

4-5 Grade:

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PENNY'S SAVINGS

Mr. and Mrs. Copper want to start a college savings plan for their ten-year-old daughter Penny. They see an advertisement for Frankie Fraud, an investment advisor. His slogan is "Save Money Quicker", and he says that he will double their money within a year. They call him and schedule an appointment.

Frankie Fraud comes over to the Copper's house the next evening after they get off work. They explain that they have saved \$40,000 in a savings account, which has only earned 0.25% APY, compounded quarterly. Frankie insists that he can double their money in six months by investing in stocks in his native country of Con Republic where his father is the treasurer.

Frankie is so excited and positive of the success of their earnings that Mr. and Mrs. Copper agree that it is the perfect plan for them. Frankie tells them to meet him at their bank tomorrow to wire transfer their money out of the United States.

Mr. and Mrs. Copper get to the bank with Frankie Fraud exactly at 9 am. They go into one of the banker's offices to wire their money. The mild mannered banker ears perk up as he listens attentively to the Coppers and Frankie discussed the investment. All of the sudden, the banker stands up quickly and takes off his glasses. This is no ordinary banker; it is SIR SAVE-A-LOT!!!!

"Aha – Frankie Fraud! I've detected you with my robbery prevention super hearing!" he yells.

"Aw rats! Not you Sir Save-a-lot!"

Sir Save-a-lot tells the Coppers that if they send their money out of the country, they may never see it again. He calls the security guards, and they take the nasty crook to jail.

"Oh, we would have lost all of our savings, and our dear daughter Penny wouldn't be able to go to college. How can we ever thank you?"

“Penny going to college is enough thanks for me. Now why don’t we talk about some wise savings plans?”

Mr. and Mrs. Copper tell Sir Save-a-lot about their \$40,000 savings account which isn’t earning very much interest. Sir Save-a-lot listens carefully and thinks quickly with his computer-like brain response and research on www.finance.yahoo.com, he suggested the following plan:

- Long term investment of \$33,035 in a stock portfolio of:

150 shares of The Walt Disney Company (ticker symbol DIS) for \$15,750

150 shares of Wal-Mart Stores Inc. (ticker symbol WMT) for \$12,198

150 shares of Honda Motor Co., Ltd. (ticker symbol HMC) for \$5087

- Deposit the remaining \$6,965 into a Money Market Account earning 1.0% Annual Percentage Yield, compounding monthly. According to the Financial Calculator on the www.trustmark.com website, the Money Market account would be worth \$7,470 in 2022. That’s a growth of 7%.

Mr. and Mrs. Copper love Sir Save-a-lot’s financial plan. They will earn dividends on the stocks and deposit them into the Money Market Account. The stocks in the portfolio that Sir Save-a-lot told them will rise in value, too. They are happy that their daughter will have a good savings account built up so she can go to college to be a doctor.