

How Do You Manage Money?

Lesson 3a: How Do People Make Good Spending Decisions?

Adopted from lesson plans created by Jennifer Raeder for the San Francisco Unified School District's Kindergarten to College Program.

Objective: Students will understand the difference between needs and wants. Students will understand that money should be spent on needs first, before wants, and that sometimes we can only buy needs or only a few of the things we want.

Materials:

- “Jobs” and “Careers” thinking map created in Lesson 2c
- “Free” and “Costs Money” posters created in Lesson 2b
- “Needs and Wants” worksheet (see Lesson 3 Resources)
- Chart Paper and markers

Key Vocabulary: spend, responsible, need, want

Lesson Outline

Introduction:

Review the thinking map created in the “How do people earn money?” lesson. Remind students that most families have one or more adults who work at jobs or in careers in order to earn money. Ask students what they think that adults do with the money earned? Have them turn to a partner to share, and then call on individual students to share with the group. Most students will probably talk about using the money to pay rent or pay for food & clothes, etc. Tell them that this is called *spending*. Explain that when people spend money, they don't get it back, so it's important to make good decisions when spending money.

Needs and Wants:

Tell the class that it is important for people to be *responsible* with their money so that they have enough to buy all the things they need. Review the poster from Lesson 1b that shows items that cost money. Ask the students if they know the difference between the things they want and the things they need. Explain that needs are basic necessities such as food, water, a place to live, and clothes to wear. Explain that wants are ‘nice to have’ but not necessarily ‘needed’ to live.

Share that needs are usually the same or very similar for everybody (i.e., everybody needs to eat food) however wants can be very different for people and depending on a person's age, will change. For example, a want for a kid might mean an iPod, where a want for an adult might be a new car. On chart paper, create two columns. Label one "Needs" and the other "Wants." Have students identify items that belong in each column, and draw or write these items in the appropriate place on the poster. Be sure to include items missing, such as medicine and school supplies. Focus on items that cost money, as opposed to free things.

Have students create their own "Needs and Wants" chart using individual worksheets. Ask them to include at least three to four items in each column.

Spending Decisions:

After students have created their own "Needs and Wants" charts, bring the class back together as a group. Explain that when people are being responsible with their money, they make sure they have enough money buy the things they need before they buy the things they want. This often means that people can only buy some of the things they want, not all.

Using a green marker, draw a circle each of the items on the "Needs" column. Tell students that if you were going to spend your money, you would spend it on these things first, so you circled them in green to show the things that you would buy. Explain that after paying for your "needs," you might only have enough money to buy one or two of things you want, at least for now (you may be able to buy other things you want at a later date). Choose or have the class vote on one or two "Wants" to circle in green, explaining that this means that you would choose to buy only those items circled in green. Reinforce the idea that making decisions like this is how people are responsible with their money and are able to take care of themselves and their families.

Give students green crayons or markers to use on their own "Needs and Wants" charts. Instruct them to choose five things from their worksheet that they would "buy" from the items on their worksheet. Tell them that they should circle all of their needs in green, but to choose only one or two of their wants.

Lesson 3b: How and Why Do People Save Money?

Modified by Sheila Salehian from "How Can I Teach My Preschooler Not to Lose Money?" Thrive by 5, Credit Union National Association, Inc, 2004.

Objective: Students will know that people keep their money in banks in order to save it and keep it safe. Students will understand the concepts of saving money and sharing money.

Materials:

- Thinking map from "How do people earn money?" lesson
- Large jar, labeled "Class Savings"
- Large jar, labeled "Money to share"
- Letter to send home about class savings (see Lesson 3 Resources)
- Photo of a real bank and a piggy bank

Key Vocabulary: bank, save, expensive, share, goal

Lesson Outline

Introduction:

Review the thinking map created in the "How do people earn money?" lesson. Remind students that most families have adults who work at jobs or in careers in order to earn money and that they spend a lot of this money on things that they and their families need and want. Tell students that adults usually do not spend all of their money that they earn as soon as they earn it. Usually, they put some money into a *bank*. Show students pictures of a real bank and a piggy bank. Explain that children often use containers as banks at home to save their money, but because adults earn more money, they want to keep it in a safer place to make sure it doesn't get lost. Adults keep their money at a business called a bank, and they go to the bank or an ATM (machine) to take out the money that they want to spend.

Explain that adults save money for two main reasons. One reason is that they may want something that is very *expensive*, (for example, they may want to buy a house or pay for their child to go to college). Explain that when something is expensive, it costs a lot of money. Adults might not have enough money right now to pay for the expensive item, but if they save some of the money they make each time they are paid for their jobs, then they can usually save enough to pay for the expensive item one day in the future.

Class Savings Jar:

Show the class the large jar that you have labeled, "Class Savings." Explain that as a class, you will work together to save up for something that the class wants or needs. Tell students that they may bring in coins that they have at home to contribute to the class savings jar. Make sure to emphasize that they need a signed, parent's permission slip to bring in money to contribute. You may also want to make it clear that because you are working towards saving something as a class, not everyone needs to bring in money if they do not have money for the project. Label the jar with the amount that the class will need to save. You can call this the "savings goal," and explain to students that a goal is something that people work towards over time.

Read students the letter you will send home to their families about the project. (See Lesson 3 Resources for an example letter.)

Over the following weeks, keep track of how much money has been added to the jar. Involve students in this process and celebrate along the way to keep student interest high.

As the teacher, you may want to choose what you are saving for, or you may ask the class to generate ideas and then vote on the idea that you deem appropriate. You will need to determine the amount of money and the length of time needed to work towards the savings goal. Some possible ideas could be: a class party, a book for the class, or materials for a special art project.

"Money to Share " Jar:

This part of the lesson is optional.

Show the class the large jar that you have labeled "Money to Share." Explain that as well as saving and spending money, people also often *share* their money. They might use their money to buy gifts for others, they might give their money to people who do not have enough money for the things they need, or they might give their money to a project or organization that's trying to make the world a better place. Tell students that the class will work together to save money to share. Establish a goal of how much money your class wants to collect for sharing.

As the teacher, you may want to give students several options to vote on. Student interest in the project is likely to be higher if students are allowed to participate in the decision of how the money will be shared after it is saved.

Lesson 3c: How and Why Do People Save Money?

Modified by Sheila Salehian from "How Can I Teach My Preschooler Not to Lose Money?" Thrive by 5, Credit Union National Association, Inc., 2004.

Objective: Students will know that people keep their money in banks in order to save it and keep it safe. Students will understand that banks keep money for people, but do not give money away. Students will understand the difference between spending, saving, and sharing. Students will practice responsible decision-making and money management skills.

Materials:

- Letter about "Spending, Saving, and Sharing" to send home (see Lesson 3 Resources for an example letter)
- Construction paper
- Labels printed with "Spending," "Sharing," and "Saving"
- Tape or glue & Scissors
- Markers
- Jars, plastic tubs, or other containers with lids (2 per student – you will probably want to have kids bring large yogurt containers or other containers from home before this lesson)
- Envelopes or "Spending" Envelope Worksheet (see Lesson 3 Resources)

Key Vocabulary: bank, saving, sharing, spending

Lesson Outline

Review the concepts of spending, saving, and sharing. Tell students that today they will make their own "banks," or money holders, which they can use to manage any money they may have or earn at home.

Show the class how to tape construction paper around a container (or otherwise decorate it with paint, etc.) and label it with the word, "Saving." Explain that they will use this container to collect money that they are saving for a special goal. They might save money for a special toy or book, for a trip to a favorite ice cream shop, or to put into their College Kick Start account, adding to their college savings account so they have more money for college when they are ready to go.

Show the class how they will also make a container for “Sharing,” and decide with their parents on how best to use the money placed in this container.

Finally, show them how to make an envelope in which they can keep money for “spending.” This can be done by labeling a real envelope or by creating your own using the “Spending Envelope” worksheet. In this envelope, they will place the money that they would like to spend if and when their parents take them to shop at a store. They may want to decorate this envelope by drawing items they would like to buy, or cutting and pasting pictures of items in magazines.

Once the containers have been created, gather the class together. Show them examples of the three containers just created for every child: spending, sharing, and saving. Tell the class that these money holders are kind of like banks. Ask the class, “If I want some money, can I take any money out of these ‘banks’ right now? (no) Why not?” The answer to this second question, as the students should tell you, is that you haven’t put any money into the banks yet. Tell the students that the same is true for real banks. Adults can’t take money out of banks unless it is money that they put in at an earlier time. Reinforce the idea that banks keep money safe, they do not give money to people.

Note: It will probably be challenging for children to assemble and decorate containers independently. You may want to ask for a parent volunteer to come in for this activity, to do it as a small group or center activity, or to assign it as a homework activity.