

**New world**

**New skills**

# Saving my money

PwC's Primary School Toolkit



# Today's objectives

1. To understand what is meant by “saving money”
2. To know why you would save money
3. To begin to understand how you can save money and what interest is



# “Saving money”

Discuss as a class





What are the different reasons you might want or need to save money?



# How can you start to save money?

# How to save money

- You might have a **piggy bank** where you store loose change.
- Most people open a **savings account** with a **bank** or a **building society**.



# How to save money

## What is a bank or building society?

- A **bank** or a **building society** is a business that looks after people's money and keeps it safe.
- They also lend money to people to help them buy things, such as houses.

## What is a savings account?

- A **savings account** is a place where you can keep money, usually with a bank or building society.
- There are different types of saving accounts: for example, instant access and fixed rate.

# The benefits of a savings account

What do you think the benefits might be to using a savings account?

# The benefits of a savings account

What do you think the benefits might be to using a savings account?

One benefit is **interest**.

What is interest?

- Interest is money the bank gives you for letting them use your cash.
- It is a percentage of the money you have put in your savings account.

# Activity: Interest



If you put £10 into a savings account every month for a year how much money will be in the account after a year for the following interest rates?

- 2% interest rate per year
- 5% interest rate per year
- 6.5% interest rate per year

## Extension:

You open a savings account with a **variable interest**, meaning the bank can change your interest rate (up and down). After 6 months at 2%, the bank increases the rate to 3%. Your interest is paid **monthly**. How much money will you have after one year?

# Answers

## Interest at 2%

- £10 x 12 months = £120
- 2% of £120 = £2.40
- £120 + £2.40 = **£122.40**
- **£2.40 interest earned**

## Interest at 5%

- £10 x 12 months = £120
- 5% of £120 = £6.00
- £120 + £6.00 = **£126.00**
- **£6 interest earned**

## Interest at 6.5%

- £10 x 12 months = £120
- 6.5% of £120 = £7.80
- £120 + £7.80 = **£127.80**
- **£7.80 interest earned**

# Answers

**Extension:** At the end of the year, you would have **£143.45** in your bank account. Having saved £120, you would have earned **£23.45** in interest.

	Interest Rate	Start Balance	Savings	New Balance	Interest Earned	End Balance
Month 1	2%	£0.00	£10.00	£10.00	£0.20	£10.20
Month 2	2%	£10.20	£10.00	£20.20	£0.40	£20.60
Month 3	2%	£20.60	£10.00	£30.60	£0.61	£31.22
Month 4	2%	£31.22	£10.00	£41.22	£0.82	£42.04
Month 5	2%	£42.04	£10.00	£52.04	£1.04	£53.08
Month 6	2%	£53.08	£10.00	£63.08	£1.26	£64.34
Month 7	3%	£64.34	£10.00	£74.34	£2.23	£76.57
Month 8	3%	£76.57	£10.00	£86.57	£2.60	£89.17
Month 9	3%	£89.17	£10.00	£99.17	£2.98	£102.15
Month 10	3%	£102.15	£10.00	£112.15	£3.36	£115.51
Month 11	3%	£115.51	£10.00	£125.51	£3.77	£129.28
Month 12	3%	£129.28	£10.00	£139.28	£4.18	£143.45

# Wrap up and Reflection

## Think about:

- What does saving money mean?
- Why might someone want to save money?
- What are the different ways of saving money?
- What is one thing you've learnt that you didn't know before this session?





# Thank you, any questions?

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