
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, 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.

College and Career Ready Standards for Reading Informational Text
RI1 Refer to details and examples in a text when explaining what the text says explicitly and when drawing inferences from the text.

RI2 Determine the main idea of a text and explain how it is supported by key details.

RI4 Determine the meaning of general academic and domain-specific words or phrases in a text relevant to a grade 4 topic or subject area.

RI7 Interpret information presented visually (e.g., in charts, graphs, or interactive elements on Web pages) and explain how the information contributes to an understanding of the text in which it appears.
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 1: A Budget for Drew (One per student)
• Resource 2: Drew’s Income (One per 4 students)
• Resource 3: Drew’s Expenses Per Week (One per 4 students)
• Paper clip, opened to make a spinner (One per 4 students)
• Resource 4: Assessment (One per student)
• Resource 5: Blank Student Checks (One per student), optional

Teacher Background
In the Maryland Social Studies 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 1: A Budget for Drew to each student.
   c) Distribute one copy of Resource 2: Drew's Income and one copy of Resource 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 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 1. (All students will not have the same data.)
   g) Save Resource 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 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 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 2 and 3 to help you complete the information on the chart.

DREW’S INCOME FOR 1 WEEK

<table>
<thead>
<tr>
<th>How Income is Earned</th>
<th>Amount of Income</th>
</tr>
</thead>
<tbody>
<tr>
<td>Allowance</td>
<td>$4.00</td>
</tr>
</tbody>
</table>

Total Income =

DREW’S EXPENSES FOR 1 WEEK

<table>
<thead>
<tr>
<th>How Money is Spent</th>
<th>Amount of Money</th>
</tr>
</thead>
</table>

Total Expenses =

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?

________________________________________________________________________

________________________________________________________________________

________________________________________________________________________
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 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 1.

- **SNACKS**: $1.00
- **SCOUT DUES**: $3.00
- **BOWLING**: $3.00
- **MUSIC DOWNLOADS**: $1.00
Name: ____________________________

**ASSESSMENT**

Refer to the information on Resource 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.

<table>
<thead>
<tr>
<th>Week</th>
<th>Income</th>
<th>Expenses</th>
<th>Savings</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td></td>
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<tr>
<td>2</td>
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<tr>
<td>6</td>
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</tr>
</tbody>
</table>

1. How much money does Drew save each week? $__________

2. How long will it take for Drew to save $10 ________ weeks
<table>
<thead>
<tr>
<th>Children’s Checks</th>
<th>Date______________________________</th>
</tr>
</thead>
<tbody>
<tr>
<td>Not valid for real use</td>
<td>Pay $______________________________</td>
</tr>
<tr>
<td></td>
<td>to the order of _____________________ Dollars</td>
</tr>
<tr>
<td></td>
<td>Memo ______________________________</td>
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</tbody>
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