 that they had saved. We were able to use this concrete example of saving and interest, as we started to learn about savings accounts and earning interest.

On Tuesday we learned that banks make loans to customers who pay the bank interest when they borrow money. We learned how people who save, get paid interest for the use of their money, and people who borrow pay interest to use somebody else's money. We then calculated how much interest we would earn and what our new savings total would be if we had money in a savings account that earned interest. We learned about compounding and how you can earn interest on your interest when you save.

On Wednesday we finished up our discussion of interest. We worked with another example of compounded interest, and we talked a little about government bonds and corporate bonds. Students learned that bonds are considered less risky than stocks, but that investing in bonds still carries some risks. Students learned that bond prices change over time because interest rates change. We looked at what happens to an older bond's price when it is paying less interest than new bonds (it is worth less and the price goes down), and what happens when the bond is paying higher interest than the current interest rate (it is worth more and the price goes up).

On Friday we started our business simulation by walking through a role-play in which an entrepreneur starts and briefly runs a business. Students could see the progression from getting a loan, to renting a store, to advertising and buying and selling merchandise. We learned that income, or profit, is what is left over after we subtract our expenses from our revenue (sales dollars).

Hope you have a fun, relaxing weekend!

Leah Shepard