

\$AVE @ SCHOOL

Unit I



Administered by:

Ron Estes

Kansas State Treasurer

A program sponsored by the Kansas State Treasurer's Office in cooperation with your local school district.



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Ron Estes
Kansas State Treasurer



STATE OF KANSAS

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Dear Save at School Participants:

The current state of our Nation's economy shows how critical it is that we teach students about finances as early as possible. Children and adults alike must understand that they do have control over their financial future. Money management programs such as Save@School, stress basic financial responsibilities that are best learned early in life and reinforced through the years.

The Save@School program provides the early education that is critical in shaping young minds in financial management. With the leadership of educators and the cooperation of local financial institutions, this program is reaching thousands of students across Kansas. The curriculum for the Save@School program is designed to; make students aware of the benefits of saving, encourage good habits relating to saving and spending, and carry over to the student's family as a way to make positive changes in their own financial lives'.

I am well aware of the gift of time and energy that you give each day in this profession. I would like to extend my sincere thanks for all you do as an educator and mentor to Kansas youth. I appreciate the important role that you play in shaping our children's future and I thank you for your dedication.

Sincerely,

A handwritten signature in blue ink that reads "Ron".

Ron Estes
Kansas State Treasurer

Save AT School

-Unit 1

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Let's Make A Deal

-Lesson 1

Overview:

This lesson will introduce students to the concept of exchange (trade) through barter and help them understand how exchange makes our lives better.



Preparation/Materials:

- Tell the class in advance that you are going to have a Swap Day during which students will trade something they may not want for something they'd like more. Announce the date of the Swap Day.
- Prepare the Parent Letter (sample at end of this lesson) to send home today, letting parents know about the Save At School program.

Option 1:

Have students bring an item from home for the Swap Day. Be sure to send a letter home to parents explaining that the student should bring something they no longer want and are willing to trade for something else. Parents and students should understand that the trade is for real and their items will not be returned. A letter to parents will help avoid problems that might arise if the child were to bring something valuable from home.

Option 2:

Provide a variety of items - one per student - for exchange. Some should be of greater value (small cars, balls, doll clothes, puzzles, candy, etc.); some of lesser value (pencil, paper clips, rubber bands, cotton balls, rice, beans, small note pad, etc.); some should be difficult/impossible to divide. Put these items in individual bags and distribute them randomly to students.

Objectives:

Students will be able to:

- Define barter.
- Explain why people exchange (trade).
- Explain why money makes exchange easier.

Teacher Background:

What is barter? Barter is the exchange of a good or service for another good or service. Sound complicated? Well, it's really not. Most people have bartered at some time. For instance, have you ever seen a student exchange something he/she didn't want in their lunch for something they liked in someone else's lunch? That's bartering. For centuries, barter was the principal way of exchanging in the world. Neighbors bartered with each other. People from other tribes or countries bartered, too. However, bartering became increasingly complicated. For example, if a fisherman needed a fishing net and was prepared to offer a bucket of fish as payment, he would need to find someone who was willing to accept a bucket of fish as payment. But, what if no one wanted fish? What if they would only trade for rice? Imagine how complicated it would be to obtain a lamp, some bread and a pair of shoes if no one accepted the same item as payment.

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Often people would trade for things they did not want in the hopes of trading later for something they did want.

Why do we barter - or participate in exchanges? Quite simply, because it makes us better off. We must make exchanges in life because we are unable or unwilling to produce everything we want. Rather than trying to grow our own food, make our own clothing, or build our own house, we usually trade for those things. Today, of course, we don't often barter for the things we want; we use money to facilitate those exchanges. But, voluntary exchange (trade) makes us better off, providing us with many more goods and services than we could make for ourselves.

Introduction:

Ask students if they have ever bartered. If they do not respond positively, ask if they've ever traded something with a friend at lunchtime. Or traded some sort of collectible item? Ask these questions:

1. Why did you make the trade? (They wanted the other item more than what they had - they felt they would be better off/happier with the other item.)
2. Why do you think the other person agreed to trade? (They wanted what the other person had, too - they, too, felt they would be better off.)
3. Did both people in the trade benefit? (Yes - in voluntary exchange, both parties benefit from the trade; that is, both parties are better off after the exchange.)

Tell them that those types of trades are barter - the exchange of one item or service for another - and that they are going to participate in a barter activity.

Activity:

If students have brought items from home, display the items on a table on Swap Day so that they know what is available. Then have the students take the item they brought to school or distribute the bags.

Before the trade begins, be certain to explain to the class that the trades will be permanent at the end of the trading session; therefore, they should try to make the best trade possible.

Explain that it might be necessary to barter more than once in order to get what they want most. Define barter as trading goods or services without using money.

Begin the swap period. Walk around the room noting comments heard from students such as "I don't want your [item]," or "My [item] is worth more than your [item]." After most students have had time to trade at least once, stop the swap period.

Debrief:

1. How many of you traded for what you wanted most? (Answers will vary.)
2. What was necessary in order for a trade to be made? (Each student must want

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what the other has in order for a trade to take place; this is called a "double coincidence of wants.")

3. How many of you didn't trade at all? Why? (No one wanted what was being offered; one item was worth more than another; there was nothing they wanted more than what they already had.)

4. Did anyone trade more than once? Why? (Some students may have changed their mind; could make a better trade - get what they really wanted - by trading more than once.)

5. Did anyone get more than one item? (This would be possible if their original item was divisible, such as a note pad.)

6. What could you do to your item to make it possible to trade for two or more items? (Divide it up; but some items cannot be divided or would be ruined if divided.)

7. What other problems did you have trading? (Review comments you heard.)

8. What could you have used to make it easier and faster to get the item you wanted most during the swap time? (Money would make it easier.)

9. Why would money help? (Everyone wants money because it can be used to buy other things; money is easier to divide; money helps us know how much something is worth.)

10. When you want something in real life (food, clothes, a toy), how do you get it? Do you barter? (Go to the store and make an exchange; but, instead of bartering, we use money.)

Tell students they will learn more about money in the next two lessons.

Summary Activities:

1. Discuss how they got the things they are wearing, or things in their desks. Did they make everything themselves? (No; they traded - probably with money - with a store for most items.) Why were they willing to give money to the store for items? (The items they bought make them happy, make them better off.)
2. Send home the parent letter, explaining the Save At School program.

Additional Resources:

Classroom lessons on barter and exchange to accompany the following stories are available in Economics and Children's Literature, SPEC Publishers:

[Helga's Dowry](#) - A Troll Love Story by Tomie DePaola

[A New Coat for Anna](#) by Harriett Ziefert

[One Fine Day](#) by Nonny Hogrogian

[The Trading Game](#) by Alfred Sloat

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Lesson adapted with permission from "Swap Day," Economics for the Elementary Classroom, 1992. SPEC Publishers, Inc.
Ballwin, MO 636-891-8094

Sample Parent Letter (from teacher):

[Note: Check with financial institution on minimum deposit, fees, and withdrawals]

Dear Parents,

This year your children will have the opportunity to participate in the Save At School program offered through Kansas State Treasurer Ron Estes' office. This program is available to third through sixth grade classrooms throughout Kansas in cooperation with local financial institutions and the Kansas State Department of Education. The mission of this program is to teach Kansas school children to make knowledgeable decisions as savers, spenders, borrowers and money managers.

The program combines classroom lessons with expertise from the financial community to teach students money-management skills. Participating schools have a financial institution partner that will offer the opportunity for students to open savings accounts. These accounts will earn interest, and students will receive periodic statements. Withdrawals can only be made by visiting the financial institution. The financial institution partner will also participate in some of the class sessions.

Between financial institution visits, students will continue to learn about money and money management by participating in activities that teach about income, decision making, saving, spending, interest, goal setting and budgeting.

The students and I are looking forward to using the Save At School program. I hope you will encourage them to discuss what they learn, to set goals and to save!

Sincerely,

[teacher]

What is Money?

-Lesson 2

Overview:

This lesson introduces students to the concept of money - its functions and characteristics and how it facilitates exchange.



Objectives:

Students will be able to:

- Explain how money makes exchange easier.
- Identify the functions of money as a medium of exchange, a store of value and a measure (or standard) of value.
- Identify the characteristics of money: easily divisible, portable, durable, widely accepted and relatively scarce.

Materials needed: Pennies (one for each student).
Variety of penny candy (at least 2 per student).
Packets of salt (or sugar).
Tea bags.
Seeds.
8 paper sacks.

Teacher Background:

Money is anything that is commonly accepted by a group of people for the exchange of goods, services, or resources. The system of coins and paper currency we use in the U.S. exists so people can obtain the goods and services they want in a convenient way.

A simple definition of money is: money is a medium of exchange. The uniform system of paper dollars and coins we use in America today is less than 100 years old. Today, we can go to any city or state in the country to purchase things we want and our money will be recognized and accepted as easily as it is when we shop in our neighborhood. U.S. dollars are even accepted in some foreign countries. This was not always the case. Our present system of money is a recent phenomenon.

For thousands of years, people bartered, but as nations developed and people began to see the need for some common medium of exchange, commodity money came into existence. A commodity is a basic item used by almost everyone. Salt, tea, tobacco, cattle and seeds are some items that are commodities and therefore were once used as money. Trade with commodities was easier because almost everyone wanted these items. Still, there were problems. However, using commodities as money still required figuring out how much salt a table or some other item was worth. In addition, having to carry bags and bags of salt was very tiring, and often, many of the commodities were difficult to store or were perishable. To serve as a medium of exchange, an item must have the following characteristics: acceptable, portable, divisible, durable and relatively scarce.

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Introduction:

Images or references to money surround us. Ask the students if they can name songs or tell about times and places they've heard talk about money (on TV, in movies, in the news, etc.).

Tell the students that today they will learn about money - how it helps us make exchanges, what money is, and what it does.

Activity:

Divide students into eight groups. Spread penny candy out on a table. Announce that each group will be allowed to buy one piece of candy for each student in the group. Distribute sacks containing salt packets (or sugar packets), tea bags and seeds to each group (one sack per group). Instruct the groups to decide the worth of a piece of candy for each student in terms of salt (or sugar), tea and seeds. Allow groups several minutes for discussion, then allow them to purchase the candy using their commodity money. After several groups have purchased candy, tell the next group you already have enough salt (sugar), or tea bags, or seeds. This will make it impossible for them to get the candy they want. Have students return to their seats for round 2.

Give each student one penny and tell them they can now purchase a piece of candy for one cent. Allow them to come up to make their purchases. Or go around the room and collect pennies in return for a piece of candy.

Debrief:

1. How did the exchange with pennies compare to the exchange with commodity money? (Much easier.)
2. What difficulties were encountered when trying to buy candy with commodity money? (Deciding the value of the candy in terms of salt, tea and seeds.)
3. What if your group decided a tea bag was worth more than one piece of candy - but you only wanted to buy one piece? (It would be difficult to divide the tea bag.)
4. What if you decided to save your commodity money in your pocket and you spilled milk on your lap during lunch? (The commodity would get wet and be useless.)
5. How many packets of salt would it take to buy a new bike? (A lot! It would be difficult to carry that many packets to the store.)
6. Would you let your parents pay your allowance using seeds? Why? (No - you would not be able to use seeds to buy other things. They would not be acceptable.)
7. Why was it easier to buy candy with pennies? (It took less time. It was easier to determine that each piece of candy was worth one penny.)
8. If you kept pennies in your pocket and spilled milk on your lap, would the pennies be damaged? (No, pennies are durable.)

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9. What if you had a dime, but only wanted to buy one piece of candy? (You could get change back from a dime, because it is divisible.)

Define money as anything that is commonly accepted by a group of people in exchange for goods or services. Point out that it is easy for students to use money to buy candy at the grocery store, or clothes at a department store.

Write the three functions of money on the board and discuss:

1. Medium of exchange: Money allows you to easily buy goods and services instead of bartering.
2. Standard of value: Money sets the value of goods and services; we use the standard of dollars and cents to compare the prices of goods and services.
3. Store of value: Money can be saved and used to buy goods and services in the future.

Write the five characteristics of money on the board and discuss:

1. Acceptable: Money can be anything people will accept in exchange for goods and services.
2. Divisible: Money must come in enough denominations to enable us to make change.
3. Durable: Money needs to be lasting - something that won't fall apart or spoil.
4. Portable: Money must be easy to carry around.
5. Relatively scarce: Money must be something relatively rare so it cannot be copied.

Summary activities:

1. Have students discuss how each of the following items would work (or not) as money:
 - Fish
 - Ice cubes
 - Leaves
 - Xeroxed, plain paper with a number
 - Compact discs
2. Have students research forms of commodity money used in the past.

Additional Resources:

Classroom lessons on barter and exchange to accompany the following stories are available in: Economics and Children's Literature, SPEC Publishers (see p.58 for ordering information):

[The Iroquois](#) by Craig A. Doherty and Katherine M. Doherty
[One Fine Day](#) by Nonny Hogrogian
[The Purse](#) by Kathy Caple

Lesson adapted from [The Money Tree](#), a curriculum unit available from the Federal Reserve Bank of St. Louis. Used by permission.

Where Does Money Come From?

-Lesson 3

Overview:

This lesson will teach students about the history of money and how money is produced in our country.

Preparation/Materials:

- Collect samples or pictures of as many kinds of money (differing denominations of coins and paper money, currencies from other countries, currencies from other eras) as possible for display in the classroom.
- Check out the book Hundred Penny Box by Sharon Bell Mathis, Puffin Books, New York, 1975, from your school or local library.
- Fill a jar or box with 100 pennies. Your local financial institution should be able to help. Be sure they are a mix of years and mints of origin.
- Have enough one-dollar bills (7-10) to use with each group in the activities.



Objectives:

Students will be able to:

- Explain why we use money for exchange.
- Describe how money has changed over time.
- Explain where money in our country is made and circulated.

Teacher Background:

As noted in Lesson 2, nations developed money to provide a common medium of exchange. Commodity money - items such as salt, tea, tobacco, cattle - was used at first, but lacked the characteristics of money that make it easily usable. So, over time, coins and other types of currency were developed. Today, our system of coins and currency continue to change.

Coins were introduced as money around 5000 B.C. By 700 B.C., countries were minting their own series of coins with specific values. Metal was the material of choice because it was readily available, easy to work with and could be recycled. Using coins as money was a fantastic idea. Because each coin was given a certain value, it became easier to compare the cost of items people wanted. In other words, they could comparison shop. Nonetheless, over time difficulties arose. Coins were easier to carry around than salt or cattle, but if you needed to carry a large amount of money, coins were heavy, too. Over time, people looked for another choice and discovered paper. Some of the earliest known paper money dates back to 1300 A.D.

Where Does Money Come From?

-Lesson 3

In America, the early settlers often bartered or used commodity money. As states evolved, paper money became more common. After the American revolution, the number of states grew. Soon, many states began circulating their own currency. After the Civil War, a new monetary system was established. A United States Treasury was created in 1877 to supply uniform currency to all the states in the country. The present system of currency as we know it was born.

Today, the Federal Reserve Bank (our government's bank) is responsible for monitoring the supply of available currency in the United States. At one time, banks were permitted to issue their own paper bills. They were allowed to issue their own money as long as they kept a portion of the bank's savings with the government. However, banks soon began issuing currency with so many different face values that the situation became unwieldy. At one point, there were over a thousand different types of paper money in circulation.

Since 1877, all paper money has been issued by the U.S. Treasury Department. The Bureau of Engraving and Printing in Washington, D.C., produces the bills. All the money we use is produced in government mints. These mints are located in Philadelphia, Pennsylvania (P); Denver, Colorado (D); San Francisco, California (S); and West Point, New York (W). One of these letters is located on most currency, so we can easily tell where it was minted. Of the four minting facilities, only Denver and Philadelphia manufacture coins.

The Federal Reserve is responsible for monitoring how much money is in circulation being used in our economy. Approximately \$563 billion is in circulation today.

As money wears out or is damaged, most people return it to a financial institution, which in turn gives it to a Federal Reserve Bank. Federal Reserve Banks shred damaged or worn money daily. They shred millions each year. The Treasury only prints enough new money to replace the amount of money shredded or destroyed. The average life of a one-dollar bill is eighteen months.

Introduction:

Show students the various kinds of money you have collected (or pictures); ask if any of them have seen money like this. Ask what was used as money in early days in our country (beads, fur pelts, tobacco, etc.). Remind them of Lesson 2 on money and ask them to explain why these commodity monies were difficult to use (perishable, difficult to divide, difficult to carry, difficult to decide common values).

Activity:

- Read the story [Hundred Penny Box](#) by Sharon Bell Mathis. Have a jar or box with 100 pennies in it on display while reading.
- Explain to the students they are going to learn about the 100 pennies in your jar/box -where they were minted (explain that means how a coin is made), and when they were minted. Explain that coins are minted in one of four places (see above) and there is a letter on each coin to indicate where it was made. Each coin is also dated for the year in which it was produced.

Where Does Money Come From?

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- After reading the story, divide the students into groups of 3 or 4 and have each group take a handful of pennies (approximately 10-15) from the jar. Have them study the pennies carefully, noting what words are on each, the date it was minted and where it was minted. Have them note the condition of the coin as well - new, worn, tarnished, etc.
- Using small pieces of tape, have them tape each of their coins to an index card and write a list of adjectives to describe the coin. Also record the date and place where it was minted.
- Have the class discuss ways in which they might sort their pennies - ways in which they might group them by characteristics they share (by date, mint location, condition). Discuss the subcategories they might use for each of the groupings (by condition they might group by shiny, dull, worn; by date they might group by years or by decades; etc.).
- Have each group categorize their pennies in each of the ways suggested, and count how many are in each category.

Activity 2: The Dollar Bill

- Provide each group with a dollar bill; have them examine the bill, again noting characteristics. Ask what signatures are on the bill. If you are able to have both a new and an old dollar bill, have students compare them; how do they differ?
- Note that a Federal Reserve Bank issues each bill and there is a number and letter of the alphabet on each bill that indicates which Federal Reserve District issued the bill. Bills issued by the Federal Reserve Bank of Chicago have a "G" in the circle on the left, and have two numeral "7s" to the right of the portrait.

Post this list of Federal Reserve Banks and have students figure out what letter of the alphabet and number denotes each on a bill.

First District	Boston	(A - 1)
Second District	New York	(B - 2)
Third District	Philadelphia	(C - 3)
Fourth District	Cleveland	(D - 4)
Fifth District	Richmond	(E - 5)
Sixth District	Atlanta	(F - 6)
Seventh District	Chicago	(G - 7)
Eighth District	St. Louis	(H - 8)
Ninth District	Minneapolis	(I - 9)
Tenth District	Kansas City	(J - 10)
Eleventh District	Dallas	(K - 11)
Twelfth District	San Francisco	(L - 12)

Have students identify the origin of the dollar they are examining.

Where Does Money Come From?

-Lesson 3

Summary Activities:

- Read the Teacher Background information to students to review the development of money and to help them understand where money is produced and the role of the Federal Reserve Banks.
- Look at the website <http://www.pennies.org/facts.html> for additional information on the first currency made in the United States.
- Visit <http://www.pbs.org/wgbh/nova/moolah/history.html>
- Visit the web site of the Federal Reserve Bank of Chicago at www.chicagofed.org for information on the dollar bill.

Additional Resources:

The Story of Money, Federal Reserve Bank of New York, 33 Liberty Street, New York, NY 10045; 1998.

The Go-Around Dollar, by Barbara Johnston Adams.

Web-based lessons on EconEdLink at www.econedlink.org - online lessons:

- I Have No Money, Would You Take Wampum?
- Changes in Change.
- The Story of Jack and the Bank Stalk.

Acknowledgement:

Portions of this lesson adapted from **Pennies Make Cents**, EconEdLink . National Council on Economic Education, New York, NY. All rights reserved.

Where Do We Get The Money We Spend?

-Lesson 4

Overview:

This lesson will examine the sources of income for people.

Objectives:

Students will be able to:

- Name sources of income for individuals.
- Explain some of the reasons why different jobs pay different wages.
- Identify and classify productive resources.



Introduction:

People need money to buy things - food, clothing, housing, entertainment - all the things we want for living. How do they get it? The most common way to get income is to provide labor - to earn wages or a salary in exchange for your work. But people also earn money in other ways.

Activity:

Have students list all the ways they get money (i.e., allowance, earn money for doing jobs around the house, birthday gifts, etc.).

Debrief:

The ways people earn income include:

- Earning wages by working. (Ask students if they know people that work.)
- Owning land or other natural resources and renting or selling those resources to others for use. (See if any students know someone who owns a building they rent to others.)
- Saving/investing their money and earning interest. (Ask if any of them has a savings account.)

Other sources of income are:

- Retirement income, including pensions, investments and social security - which is a government program. (Ask students if they have grandparents who are retired.)
- Other government programs, including veterans benefits, unemployment compensation, food stamps and assistance to families unable to earn sufficient amounts to support themselves.
- Gifts and inheritance, awards/prizes.

Activity:

Have students list all the things needed to produce a common item in the classroom (a desk - wood, tools and machines, workers).

Where Do We Get The Money We Spend? -Lesson 4

Debrief:

Explain that in a market economy people own productive resources (natural resources, such as land, plants, minerals); human resources (such as skills and work); and capital resources (such as buildings, machinery). Write these productive resource categories on the board: Natural, Human and Capital. Have the students classify the productive resources they identified above (a desk) natural (wood); human (workers who made the desk); and capital (tools or machines used and the factory).

Tell the students:

All of these are needed to provide goods and services. Since people own these productive resources, they sell them to businesses, and in return they earn income. Most people earn their main income by selling their human resources - their skills and knowledge. In other words, they work!

Activity:

Have students work in groups to create a list of workers/jobs they know. Include workers/jobs in the family, the school, the community and jobs of famous people.

Debrief:

1. Do all these people do the same thing? (No, there are many types of jobs.)
2. Are some jobs easier than others? (Yes, in several ways; some are more physical than others; some take a lot of knowledge; some take much less skill than others do.)
3. How does a person learn the skills and knowledge needed for their job? (Through education and training.)
4. Do all jobs pay the same wage? (No, there are great differences.)

Activity:

- Ask students: "Have you ever thought about what type of work you might like to do when you finish school? Perhaps you think it might be fun to be a police officer, or a lawyer, or a professional athlete. Every job requires certain knowledge and skills, so you want to choose a career that fits your talents. Since most people spend the majority of their time at work, it also helps to enjoy the work you do."

We already know that not all jobs pay the same wage. Some people earn a lot more than others. Let's examine the various factors that can determine what a job pays.

- Who earns more, a doctor or a worker at a fast food restaurant? (Doctor)
- Are both people providing services we all use? (Yes)
- Why do you think there is a difference in what they are paid? (The doctor must have much better skills and more knowledge than the worker must in a fast food restaurant.)

Where Do We Get The Money We Spend?

-Lesson 4

Education plays an important role in job choice - and in the pay a job provides. Higher education (anything beyond high school) offers people the opportunity to learn certain knowledge and skills for jobs. However, obtaining that extra education requires sacrifices:

- The cost of going to school or getting specialized training (tuition, books, etc.).
- The income you give up while you go to school.

However, there is a potential reward for making those sacrifices. You will likely be able to take advantage of greater job opportunities, often at a higher salary.

- Education is not the sole factor in determining salary levels. Occupations where a particular skill is in high demand, such as technology-related jobs, may command a higher salary than other jobs with similar education requirements.

In summary, salaries/wages for jobs vary for several reasons:

- Generally, the more skill and knowledge required for a job, the higher the wages will be because an individual must invest time and money in gaining the knowledge and skills needed. They must have an incentive - higher income - to make them feel that extra investment is worthwhile. Workers whose skills are in high demand (more jobs available than qualified workers) will generally earn more than workers whose skills are in low demand.

Summary activities:

1. Have students list the skills they feel they have. Discuss how those skills might be used in a job.
2. Have students list ways they can earn money now.
3. Have students identify a job they might like to have some day. Have them research what education requirements there are for that type of job and what skills they would need. Have them tell why this job interests them.
4. Have students interview someone in a job to find out what education/training they needed to get the job.

Additional Resources:

Classroom lessons on work and human capital to accompany the following stories are available in [Economics and Children's Literature](#), SPEC Publishers:

[Busiest People Ever](#) by Richard Scarry

[A Chair for My Mother](#) by Vera B. Williams

[Dear Mr. Henshaw](#) by Beverly Cleary

[My Side of the Mountain](#) by Jean Craighead George

[The Purse](#) by Kathy Caple

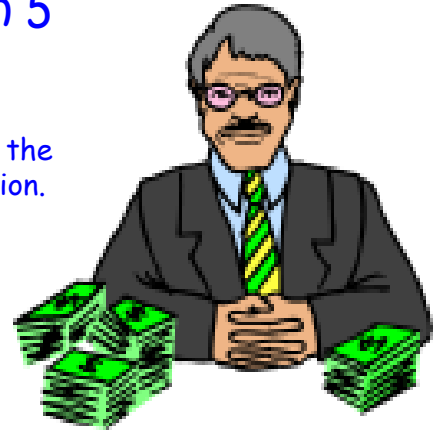
[The Shoeshine Girl](#) by Clyde Robert Bulla

Meet The Financial Institution Representative

-Lesson 5

Overview:

This lesson will introduce students to your financial institution representative partner and each student will have the opportunity to open a savings account at the financial institution. It is recommended this lesson come after Lessons 1-4, but it may be moved up in the sequence to enable savings accounts to be set up earlier in the semester/year.



Preparation/Materials:

Financial institution representative: Bring savings account passbooks for each student, a savings account application form for each student, a brochure from your financial institution for each student and a letter to parents explaining the Save At School program. This letter will vary according to the policies of each financial institution, but it should include the minimum initial deposit, minimum (if any) subsequent deposits, maximum (if any) deposits, a list of the scheduled bank days, and state the financial institution's opening dollar contribution for each account if your financial institution has decided to help the students get started. This will be a great opportunity for parents to become familiar with the program and your financial institution.

Teacher: Check out [Alexander, Who Used to Be Rich Last Sunday](#) from your school library.

Objectives:

- Students will be able to fill out a savings deposit slip correctly.
- Students will apply for a savings account at the participating financial institution.

Introduction:

- Ask students "What is saving?" (Saving is income not spent now.)
- Explain: "People often save some of their income regularly with a particular goal in mind. Savings goals can be short-term or long-term."
- Ask students to give examples of short-term goals. Goals might include saving for a pair of jeans, new shoes, or a new CD.
- Ask students to give examples of longer-term goals. Goals might include saving to buy a car or saving for college.
- Explain that before financial institutions were common people often hid their savings. They might have buried it in the ground, hidden it under a floor plank, or stuck it under their mattress. Today, most people keep their savings in a financial institution. Financial institutions offer special accounts for savers called **savings accounts**. Savings accounts are useful for several reasons:

Meet The Financial Institution Representative

-Lesson 5

1. They offer a safe place for people to keep their savings.
2. They allow people to earn interest on the amount they save. Interest is a fee the financial institution pays to savers for putting their money in the financial institution - we'll learn more about this in Lesson 6.
3. Even though the financial institution holds your savings, you can withdraw money whenever you need it.

Then take a look at the different types of financial institutions in the market place today:

Commercial banks work with both individuals and businesses. Commercial banks offer many products: savings and checking accounts; mortgages, business and student loans; and often provide investment advice to their clients. Certain banks specialize in business clients only. These banks are sometimes referred to as wholesale banks.

Savings and Loans (S & Ls) are financial institutions which specialize in mortgage or home loans. They generally will offer the same kinds of savings and checking accounts as a commercial bank.

Credit Unions are not-for-profit financial cooperatives where all the members share a common affiliation. Perhaps they all work for the same company, go to the same church, or live in the same neighborhood. Unlike banks or savings and loans, credit unions are owned and operated by their members. Depending on the size of a credit union, they may offer their membership many of the services available at a bank or savings and loan such as checking accounts, mortgage loans, ATM cards, or credit cards. A credit union's primary function is to serve its members. As not-for-profit financial institutions, credit unions return all their profits to their members in the form of dividends on savings, lower loan rates and reduced service fees.

Currency Exchanges differ from financial institutions. The primary difference between a currency exchange and the financial institutions is **currency exchanges do not maintain client accounts** and charge fees for banking services.

Activity:

Introduce the financial institution representative. Ask the financial institution representative to give the name and location of the financial institution, and lead a conversation with students discussing what they already know about banking. Read [Alexander, Who Used to Be Rich Last Sunday](#) (either the financial institution representative or the teacher). After reading the book, show the front cover and point out that Alexander's pockets are empty. Discuss what Alexander could have done with the money he received besides spend it. Lead students to the conclusion that Alexander could have opened a savings account to save for the walkie-talkie he really, really wanted.

Explain that a savings account is an agreement between a financial institution and an individual. The individual places his or her money with the financial institution. In exchange, the financial institution provides safekeeping and pays the individual a fee called interest.

Meet The Financial Institution Representative -Lesson 5

Also, explain the process of opening a savings account at your financial institution and how to keep records in a savings account passbook.

Have students fill out an application for opening a savings account. Send home the permission slip and letter explaining the program along with the completed application. Inform students about upcoming "Savings Days" and encourage them to begin saving now so they can make deposits all through the year.

Additional Resources:

The Grasshopper and the Ant from Smart Spending and Saving, Personal Finance
Economics, Grades 3-5, National Council on Economic Education, New York. 1996

A Safe Place For My Money

-Lesson 6

Overview:

This lesson will introduce students to the concept of financial institutions and to their primary functions.

Preparation/Materials:

If your financial institution representative can come in to talk with the class, he/she could cover much of the information in this lesson. If not, collect information on the services of your financial institution partner. Display these for the class. Also, make name tags for each person in the role-play. NOTE: This lesson may take two class sessions.



Objectives:

Students will be able to:

- Explain the primary role of financial institutions in the economy.
- Identify the basic accounts at financial institutions.

Teacher Background:

Many changes have taken place in the financial services industry over the past few years. Because federal regulations have changed, traditional financial institutions can now offer investment services and insurance, and investment companies and insurance companies can now offer banking services! In addition, with the advent of electronic money transfers, bankcards, automated teller machines(ATM) and Internet banking, even traditional transactions like writing a check have changed dramatically. Today, we can pay many of our bills directly from the financial institution, have our paychecks deposited electronically in our account, pay for groceries directly from checking by swiping a card and punching in a personal identification number (PIN), and get a modest loan (credit) without going into the financial institution.

However, at this age, students first need to know the basic functions of financial institutions (loans, savings, checking) so they can begin to use those services. Since they will be setting up savings accounts or have already done so, this lesson will help students understand they will be paid interest for their savings, why financial institutions do this and why it is good to keep money in a financial institution for safekeeping.

As students grow older, they will need to learn more about loans, checking accounts, ATM cards credit, and the multitude of other services provided by financial institutions. For now, we'll start with the basics.

A Safe Place For My Money

-Lesson 6

Introduction:

- Ask students where they keep money they earn or receive from parents or relatives. Make a list of responses.
- Briefly discuss how safe these places would be for a large amount of money. Students should conclude that a financial institution would be the safest place for larger amounts of money. Remind them of the accounts they opened recently.
- Use the telephone book to generate a list of financial institutions in the community or neighborhood. The list might include commercial banks, credit union, savings and loan or mortgage company. Note these are all financial institutions that provide similar services, but some specialize in just a few services such as a mortgage company, which only provides home loans. Some students will be familiar with currency exchanges. If currency exchanges are suggested for the list, explain these are not financial institutions. However, they do cash checks and issue money orders for paying bills. Currency exchanges generally charge relatively high fees, so they are not a good alternative to financial institutions.

Activity:

Divide the students into groups of 3 or 4; provide each group with pamphlets from your financial institution partner. Have them develop a list of the kinds of services offered. Alternate activity: have a financial institution representative come in to talk with the class about savings accounts, checking accounts and loans.

Debrief:

Have the groups report their lists and compile a list on the board. Lists may not be complete. Add to the lists as needed to include at least the first three services noted.

Services

Loans (credit)	(Electronic banking/automatic teller machines)
Checking accounts	(Specialized business services)
Savings accounts	(Foreign currency exchange)
Investments and Trusts	(Insurance/risk management)

Tell the students:

The main role of financial institutions is to attract savings from customers in order to give loans to people who want to borrow. Yes! That means when you give your money to a financial institution to keep in a safe place, they let someone else use it! How does that work? Let's take a look.

Most of us don't want to carry more money around than we need for the next few days. So, we put our extra money into a safe place - and financial institutions are a good place to put money we don't plan to use right away. Money not needed for several months or longer is

A Safe Place For My Money

-Lesson 6

usually put in a **savings account**. People who put money into a financial institution are called **depositors**. Depositors put money into a financial institution for several reasons: one is to keep it safe; another is for convenience; and a third reason is that the financial institution will pay you for leaving your money in the financial institution for a period of time. This payment, which is made on savings accounts (and on some checking accounts), is called **interest**.

Financial Institutions are a safe place for money because they are insured by the federal government for up to \$100,000 per account through the Federal Deposit Insurance Corporation. This means that even if there is a fire, robbery, or bank failure, you will be guaranteed to get your deposits back (up to \$100,000). If you have a lot of money (more than \$100,000), you should consider depositing money in more than one Financial Institutions.

The National Credit Union Share Insurance Fund is a government agency that insures credit union deposits against loss up to \$100,000 per account.

It is important for you and the financial institution to keep accurate records of the money you deposit in a savings account. When you make a deposit, you fill out a special form called a deposit slip. The deposit slip lets the financial institution know how much money you are putting into your account. The slip includes the customer's name and account number. [If students have already opened up their savings accounts, remind them of the deposit slips they used.]

To help you keep accurate records, the financial institution will give you a receipt for every deposit you make. If you take money out of your account - called a withdrawal - the financial institution will give you a receipt for that, too. These receipts are proof of your deposits and your withdrawal of money in your account. Periodically, you will also receive an account statement that shows all the transactions you've made. The statement will show your account balance and any interest you have earned over that time. It is a good idea to check your records against the monthly statement to be sure there are no errors.

What do financial institutions do with your money? Why do they pay you interest for keeping money in the financial institution? The fact is, they use the money people deposit to make loans to people who need money for special purchases (houses, cars, etc.). People who receive loans are called **borrowers**. Borrowers must pay a fee to the financial institution for the use of the money they borrow - and that fee is also called **interest**. The financial institution earns a profit by paying less interest to depositors than they charge borrowers to borrow. Here's an example:

Role Play:

Financial Institution Teller
Financial Institution Loan Officer

Ms. Havecents
Mr. Needbucks

A Safe Place For My Money -Lesson 6

Ms. Havecents goes up to the Financial Institution Teller.

Ms. Havecents: I'd like to make a deposit into my savings account. I just earned a bonus at work and want to save the money for something special.

Teller: How much are you depositing today?

Ms. Havecents: \$2,500; here is my deposit slip and the check from my company.

Teller: Here is your receipt; you'll be happy to know that your money is earning 3.5% interest each year. Thank you for banking with us.

Mr. Needbucks goes to the Loan Officer

Mr. Needbucks: Hello; I want to buy a used car for my daughter to use for work this summer. I plan to take half of what I need from my savings, but would like to borrow the other half.

Loan Officer: How much do you need?

Mr. Needbucks: \$2,000 is the amount I'd like to borrow.

Loan Officer: That shouldn't be any problem; you have been a good customer for many years, and I know you will pay the money back. Our current interest rate on used car loans is 7.75%; does that sound all right to you?

Mr. Needbucks: Yes, I've looked at several financial institutions, and your rate is the best around.

Loan Officer: Good, I'll get your loan papers ready for you to sign.

Debrief:

1. What interest rate will the financial institution pay Ms. Havecents? (3.5%)
How many cents is this for each dollar? ($3\frac{1}{2}$ cents)
2. What interest rate will Mr. Needbucks be paying to the financial institution? (7.75%)
How many cents is this for each dollar? ($7\frac{3}{4}$ cents)
3. How much difference is there? (4.25%) Cents per dollar? ($4\frac{1}{4}$ cents)
4. How much will the financial institution make on each dollar of this loan? ($4\frac{1}{4}$ cents)

Tell the students:

The money financial institutions make from loans helps pay their expenses and earn them a profit - which is the incentive (reward) for doing business.

Loans are serious obligations. Financial institutions are careful to make sure the people to whom they give loans are going to be able to pay them back. After all, it is your (or other customers') money they are using to make those loans!

Financial institutions do not lend out all the money people deposit. They are required by law to keep a certain amount of money on hand for their depositors' needs. After all, a financial institution doesn't know when you or another customer might want to use some of the money they've deposited. So, they must have money ready for people who want to make a withdrawal of their funds.

A Safe Place For My Money

-Lesson 6

Types of Accounts

The accounts you have through our Save At School program are savings accounts. Savings accounts are for money you don't plan to use for some time. That is why financial institutions can loan out some of that money, and why they pay you interest for leaving your money in the financial institution. But, savings accounts aren't the only type of account financial institutions offer. Sometimes people want to keep their money in a safe place, but also want to be able to use some on a moment's notice. Financial institutions offer checking accounts so customers are able to access their money without carrying a lot around and without having to go to the financial institution to make a withdrawal from savings.

Have you ever gone to the grocery store with an adult who paid for their groceries by writing a check? A check is a special paper form (with your name, account number and other information) that tells your financial institution to take the amount of money you write on the check out of your checking account and send it to the account of the store or person to whom you write the check. So, if the groceries cost \$20.65, the customer will write that amount on the check and the name of the store, and sign his/her name. The customer's financial institution will take \$20.65 out of his/her checking account and send \$20.65 to the store's financial institution account.

Checking accounts are very convenient, letting people use their money easily while keeping it in a safe place. It is important, however, that you always are certain you only write a check if you have that much or more money in your checking account. Just like with savings, it is important you keep good records.

Today, some financial institutions provide bankcards or check cards that look like a credit card. However, when you use it to make a purchase, the amount of the purchase is deducted directly from your checking account. It is just like writing a check, but the order to pay is issued electronically rather than by a piece of paper. A check card/bankcard is very convenient, but you must remember to keep careful records of each purchase made this way, just as you do when writing a check.

Summary Activities:

1. Have students fill out sample deposit slips for savings accounts if they have not already done that for their own account.
2. Provide students with make-believe checks and have them write checks for make-believe purchases (role play purchasing scenes).
3. Review the primary role of financial institutions (collect money from depositors and make loans to borrowers) and types of accounts (savings and checking).

Additional Resources

Jeff's Big Decision from Smart Spending and Saving, Personal Finance Economics, Grades 3-5, National Council on Economic Education, New York 1996

The Story of Checks, Federal Reserve Bank of New York

The Story of Banks, Federal Reserve Bank of New York

Why Do People Save

-Lesson 7

Overview:

This lesson will help students understand reasons for saving and savings options.

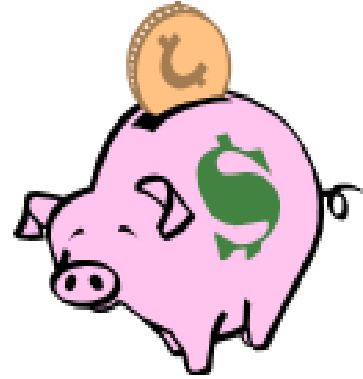
Preparation/Materials:

Make copies of "My Saving Plan" worksheet for each student.

Objectives:

Students will be able to:

- Identify the alternatives for use of money (spending and saving).
- Explain the reasons people save money.
- Calculate simple interest.
- Identify the costs and benefits of saving.



Teacher Background:

Young people often have difficulty saving money. They have many wants and frequently will spend money as soon as they get it. It is difficult for them to give up immediate satisfaction for some future (seemingly far-away) item. Although some may have family members who encourage or require them to save a portion of the money they get, others may have never saved money. All, however, will benefit from a better understanding of how saving can increase the amount of money they will have to spend in the future and, in the long run, make them better off or bring them greater satisfaction.

Introduction:

Ask students what they could do with \$100? Students will likely name many things on which they could spend the money. Is there anything you could do with the money besides spend it? (Yes, you could save it.)

Review from Lesson 5:

- Ask students if they remember what "savings" means. (putting aside money for future usage.)
- Ask them if they save any money. What are they saving for? Remind them that people save for both short-term and long-term goals.
- Tell students that people also save for emergencies - for unexpected expenses that might occur in the future. Ask if they can think of such unexpected expenses.
- No matter what your reason for saving, you are putting off spending now so you have money to spend in the future.

Point out that saving is the best way to assure they will have money for things they really want but can't afford right now.

Why Do People Save

-Lesson 7

- Have students make a list of things they would really like but don't have enough money to buy right now. Have them mark the approximate price of the items if they know them. Share lists.
- How long would it take to save for the item you want most on your list?
- Using My Saving Plan worksheet (page 46), have students select one item they really want. Calculate how many weeks they would have to save if they saved \$1.00 each week. Answers will vary according to price of item. Share answers.
- Ask how they could reach their goal more quickly. Suggestions may include saving more each week. Or someone might suggest putting money into a savings account and earning interest on it.
- Tell them interest can help them reach their goal more quickly.

Activity:

Using a checkers board, place a penny on one of the corner squares. Ask students if, given a choice, they would take \$10,000 in cash now OR the amount on the board resulting from the penny in the corner doubled on the next square (2), and that amount doubled on the next square (4), and that amount doubled on the next square (8), and so on, until each square had been used. Use pennies to do the first few so they get the idea (2, 4, 8, 16, 32, 64, etc.). Ask the students to explain their choices.

Use a calculator to continue calculating the amount on the chessboard. Older students may be able to do this themselves. For younger students, the teacher should demonstrate the calculations, posting the amount of each doubling calculation on the board or an overhead transparency. By the 21st square, the calculations will reach \$10,485.76 - more than the original \$10,000 offer, and less than halfway through the 64 squares.

Debrief:

- Remind the students that when they put money in a savings account the money earns interest. Tell them there are two kinds of interest: simple and compound. With simple interest, the interest rate (a percentage) is multiplied times the amount you have deposited, usually one time a year. Demonstrate:
 - Year 1: \$1,000 deposit x 10% simple interest x 1 year = \$100.00 interest paid.
 - Year 2: \$1,000 x 10% x 1 year = \$100.00 interest paid.
 - Year 3: \$1,000 x 10% x 1 year = \$100.00 interest paid.Total interest for three years: \$300.00; total in the bank (if no additional deposits or withdrawals): \$1,300.
- Explain that each year, the interest is paid on just the amount you have deposited.
- Compound interest pays each year on both the amount you deposited and on the interest paid in the previous year. Demonstrate:
 - Year 1: \$1,000 deposit x 10% interest x 1 year = \$100.00.
 - Year 2: \$1,000 deposit + \$100.00 Year 1 interest x 10% compound interest x 1 year = \$110.00.

Why Do People Save -Lesson 7

- Year 3: \$1,000 deposit + \$210.00 year 1 & 2 interest x 10% interest x 1 year = \$121.00.

Total interest for three years: \$331.00; total in the bank (if no additional deposits or withdrawals): \$1,331.

- Which earns more on your savings, simple interest or compound interest? (compound)
- Note that interest rates paid on savings are generally 3-5%, not 10%. But, at any interest rate, compound interest makes our money grow faster than simple interest.

Review:

Ask students what they give up when they save money. They give up the opportunity to spend the money now. Ask them about the benefits of saving money (achieving goals; money for emergencies). Ask them to explain why putting money in a savings account or other interest paying account is an advantage for them. Interest earned makes the money increase. You are less likely to spend the money when it is in the savings account.

Summary Activities:

1. Have students ask the financial institution representative about other types of savings instruments - (Certificates of Deposit (CDs), money market accounts, etc.)
2. Have students list short-term savings goals they have and write a paragraph on how they can best reach one of those goals.
3. Have students identify a long-term savings goal and write a paragraph on how they can best reach that goal.

Additional Resources:

Why? How? Where? from Smart Spending and Saving, Personal Finance Economics, Grades 3-5, National Council on Economic Education, New York, 1996

Lessons on savings to accompany the stories listed below are available in Economics and Children's Literature, SPEC Publishers, St. Louis.

Something Special for Me by Vera Williams
Where the Red Fern Grows by Wilson Rawls

Web-based lessons on EconEdLink, on-line lessons:

Why Do People Save

-Lesson 7

- A Penny Saved is a Penny at 4.7% Earned
- Timing is Everything (activity 3)

Acknowledgements:

My Saving Plan worksheet used with permission. From Personal Finance Economics, 3-5 Smart Spending and Saving, copyright© 1996. National Council on Economic Education, New York, NY. All rights reserved.

Penny/checkerboard activity adapted from Learning from the Market: Integrating The Stock Market Game Across the Curriculum, copyright © 1997. National Council on Economic Education, New York, NY. Used with permission. All rights reserved.

Using My Money Wisely

-Lesson 8

Overview:

This lesson will introduce students to decision making in the use of money.

Preparation/Materials:

Make copies of the handout "My Spending Plan" (pages 36-38).

Objectives:

Students will be able to:

- Explain that choices must be made in the use of income because of scarcity.
- Apply a decision-making process to money decisions.
- Identify what they give up when they choose (their opportunity cost).



Teacher Background:

Children make many consumer spending decisions every day. Some experts suggest that children between the ages of four and twelve spend over \$1.2 billion of their money every year. They make personal spending decisions, such as what to have for lunch or which candy bar to purchase. They also take part in group or family spending decisions, such as which breakfast cereals to buy, where to go for a weekend, or whether to adopt a pet. They make some decisions that involve spending their own money and some spending decisions for which others pay.

Children can learn to make careful decisions. Because they cannot have everything they want, they face scarcity. Scarcity means there are not enough resources and, therefore, not enough goods and services to satisfy all wants. Choices must be made. And when choices are made, something else is given up. Every choice has an opportunity cost. The opportunity cost of a choice is the next best alternative not chosen. By carefully looking at their alternatives, and testing each against the criteria important to them, children will learn to make better choices.

This lesson focuses on consumer spending decisions that students make and on identifying what they give up - their opportunity cost - when making a decision.

Activity:

Have students make a list of all the things they would like to spend money on for the coming week. Include food, clothing, toys, games and entertainment. Tell them not to worry about the price at this time - just list all the things they want to buy. Share the lists. Explain that all of the goods and services they listed are "wants."

Using My Money Wisely

-Lesson 8

Discuss:

1. Can you have all of the things on your list? Explain that when people can't have everything they want, they have the economic problem of scarcity.
2. If you can't have everything you want, what must you do? Make choices; give some wants up.
3. What choices have you made recently because you can't have everything you want? Answers will vary.
4. Explain that when people make choices about which goods and services to buy, they are making consumer spending decisions.

■ Distribute copies of the handout "My Spending Plan." Explain they should use this sheet to keep a diary of their spending decisions over several days. Display a transparency or put on board a copy of the plan sheet and demonstrate how to complete an entry. For example:

Date	Item	Price	Number Purchased	Total Price
8/9	granola bar	\$.50	2	\$1.00

- Set a date for returning completed plans.
- Share lists.

Discuss:

1. Which items did you pay for with your own money? With your parent's money?
2. Was it harder to make choices when you were using your own money? Answers will vary. For some, they make more careful choices when it is their own money.
3. Did you buy some items more than once? Food items are likely to be bought more than once. Others, like toys or games, are likely bought one time.
4. What things did you consider when deciding to spend your money? (How much the item cost; how much money is available; other things you want to purchase with that money; how much you want the item?)
5. Were you happy with all of your spending decisions? Answers will vary. (Chances are, some will have made at least one decision they would change if given the chance to choose again.)

- Display a selection of different types of candy of like value; have a student come up and pick out the two kinds they would like the most. Then have them select their first choice to keep.
- Ask the student what he/she gave up to have their choice? Explain that whenever we make a choice, we give something up. Our next best alternative is the opportunity cost of our choice.
- Have the students identify the opportunity cost of one of the choices they made in their spending diary. Remind them that the opportunity cost is only the next best alternative given up, not every other possible alternative.

Using My Money Wisely

-Lesson 8

- Note that better decisions can be made when they look at their opportunity cost -what they choose should be worth more to them (bring more satisfaction) than their opportunity cost would be worth to them.

Summary Activities:

1. Have students make a decision about spending a \$25 birthday gift. Remind them that alternatives must cost no more than \$25.
2. Have students identify the opportunity cost of a recent decision they have made.

Additional resources:

Classroom lessons on decision making and opportunity costs to accompany the following stories are available in [Economics and Children's Literature](#), SPEC Publishers:

[The Little House](#) by Virginia Lee Burton

[Make Four Million Dollars by Next Thursday!](#) by Stephen Manes

[Just Shopping with Mom](#) by Mercer Mayer

Web-based lesson on EconEdLink, on-line lessons:

- **The Opportunity Cost of a Lifetime**

Acknowledgements:

Portions of this lesson adapted from "Decisions! Decisions! Decisions!"- Lesson 1 from **Personal Finance Economics, 3-5 Smart Spending and Saving**, copyright 1996. National Council on Economic Education, New York, NY. All rights reserved.

A Money Plan

-Lesson 9



Overview:

This lesson will introduce students to budgeting.

Preparation/Materials:

Prepare play money for the budgeting activity.
Make copies of the My Weekly Spending Plan - Budget Form.

Objectives:

Students will be able to:

- Explain what a budget is and how it can help in making good use of income.
- Draft a simple budget .
- Identify trade-offs made when following a budget.

Teacher Background:

Although students may not have a lot of money for their use, using wisely what they have will increase the satisfaction they will receive from their money. In lesson 8 they learned about consumer decisions. In Lesson 7 they learned about savings plans. By learning to set up a budget, students will assure they make both smart consumer decisions and meet their savings goals.

Introduction:

Ask students: What is a budget? Some may have an idea. Explain that a budget is a money map that shows how much money we have available to use and how we can use it most effectively. Budgets are used by individuals, by businesses and by government. A budget helps us plan our spending and saving so we receive the most satisfaction from the resources we have. In other words, it is a map to better spending decisions!

Budgets help you prioritize your spending. A budget helps you put your spending and saving decisions in order, from most important to least important. In order to make a budget, you must look at two things: how much money you have and what expenses you must meet. Some expenses may be more important than others, such as food and clothing. Other expenses may have to be put off in order to pay for the more important things. After all, since income is limited, but wants are not, you must give up some things. But, by using a budget to plan your spending, you are more likely to be able to include things you want, such as bicycles or video games.

Sometimes people or businesses get into trouble by spending too much money on things they want without evaluating their goals. A budget can help you avoid this kind of trouble.

A Money Plan

-Lesson 9

A Take Home Project Spending Plan

- Tell the students they are going to make up a simple budget for four weeks of allowance. They will receive \$3.00 a week as an allowance.
- How do you make a budget? A good starting place is to see where you spend your money. Look at the spending diary created in Lesson 8. This will give you some idea of your current spending habits.

Discuss:

1. If you receive \$3.00 a week as an allowance, and must spend \$2.00 a week for milk money at lunch, how much will you have left? (\$1.00)
2. Your parents/guardian have said they will buy the video game you want if you put in \$5.00. How many weeks will it take to get the game if you save all of your extra allowance each week? (5 weeks)
3. If you want to spend some of your money each week on candy or other treats, how might you spend your money? Answers will vary. They might spend \$.50 on candy and save \$.50 for the video game.
4. If you spend \$.50 on candy each week and save the rest, how long will it take to save for the video game? (10 weeks)

Tell students they will be making a weekly budget for use of their allowance over four weeks time. Follow these instructions:

1. Distribute My Spending Plan forms to each student.
2. Tell students they will receive \$5.00 each week, for four weeks. Have them enter their income on the Weekly Income line and calculate the total income for four weeks.
3. Have them indicate any savings goals they have (i.e., \$10 for a CD; \$30 for a game).
4. Give them these expenses:
 - They are responsible for buying their lunch (\$.50 a day, 5 days a week).
 - They may also spend money on these things during some weeks:
 - a. Treats = \$1
 - b. Movie = \$4
 - c. Game arcade = \$3
5. Have them plan their spending for four weeks. Remind them that in week one, they can not spend more than \$5.00 (first week's allowance). If they want more money to spend in week 2, they must save some of their week 1 allowance.

Debrief:

- Did you save money toward your goal each week? Why or why not?
- Did you have to give up some things? What?
- How did you decide what you would give up?

Summary activities:

1. Have students ask the principal if the school has a budget. Ask whether the school must make choices about spending.
2. Have students ask parents if they use a budget.

A Money Plan

-Lesson 9

My Weekly Spending Plan:

Name _____

My weekly income: \$ _____

Income total for 4 weeks: \$ _____

Savings goals: _____

My expenses:

Week 1

- a. How much do I have to spend this week? _____ (Week 1 income)
- b. Weekday lunches: _____ (remember, 5 days)
- c. Treats: _____ (50 cents each)
- d. Entertainment: _____ (movie or arcade)
- e. Savings for my goal: _____ (money you won't use until you reach your goal)
- f. Total used: _____ (add lines b, c, d, e)
- g. Money left at end of week: _____ (subtract line f from line a)

My expenses:

Week 2

- h. How much do I have to spend this week? _____ (Week 2 income+money left from week 1-line g above)
- i. Weekday lunches: _____ (remember, 5 days)
- j. Treats: _____ (50 cents each)
- k. Entertainment: _____ (movie or arcade)
- l. Savings for my goals: _____ (money you won't use until you reach your goal)
- m. Total used: _____ (add lines i, j, k, l)
- n. Money left at end of week: _____ (subtract line m from h)

A Money Plan

-Lesson 9

My expenses:

Week 3

- o. How much do I have to spend this week? _____ (Week 3 income+money left from week 2-line n)
- p. Weekday lunches: _____ (remember, 5 days)
- q. Treats: _____ (50 cents each)
- r. Entertainment: _____ (movie or arcade)
- s. Savings for my goals: _____ (money you won't use until you reach your goal)
- t. Total used: _____ (add lines p, q, r, s)
- u. Money left at end of week: _____ (subtract line t from o)

My expenses:

Week 4

- v. How much do I have to spend this week? _____ (Week 4 income+money left from week 3 - line u above)
- w. Weekday lunches: _____ (remember, 5 days)
- x. Treats: _____ (50 cents each)
- y. Entertainment: _____ (movie or arcade)
- z. Savings for my goals: _____ (money you won't use until you reach your goal)
- aa. Total used: _____ (add lines w, x, y, z)
- bb. Money left at end of week: _____ (subtract line aa from v)

Total income, 4 weeks: _____

Total expenses (add lines f, m, t and aa): _____

Money left over (subtract total expenses from total income): _____

Student Signature: _____

Parent/Guardian Signature: _____

A Money Plan

-Lesson 9

Additional Resources:

The Road to Satisfaction, Lesson 10 from [Smart Spending and Saving](#), National Council on Economic Education, New York; 1996.

Note From Treasurer to Parents:

Dear Mom, Dad, Grandparents or other Guardian:

You and I both know how important it is to make a budget and try to stick with it. Some of us have learned this the hard way. We want to spare our children those heartaches, and that's what we do through Save At School. As you know, Save At School is a unique partnership between our office, your school and a local financial institution. We provide the curriculum, like this budget lesson, and the bank and school work together in teaching your children about money management - even opening savings accounts for the students, who make their deposits on a designated Savings Day at school. We'd like you to join us in our efforts. Please sit down with your child and help them plan a budget using the worksheets here. It's a great family activity and a lesson that will serve your children well throughout their entire lives. Thank you in advance for your help.

Sincerely,

Ron Estes
Kansas State Treasurer

Hey Friend, Can You Lend Me Some Money?

-Lesson 10

Overview:

This lesson will introduce students to credit and borrowing.

Preparation/Materials:

Get a loan application from your financial institution partner. Also bring in credit card application forms for display.

Objectives:

Students will be able to:

- Define credit as money loaned for a fee that must be paid back.
- Explain the costs of credit.
- Explain the benefits of using credit.

Teacher Background:

The word credit comes from the Latin word *creditus* which means to believe. Credit entails someone lending money in good faith that the borrower will repay the loan. As already discussed in a previous lesson, lenders charge a fee - interest - for the use of their money.

Today we live in a world of credit, from financial institution loans for a car to store charge accounts to bankcards. Credit provides a convenient way to pay for things without having to carry cash or a checkbook. It also allows people to purchase things they cannot afford to pay for all at one time, such as a car, by paying over time.

Students need to understand credit is a valuable tool in handling their spending. But, they need to clearly understand the costs of credit and the potential misuse of credit. Credit card debt today is a staggering \$626 billion in the United States. Bankruptcies have skyrocketed in recent years as people use credit beyond their ability to pay back the loans.

This lesson is designed to help students understand the basic concept of credit as money loaned; how credit decisions are made; and the costs and benefits of credit.

Introduction:

Ask students if they have ever borrowed money from an adult or from a friend. Did you pay the loan back quickly? Has anyone borrowed money from you? Did they pay you back quickly? If not, would you lend them money again? Why or why not? Note key words on the board - trust, friend, family, responsibility, dependability.

Tell the students when we borrow money, we are being given credit. Credit is money loaned to a person, usually for a fee, which must be repaid. Credit is a privilege that must be earned - a responsibility to be taken seriously.

Hey Friend, Can You Lend Me Some Money?

-Lesson 10

Remind students they learned in lesson 6 that financial institutions loan money to people and charge a fee (**interest**). However, financial institutions don't give loans to everyone. They check first to see that the person asking for a loan has enough income to make the payments and that the person has been reliable in paying past loans. It is called your credit history.

Activity:

Read the following situations to the class; then have them discuss and decide whether they would make the loan.

- **Situation 1:** You are at the mall with one of your close friends. You have your \$3.00 allowance with you. Your friend wants to buy an action figure, but is \$2.00 short. Will you lend your friend the money? Why or why not?
- **Situation 2:** In the school cafeteria, the person in front of you realizes he doesn't have extra money for a juice bar. He turns to you and asks, "Will you lend me some money for a juice bar?" Will you lend him the money? Why or why not?
- **Situation 3:** Your mom is driving you home from practice when she realizes the car is almost out of gas and she doesn't have any money with her. She turns to you and asks to borrow \$5.00. You were planning to meet some friends in a few minutes to play video games. What will you do?

Note you are more likely to give someone a loan when you know them well and know they are likely to pay you back promptly. You are not likely to give a loan to a stranger. Giving a loan has costs and benefits. You should weigh the benefits of giving a loan to a friend (or your mother) - keeping their friendship, creating trust, hoping they'll trust you in the future if you need a loan - against the costs to you of giving a loan - being without the use of your money until it is paid back; risking not getting the money back. Note that for a financial institution the benefit of giving loans is the interest they earn; the cost is the risk of not being paid back.

Tell the students that getting a loan also has costs and benefits. The benefit is having something you want right away and paying for it over time; the cost is the interest you pay and the future income you are promising to give up to pay back the loan. When you use credit and pay back over time, the item you purchase actually cost more than if you paid cash. But, loans let us use something we feel is important (like a car) while we pay for it.

Ask them if they have ever seen someone use a credit card. Most students probably have seen credit cards being used. Explain that when a person uses a credit card, they are getting a short-term loan. They are getting a loan for the amount of their purchase interest-free for about one month. If they don't pay the full amount back at that time, they will be charged an interest fee. Credit cards are very convenient but can easily be over-used. You must have enough income to assure the financial institution that you will pay your debt.

Hey Friend, Can You Lend Me Some Money?

-Lesson 10

Summary Activities:

1. Calculate the cost of a stereo set costing \$500 if you use a loan to pay for it and pay it back in one year at 5% simple interest. (\$525)
2. Explain the benefits and costs of using credit.
3. Explain the benefits and costs of giving credit.

Additional Resources:

The Story of Credit, Federal Reserve Bank of New York.

Acknowledgements:

Portions adapted from

Personal Finance Economics, 3-5 Smart Spending and Saving, copyright

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You Could Work at a Financial Institution

-Lesson 11

Overview:

This lesson will introduce students to some of the jobs at financial institutions.

Preparation/Materials:

Prepare signs with the job titles for financial institution jobs.
Prepare cards with the job descriptions.
Invite your financial institution partner to come talk about the jobs in their facility.

Objectives:

Students will be able to:

- List jobs at a financial institution.
- Identify the level of education needed for the various jobs.



Teacher Background:

This lesson will prepare students for a visit to your local financial institution partner's facilities. Knowing the types of jobs that exist at financial institutions will make the financial institution visit more educational and will help students ask appropriate questions.

Activity:

Select seven students to be panelists; give each a job description card and have them sit at the front of the room. Post the seven job titles on the board. Have the class ask questions of the panelists (one per student, rotating through the panel) about their job until they are able to match the job titles with the job description. Have the student panelist read their complete job description when their title is guessed. After the jobs have been identified, have your financial institution partner talk to the students to further explain the jobs and the training/education needed.

Job Titles:

- Teller
- Management Trainee
- Loan Officer
- Attorney
- Public Relations Manager
- Computer System Designer
- President

You Could Work at a Financial Institution -Lesson 11

Job Descriptions:

Teller - Tellers are responsible for accepting client deposits and handling a money drawer. Generally, financial institutions prefer a college degree but will accept a high school diploma. Salary range: \$15,000 - \$20,000.

Management Trainee - Management Trainees generally have college degrees and an interest in business or finance. Over the course of the training program, which usually lasts one year or longer, trainees learn how the financial institution performs its various functions. Salary range: \$22,000-\$28,000.

Loan Officer - Loan Officers are responsible for making and servicing loans to the financial institution's customers. Loan officers may specialize in an area of work, such as business loans or home loans. Loan officers must know how to determine a customer's suitability for a loan as well as be able to answer customers' questions. Loan officers also look for new clients for the financial institution. Loan officers typically must have several years of prior work experience in the financial institution before they become an officer, and a college education is preferred.

Salary range, small financial institution: \$30,000 - \$40,000; at a large financial institution: \$40,000-\$60,000.

Attorney - Because financial institutions must follow a wide range of laws and regulations, they need to have someone on staff with knowledge of financial law. To become a lawyer, you must attend law school after graduating from college.

Salary range: \$35,000-\$50,000.

Public Relations Manager - The public relations manager is responsible for presenting information to the public about financial institution programs and activities. A public relations manager should have strong grammar and public speaking skills. They must also be able to write clearly and understand the financial institution's concerns.

Salary range: \$25,000-\$50,000.

Computer System Designer - Financial institutions employ very sophisticated computer systems to keep track of the funds they handle. System designers work with the various financial institution departments to ensure access to the information necessary to serve their clients. System designers usually have a college degree in computer science and a strong interest in computers and mathematics.

Salary range: \$25,000-\$40,000.

President - The president of a financial institution is responsible for seeing that all areas of the institution are functioning correctly to serve its clients. The president makes decisions about operations and is responsible for the budget of the financial institution. A president will usually have a college degree and many years of experience working in financial institutions.

Salary range: \$50,000-\$100,000 (small institutions); \$100,000-\$300,000 (larger institutions).

You Could Work at a Financial Institution

-Lesson 11

Summary Activities:

1. Have students choose one financial institution-related job and research for information on training needed and job opportunities in that field.
2. Have students make a list of questions to ask during the financial institution visit (lesson 12).

Additional Resources

Lessons to accompany these stories to teach about jobs are available in **Economics and Children's Literature**:

[The Store that Mama Built](#) by Robert Lehrman

[The Boxcar Children](#) by Gertrude Chandler Warner

[Busiest People Ever](#) by Richard Scarry

[A Chair for My Mother](#) by Vera B. Williams

[Curious George Takes a Job](#) by H. A. Rey

[Dear Mr. Henshaw](#) by Beverly Cleary

[Fit for Pigs](#) by Asa Hammer and Johanna Moller

[Frank and Ernest Play Ball](#) by Alexandra Day

[Immigrant Kids](#) by Russell Freedman

[My Side of the Mountain](#) by Jean Craighead George

Visit to the Financial Institution

-Lesson 12

Arrange a visit to the partner financial institution. Be sure the students have questions prepared in advance. Put questions on cards. Give one card per student. Have students record the answer to their question on their card. Talk to your financial institution representative in advance to see what areas of the financial institution will be toured, what workers they will see and any restrictions students should know. Discuss proper etiquette with students before making the visit, i.e. talking in quiet voices; not disturbing customers; etc.

Activity Sheet 13
My Savings Plan

Name _____

I want to save for _____.

The price is \$_____.

I have _____ (days, weeks, months or years) to save.

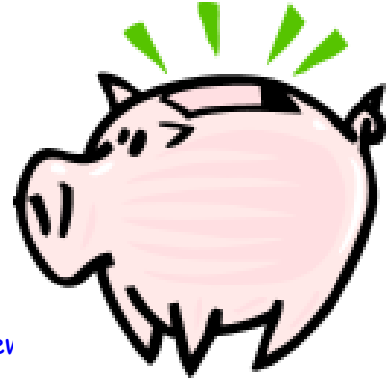
$$\begin{array}{ccc} & = & \times \\ \text{TOTAL PRICE} & & \text{amount of} \\ \text{deposit} & \text{deposits} & \text{amount of} \\ & \text{(Deposit Dollars)} & \text{each} \\ & & \text{(\$ amount)} \end{array}$$

$$(\quad) = (\quad) \times (\quad)$$

To achieve my goal I should save \$ _____ for
_____ (days, weeks, months or years).

Now I have a saving plan.

Extension Activities - Savings



Personal Finance:

- Teach Lesson 5 from Personal Finance Economics: \$mart \$pending and \$aving; children read a modern version of the fable The Grasshopper and the Ant, and write a new ending.
- Teach Lesson 6 from Personal Finance Economics: \$mart \$pending and \$aving; After reading a play about Jeff's short-term and long-term savings dilemma, children decide what he should do.

Creative Arts:

- Using a variety of junk material, instruct students to design a piggy bank to use at home as a temporary savings account between "Savings Days."

Math:

- Teach Lesson 7 from Personal Finance Economics: \$mart \$pending and \$aving; Children identify their savings goal, make a saving plan and evaluate where to save.

Language Arts:

- Read If You Made a Million by David M. Schwartz. Instruct students to write a journal entry describing what they would do if they made a million dollars.
- Read All the Money in the World by Bill Britain. Instruct students to write a journal entry describing the problems encountered by Quentin when the leprechaun granted his wish for "all the money in the world."
- For practice in writing business letters, have the students write the president of your financial institution partner. In the letter, students should thank the president for participating in the program and explain how much they enjoy having your banker visit the class.

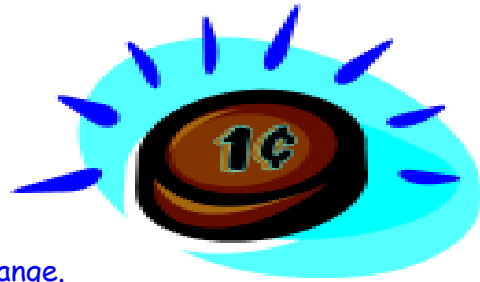
Social Studies:

- Allow students to examine a quarter, dime, nickel and penny. Instruct the students to list the United States presidents who are featured on the coins, research the dates the presidents served and identify some important aspects of their career.
- On a map, find the states in which the presidents on coins were born. Also find the location of the mints at which each coin was made.

Science:

- Explain that before banks, people use to bury their money in the ground. Discuss: Was this scientifically safe? Experiment by covering a dollar bill with dirt in a glass jar. What do students think will happen? Design a container for a dollar bill that will protect it from the soil.

Extension Activities - Barter/Money



Creative Arts:

- Read Round and Round the Money Goes - What Money is and How We Use It by Melvin and Gilda Berger. Design a shell string of beads to use as a medium of exchange.
- Have students create a display or bulletin board using different forms of commodity money or pictures of items that have been used as money in the past.

Math:

- Review the value of the coins we use in the United States today. Place the following values on the commodity money used in the activity: ten seeds are worth one packet of salt and ten packets of salt are worth one tea bag. Design word problems using these values.

Language Arts:

- Ask students to write a journal entry defining the terms "barter" and "money." Ask them to list the three functions of money and the five characteristics of money.
- Ask students to write a journal entry describing the problems encountered when trying to use a cow to purchase a video game.
- Instruct students to use the index in Round and Round the Money Goes - What Money is and How We Use It by Melvin and Gilda Berger to locate terms such as barter, money, bank and interest.
- Read the Federal Reserve comic book The Story of Money.

Social Studies:

- Bring in foreign coins you may have. Instruct students to locate the countries represented on a classroom map. Using clear tape, display the coin on an index card and instruct students to write a few brief facts about the country of origin. Place the map and coins on a bulletin board, titling it "Money Around the World."

Science:

- Use a balance to determine the mass of a seed, a packet of salt, a tea bag and a penny. Estimate the mass of a handful of seeds, a handful of salt packets, a handful of tea bags and a handful of pennies. Measure to verify the accuracy of the estimates.

Extension Activities - Money



Creative Arts:

- Ask students to design a teller area for the school to use during banking days.
- Read [The Go-Around Dollar](#) by Barbara Johnston Adams. As a class, write a play about a dollar traveling through a day after being received as allowance (for example: student buys a pack of baseball cards at the drugstore; the drugstore owner buys stamps at the post office; etc.).

Math:

- Explain that there are more than \$563 billion in circulation today. If everyone in the United States got \$1,000, how much would remain, if any?
- Using your school town as a starting point, instruct students to determine how many dollar bills it would take to reach Chicago or St. Louis, if the bills were laid end-to-end. How many to reach to Minneapolis? To Springfield, Illinois? (A dollar bill is approximately 6 inches long.)

Language Arts:

- As a class, write a story about an old penny. When and where was it "born"? Where did it travel? With whom did it travel? What has it seen through the years? Draw a map that shows the route of your "traveling" penny.

Social Studies:

- Instruct students to research the issuance of the first paper money in the United States.
- Instruct students to use a map of the United States to locate the U. S. Treasury, U.S. Bureau of Engraving and Printing, the four U.S. mints and the twelve Federal Reserve Banks. Link the various locations to the U.S. Treasury with lines to create a U.S. coins and currency web.
- Bring in foreign coins. Ask students to identify the country of origin, who (or what) is on each coin, why the person or symbol is on the coin and the approximate value of the coin in terms of U.S. dollars or cents.

Science:

- Ask students to research the kinds of metals that have been used to make coins, what U.S. coins are made of today and for what reason(s) these metals are selected. Also find out what kind of ink and special paper are used to print U.S. currency and what is special about the ink.

Extension Activities - Savings Accounts

Creative Arts:

- Have students design their own checks; include their name and address, the financial institution's name, an account number, a line for the date, a "pay to the order of" line, a place to fill in the amount, a place to write out the amount, a place to write what the check was for and a signature line.

Math:

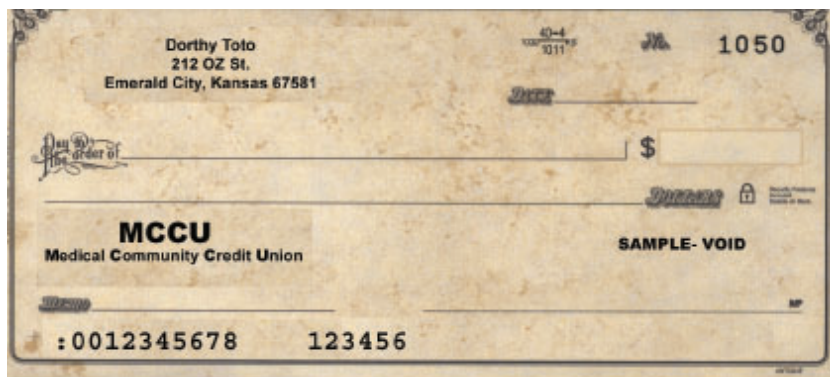
- Instruct students to practice filling out blank checks. Write out the dollar amount in word form (i.e., \$123.50=one hundred twenty-three and 50/100 dollars).
- Develop word problems related to spending; include calculation of sales tax. Have students solve the problems and write checks for the amount.
- Instruct students to survey local financial institutions to compare the interest rates paid on passbook savings accounts and develop a graph to illustrate the survey results.

Language Arts:

- Read Uncle Jed's Barbershop by Margaret King Mitchell. Instruct students to write a journal entry describing Uncle Jed's struggles to save money to open a barbershop. What happened to the money he had deposited in the financial institution?
- Read A Chair for My Mother by Vera B. Williams. Instruct students to write a journal entry about saving in the jar versus saving at the bank. Students can also identify both wages and tips as sources of income for a saver.

Science:

- Explain that people can use an ATM to make deposits and withdrawals from their checking and savings accounts. Research how an ATM works. How has technology affected savings?



Extension Activities - Decision-making Budgeting and Credit

Personal Finance:

- Teach Lesson 10 from Personal Finance Economics: Smart Spending and Saving; In this lesson, students play a game that illustrates the advantages of budgeting and the perils of poor money management. They also learn to make better decisions.



Creative Arts:

- Instruct students to design a credit card for kids.

Math:

- Ask students to determine how much money they would save over the course of a year if they put aside a penny each week. Also calculate for a nickel, a dime, a quarter and a dollar each week. Is this more or less than they expected?

Language Arts:

- Discuss the following: When you ask your parents for a small loan, do they take into account your credit history? Do you pay them back when you say you will?

Social Studies:

- Ask students to research when the first bank in the U.S. was opened and where it was located.
- As a class, construct a chart to illustrate the advantages and disadvantages of paying for a purchase by cash and by credit card.

Science:

- Discuss the following:
 - What do you think ATMs will be able to do in the future?
 - What are credit cards made of?
 - Why do some credit cards have their owner's pictures on them?
 - How does the magnetic strip on the credit card work?

Extension Activities - Careers in Finance Jobs



Creative Arts:

- Have students role-play job interviews for careers in finance.
- Instruct students to create a collage that represents a job or profession that interests them.

Math:

- Tell students their salary is \$36,000 a year. Ask them to determine how much money they would make in a month, a week, a day and an hour.
- As a class, develop a budget based on a salary of \$36,000 a year. The budget should include housing, transportation, clothing, entertainment, food, insurance and so on, for a family of four.

Language Arts:

- Have students prepare a sample resume on the computer for a profession they choose. Instruct them to develop a plan to reach their employment goal.
- Allow time for students to share their profession collages.
- Develop a list of some high-paying professions. Discuss the human capital required for these professions.
- Instruct students to write a letter to an individual who holds a job that interests them, asking them to describe their work. Collect the responses and "publish" the collection.

Social Studies:

- Ask students to develop a list of jobs that have been popular over the last 100 years. They should explain how and why jobs have changed over time.

Science:

- As a class, create a list of jobs available for people in the field of science. Ask students to conduct research to find out the human capital and education required for these jobs.

Science:

- As a class, create a list of jobs available for people in the field of science. Ask students to conduct research to find out the human capital and education required for these jobs.

Save AT School

-Unit 1

GLOSSARY

ATM Card: A magnetic card used in an ATM machine to make transactions.

ATM: Automatic Teller Machine; allows a person to make a deposit or withdrawal from their account without having to go to the financial institution.

Auto Loan: A loan that is issued for the purpose of buying a car.

Balance A Checking Account: A checking account is "balanced" when the amount of money in the customer's account record agrees with the financial institution's records.

Bank: An institution that accepts deposits and makes loans.

Financial Institution Statement: A statement that a financial institution provides its customers at regular intervals, usually each month. It shows the deposits and withdrawals the customer has made during the previous time period. Using the statement, the customer can balance the account and keep track of expenses.

Barter: The direct trade of goods, services and resources without the use of money.

Benefit: The gain received from voluntary exchange.

Borrowing: Obtaining funds through loans, a method of satisfying today's wants using future income.

Bounce A Check: Writing a check on an account for more money than is currently in the account.

Budget: A plan for managing income and spending.

Capital: Money used for business or investment purposes.

Capital Resources: Goods produced by people and used over and over again to produce other goods and services.

Check: A written request to the financial institution to subtract a specific amount of money from the check writer's account as payment for a good or service.

Checking Account: An account at a financial institution from which you can pay money by writing an order (a check) up to the amount you have deposited.

Check Register: Book in which a customer records the amount of all checks written and to whom they are given, as well as the amounts of deposits and other transactions in a checking account.

Choices: Choices involve trading off the expected value of one opportunity against the expected value of its best alternative.

Commercial Bank: Allows people to deposit money safely, with accounts backed by the FDIC. Banks loan money to individuals and businesses. Deposits earn interest and borrowers pay interest, with the financial institution or credit union making its profit on the "spread" between the interest it pays for deposits and receives from borrowers. Savers and borrowers are brought together in a financial institution or a credit union.

Commercial Loan: Loan made to a business for the purpose of buying a business or making improvements to an existing one.

Commodity Money: A medium of exchange in which the money is an actual product that is generally acceptable because it has intrinsic value.

Save AT School

-Unit 1

Consumers: People whose wants are satisfied by using goods and services.

Cost: That which must be given up to obtain a benefit.

Credit: Money that is loaned, most often for a fee, that must be repaid at a future time.

Credit Card: A card which allows the holder to purchase an item or service today but pay for it tomorrow.

Credit History: Record which lists a person's past credit transactions to illustrate whether a person is financially reliable.

Credit Limit: Maximum amount a person may charge at one time on a card or at a store.

Credit Union: A not-for-profit financial cooperative. Money deposited is normally loaned to members. Membership usually consists of people in a given job, trade industry or other affinity group.

Currency: The various paper and coins in circulation that are accepted as money by a given group (usually a country/nation).

Currency Exchange: Cashes checks for a fee - generally a percentage of the check. Does not accept deposits or make loans. Customers can carry large amounts of cash on which they do not earn interest.

Deposit: The act of putting money in the financial institution.

Depositor: A person who makes a deposit in a financial institution.

Deposit Slip: A form used by a financial institution to show who has made a deposit and for how much.

Dividends: The interest a credit union pays a member for keeping money in the credit union.

Earn: To receive payment (income) for productive efforts.

Economic Incentives: The additional rewards or penalties people receive from engaging in more or less of a particular activity. Rewards are positive incentives that make people better off. Penalties are negative incentives that make people worse off.

Economic Wants: Desires that can be satisfied by consuming a good or service.

Economics: A social science that studies how people, acting as individuals or groups, decide to use scarce resources to satisfy their wants.

Entitlement Program: A government program that provides money to help subsidize individuals with a common affiliation or problem.

Exchange: Trading goods and services with people for other goods and services or for money. People voluntarily exchange goods and services because they expect to be better off after the exchange.

Federal Reserve Bank: The central bank of the United States government, responsible for formulating and carrying out the government's monetary policies.

FDIC: Federal Deposit Insurance Corporation - government agency that insures bank deposits against loss up to \$100,000 per account.

Goods: Objects that can satisfy people's wants.

Human Capital: The level of people's knowledge and skills.

Human Resources: The resources provided by people who work (mental or physical work) in the economy.

Incentives: A factor that motivates or influences human behavior.

Income: In a market economy, people earn income by selling or renting resources they own. The income payment received for natural resources is rent; the income payment received for

Save AT School

-Unit 1

human resources is wage/salary; the income payment received for capital resources is interest; and the income payment received for entrepreneurial ability is profit.

Interest: Payment made for the use of money - paid for the use of borrowed money or received for loaned money.

Loan Officer: Person who works with financial institution customers to arrange loans.

Medium Of Exchange: If something is a good medium of exchange it has the following characteristics: generally acceptable, divisible, durable, portable and relatively scarce.

Mint: Building where the government makes coins; also, the act of making a coin.

Money: Anything widely accepted as final payment for goods and services. Money is a medium of exchange, a good that can be used to buy all other goods and services. Money makes trading easier by replacing barter with transactions involving currency, coins, or checks.

Money serves three functions:

- 1) Medium of Exchange - used to trade goods, services and resources;
- 2) Standard of Value - the value of goods, services and resources can be stated in terms of a unit of account, such as dollars and cents;
- 3) Store of Value - a way to retain savings for the future. When people hold on to money, it maintains its face value.

Mortgage: A loan secured by property, typically a home loan in which the lending institution holds title to the home until the loan is paid.

Mortgage Loan: Loan which is issued to buy a house.

Natural Resources: Physical inputs that occur naturally in our world.

NCUSIF: National Credit Union Share Insurance Fund - a government agency which insures credit union deposits against loss up to \$100,000 per account.

Need: Something necessary for survival.

Opportunity Cost: The value of the highest foregone alternative.

Pension: Income received from a company after a person retires.

Price: A price is what people pay when they buy a good or service, and what they receive when they sell a good or service.

Producers: Are people who use resources and intermediate goods to make goods and services.

Productive Resources: Are the natural, human and capital resources available to make goods and services.

Resources: Are used to produce goods and services.

Salary: Income payment received for work done.

Saving: Income not spent on current consumption of goods and services - set aside for future use.

Savings Account: An agreement between a financial institution and an individual in which the individual (customer) places money with the financial institution in exchange for safekeeping and interest.

Savings and Loan Association: An institution, that originated with homeowners pooling their money to make housing loans. An S&L accepts deposits and specializes mostly in home mortgages.

Scarcity: The condition of not being able to have all of the goods and services that one wants. It exists because human wants for goods and services exceed the quantity of goods

Save AT School

-Unit 1

and services that can be produced using all available resources.

Services: Activities that can satisfy people's wants.

Share Account: An agreement between a credit union and a member, whereby the member invests his or her money with the credit union (shares) in exchange for the credit union's providing safe-keeping and paying the member dividends (interest). Shares in a credit union is tantamount to member ownership and gives the member the right to vote for and become a member of the board of directors.

Share Draft: A written request to the credit union to subtract a specified amount of money from the member's account as payment for received goods or services.

Share Draft Account: A special account that allows a member to withdraw funds from his or her credit union without having to go to the credit union personally.

Spending: Using income (earnings) to buy goods and services.

Student Loan: Loan made to a student for payment of tuition or cost of living expenses while in school.

Teller: Financial institution employee responsible for conducting cash and other bank transactions with customers who come to the bank.

Want: A desire that can be satisfied by consuming a good or service.

Withdraw: The act of taking money out of an account.

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The Story of Credit, Federal Reserve Bank of New York. 1998.

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Ordering Information - Supplemental Materials

To order Personal Finance Economics, 3-5 Smart Spending and Saving, published by the National Council on Economic Education, contact:

Kansas Council on Economic Education, Wichita State University, Devlin Hall, 1845 Fairmount, Wichita, KS 67260; Phone: 316-978-5183 Fax: 316-978-3687
www.kcee.wichita.edu

To order Economics and Children's Literature, contact:

SPEC Publishers, Inc., 1006 Regency Manor Drive, Ballwin, MO 63011
Phone 636-891-8094

To order The Story of Money and other Fed publications mentioned, contact:

Federal Reserve Bank of New York, Public Information Department, 33 Liberty Street, New York, NY 10045; Phone: 212-720-6134 or www.ny.frb.org/pihome/educator

For additional personal finance resources, see:

www.kc.frb.org (web site of the Federal Reserve Bank of Kansas City)

The Kansas Department of Education reviewed this curriculum in 2004 and concluded that it is extremely well aligned with both Kansas Mathematics and History/Government/Economics/Geography standards.

Lesson 1: Let's Make A Deal

- Exchange
- Barter

2nd grade Economics (personal finance), Benchmark 2, Indicator 1:

The student understands the concept of exchange and the use of money to purchase goods and services within a family, school, and community (e.g., trade with barter or money).

Lesson 2: What is Money

- Money

2nd grade Economics (personal finance), Benchmark 2, Indicator 1:

The student understands the concept of exchange and the use of money to purchase goods and services within a family, school, and community (e.g., trade with barter or money).

Lesson 3: Where Does Money Come From

- History of money
- How money has changed over time

No Applicable Indicators by 6th grade

Lesson 4: Where Do We Get The Money We Spend

- Sources of income

2nd grade Economics (personal finance), Benchmark 5, Indicator 1:

The student understands that people earn an income for the work they do and gives examples of different kinds of jobs (work) within a community both today and in the past.

3rd grade Economics (personal finance), Benchmark 5, Indicator 3:

The student gives an example of a time he/she or a family member earned income and how they used the money (e.g., spending or saving).

4th grade Economics (personal finance), Benchmark 5, Indicator 1:

The student identifies careers that require specialized skills and discusses why specialization is necessary (e.g., medicine, education, military, agriculture, manufacturing, sales, technology).

5th grade Economics (personal finance), Benchmark 5, Indicator 2:

The student recognizes that supply of and demand for workers in various careers effects income.

Lesson 5: Meet The Financial Institution Representative

- Saving

2nd grade Economics (personal finance), Benchmark 5, Indicator 2:

The student understands that people may save part of the income they earn and lists reasons why people save (e.g., buy a house, meet basic needs, go on a vacation, purchase toys).

5th grade Economics (personal finance), Benchmark 3, Indicator 1:

The student understands that financial institutions are places where people (individuals, families and businesses) save money and earn interest and where people borrow money and pay interest.

Lesson 6: A Safe Place For My Money

- Financial institutions

5th grade Economics (personal finance), Benchmark 3, Indicator 1:

The student understands that financial institutions are places where people (individuals, families and businesses) save money and earn interest and where people borrow money and pay interest.

Lesson 7: Why Do People Save

- Spending and saving
- Interest

3rd grade Economics (personal finance), Benchmark 5, Indicator 1:

The student determines how wants for goods and services are met through spending and saving decisions.

5th grade Economics (personal finance), Benchmark 3, Indicator 1:

The student understands that financial institutions are places where people (individuals, families and businesses) save money and earn interest and where people borrow money and pay interest.

Lesson 8: Using My Money Wisely

- Scarcity
- Decision-making process
- Opportunity Cost

2nd grade Economics (personal finance), Benchmark 2, Indicator 1:

The student identifies the opportunity cost of an activity (e.g., the next best alternative not chosen).

3rd grade Economics (personal finance), Benchmark 1, Indicator 2:

The student knows that there are not enough productive resources to satisfy all wants for goods and services.

3rd grade Economics (personal finance), Benchmark 5, Indicator 1:

The student determines how wants for goods and services are met through spending and saving decisions.

5th grade Economics, Benchmark 1, Indicator 1:

The student explains how scarcity of resources requires individuals, communities, states, and nations to make choices about goods and services (e.g., what food to eat, type of housing to live in, how to use land).

5th grade Economics, Benchmark 1, Indicator 2:

The student determines how unlimited wants and limited resources lead to choices that involve opportunity costs.

5th grade Economics (personal finance), Benchmark 5, Indicator 1:

The student determines the costs and benefits of a spending, saving, or borrowing decision.

Lesson 9: A Money Plan

- Budget
- Trade-offs

6th grade Economics (personal finance), Benchmark 5, Indicator 2:

The student explains that budgeting requires trade-offs in managing income and spending and identifies the opportunity costs that result from these trade-offs.

Lesson 10: Hey Friend, Can You Lend Me Some Money

- Credit

No applicable indicators by 6th grade

Lesson 11: You Could Work at a Financial Institution

No applicable indicators by 6th grade

Lesson 12: Visit to the Financial Institution

No applicable indicators by 6th grade

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Teachers: Please forward comments and ideas to:

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