NUMERACY

TITLE: Interest rates and bank statements.

AGE GROUP: 7 - 8

DURATION: 30 - 45 minutes

LEARNING OUTCOME: L03

KEY CONCEPTS: Interest on savings and investments

We introduce the concept of interest on accounts and how to determine total balance in account. Learners also spend time finding out when numbers (money) do not add up. There is the need to have an eye for detail when it comes to money as accounts do not always add up. It does not matter who and how the numbers were put together. Check!

MATERIALS NEEDED:

1. Writing materials – pen, pencil, paper
2. Microsoft Excel or similar spreadsheet

LESSON DESCRIPTION:

Facilitator will have a conversation with learners on how we use banks and savings institutions to keep our monies safe. The transactions in and out of our accounts are reported in bank statements. Some accounts pay interest on our savings.

KEYWORDS:
Investment
Account
Savings
Money
Interest
Balance
Bank statement

Example: Savings and Interest
Savings x Interest rate (%)
Savings = £100; Interest rate = 1%
Interest = £100 x 1% = £1

Balance = Savings + Interest

=£100 + £1 = £101

Activity

Interest rate is the percentage (%) increase in the amount of money for a year.

For example, 2% interest on £50 is 2/100 x £50 which is £1.

Let us say you have £20 in your savings account. The bank has promised to pay you 2.0% interest each year.

(i) How much interest will you earn in one year? What will your total money in the account be?

(ii) Let us say that you kept the £20 and the interest you earned in year one in the account. How much interest will you earn in year 2? What will be total money in the account be at the end of year 2?

WORKSHEET

	In	Out	Balance
Initial			£20
Interest in year one			
Interest in year two			

Interest rate = 2%