

Understanding Retirement Savings Accounts | Lesson Plan



Why is it important to start saving for retirement at a young age?

Students will be introduced to the different types of retirement savings accounts and analyze the pros and cons of each plan. They will understand the importance of planning for retirement and making wise savings decisions at an early age.

Learning Objectives:

- Describe the purpose and benefits of retirement savings accounts.
- Identify and define key vocabulary related to retirement savings.
- Demonstrate basic knowledge of retirement savings strategies.

Key Vocabulary:

- **Retirement:** When people stop working and enjoy leisure in later years.
- **401(k):** Retirement savings plan offered by some employers.
- **Employer Match:** Employers contribute to employee's retirement savings, matching their contribution.
- **Individual Retirement Account (IRA):** Personal retirement savings account with tax advantages for individuals.
- **Roth IRA:** Personal retirement account with tax-free withdrawals after retirement.
- **Return on Investment (ROI):** Measures gain or loss on an investment relative to cost.

Educational Standards: CCRA.R.7, CCRA.R.1, CCRA.W.2, CCRA.W.6, CCRA.R.7, CCRA.SL.1, CCRA.SL.2, CCSS.MP.4

Academic Subject Areas: Financial Literacy, Finances, Money

What You'll Need

- Video: *Ca\$h Cour\$e: Understanding Retirement Savings Accounts* (Watch [Here](#))
- Worksheet: *Ca\$h Cour\$e: Understanding Retirement Savings Accounts* (Click [Here](#))
- Poster board or large sheets of paper, magazines, markers, stickers, and any other available decorative materials.

Lesson Plan (45 mins.)

Warm-Up: (10-15 mins.)

1. Begin by explaining to the students that they will create their own "Retirement Dream Board." Provide each student with a poster board or a large sheet of paper, along with magazines, markers, stickers, and any other available decorative materials.
2. Explain that their task is to create a visual representation of what they imagine their ideal retirement to look like. Encourage students to think creatively and include images or words representing activities, places, and experiences they hope to enjoy during retirement.
3. Give them about 10-15 minutes to work on their dream boards. Once everyone has completed their boards, invite a few students to share them with the class. As they



present, encourage them to explain why they included certain elements and how they imagine achieving their retirement dreams.

4. Transition into a discussion about the importance of saving and planning for retirement, introducing the concept of retirement savings plans.
5. Explain that to be able to do everything they depicted on their “dream boards,” it’s probably best that they start saving now and learn about the different plans that will be available to them.
6. Before showing the video, introduce the key vocabulary terms and discuss each with the class. Students may also write the definitions down.

Watch, Discuss, Complete: (20 mins.)

1. Show the video *Ca\$h Cour\$e: Understanding Retirement Savings Accounts* for the students.
2. Pause when needed to discuss important terms and concepts.
3. After the video, ask students to consider the pros and cons of each retirement savings plan. Have them begin to analyze which option they’d prefer:
 - A 401(k) might have limited investment options, but it can have an employer match option.
 - An IRA doesn’t have an employer match option, but since the individual is in charge of the account, there are more investment options.
 - A Roth IRA can be set up and managed by the individual. Post-tax contributions can be made. There is no tax deduction on the money going in, but when money is pulled out, the individual won’t pay taxes on the growth of their investments.
4. After the discussion, distribute the *Ca\$h Cour\$e: Understanding Retirement Savings Accounts Worksheet*.
5. Complete the worksheet as a class or have the students complete it independently. Review the correct answers with the students. (These can be collected as a formative assessment.)

Wrap-Up: (10 mins.)

1. Sum up the lesson by highlighting the importance of understanding retirement savings plans and how they can positively impact their future.
2. Encourage students to think about how retirement might seem like something way off in the future. Still, it is important for them to understand the different options available to them when they start earning an income.

Don’t have time for the full lesson? Quick Activity (10-15 mins.)

- Distribute the worksheet and allow students to complete it while they follow along with the video.
- Or, have students watch the video at home and use the worksheet as a quick quiz the next day in class.