

# MAKE THE MOST OF YOUR Money!

## INSIDE: LESSONS ON

- + Budgeting + Interest + Wants vs. needs
- + Smart shopping techniques

Financial  
Capability and  
Math Activities  
for the Real  
World



## CREATING A BUDGET

Help students build a budget to save for things they want to buy.

## OBJECTIVES

Students will:

- Analyze and modify a budget to make it more effective
- Apply the knowledge that with limited resources, they must make economic choices

## TIME

20 minutes

## MATERIALS

- Poster: Make the Most of Your Money!
- Activity Sheet 1: Make Every Dollar Count!

## STANDARDS

C3 Social Studies:

D2.Eco.1.3-5

Common Core State Standards Mathematics:  
4.NF.B.4.C, 5.NBT.B.7, and 6.RP.A.3.B

Council for Economic Education:

- Grade 4: Buying Goods and Services 2 and 7
- Grade 8: Buying Goods and Services 6

Family and Consumer Sciences: 2.1.2 and 2.6.2

Jump\$tart:

- Grade 4 Financial Decision Making 4d
- Grade 8 Financial Decision Making 4a

## ADDITIONAL RESOURCES

For additional standards, as well as other lessons for Grades 4–5 and 6–8, visit [youth.handsonbanking.org/educators](http://youth.handsonbanking.org/educators).

## DIRECTIONS

- Place students in pairs or small groups. Say, "Imagine you got \$100 for your birthday. Brainstorm what you would like to do with it." Have pairs or groups discuss, then share answers.
- Ask students if they could do everything that they thought of with their \$100. Point out that all their ideas might add up to a large number like \$500, but since they only have \$100, they will have to make choices. In real life, we will have limited amounts of money. We can't have everything, so we have to decide which choices would be best for us. Planning ahead can help us have better options to choose from. One way to do that is to increase the amount of money we have saved.
- Ask, "What can you do to increase the amount of money you have?" Have pairs/groups discuss and share answers. Point out that the answers fall into two basic groups: increasing **income** (money coming in, such as money earned by doing a job) and reducing **expenses** (money going out, such as paying for food). Explain that students can also create and use a budget to track how well they control income and expenses. Define terms as needed. Display the poster to help guide student understanding of what you can do to increase the money you have to spend.
- Distribute Activity Sheet 1. Students can work individually, in pairs, or as a class with teacher guidance to complete the sheet.
- Review answers as a group. Sam's current weekly budget should include:
  - Income: \$17 (allowance plus dog walking income)
  - Expenses: \$17 (ice cream plus movie plus  $\frac{1}{4}$  of the T-shirt expense)
  - Difference: \$0

## ASSESSMENT QUESTION

How can a budget help you achieve what you want to do with your money? **Key points:** A budget can help you find opportunities to increase income and reduce costs so you can save more and reach your financial goals faster.



NAME \_\_\_\_\_

# Make Every Dollar Count!

Hi! My name is Sam, and I love animals. I volunteer every weekend at an animal shelter. Recently, one of their dog crates got damaged. It costs \$85 to replace it, but they don't have a lot of money. I want to buy a new one and donate it to the shelter, but I never have any extra money. Can you help me figure out how I can afford this?

- I get \$10 a week in allowance.
- I walk a neighbor's dog for \$7 each week.
- I buy ice cream every day at lunch (\$5 each week).
- I spend \$8 to go to the bargain movie each Saturday.
- Every four weeks I buy a new animal T-shirt; that costs \$16. (*Hint: How much do I set aside each week in order to buy the shirt at the end of the month?*)
- Two other neighbors have asked me if I would walk their dogs. I'm not sure if I want to.
- My parents said they would increase my allowance to \$15 if I did some extra chores.

**Help me out!** Set up a budget for me below. Then give me ideas on how I can get more money so that I can donate to the shelter. They need that new dog crate!



## SAM'S WEEKLY BUDGET

**WEEKLY INCOME:** \_\_\_\_\_

**WEEKLY EXPENSES:** \_\_\_\_\_

**EXTRA AVAILABLE FOR DOG CRATE:** \_\_\_\_\_

**SUGGESTIONS FOR RAISING \$85:** \_\_\_\_\_

\_\_\_\_\_  
\_\_\_\_\_



**Now Try This!** If Sam follows all your suggestions, how many weeks will it take to raise \$85 to give to the shelter? \_\_\_\_\_

## Help students understand savings accounts and interest income.

## OBJECTIVES

Students will be able to:

- identify the characteristics of a savings account (security, interest income, possible limitations on withdrawals, etc.)
- define key terms including risk, return, and interest
- calculate simple interest and define compound interest

## TIME

20 minutes

## MATERIALS

- Activity Sheet 2: Watch Money Grow!

## STANDARDS

C3 Social Studies:

D2.Eco.9.3-5 and

D2.Eco.10.3-5

Common Core State

Standards Mathematics:

4.NF.B.4.C, 5.NBT.B.7, and

6.RP.A.3.B

Council for Economic

Education:

- Grade 4: Earning Income 4
- Grade 8: Earning Income 9, Investing 6, and Saving 7

Family and Consumer

Sciences: 3.3.4

Jump\$tart:

- Grade 4: Saving 1f
- Grade 8: Saving 1e

## ADDITIONAL RESOURCES

For additional standards, as well as other lessons for Grades 4–5 and 6–8, visit [youth.handsonbanking.org/educators](http://youth.handsonbanking.org/educators).

## DIRECTIONS

1. Place students in pairs/small groups. Tell the story of Benjamin Franklin, who, when he died in 1790, left 1,000 pounds (about \$4,400) each to Philadelphia and Boston to put into a fund. In 1990, when Franklin's will said the money should be distributed, there was about \$7 million in the two accounts. Ask the class how this could happen. Ask pairs/groups to consider and share responses.
2. Explain that the money grew from **interest income**. Banks pay interest to customers who deposit money with them. The bank uses their customers' deposits to make loans to individuals and companies. The bank charges borrowers interest, which becomes income for the bank.
3. Interest is expressed as a **percentage**. Share the following example: A bank pays 2% interest annually. If \$100 is deposited, after one year, the interest income would be  $\$100 \times 0.02 = \$2$ . So, the depositor earns \$2 for depositing money in the bank.
4. If money is kept in the account over a year, the interest income earns interest too. In the example above, after the second year, interest income equals  $0.02 \times \$102 = \$2.04$  (a bit higher than the \$2 from year one). When year two's interest is added to the \$102 balance, the depositor ends up with \$104.04 total, because their interest was earning interest, too. Indicate that this is called **compound interest**. The bigger the original amount and the longer the time, it can add up—as you see in the Ben Franklin example!
5. Note that banks offer several types of accounts that pay different rates of interest but have different rules on how the customer can withdraw the money. **Checking accounts** offer little or no interest, but provide more access options to the funds. **Savings accounts** offer higher rates of interest, but there may be rules on accessing the money. **Certificates of Deposit (CDs)** offer even higher rates, but in exchange you need to leave your money in the bank for a certain number of months before you can withdraw it.
6. Distribute Activity Sheet 2. Students can work individually, in pairs, or as a class with teacher guidance to complete the sheet. If your class hasn't mastered multiplying decimals yet, you can model the calculations on the board, or direct students to use calculators.
7. Review answers as a group: *Question 1:* Interest earned in each account after one year: Checking \$0, Savings \$4, 1-Year CD \$8, 2-Year CD \$12. *Question 2:* Checking \$0, Savings \$4.04, 1-Year CD \$8.16, 2-Year CD \$12.36. *Question 3:* Answers will vary but should include that the 2-Year CD provides the highest interest income, and Blake won't need the money within two years, so the restriction isn't a factor.

## ASSESSMENT QUESTION

Why might you choose to keep your money in a savings or checking account even though a CD account pays a higher interest rate? *Key points:* Picking the right account to use for savings often means choosing between the CD's higher interest and the savings/checking account's easier access to your money.





NAME \_\_\_\_\_

# Watch Money Grow!

Hi! I'm Blake. I started babysitting last year. I've already made \$400, but I can't remember where I put the money in my messy room! My parents suggested I open a bank account to keep the money safe and maybe earn interest. I don't need the money now, but when I get to high school in two years, I want to join band and I'll need a tuba (it'll cost about \$1,200 for a used one). I went to the bank and found lots of choices. Please help me pick the best account!

TYPE OF ACCOUNT	INTEREST RATE	RESTRICTIONS ON WITHDRAWING MONEY
Checking	0%	None
Savings	1%	Six withdrawals per month
1-Year CD*	2%	No withdrawal for one year
2-Year CD	3%	No withdrawal for two years

- 1** How much interest will I earn with each type of account after one year?

Checking \_\_\_\_\_

Savings \_\_\_\_\_

1-Year CD \_\_\_\_\_

2-Year CD \_\_\_\_\_

- 2** Calculate how much interest my \$400 will earn after two years if the money is kept in the same account. Hint: Don't forget compound interest!

Checking \_\_\_\_\_

Savings \_\_\_\_\_

1-Year CD \_\_\_\_\_ (assume after one year, the money was reinvested in the same 1-Year CD)

2-Year CD \_\_\_\_\_



**Now Try This!** Which account do you think I should choose? Explain your thinking on the back of this page.

\* CD = Certificate of Deposit

Empower students to maximize their spending power.

### OBJECTIVES

Students will be able to:

- Differentiate between wants and needs and recognize how advertising and peer attitudes affect our perceptions of needs
- Identify and utilize smart shopping techniques

### TIME

20 minutes

### MATERIALS

- Activity Sheet 3: Get the Best Deal!

### STANDARDS

C3 Social Studies:

D2.Eco.2.3-5 and D2.Eco.5.3-5

Common Core State

Standards Mathematics:

4.NF.B.4.C, 5.NBT.B.7, and

6.RP.A.3.B

Council for Economic

Education:

- Grade 4 Buying Goods and Services 2

- Grade 8 Buying Goods and Services 1

Family and Consumer

Sciences: 2.1.2

Jump\$tart:

- Grade 4 Saving and Spending 4a and 4c
- Grade 8 Saving and Spending 4b and 4c

### ADDITIONAL RESOURCES

For additional standards, as well as other lessons for

Grades 4–5 and 6–8, visit

[youth.handsontbanking.org/educators](http://youth.handsontbanking.org/educators).

### DIRECTIONS

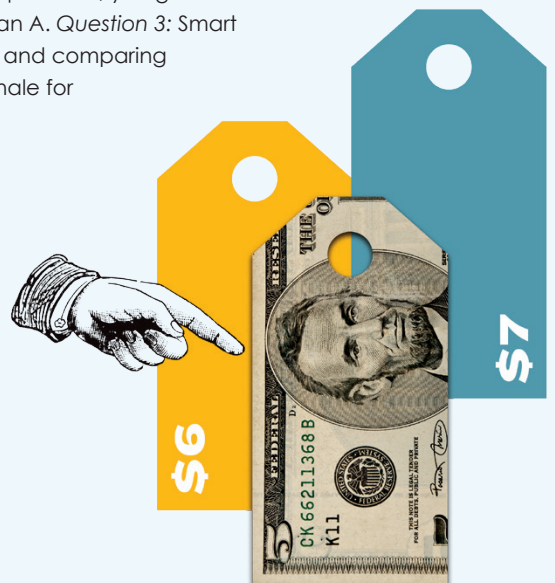
1. Place students in pairs or small groups and ask them to make a list of the last 3–4 things they bought with their own money. Then direct them to review the items on their list and classify them as wants or needs. If necessary, define **needs** as items that are required in life, like food, and **wants** as items that are nice to have but not necessary, like video games. Have groups share their classifications and discuss as a group. If there are disagreements on whether a purchase is a need or a want, have students provide a rationale for their choices.
2. Ask groups to identify items on their lists where the purchase might have been influenced by advertising or the opinions of their peers. Examples might include sneakers, a new phone case, a cool backpack, etc. Explain that advertisers spend billions of dollars to influence consumer opinions. Wanting to be admired by their friends can also influence what kids decide to buy. Point out that these factors can make a want feel like a need, so students should be thoughtful and ask themselves: *Is what I'm buying really worth it, or should I wait until I can find a better deal on this item...or save my money for a different, better item? In a few days or months, will I still be happy with my purchase or will I think I wasted my money?*
3. Ask the groups whether they compared prices at different stores or bought a used item to save money. Tell students that some experts recommend comparing prices at three or more stores before you make a purchase.
4. Distribute Activity Sheet 3. Students can work individually, in pairs, or as a class with teacher guidance to complete the sheet.
5. Review answers as a group. *Question 1:* Answers may vary, depending on whether the sound mixer is a want or a need. Students who think it is a need should explain that it is needed for a career/income-producing activity. *Question 2:* Store D has the lowest price, but the model is used and the store does not have a good reputation for quality. Store A is slightly cheaper than Store B, but for \$10 more, you get free shipping, so B represents a better buy than A. *Question 3:* Smart shopping behavior includes researching and comparing prices; answers may also include a rationale for question 2.



### ASSESSMENT QUESTION

Why might some individuals see a certain item as a want while others would consider it a need?

**Key points:** Once we satisfy our basic needs for survival, deciding on whether a purchase represents a need or a want can depend on a person's circumstances or personal preferences. Examples: We all **need** clothing, but we don't need *designer* clothing.



NAME \_\_\_\_\_

# Get the Best Deal!

Hi, I'm Jordan. I have a successful business as a DJ for school dances. My next dream is to rule the internet by streaming instructional DJ videos. If I want to produce professional videos, I need to upgrade to a better sound mixer. I visited different stores and found these prices:

**STORE A:** \$489 for the latest model

**STORE B:** \$499 for the latest model (includes free shipping)

**STORE C:** Three easy payments of \$199 (including interest) for the latest model

**STORE D:** \$325 (for last year's mixer model, used)

## Other information:

- I have \$525 in my savings account
- Shipping usually costs \$19.95 for this item
- Store D doesn't have a good reputation for quality

Help me figure out what to do! Answer the following questions and explain your thinking. Use separate paper as you need to.

**1** Do you think the mixer is a want or a need?

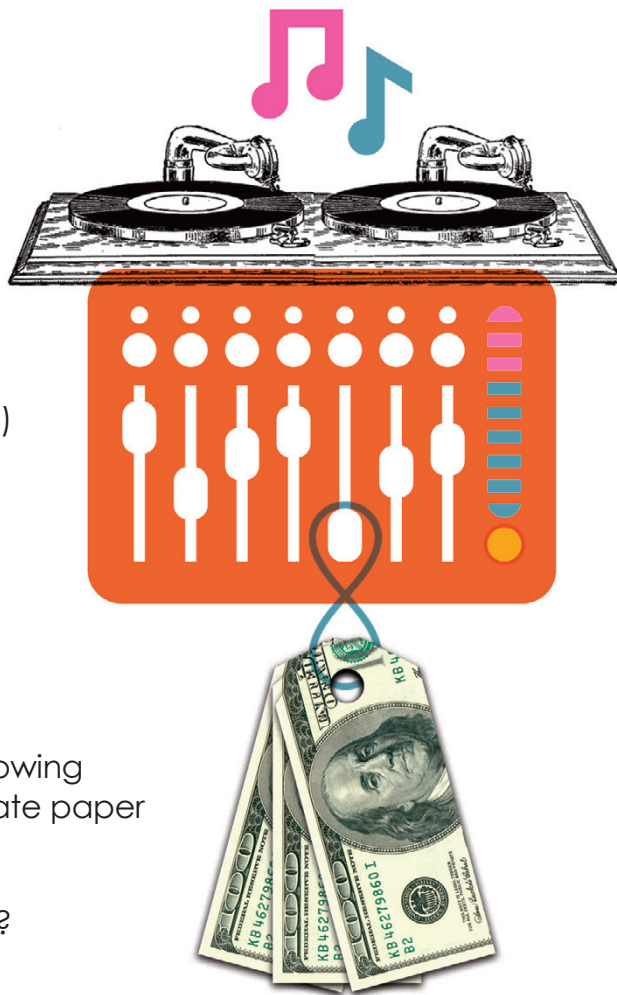
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**2** Which store should I pick and why? Be sure to show your calculations.

\_\_\_\_\_

**3** What smart shopping choice did I make?

\_\_\_\_\_



# SAVING FOR WHAT I WANT!

## ¡AHORRARÉ PARA LO QUE QUIERO!

In school, your child has been learning financial basics like controlling expenses, saving more money, budgeting, and shopping smarter. Extend the learning at home with this fun savings activity to do with your child.



First, talk about something your child would like to save for—a bike? New computer? Concert tickets? Then make a savings plan by following these tips!

En la escuela, su hijo(a) ha estado aprendiendo conceptos financieros básicos sobre cómo controlar gastos, ahorrar más dinero, preparar presupuestos y realizar compras de manera inteligente. Para complementar el aprendizaje de su hijo(a) en el hogar, pueden realizar juntos esta actividad divertida sobre los ahorros.

Primero, hablen acerca de algo para lo que su hijo(a) quisiera ahorrar. Por ejemplo, ¿una bicicleta? ¿una computadora nueva? ¿boletos para un concierto? Luego, ¡preparen un plan de ahorros siguiendo estas sugerencias!

### TIPS FOR SUCCESS!

### ¡SUGERENCIAS PARA EL ÉXITO!

1. Decide on the item you want to save for.  
**Elige algo para lo cual deseas ahorrar.**
2. Research the cost of your item. Compare prices to find the best deal.  
**Investiga cuál es su costo. Compara precios para encontrar la mejor oferta.**
3. Determine how much money you have already saved.  
**Determina cuánto dinero tienes ahorrado ya.**
4. Set a weekly budget. Figure out how many weeks it will take you to have enough money for this purchase.  
**Establece un presupuesto semanal. Calcula cuántas semanas te llevará conseguir el dinero suficiente para esta compra.**
5. Brainstorm ways you can raise money more quickly (examples: making money by doing kid-appropriate chores; cutting back other things you spend money on).  
**Piensa en diferentes formas para conseguir dinero más rápido (por ejemplo, realizando tareas domésticas apropiadas para niños(as), reduciendo otros gastos).**