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Americans spending at record rates

URL: <http://www.breakingnewsenglish.com/0602/060206-spend-e.html>

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6 February, 2006

THE ARTICLE

Americans spending at record rates

Figures just released show Americans are spending all of their money – and more. The national savings rate has dropped to its lowest level since the Great Depression of the 1930s. Consumer spending is rocketing because people feel richer. Near-record high house prices are one reason for people to forget about saving for retirement. Last year the savings rate was negative for only the third time ever, at 0.5 percent. The US Commerce Department reported that spending increased by 0.9 percent - more than double the 0.4 percent rise in incomes.

All of this may mean many workers will have difficulties after they retire. The usual habit of saving for one's old age seems to have disappeared. Americans are using up all of their savings and putting more and more on their credit cards to finance their spending. Healthier than usual stock prices are also making many people feel wealthy. The central bank meets on Tuesday to discuss how to prevent a shortage of cash in the economy. Economists believe an increase in interest rates is necessary - for a 14th time. This may save the economy from overheating.

WARM-UPS

1. SPENDING: In pairs / groups, talk about your spending. How has it varied over the years? Write down three things that you think about before you buy something. Do you think these things every time you spend money?

2. CHAT: In pairs / groups, decide which of these topics or words are most interesting and which are most boring.

Figures / spending / savings / rockets / house prices / feeling rich / retirement / income / habits / old age / credit cards / stock prices / cash / interest rates

Have a chat about the topics you liked. For more conversation, change topics and partners frequently.

3. MONEY: There is a saying that “money makes the world go round”. In pairs / groups, think of three reasons why this is true and three reasons why it is not. Change partners and talk about your reasons.

4. TWO-MINUTE MONEY DEBATES: Face each other in pairs and have these fun 2-minute debates. Students A strongly believe in the first argument, students B the second. Change pairs often

- a. You should save lots of money. vs. Life is about spending and enjoying yourself.
- b. Neither a borrower nor a lender be. vs. Borrowing and lending is part of life.
- c. Property is the best investment. vs. Stocks and shares are the best investment.
- d. Saving for retirement is essential. vs. Governments should provide pensions.
- e. Saving is boring. vs. It’s interesting to watch your money grow.
- f. Credit cards are dangerous. vs. Credit cards help the world go round.
- g. Money is the root of all evil. vs. Money is great.
- h. Chasing wealth should be our life goal. vs. There are more important things than money.
- i. Savings are essential for an economy. vs. Consumer spending is most important.

5. SAVE: Spend one minute writing down all of the different words you associate with the word “save”. Share your words with your partner(s) and talk about them. Together, put the words into different categories.

6. SAVING: In pairs / groups, talk about what the following people save for. What advice would you give to each?

- A ten-year-old child
- Bill Gates
- Your best friend
- A pensioner
- Someone in their twenties with children
- An unemployed person
- A university student
- A 40-year-old with no savings or pension

BEFORE READING / LISTENING

1. TRUE / FALSE: Look at the article's headline and guess whether these sentences are true (T) or false (F):

- | | |
|---|-------|
| a. Americans are buying more records and fewer CDs. | T / F |
| b. Savings are at their lowest since the Great Depression of the 1930s. | T / F |
| c. Americans are feeling richer than ever. | T / F |
| d. Many Americans are not saving for their retirement. | T / F |
| e. Few Americans will have financial difficulties after they retire. | T / F |
| f. Stock prices are at their lowest levels for decades. | T / F |
| g. Economists will meet to decide how to create a cash shortage. | T / F |
| h. America's central bank is going to reduce interest rates again. | T / F |

2. SYNONYM MATCH: Match the following synonyms from the article:

- | | |
|-----------------|------------|
| a. released | soaring |
| b. dropped | trouble |
| c. rocketing | in history |
| d. ever | rich |
| e. rise | custom |
| f. difficulties | out |
| g. habit | support |
| h. finance | required |
| i. wealthy | fallen |
| j. necessary | increase |

3. PHRASE MATCH: Match the following phrases from the article (sometimes more than one combination is possible):

- | | |
|--|-----------------------------------|
| a. Figures | a shortage of cash in the economy |
| b. Consumer spending is rocketing | 0.4 percent rise in incomes |
| c. Near-record | after they retire |
| d. the savings rate was negative | high house prices |
| e. ...more than double the | usual stock prices |
| f. many workers will have difficulties | just released |
| g. The usual habit of saving | overheating |
| h. Healthier than | for only the third time ever |
| i. how to prevent | for one's old age |
| j. This may save the economy from | because people feel richer |

WHILE READING / LISTENING

GAP FILL: Put the words in the column on the right into the gaps in the text.

Americans spending at record rates

Figures just _____ show Americans are spending all of their money – and more. The national savings rate has _____ to its lowest level since the Great Depression of the 1930s. Consumer spending is _____ because people feel richer. Near-_____ high house prices are one reason for people to _____ about saving for retirement. Last year the savings rate was _____ for only the third time _____, at 0.5 percent. The US Commerce Department reported that spending increased by 0.9 percent - more than _____ the 0.4 percent rise in incomes.

rocketing
negative
released
double
ever
dropped
record
forget

All of this may _____ many workers will have difficulties after they retire. The usual _____ of saving for one's old age seems to have disappeared. Americans are _____ up all of their savings and putting more and _____ on their credit cards to finance their spending. Healthier than _____ stock prices are also making many people feel wealthy. The central bank meets on Tuesday to _____ how to prevent a _____ of cash in the economy. Economists believe an increase in interest rates is necessary - for a 14th time. This may save the economy from _____.

discuss
more
habit
overheating
usual
mean
shortage
using

LISTENING

Listen and fill in the spaces.

Americans spending at record rates

Figures just _____ show Americans are spending all of their money – and more. The national savings rate has _____ to its lowest level since the Great Depression of the 1930s. Consumer spending is _____ because people feel richer. Near-_____ high house prices are one reason for people to forget about saving for retirement. Last year the savings rate was _____ for only the third time ever, at 0.5 percent. The US Commerce Department _____ that spending increased by 0.9 percent - more than double the 0.4 percent rise in incomes.

All of this may mean many workers will have _____ after they retire. The usual habit of saving for one's old age seems to have _____. Americans are using up all of their _____ and putting more and more on their credit cards to finance their spending. Healthier than usual stock prices are also making many people feel wealthy. The _____ bank meets on Tuesday to discuss how to _____ a shortage of cash in the economy. Economists believe an increase in interest rates is necessary - for a 14th time. This may save the economy from _____.

AFTER READING / LISTENING

1. WORD SEARCH: Look in your dictionaries / computer to find collocates, other meanings, information, synonyms ... for the words 'record' and 'high'.

- Share your findings with your partners.
- Make questions using the words you found.
- Ask your partner / group your questions.

2. ARTICLE QUESTIONS: Look back at the article and write down some questions you would like to ask the class about the text.

- Share your questions with other classmates / groups.
- Ask your partner / group your questions.

3. GAP FILL: In pairs / groups, compare your answers to this exercise. Check your answers. Talk about the words from the activity. Were they new, interesting, worth learning...?

4. VOCABULARY: Circle any words you do not understand. In groups, pool unknown words and use dictionaries to find their meanings.

5. STUDENT "SAVINGS" SURVEY: In pairs / groups, write down questions about saving and spending money.

- Ask other classmates your questions and note down their answers.
- Go back to your original partner / group and compare your findings.
- Make mini-presentations to other groups on your findings.

6. TEST EACH OTHER: Look at the words below. With your partner, try to recall exactly how these were used in the text:

- | | |
|--------------|---------------|
| • released | • retire |
| • lowest | • old |
| • rocketing | • finance |
| • retirement | • prevent |
| • third | • necessary |
| • double | • overheating |

DISCUSSION

STUDENT A's QUESTIONS (Do not show these to student B)

- a. Did the headline make you want to read the article?
- b. What do you think of spending in America?
- c. Are you a good saver?
- d. Are you thinking about saving for your retirement?
- e. Do you ever feel rich?
- f. Why are savings important for an economy?
- g. Why is it necessary for people to save?
- h. Do you think we think about money too much?
- i. What advice would you give to young people about saving?
- j. Do you think credit cards are dangerous?

STUDENT B's QUESTIONS (Do not show these to student A)

- a. Did you like reading this article?
- b. What do you think about what you read?
- c. What are the dangers of people not saving?
- d. Are you a big spender?
- e. How have your spending and saving patterns changed over the years?
- f. What happens in an economy in which people do not save?
- g. How often do you experience a 'feel-wealthy' factor?
- h. Are you interested in investing in the stock market?
- i. What happens when an economy overheats?
- j. Did you like this discussion?

AFTER DISCUSSION: Join another partner / group and tell them what you talked about.

- a. What was the most interesting thing you heard?
- b. Was there a question you didn't like?
- c. Was there something you totally disagreed with?
- d. What did you like talking about?
- e. Which was the most difficult question?

SPEAKING

SAVING: Look at this list of different ways of saving your money for retirement. In pairs / groups, think of as many pluses and minuses as you can for each.

TYPES	PLUSES	MINUSES
Bank savings accounts		
Pension funds		
Stocks and shares		
Piggy banks		
Property		
Rely on government pension		
Other _____		

Change partners and share and compare your ideas.

What do you think are the two best and two worst options?

Which of the above do you do?

HOMEWORK

1. VOCABULARY EXTENSION: Choose several of the words from the text. Use a dictionary or Google's search field (or another search engine) to build up more associations / collocations of each word.

2. INTERNET: Search the Internet and find information on saving in your country. Share your findings with your class in the next lesson. Did you all find out similar things?

3. SAVING: Write an essay on the pluses and minuses of saving. Read your essays to your partner(s) in your next class. Did you all write about similar things?

4. MY RETIREMENT: Make a financial plan for your retirement. Show on it all of the things you want to do and how much you intend to spend on each. Read what you wrote to your classmates in the next lesson. Did everyone have similar plans?

ANSWERS

TRUE / FALSE:

- a. F b. T c. T d. T e. F f. T g. F h. F

SYNONYM MATCH:

- | | |
|-----------------|------------|
| a. released | out |
| b. dropped | fallen |
| c. rocketing | soaring |
| d. ever | in history |
| e. rise | increase |
| f. difficulties | trouble |
| g. habit | custom |
| h. finance | support |
| i. wealthy | rich |
| j. necessary | required |

PHRASE MATCH:

- | | |
|--|-----------------------------------|
| a. Figures | just released |
| b. Consumer spending is rocketing | because people feel richer |
| c. Near-record | high house prices |
| d. the savings rate was negative | for only the third time ever |
| e. ...more than double the | 0.4 percent rise in incomes |
| f. many workers will have difficulties | after they retire |
| g. The usual habit of saving | for one's old age |
| h. Healthier than | usual stock prices |
| i. how to prevent | a shortage of cash in the economy |
| j. This may save the economy from | overheating |

GAP FILL:

Americans spending at record rates

Figures just **released** show Americans are spending all of their money – and more. The national savings rate has **dropped** to its lowest level since the Great Depression of the 1930s. Consumer spending is **rocketing** because people feel richer. Near-**record** high house prices are one reason for people to **forget** about saving for retirement. Last year the savings rate was **negative** for only the third time **ever**, at 0.5 percent. The US Commerce Department reported that spending increased by 0.9 percent - more than **double** the 0.4 percent rise in incomes.

All of this may **mean** many workers will have difficulties after they retire. The usual **habit** of saving for one's old age seems to have disappeared. Americans are **using** up all of their savings and putting more and **more** on their credit cards to finance their spending. Healthier than **usual** stock prices are also making many people feel wealthy. The central bank meets on Tuesday to **discuss** how to prevent a **shortage** of cash in the economy. Economists believe an increase in interest rates is necessary - for a 14th time. This may save the economy from **overheating**.