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**Teaching Tool:**  
**Activity to Introduce Savings Layers**

**Materials needed:**

- Six large see-through containers each with a label: Income, Retirement, Christmas Club, Debt, Spending and Emergency
- “Money” to fill the Income Container
- Poster showing “layers” of savings

**Purpose:** To help people realize the value of emergency savings and layering savings.

**Directions:** Pick up the Income container. Tell them this represents your monthly income. Take them through a discussion that includes moving the dollars from the Income container to the other containers.

- Do you save for retirement – 403b/401k/IRA? (Affirm participant efforts as you put money into Retirement container.)
- Do you have save accounts, for example Christmas Club account? (Affirm saving for this regular expense saying, “Good it comes every year at the same time.” Move money into Christmas Club container.)
- Are you paying off debt? Do you have a car payment, credit card payment, student loan? (Affirm participant efforts as you put money into Retirement container.)
- What are some of the things for which you spend money – food, gasoline, housing, diapers, etc. (Encourage participant discussion as you put all the rest of the money into Spending container. The Income container should be empty.)
- Now, present Emergency container indicating a financial emergency such as the water heater springs a leak or the car battery died. Say, “Payday is still a week away. What will you do?” After discussion of options (raiding the retirement or Christmas Club account, taking out a loan, using the credit card, getting a payday loan) point out the need for several savings layers, including an emergency fund. Use the poster to explain the four layers of savings:
  1. Emergency and save accounts
  2. Short term savings
  3. Long term savings
  4. Retirement savings