

***Managing Your Money: Planning Your Budget*** by Barbara Brooks Simons  
(Millmark Education Corporation, Bethesda, Maryland) 2009. ISBN-13: 978-1-4334-0655-3

### **Literature Annotation**

Financial literacy is discussed through the topics of earning, spending and saving money, planning a budget, and making good decisions about money.

**Grade Level:** Grade 3-5

**Duration:** 60+ minutes

**Economic Concepts:** Consumption, Money Management

### **Maryland State Curriculum**

***Economics Standard:*** Students will develop economic reasoning to understand the historical development and current status of economic principles, institutions, and processes needed to be effective citizens, consumers, and workers participating in local communities, the nation, and the world.

4.A.1 Explain that people must make choices because resources are limited relative to unlimited wants for goods and services.

4.B.3 Describe how consumers acquire goods and services.

### **Personal Financial Literacy Standards**

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

1.5.A Explain that people make financial choices based on available resources, needs, and wants.

1.5.C Apply financial knowledge, attitudes, and skills.

**Standard 3:** Students will develop skills to plan and manage money effectively by identifying financial goals and developing spending plans.

3.5.A Demonstrate the ability to use money management skills and strategies by saving for and acquiring goods and services.

**Objective:** Given a financial scenario, students will construct a spending/saving budget.

### **Vocabulary**

**goods:** physically tangible objects that can be used to satisfy economic wants, including but not limited to food, shoes, cars, houses, books and furniture.

**services:** physically intangible actions that can be performed to satisfy economic wants, including but not limited to medical care, dental care, haircuts, education, police protection, fire protection, national defense.

**income:** money that people earn or receive from other sources.

**opportunity cost:** the foregone benefit of the next best alternative when an economic decision is made.

**budget:** a plan for using money wisely, also called a spending plan.

**Additional vocabulary:** cash, checking account, savings account, bank, deposit, checks

### Teacher Materials

- Book: *Managing Your Money: Planning Your Budget*
- Sentence strip: ***budget – a plan for using money wisely***

### Student Materials

- Book: *Managing Your Money: Planning Your Budget* (One per student)
- Resource Sheet 1: *A Budget for Drew* (One per student)
- Resource Sheet 2: *Drew's Income* (One per 4 students)
- Resource Sheet 3: *Drew's Expenses Per Week* (One per 4 students)
- Paper clip, opened to make a spinner (One per 4 students)
- Resource Sheet 4: *Assessment* (One per student)
- Resource Sheet 5: *Blank Student Checks* (One per student), optional

### Teacher Background

In the Maryland Social Studies State Curriculum standards, no distinction is made between economic needs and economic wants. For purposes of teaching with this book, explain to students that people want many goods and services, and “needs” are the essential wants that people must have, such as food, clothing, shelter, and medical care.

### Motivation

Read aloud the following poem:

#### *Allowance Day*

*Coins in my pocket dance around  
As I walk around the mall.  
Today was payday for my chores  
And I am walking tall.*

*It seems the coins are pleading  
In their jingly, jangly voice:  
“Let’s buy a toy!” “Let’s buy some food!”  
How will I make a choice?*

Discuss the meaning of the poem. Ask students if they agree with the author of the poem that it is sometimes hard to decide how to spend your money. Ask: *Have you ever spent your money on one thing and then wished later that you had spent it on something else?*

Display the sentence strip for **budget** on the board. Share the definition. Tell students that today's lesson will show how planning for spending and savings with a budget will help them make wiser decisions about money.

## Development

1. Display the cover of the book *Managing Your Money: Planning Your Budget*. Explain that the purpose of this book is to help people learn to manage their money wisely, so they can afford the things they want to buy now and in the future. Introduce students to the three chapter headings in the table of contents.
2. Conduct a Read-Aloud of pages 2- 8. Ask the following questions:
  - a) *What are some **goods** and **services** you might buy because you need them?*
  - b) *What are some **goods** and **services** you might buy because you want them?*
  - c) *Explain the difference between paying for something with cash and paying with a check.*
  - d) *Why does the money in a savings account increase as time goes by?*
3. Continue with the Read-Aloud on pages 10-14, paying special attention to the Key Idea notes. Ask the following questions:
  - a) *According to the pie chart on page 10, for what goods and services does a typical family spend its income?*
  - b) *Why is it important to know what your income and expenses will be when you plan a budget?*
  - c) *Why is it important to include a category for "savings" in your budget?*
4. Think-Pair-Share: Have students work in pairs to read and discuss "Interpret Data" activity on page 15.
5. Creating a budget activity:
  - a) Divide students into groups of 4.
  - b) Distribute Resource Sheet 1: *A Budget for Drew* to each student.
  - c) Distribute one copy of Resource Sheet 2: *Drew's Income* and one copy of Resource Sheet 3: *Drew's Expenses per Week* to each group of 4 students.
  - d) Distribute a paper clip, opened enough to make a spinner, to each group of students. Students will hold a pencil point in the center of the paper clip at the center dot of the circle, and make the spinner turn by flicking it with a finger.
  - e) Have each student take 2 turns spinning the paper clip on the

- “Income” spinner. Have each student record the kinds of income and amounts in columns 1 and 2 on Resource Sheet 1. (All students will not have the same data.)
- f) Have each student take 2 turns spinning the paper clip on the “Expenses” spinner. Have each student record the kinds of expenses and amounts in columns 1 and 2 on Resource Sheet 1. (All students will not have the same data.)
  - g) Save Resource Sheet 1 for use in the Assessment activity.
6. Continue the Read-Aloud on pages 16-18, emphasizing the questions on page 18 and the importance of making good decisions before spending and saving money.

### **Assessment**

Distribute Resource Sheet 4: *Assessment*. Have students work independently to apply the skills from this lesson.

### **Additional Activities**

- Activities that support the concepts of this lesson and use related language arts skills may be found in the back of the book, *Managing Your Money: Planning Your Budget*.
- Have students practice writing checks using the blank checks on Resource Sheet 5: *Blank Student Checks*. A variety of pretend blank checks are available on line at various websites, including <http://www.dltk-kids.com/crafts/miscellaneous/mcheck.html>.
- Reinforce the idea of a savings bank in your daily classroom: Give out “good work” tickets to the class as a whole that can be exchanged for extra recess minutes. Students may choose to save them in a special classroom “savings bank” for use later. The teacher can add extra tickets, as “interest”, for saving the tickets for a period of time.

## ***A BUDGET FOR DREW***

Drew wants to buy a new football for \$10. Each week he gets an allowance of \$4.00. He also earns some money, but he also has to spend some money. He makes a chart of his weekly income and expenses to help him decide if he can afford to buy the football right away.

Use the spinners on Resource Sheets 2 and 3 to help you complete the information on the chart.

### **DREW'S INCOME FOR 1 WEEK**

How Income is Earned	Amount of Income
<b>Allowance</b>	<b>\$4.00</b>
	<b>Total Income =</b>

### **DREW'S EXPENSES FOR 1 WEEK**

How Money is Spent	Amount of Money
	<b>Total Expenses =</b>

Drew has an income of \$\_\_\_\_\_ each week.  
 He spends \$\_\_\_\_\_ on his expenses each week.

Will Drew have money left to spend or save? (Circle one)    **YES**    **NO**  
 If yes, how much money is left each week? \_\_\_\_\_

Does Drew have enough money in one week to buy the football right away?  
 (Circle one)    **YES**    **NO**    **Why or why not?**

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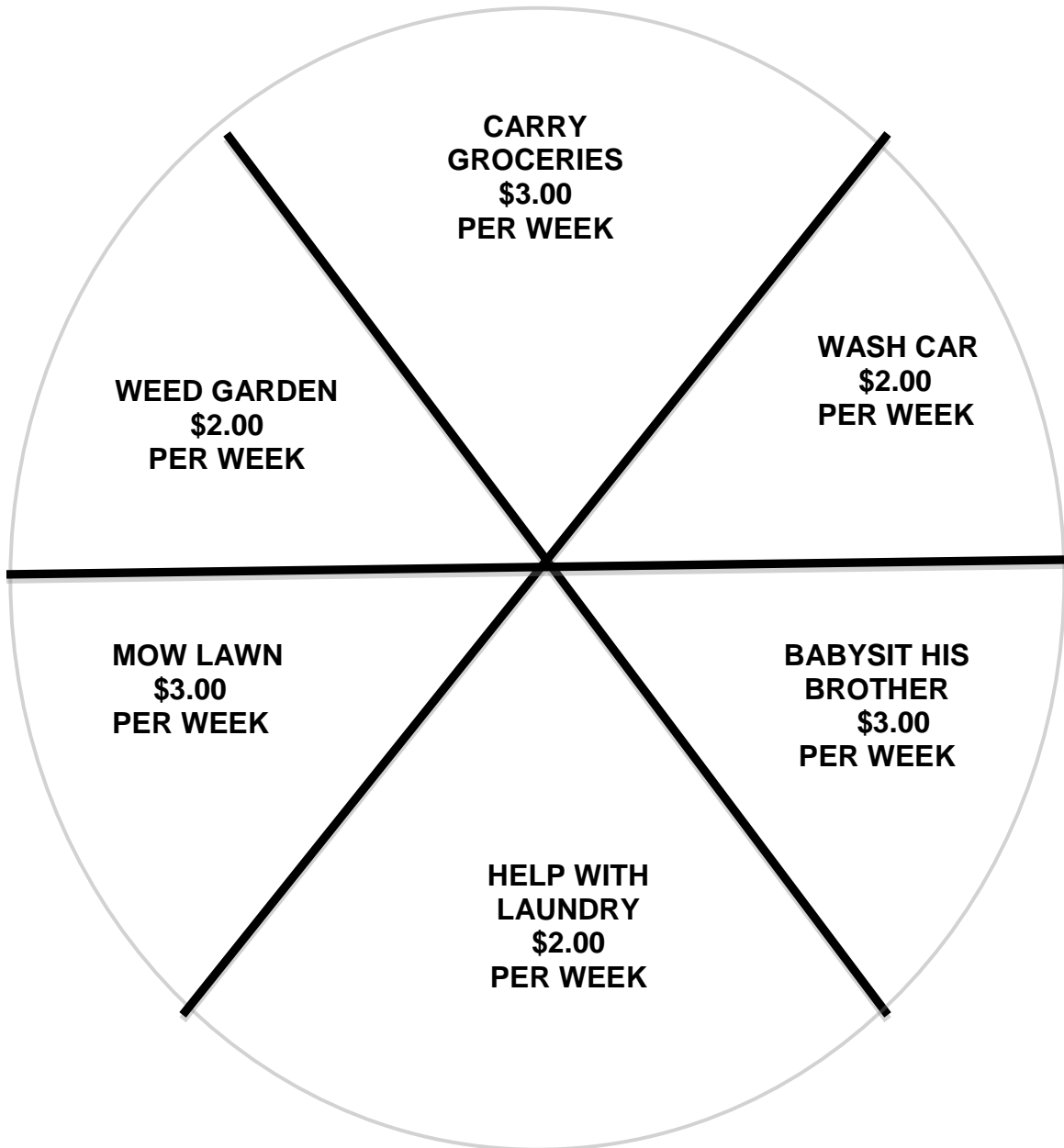
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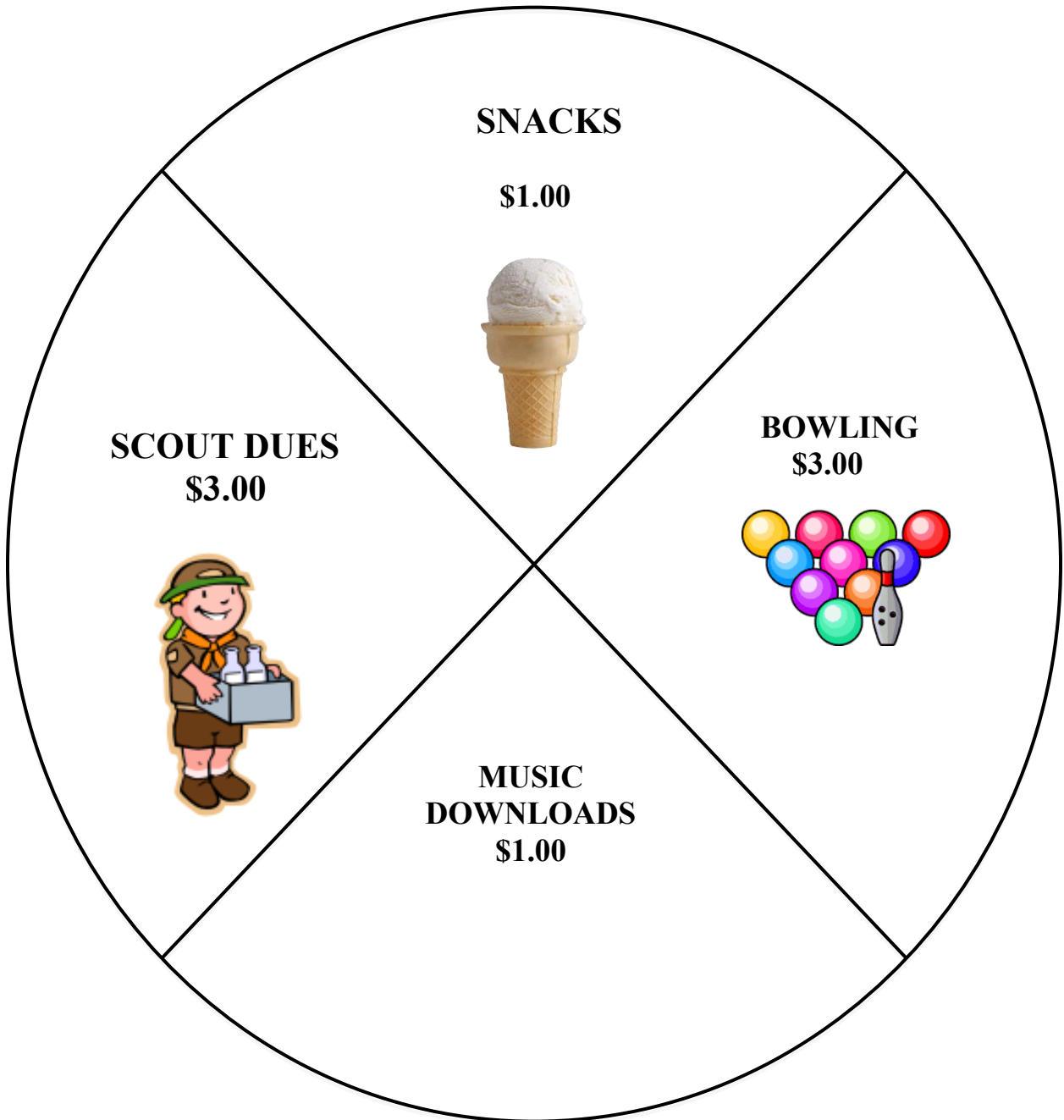
## ***DREW'S INCOME***

Drew gets a weekly allowance of \$4.00. He also earns money each week. Spin the spinner two times and record Drew's additional income on Resource Sheet 1.



## ***DREW'S EXPENSES PER WEEK***

Drew spends part of his income each week. Spin the spinner two times and record Drew's expenses on Resource Sheet 1.



**ASSESSMENT**

Refer to the information on Resource Sheet 1. Write a budget for Drew that will help him get \$10 for the football he wants. You may not need to use all of the charts.

<b>Week 1</b>	<b>Income</b>	
	<b>Expenses</b>	
	<b>Savings</b>	

<b>Week 2</b>	<b>Income</b>	
	<b>Expenses</b>	
	<b>Savings</b>	

<b>Week 3</b>	<b>Income</b>	
	<b>Expenses</b>	
	<b>Savings</b>	

<b>Week 4</b>	<b>Income</b>	
	<b>Expenses</b>	
	<b>Savings</b>	

<b>Week 5</b>	<b>Income</b>	
	<b>Expenses</b>	
	<b>Savings</b>	

<b>Week 6</b>	<b>Income</b>	
	<b>Expenses</b>	
	<b>Savings</b>	

1. How much money does Drew save each week? \$\_\_\_\_\_
2. How long will it take for Drew to save \$10 \_\_\_\_\_ weeks

**BLANK STUDENT CHECKS**

<p><b>Children's Checks</b> Not valid for real use</p> <p style="text-align: right;"><i>Date</i> _____</p> <p><i>Pay</i> _____ \$ <input type="text"/> <i>to the order of</i> _____</p> <p style="text-align: right;">_____ <i>Dollars</i></p> <p><i>Memo</i> _____</p>
<p><b>Children's Checks</b> Not valid for real use</p> <p style="text-align: right;"><i>Date</i> _____</p> <p><i>Pay</i> _____ \$ <input type="text"/> <i>to the order of</i> _____</p> <p style="text-align: right;">_____ <i>Dollars</i></p> <p><i>Memo</i> _____</p>
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