



MODULE 20: **INTEREST**

Choose from the Suggested Activities below to find activities to help your students meet the outcome for this module from the Saskatchewan Financial Literacy 20/30 curriculum.

All resources for this module's activities can be found on saskmoney.ca.

OUTCOME

Examine the concept of interest.

INDICATORS

- Discuss the role of interest in borrowing and saving/investing.
- Explain the variables of simple and compound interest, including time, interest rate and principal.
- Compare the effect of compound and simple interest on short- and long-term savings.
- Solve contextual problems that involve simple and compound interest.
- Forecast results for a variety of scenarios involving simple and compound interest.
- Compare how various online interest calculators can be used to calculate results for a variety of scenarios.
- Identify how various cultures (e.g., Islamic) view the application of interest and how these worldviews affect financial decisions.

OVERVIEW

Earning interest and understanding compound interest are key factors in financial planning. Students should learn about factors that influence compound interest, such as interest rate and time. Changing one of these factors even slightly can make a big difference in the long term. Compound interest can be very beneficial long term, but students need to understand the risk associated with higher return investments (covered in Module 29). Various cultures have different attitudes on interest and these should be covered as well.

PREREQUISITE

None

SUGGESTED TIME

3-5 hours

RESOURCES

- **Slideshow:** Compound Interest Presentation
- **Assignments and Activities:**
 - Savings Brainteaser (three files)
 - Future and present value calculations (three files)
 - What If You Invested That Latte?
 - Cases with Compound Interest Calculations
 - Halal Investing (*CIBC*)
- **Videos:** Financial Interviews with Elders (links in *Resources*)

ASSESSMENT

There are several assignments and quizzes in the Resources and Additional Resources folder that can be used for formative and summative assessment purposes.

MODULE 20: CONTINUED

SUGGESTED ACTIVITIES

1. Intro: Start with the **Savings Brainteaser** (3 files) activity to see the effect of regular investing and the doubling that happens.
2. Teaching: Use the **Compound Interest** presentation to show the calculations of compound interest. This could be a reference for students to use as they do some calculations.
3. Practice: **Future and Present value calculations** (3 files) is an instruction booklet to teach simple and compound interest calculations. The pdf has writing and answer key information for the instructor.
4. **What if you invested that latte?** is a fun activity for the students to do once they have learned about the concepts. It requires them to do some comparisons between investing daily, weekly, and monthly. It also shows how quickly investments add up by changing the rate of return slightly. This is a comprehensive assignment that could be done towards the end of the unit or as a final assessment for this unit.
5. Wrap up: **Cases with Compound Interest Calculations**. Cases, experiential learning, and storytelling are great ways to teach finance. Use these situations to assess the students' knowledge at the end of this module.
6. Cultural aspects to investing, earning interest and sharing money are important to discuss. Two files touch on these topics **Halal Investing** and **Financial Interviews with Elders**. Not everyone believes in earning interest in the same way, and it's an important discussion to have in classrooms. Perhaps a guest speaker could be invited in to give an overview of cultural aspects towards earning interest. CIBC has a specialist who helps clients find "Halal investing" opportunities so that they earn interest in ethical ways through buying shares in companies with ethical practices. Inviting an investment advisor to speak or through a web meeting could be done to have a specialist speak about their work in this area.

ADDITIONAL RESOURCES

The *Additional Resources* folder contains more assignment ideas.

1. The **Money and Youth** text (online or hard copy) could be used as a teaching resource to supplement this unit. Compound interest is covered in pages 173–176. This resource is mostly for content without a lot of "activities" to do in it.
2. Teaching: **Time Value of Money** is a quick one page sheet that could be used with time value calculators online.
3. **Comparing Interest.pdf** (omit graphing on page 6) is a little booklet where students can calculate simple vs. compound interest and reflect on the differences.
4. **Simple and Compound Interest** files and **Starting Early vs Procrastinating** could be shared with students to fill in online.
5. Online Calculators:
 - a. Return on investment calculator (*bankrate.com*):
 - b. Financial Goal Calculator (*Financial Consumer Agency of Canada*)
6. Alternative Wrap up: Three **Quizzes** are included for assessment possibilities.

For more curriculum information, please visit the Government of Saskatchewan curriculum website.