Name: _____ Date: _____

The Bank Account That Paid Rent on Money

Circle group

When you keep money in a savings account, the bank does not lock it away. The bank uses the money people save to make loans to others. In return, it pays you a small reward called interest. Think of interest as rent. The bank pays it to borrow your money.

Interest is a percent of your savings. Say you put $100 in an account. It pays 5 percent each year. Five percent of $100 is $5. After one year, you would have $105. You just had to wait.

Here is the good part. Many accounts add the interest to your balance. Then next year the interest is figured on the bigger amount. In year two, 5 percent of $105 is $5.25. That is a little more than year one. The extra grows slowly at first. Over many years it adds up. This is called compound interest.

Real banks change their rates. The 5 percent here is only an example. A higher rate gives you more. A lower rate gives you less. But the lesson holds. The longer money stays in the account, the more time it has to earn. Start early to give your savings the most time to grow.

Questions

1. What does a bank do with money people save?

_____

_____

2. What is interest?

_____

_____

3. How much would $100 become after one year at 5 percent?

_____

_____

4. How much interest is earned in the second year in the example?

_____

_____

5. Why is the second year's interest a bit bigger?

_____

_____

6. Why does saving early help the most?

_____

_____

Words to know

interest: money a bank pays you for keeping your savings there
balance: the amount of money in an account
borrow: to take something and promise to give it back
compound: to build up by adding more to what is already there

Talk together (every group has these)

1. Find one fact that every group read. How did your sheet say it?
2. What did your sheet tell you that you think another group's did not? Ask them.
3. What is one question about this topic that none of the sheets answered?

Name: _____ Date: _____

The Bank Account That Paid Rent on Money

Triangle group

When you keep money in a savings account, the bank does not just lock it in a vault. The bank uses the money that many people save to make loans to others. In return, it pays you a small reward called interest. You can think of interest as rent that the bank pays for borrowing your money.

Interest is figured as a percent of your savings. Suppose you put $100 in an account that pays 5 percent each year. Five percent of $100 is $5, so after one year you would have $105. You did nothing but wait.

Here is the exciting part. Many accounts add the interest to your balance, and then the next year's interest is figured on the bigger amount. In the second year, 5 percent of $105 is $5.25. That is a little more than the first year. The extra grows slowly at first, but over many years it adds up. This is called compound interest.

Real banks change their rates from time to time, so the 5 percent here is only an example. A higher rate gives you more, and a lower rate gives you less. Still, the lesson holds. The longer money stays in the account, the more time it has to earn. Starting early gives your savings the most time to grow.

Questions

1. What does a bank do with the money that people save?

_____

_____

2. What is interest?

_____

_____

3. How much would $100 become after one year at 5 percent?

_____

_____

4. How much interest is earned in the second year in the example?

_____

_____

5. Why is the second year's interest a little bigger than the first year's?

_____

_____

6. Why does starting to save early help the most?

_____

_____

Words to know

interest: money a bank pays you for keeping your savings there
vault: a strong room or box where money is kept safe
balance: the amount of money in an account
borrow: to take something and promise to give it back
compound: to build up by adding more to what is already there

Talk together (every group has these)

1. Find one fact that every group read. How did your sheet say it?
2. What did your sheet tell you that you think another group's did not? Ask them.
3. What is one question about this topic that none of the sheets answered?

Name: _____ Date: _____

The Bank Account That Paid Rent on Money

Square group

When you deposit money in a savings account, the bank does not simply lock it away in a vault. Instead, the bank uses the money that many customers save in order to make loans to other people. In return, it pays you a small reward called interest. You can think of interest as rent that the bank pays for the privilege of borrowing your money.

Interest is calculated as a percent of your savings. Suppose you place $100 in an account that pays 5 percent each year. Five percent of $100 is $5, so after one year you would have $105, and all you had to do was wait.

Here is the remarkable part. Many accounts add the interest to your balance, and then the following year's interest is figured on the larger amount. In the second year, 5 percent of $105 comes to $5.25, which is slightly more than the first year. The additional growth is modest at first, but over many years it accumulates considerably. This process is called compound interest.

Real banks adjust their rates from time to time, so the 5 percent mentioned here is only an example. A higher rate earns you more, and a lower rate earns you less. Nevertheless, the lesson remains the same. The longer your money stays in the account, the more time it has to earn, and starting early gives your savings the greatest opportunity to grow.

Questions

1. What does a bank do with the money that customers save?

_____

_____

2. What is interest?

_____

_____

3. How much would $100 grow to after one year at 5 percent?

_____

_____

4. How much interest is earned in the second year in the example?

_____

_____

5. Why is the second year's interest slightly larger than the first year's?

_____

_____

6. Why does starting to save early give the greatest benefit?

_____

_____

Words to know

interest: money a bank pays you for keeping your savings there
vault: a strong room or box where money is kept safe
balance: the amount of money in an account
borrow: to take something and promise to give it back
compound: to build up by adding more to what is already there

Talk together (every group has these)

1. Find one fact that every group read. How did your sheet say it?
2. What did your sheet tell you that you think another group's did not? Ask them.
3. What is one question about this topic that none of the sheets answered?

For the teacher: The Bank Account That Paid Rent on Money

Each student sheet carries a shape, not a level. The same topic and facts, written three ways.

Circle: The Bank Account That Paid Rent on Money

Easier · 191 words · Flesch-Kincaid grade 2.5

1. It uses it to make loans to others.
2. A small reward the bank pays you for keeping money there.
3. $105.
4. $5.25.
5. It is figured on a bigger balance that includes the first year's interest.
6. The money has more time to earn interest.

Triangle: The Bank Account That Paid Rent on Money

This passage · 210 words · Flesch-Kincaid grade 4.1

1. It uses the money to make loans to others.
2. A small reward the bank pays you for keeping your money there.
3. $105.
4. $5.25.
5. The interest is figured on a bigger balance that now includes the first year's interest.
6. The money has more time to earn interest and grow.

Square: The Bank Account That Paid Rent on Money

Harder · 228 words · Flesch-Kincaid grade 6.9

1. It uses the money to make loans to other people.
2. A small reward the bank pays you for keeping your savings there.
3. $105.
4. $5.25.
5. It is figured on a larger balance that now includes the first year's interest.
6. The money has more time to earn interest and grow.