

Managing Your Money: Spend or Save? by Barbara Brooks Simons (Millmark Education Corporation, Bethesda, Maryland) 2009. ISBN-13: 978-1-4334-0654-6

Literature Annotation

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

Grade Level: 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.

4.B.3.a Give examples of barter exchanges of goods and services in Maryland

Personal Financial Literacy 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.

Personal Financial Literacy 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 plan.

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

barter: to exchange goods and services in return for other goods and services

Additional vocabulary: need or want, limited resource, decision

Teacher Materials

- Book, *Managing Your Money: Spend or Save?*
- Picture book, *Corduroy* by Don Freeman ISBN 9780670063420 (available in most school or public libraries), optional
- 5-10 pictures of goods and services students might like to buy, cut from a catalog or ads from the newspaper.

Student Materials

- Book, *Managing Your Money: Spend or Save?* (One per student)
- Resource Sheet 1: *Making Decisions* (Cut the sheet into thirds and distribute one section to each student. Have students cut on the dotted lines to make choice cards.)
- Resource Sheet 2: *Practicing Money Management*

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, and shelter.

Motivation

Read aloud the classic children’s picture book, *Corduroy*. Ask students why the child, Lisa, was able to buy the bear even though her mother originally said, “No, I’ve spent too much money already.” (*Lisa had saved her own money in a piggy bank.*) Ask students if they have a piggy bank or other way to save money for purchases they might want to make in the future.

Development

1. Display the cover of the book *Managing Your Money: Spend or Save?* Explain that the purpose of this book is to help people learn to manage their money wisely. Introduce students to the three chapter headings in the table of contents.
2. Read aloud pages 2- 8. Ask the following questions:
 - a) What are some **goods** that we buy?
 - b) What are some **services** that we buy?
 - c) How did people buy goods and services before there was money? (barter) Discuss bartering. Use bartering in terms of Pokemon cards or other items that Maryland students exchange.
 - d) How does money make it easier for people to purchase goods and services?

Additional Activities

- Use page 20 as a springboard to have students discuss service careers and identify the skills needed for the careers.
- For active participation, use a beach ball toss to replicate an alternate version of Activity 6. With a marker, fill in each space on the beach ball with one of these sentences:
 - Buy a good,
 - Buy a service,
 - Save \$ for later

Display the goods and services pictures on the chalkboard. Toss the beach ball to a student. Have the student identify the sentence under his/ her right thumb and read it aloud. If the sentence says to buy a good or service, the student names the good or service he/she would purchase from the selection on the chalkboard. Then have the student identify the sentence under his/ her left thumb and read it aloud. The student says, "My second choice would be _____. This is the opportunity cost of my decision." Have the student pass the beach ball to another student and repeat the process.

Making Decisions

Choice 1 (My Decision)	C U T H E R E	Buy Item 1
Choice 2 (My Opportunity Cost)		Buy Item 2
Choice 3		Save My Money for Later

Choice 1 (My Decision)	C U T H E R E	Buy Item 1
Choice 2 (My Opportunity Cost)		Buy Item 2
Choice 3		Save My Money for Later

Choice 1 (My Decision)	C U T H E R E	Buy Item 1
Choice 2 (My Opportunity Cost)		Buy Item 2
Choice 3		Save My Money for Later

NAME: _____

Resource Sheet 2

Practicing Money Management

Keira wants to buy a video game. The game costs \$25.00. The chart below shows Keira's income and expenses. Keira will need to save money to buy the video game.

INCOME (Money Keira gets.)		EXPENSES (Money Keira spends.)	
Allowance	\$10.00 per week	Club dues	\$1.00 per week
Doing chores for a neighbor	\$5.00 per week	Candy and treats	\$3.00 per week
TOTAL INCOME		TOTAL EXPENSES	

Write a savings plan for Keira. Tell how much money she could save each week. Tell how long it will take her to save enough money for the video game.
