

*To the Pupil:* TAKE THIS FOLDER HOME



*To the Parents:* This is one of a series of lessons being taught in the public schools. Reading this folder will enable you to help your child in the preparation of his or her Essay.

# *Interest*

When people work in offices or stores, in factories or on the farm, they earn money. Those that are wise, save part of this money and make it work for them. They usually start by depositing this money in a bank where it earns more money for those that saved it.

If you owned a house and let some people use it, they would pay you a certain sum of money every month. This is called rent. When you deposit money in a bank, it pays you for the use of it. This is called interest.

This picture shows a corner of a banking room on the day interest is due. Fathers and mothers, sisters and brothers, little boys and girls take their bank books to the windows and the amount of money which their savings have earned is written in their books.

Henry is explaining to his little sister what 3% interest is. He has had \$10.00 in the bank working for him for a whole year and the interest it has earned amounts to 30c. The little girl, Mary, had only a dollar working for her and was rather disappointed when the banker gave her only 3c in interest.

“When I spend 3c, do I spend all that my dollar can earn, working days and nights and

Sundays, for a whole year?" Mary asked her brother.

"That's right," replied Henry.

Mary thought a moment and then said, "After this I will think what 3c are before I spend them foolishly."

"That's the way I feel about it, too," said Henry. "I have wasted a lot more than 30c this year and you see that is all my \$10.00 has earned; but if I leave this \$10.00 here for several years it will earn \$10.00 in interest. It will double itself without any work on my part, and if I deposit a lot of other \$10.00's that will grow and grow, some day I shall have enough to buy a nice house, an automobile and a radio."

When Mary reached home she said to her mother, "Just think, every time I spend 3c I spend all the money that a dollar earns in a whole year."

"Yes, my dear," said the mother, "and when you lost your gloves, which cost \$1.50, you lost a whole year's interest on \$50.00; and when you tore your \$3.00 dress so badly that I could not mend it, we lost a year's interest on \$100.00. Now you understand why it is so important that you take care of your clothes and other things

that we buy for you. Now you know why I remind you and your brother to be careful with the furniture, the dishes, the electric lights, the radio—in fact everything we have. When you lose or waste anything that mother and daddy have spent money for, you really lose or waste money itself—and the chief reason for our saving money is that you and your brother can have the things you need—clothes, food, a nice home, and a college education. Part of the money we save goes into what we call an Emergency Fund in the bank. We do this so that we can pay the doctor if any of us gets sick. Another part of the money we save goes to a life insurance company which would pay us money if anything happened to Daddy. The third part of our savings is invested in safe bonds which pay Daddy 5% and 6% interest. You see, besides planning for your college education, we must plan to save money that will pay for rent, food and clothes when we grow old and Daddy has quit working.”

Mary listened to every word her mother said and then replied, “I begin to understand why you want us to be careful with money and the things you exchange money for. After this I will be more careful with my things and everything in our home, for I want you and Daddy to be happy when you are old,—and every time brother and I waste anything if means that you and Daddy and all of us won’t have so much when we get older.”