Penny Explains

Key Stage 2 · Years 5 and 6 | Saving and interest | About 30 minutes

What is interest?

Savers earn it. Borrowers pay it.

Name _____ Class _____ Date _____ Score: / 44

I can...

- [ ] I can explain that savers earn interest and borrowers pay it.
- [ ] I can find 10% and 5% of an amount of money.
- [ ] I can work out the interest for one year.

Key words

Interest: extra money a bank pays to savers, or charges to borrowers.

Saver: someone who keeps money to use later.

Borrower: someone who uses a bank's money for a while, then pays it back.

Per cent (%): out of every hundred. 5% means 5 out of every 100.

1 Fill the gaps

5 points

Use the words in the box to finish the sentences. Use each word once.

free | earn | lose | bank | percentage | pays | price

Interest is the _____ of money. When you save, the bank _____ you interest.

When you borrow, you pay interest to the _____. Interest is shown as a _____, like 5% a year. So savers _____ interest and borrowers pay it.

2 Percentage warm-up

8 points

Find 10% and 5% of each amount. The first row is done for you.

Penny says: To find 10%, divide by 10. To find 5%, find 10% and then halve it.

Amount	10% of it	5% of it
£100	£10	£5
£200	_____	_____
£50	_____	_____
£400	_____	_____
£1,000	_____	_____

3 Interest for one year

8 points

Show your working in the box.

a) Zofia saves £100 for one year. The bank pays 5% interest. How much interest does she earn?

Working

Answer: _____

b) How much is in Zofia's account at the end of the year?

Working

Answer: _____

c) Uncle Marcus borrows £200 for one year. He is charged 10% interest. How much interest does he pay?

Working

Answer: _____

d) How much does Uncle Marcus pay back altogether?

Working

Answer: _____

4 Earn it or pay it?

6 points

Who earns interest and who pays it? Write each one in the right box.

Gran has a savings account | Uncle Marcus borrows £200 | Dan saves his birthday money | A café borrows to buy an oven | Zofia saves £100 at the bank | A family borrows to buy a home

Earns interest (saver)	Pays interest (borrower)

5 Odd one out

4 points

Work each one out. Circle the odd one out in each row and say why.

5% of £100 | 10% of £50 | 5% of £200 | Half of £10

Why? _____

Saver | Savings account | Earns interest | Pays interest

Why? _____

6 Who would you rather be?

4 points

Read the story, then answer the questions.



Hana **saves** £300 for one year at **5%** interest, so she can buy a bike next year. Her neighbour Mr Cole **borrows** £300 for one year at **10%** interest. He buys a bike today, so he can cycle to his new job.

a) How much interest does Hana earn? How much interest does Mr Cole pay? 2 marks

b) Who would you rather be, the saver or the borrower? Why? 2 marks

7 Think like a bank

Challenge 2 points



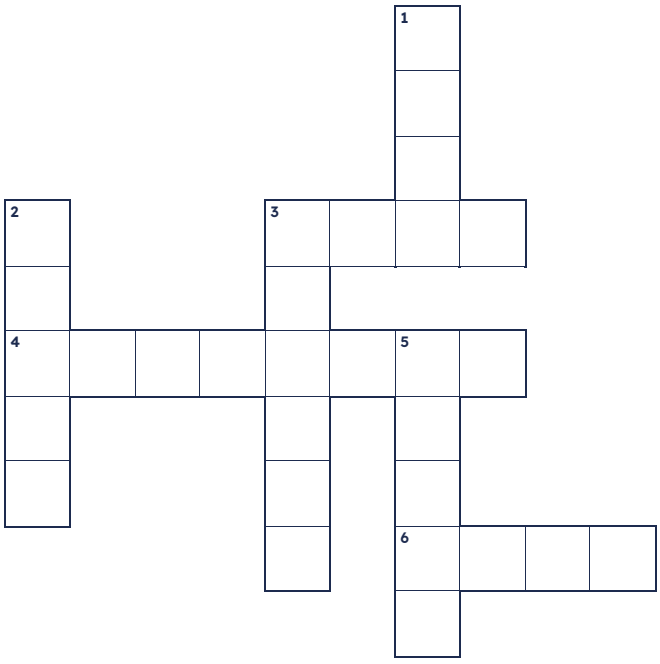
Penny says: Remember: a bank lends out the money that savers put in.

Why does a bank charge borrowers more interest than it pays savers?

8 Interest crossword

7 points

Use the clues to fill in the grid.



Across

3. It looks after savings and lends money (4)

4. Extra money a bank pays savers or charges borrowers (8)

6. Savers … interest (4)

Down

1. Money that is lent and must be paid back (4)

2. Interest is the … of money (5)

3. Use the bank's money for a while, then pay it back (6)

5. Someone who keeps money to use later (5)

9 Before you go

One thing I learned today

One question I still have

How sure do I feel?

Not yet | Getting there | Got it

Take it home

Ask a grown-up: have you ever **earned** interest or **paid** interest? Together, work out **5% of £200**.

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