

***Managing Your Money: Investing In Your Future*** by Barbara Brooks Simon. (Millmark Education Corporation) 2009. ISBN-978-1-4334-0656-8

### **Literature Annotation**

Financial Literacy is discussed through the topics of putting your money to work, investing and borrowing and making good financial decisions.

**Grade Level:** Grade 3-5

**Duration:** Two 45 minute lessons

**Financial Literacy Concepts:** Money Management, Interest, Decision-Making

### **Maryland State Curriculum**

#### **Economics Standard:**

Standard 4: Students will identify the economic principles and processes that are helpful to producers and consumers when making good decisions.

4.A.1.a Explain why people must make economic choices

4.A.1.b Identify and explain the steps in the decision-making process

#### **Personal Financial Literacy Standards**

Standard 1: Students will apply financial reasoning in order to make informed financially responsible decisions.

1.5.A.4 Describe the concept of financial obligations, such as borrowing

1.5.B.1 Identify the factors that affect personal financial decisions and actions

1.5.C.1 Develop and apply financial literacy vocabulary

Standard 4: Students will develop skills to make informed decisions about incurring debt and maintaining creditworthiness.

4.5.A.1 List reasons why people borrow

4.5.B.1 Describe the concept of a loan

4.5.D.1 Define interest and explain how it is used

Standard 6: Students will develop financial planning skills to minimize financial setbacks.

6.5.C.3 Identify the characteristics of an informed consumer

**Objectives:** Students will...

- define and use financial literacy vocabulary
- explain what is meant by borrowing
- explain interest and how it is used
- calculate simple interest

### **Vocabulary**

**budget:** a plan for using money wisely

**debt:** the amount of money owed

**expense:** the cost of a good or service

**good:** an item that people make

**income:** money earned or received

**interest:** payment for the use of money; usually a percentage of the total amount  
**investment:** the use of money in a way that is intended to earn more money over time

**loan:** the amount of money given to somebody on the condition that it will be paid back later.

**opportunity cost:** the good or service you give up when you decide to buy a different good or service

**risk:** the chance of loss

**service:** a type of work that people do for others

## Teacher Materials

### Day 1

- Copy of the book ***Managing Your Money: Investing In Your Future***
- Copy of Resource 2: *Managing Your Money Definitions for playing Money game*

## Student Materials

### Day 1

- Resource 1: *Managing Your Money Vocabulary*
- Resource 2: *Managing Your Money Definitions*
- Resource 3: *Money!*
- Markers for playing Money! game
- Resource 4: *Show What You Know*

### Day 2

#### Teacher Materials

- One copy each of Resource Sheet 1 and 2 from yesterday
- Resource 5: *Burt's Bank*
- Resource 6: *Bank of Baltimore*
- Resource 7: *Johnson and Associates*
- Resource 8: *Diamond Credit Union*
- Resource 9: *Spinners*
- Copy of the book ***Managing Your Money: Investing In Your Future***
- Resource 10: *New Pool*

#### Student Materials

- Optional: calculators for each students
- Paper clips for spinners
- Resource 11: *Bank On It*
- Resource 12: *Interest.*

## Teacher Background

Day One of this lesson uses the book to reinforce financial literacy vocabulary while Day Two focuses on the concept of borrowing and provides students with an opportunity to calculate simple interest.

## Day 1

### Motivation

Put students into pairs or small groups. Distribute one copy of Resource 1: *Managing Your Money Vocabulary* and Resource 2: *Managing Your Money Definitions* to each group. Have students match the definitions with the vocabulary terms.

### Development

1. Read *Managing Your Money: Investing in Your Future* and encourage students to adjust their matches as you read.
2. Have students share each vocabulary term and the correct definition.
3. Distribute Resource 3: *Money!* and have students choose 9 of their vocabulary terms and write one in each space of their game board.
4. Tell students *Money!* is played like Bingo – the goal is to get three in a row either vertically, horizontally or diagonally. When they get three in a row, they should shout “Money!”
5. Play *Money!* using the definitions from Resource 2: *Managing Your Money Definitions*- students should use their matched vocabulary and definitions as a resource while playing.

### Conclusion

Have a discussion about the vocabulary terms used today – which terms did they already know, which were new, which are the most difficult, etc.

### Assessment

Distribute and have students complete Resource 4: *Show What You Know*.

### Additional Activity

For further practice and reinforcement, the students could play Concentration with the definition and vocabulary cards.

## Day 2

Prior to today’s lesson, print one copy of Resource 5: *Burt’s Bank*, Resource 6: *Bank of Baltimore*, Resource 7: *Johnson and Associates* and Resource 8: *Diamond Credit Union*. Fold each to make a tent-shaped sign for each of 4 “banks.” Print one copy of Resource 9: *Spinners* and cut the spinners apart and place with the appropriate “bank.” Spread these at 4 stations around the room.

## Motivation

Pass out one set of definition and vocabulary cards from yesterday's lesson, one to each student. Have them circulate to find the student who has their correct match. Have students share their vocabulary term and definition with the class as a review of yesterday's lesson. Collect cards. Tell students that today you will be focusing on one of those vocabulary terms – interest.

## Development

1. Ask a student if you can borrow their pencil. Have a discussion about the meaning of borrow. Have students then brainstorm a class list of what items they and/or their family have borrowed – be sure that money is on the list.
2. Refer to this list and ask students why they borrowed these items (*possible responses: wants, short-term goals and long-term goals*). Focus on the idea of borrowing money and have students share why they borrow money and from who they borrow money. Record their responses making sure that bank appears on the list.
3. Introduce the term **loan**, and discuss why someone would loan you money. Then discuss why a bank might loan money to a person.
3. Read page 12 of ***Managing Your Money: Investing in Your Future***. Have a discussion about the meaning of interest and why banks charge people interest to borrow money.
4. Display Resource 10: *New Pool*. Work through the activity modeling for the students how to calculate interest. Model for students how to use multiplication and/or a calculator to solve the problem.
5. Distribute Resource 11: *Bank on It!*
6. Put students into groups of 5 or 6 and have each group rotate through the 4 stations you have set up. At each station they will complete one of the sections of Resource Sheet 11 *Bank on It!*
7. As a class, share and discuss student responses. Explain to students that by shopping around for a loan they have just acted out a characteristic of a good consumer.

## Conclusion

Refer back to the beginning of the lesson where you introduced the term, interest. Have students define, explain, give examples, etc in order to refocus the students on the objective of the lesson.

## Assessment

Distribute and have students independently complete Resource 12: *Interest*.

# Managing Your Money Vocabulary

budget

expense

debt

good

income

interest

investment

loan

opportunity  
cost

risk

service

# Managing Your Money Definitions

the cost of the good or service that you give up when you decide to buy a different good or service

an item that people make

a type of work that people do for others

a plan for using money wisely

money earned by working or received from another source

money spent on a good or service

the chance of loss

something that is owed

the amount of money borrowed

payment for the use of money; usually a percentage of the total amount

the use of money in a way that is intended to earn more money over time

# MONEY!




# MONEY!




# Show What You Know

**Directions:** Read each statement. If the vocabulary word is used correctly, circle T (true). If it is NOT used correctly, circle F (false) and change the underlined word in the false statements to make them true.

**Example:**

T  F John was in debt because he had saved \$10.

Correction: John was in debt because he had borrowed \$10.

1. T F My family earned \$5.40 interest from our savings account.

Correction: \_\_\_\_\_

2. T F Having a person paint your house is an example of a good.

Correction: \_\_\_\_\_

3. T F Money you earn from a job is called an expense.

Correction: \_\_\_\_\_

4. T F A loan can help you pay for college.

Correction: \_\_\_\_\_

5. T F An investment is what you give up when you buy a certain item.

Correction: \_\_\_\_\_

# Burt's Bank



# *Bank of Baltimore*



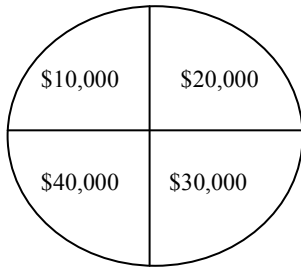
# Johnson and Associates



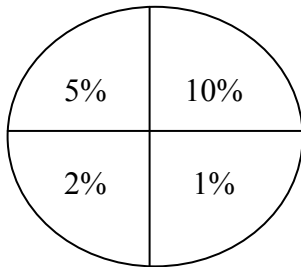
# DIAMOND CREDIT UNION



### Burt's Bank

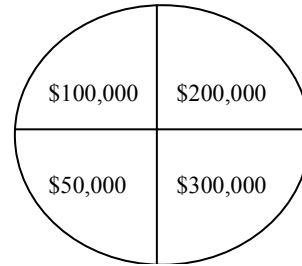


Amount of loan

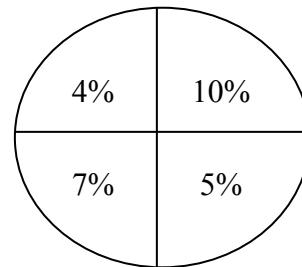


Interest rate

### Bank of Baltimore

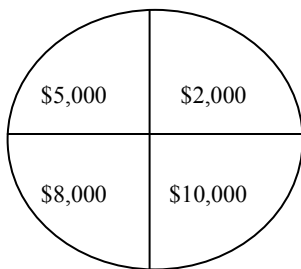


Amount of loan

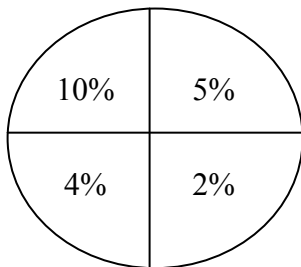


Interest rate

### Johnson and Associates

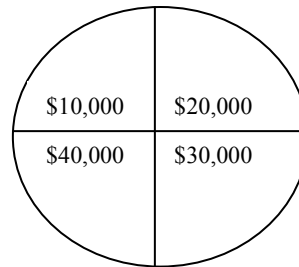


Amount of loan

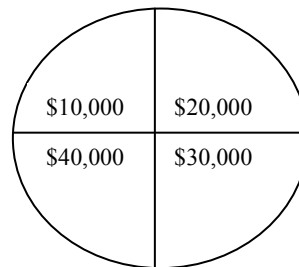


Interest rate

### Diamond Credit Union



Amount of loan



Interest rate

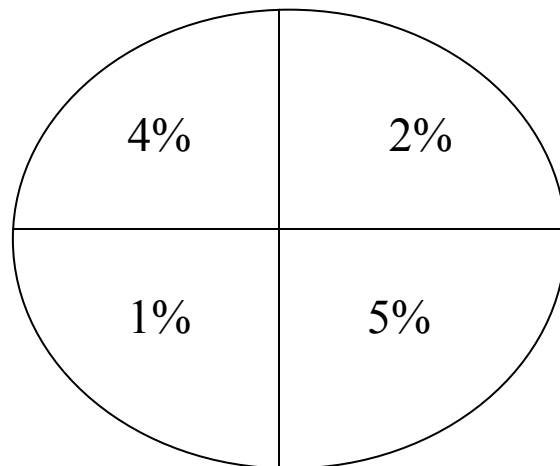
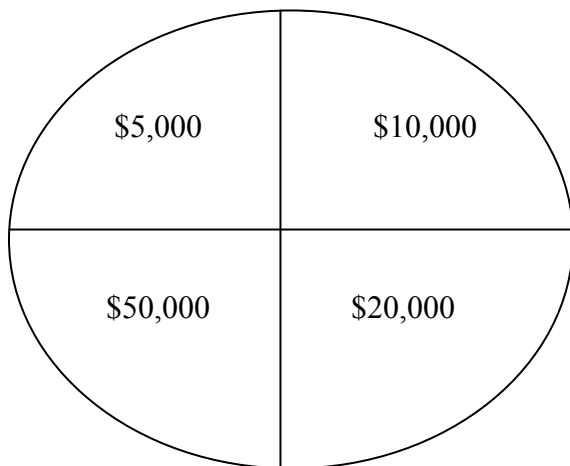
## New Pool

You and your family are putting a new pool in your backyard but you need to make a loan to pay for it.

Spin the first spinner to determine the amount you will borrow.

Spin the second spinner to determine the percent of interest the bank will charge.

Amount borrowed _____
Interest rate (%) _____
Total amount needed to pay back after 1 month: _____ Show your work.
Total amount needed to pay back after 2 months: _____ Show your work.



## Bank on It

<p style="text-align: center;"><b>Burt's Bank</b></p> <p>You are heading off to college. You need to borrow money to help pay for tuition.</p> <p>Amount borrowed _____ Interest rate (%) _____</p> <p>Total needed to pay back after 1 month</p>  <p>Total needed to pay back after 2 months</p>	<p style="text-align: center;"><b>Bank of Baltimore</b></p> <p>Your family is building a new home. You need to make a loan from the bank.</p> <p>Amount borrowed _____ Interest rate (%) _____</p> <p>Total needed to pay back after 1 month</p>  <p>Total needed to pay back after 2 months</p>
<p style="text-align: center;"><b>Johnson and Associates</b></p> <p>Your family is buying a new car but you need to borrow from the bank.</p> <p>Amount borrowed _____ Interest rate (%) _____</p> <p>Total needed to pay back after 1 month</p>  <p style="text-align: center;">Total needed to pay back after 2 months</p>	<p style="text-align: center;"><b>Diamond Credit Union</b></p> <p>You want to start a cookie business and will need a loan to get started.</p> <p>Amount borrowed _____ Interest rate (%) _____</p> <p>Total needed to pay back after 1 month</p>  <p style="text-align: center;">Total needed to pay back after 2 months</p>

**Interest**

Answer the following questions in a short paragraph to demonstrate your understanding of **interest**. Use the vocabulary we have used in class.

What is interest? How is it calculated? Why do banks charge interest?

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