



# Money Smart for Young People

Grades 3–5

# What are needs and wants?

A **need** is something that you cannot live without.



Water



Food



Shelter



Clothes



Medical Care

A **want** is something you would like, but can live without.



Toys



Candy



Video Game



Headphones



Movie Tickets

# What SHOULD I BUY ?

Maya has \$25 saved. She would like to buy three things.



Book (\$8)



Science Kit (\$15)



Backpack (\$20)

The latest book by her favorite author. She can't wait to read it!  
A magnet science kit with over 30 experiments! She loves science.  
A new backpack; her old backpack is badly damaged.

1. Which of the items are needs? Wants?
2. Which item is the most important to buy?
3. How do you think Maya should spend her money? Why?

# STORY PROBLEMS: Opportunity Cost

## CHALLENGE 1

An **opportunity cost** is the trade-off of making one choice over another. When you make a choice, you give up something else.

Directions: Read each situation below to identify the opportunity costs.

1. Tanisha has a soccer game next Saturday. She was invited to a friend's birthday party on the same day. Tanisha has to decide whether she should go to the soccer game or the party. If Tanisha chooses to go to the party, what is the opportunity cost (the trade-off)?
2. James has \$5 to spend on lunch. He is trying to decide whether he should buy a chicken sandwich or a hamburger. Both meals cost \$5. What is the opportunity cost if James chooses the hamburger?
3. You can either walk or ride your bike to your friend's house. What is the opportunity cost of each choice?

# STORY PROBLEMS: Opportunity Cost

## CHALLENGE 2

An **opportunity cost** is the trade-off of making one choice over another. When you make a choice, you give up something else. That “something else” may be time, money, or another resource.

Directions: Read the situation below and choose the best answer to the question.

1. Trey decided to go with friends to see a movie on Sunday afternoon from 2:00 pm to 3:30 pm. The cost of the movie ticket was \$9.50. What was the opportunity cost of Trey going to the movies?
  - a. the time he gave up to go see the movie
  - b. his friends not paying for his movie ticket
  - c. \$9.50, the money he spent on a movie ticket
  - d. the time he gave up and the \$9.50 he spent

# STORY PROBLEMS: Opportunity Cost

## CHALLENGE 3

An **opportunity cost** is the trade-off of making one choice over another. When you make a choice, you give up something else. That “something else” may be time, money, or another resource.

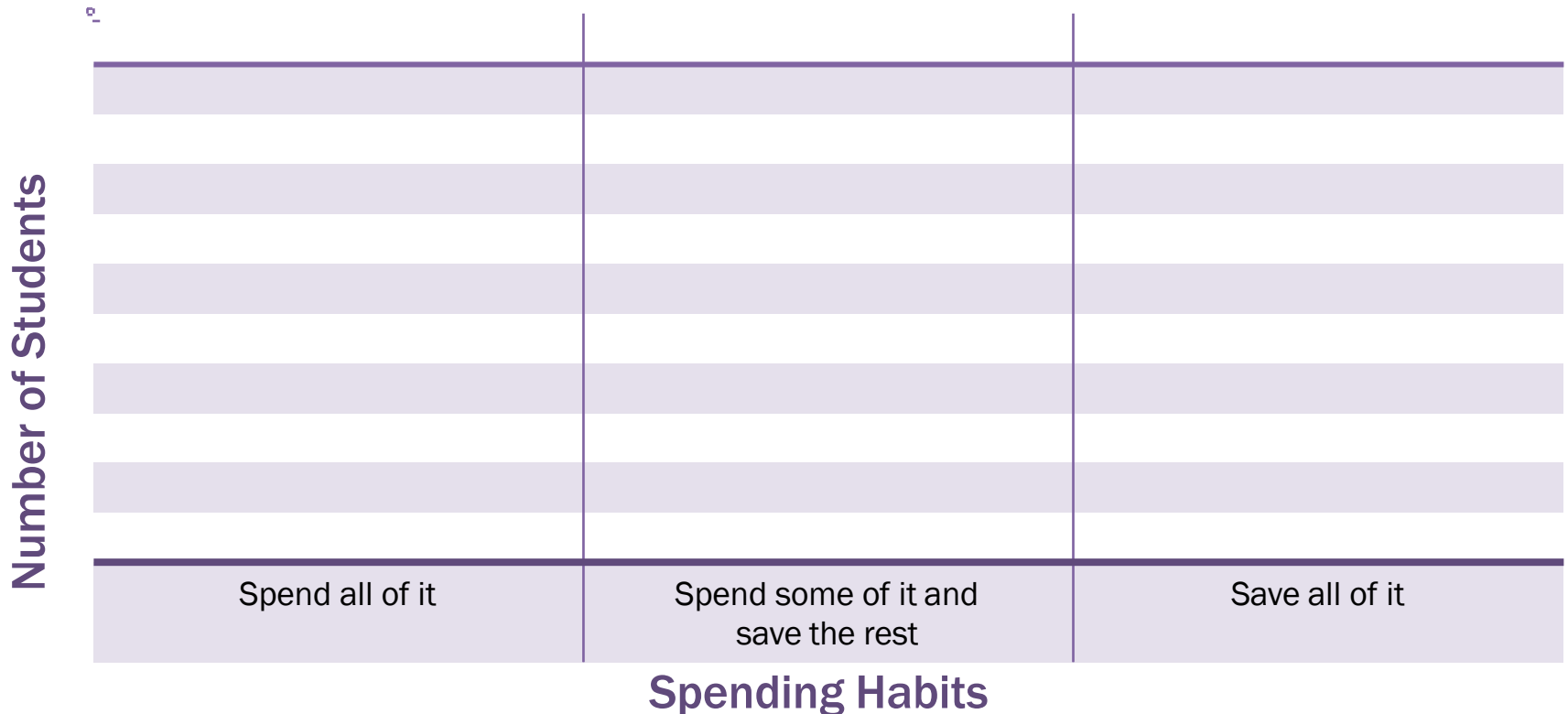
Directions: Read the situation below and choose the best answer to the question.

1. Sarah went to the mall with her friends on Saturday morning for three hours. Before they left, they had lunch at the food court. Sarah paid \$9.50 for her meal. She normally walks her neighbor’s dog on Saturday morning and makes \$5. Her brother walked the dog instead and was paid \$5. What was the opportunity cost of Sarah going to the mall?
  - a. \$5, the money she gave up by not walking the dog
  - b. the use of the \$9.50 that she spent on lunch
  - c. \$14.50, the cost of lunch, plus the \$5 not earned
  - d. the \$14.50 (lunch and money lost) and time

# Spend or Save?

When you get money, Smart Bucks, or classroom points/rewards, you ...

- a) spend all of it right away
- b) spend some of it and save the rest
- c) save all of it





# STORY PROBLEMS: Savings Goal

## CHALLENGE 1

A **savings goal** is an amount you plan to save your money toward. You may want to use the money to buy a gift or something for yourself.

Directions: Read the situation below to answer the questions.

Jackie has \$6 saved. She can make \$5 a week by pulling weeds from the neighbor's yard. Jackie wants to buy a new hula hoop. The one she wants is \$13.

1. What is Jackie's savings goal?
2. How much more does she need to save to buy a hula hoop?
3. How long will it take her to save enough money for the hula hoop?
4. Is buying the hula hoop a short-term goal or a long-term goal?



# STORY PROBLEMS: Savings Goal

## CHALLENGE 2

A **short-term savings goal** is amount of money you plan to put aside to buy something soon.

Directions: Read the situation below to answer the questions.

Sam has saved \$10. He has plans to go ice-skating with his friends next Saturday, which will cost him \$8.25. Sam also wants to buy a basketball for his brother's birthday in two months. He found one on sale for \$16. Sam can make \$3 every week, starting next week, by feeding the neighbor's cats.

1. What are Sam's short-term savings goals?
2. After Sam goes ice-skating, how much money will he have left from his savings?
3. How much more does Sam need to save to buy the basketball?
4. How long will it take Sam to save enough money for the basketball?

# How to Set Goals

A **long-term savings goal** is an amount of money you plan to save to buy something in the future. Setting goals can help you save.

Here are some tips for setting a savings goal:

1. On a piece of paper, write down a future purchase you want to save money toward.
2. Figure out the cost and write it down.
3. Set dates for when you would like to reach your goal. For a large savings goal that may take a long time to reach, set dates to reach smaller goals along the way.
4. Write a plan for how you will achieve the goal.
5. Keep track of your progress every week or month.
6. If you see you need more time, set new dates. You can also save more money or change your savings goal.



# How Much is \$10,000?

You just won \$10,000? Congratulations!

Each example below is something you may be able to buy for about \$10,000:

- A trip for four to another country
- 4 used cars
- 10 large, flat-screen televisions
- 20 laptop computers
- 200 video games
- 100 concert or amusement park tickets
- 1,000 movie tickets
- 10,000 packs of granola bars



# STORY PROBLEMS: Budget

A budget is a spending plan to help you manage your money.

**Directions:** Read the problem and answer the questions.

Imagine that you are grown up. You saved up \$10,000! Your savings will be your only income for the next five months. (Then you start a new job.)

## Your Monthly Expenses:

Rent	\$910
Car Payments	\$410
Food	\$200
Gasoline	\$100
Your Monthly Savings	\$180
<b>Total</b>	<b>\$1,800</b>

1. How much money will you have left after the first month?
2. How much money will you have left after five months?
3. Which expenses can you pay for using the money you have left?



# Spending Limits

A **spending limit** is a limit to the amount of money a person can spend.



# Pay Yourself First

What does “pay yourself first” mean? When you receive money, make sure to save some of it before you spend it.

Pay yourself first by deciding how much to save. Let’s say you decide to save 10% of your money. That means you would save:

- A dime (10 cents) for every \$1
- \$1 for every \$10
- \$2 for every \$20

Based on the example above (saving 10%), answer these questions:

1. How much money would you save if you had \$50?
2. How much money would you save if you had \$100?

# How do Banks Work?

After you open a savings account, you can put money in (make a **deposit**) and take money out (make a **withdrawal**).

The bank keeps your money safe and pays you interest.

Why does the bank pay you? When you have a savings account, you are lending money to the bank. The bank lends your money to other people. They pay the money back to the bank with interest. The bank gives you a small amount of the money they make.



A customer deposits money into a savings account at the bank.



The bank keeps the money safe in a vault.



The bank loans money to other people, who pay interest. Some of that interest goes back to the customers saving their money in the bank.



# STORY PROBLEMS: Risks

## CHALLENGE 1

A **risk** is the possibility that something bad might happen.

**Directions:** Pick one of the scenarios below. On a separate piece of paper, create a chart to show the risks and ways to avoid or reduce each risk.

1. Someone just gave you an elephant as a gift.
2. A friend comes over to help you build a tree house.
3. You decide to bake a five-layer chocolate cake.



# Saving for Emergencies

Risks carry the potential to cost people time, effort, and money. That is why it's important to save money for an emergency.

Bad news: Your pet elephant just ate the cake you baked and then sat on your new tree house. That is going to cost you a lot of money!

List some of the possible expenses below:

<hr/>	<hr/>
<hr/>	<hr/>
<hr/>	<hr/>
<hr/>	<hr/>
<hr/>	<hr/>

# Real-Life Emergencies

If you were a grown-up, here are some emergencies that you might have to save money for:



An unplanned hospital stay.



A sick or injured pet needs to go to the vet.



The washing machine breaks and needs repairs.



Tires wear out and need to be replaced.



Working fewer hours but still need to pay the bills.

What other emergencies might grown-ups need to save for?

# What is Credit?

**Credit** is a loan. When you pay using credit, you are borrowing money.

A **credit card** is a plastic card that lets you pay using credit. The card has a limit on how much you can **charge** (spend).



Each month, you'll receive a statement or bill showing details such as new charges on the card and how much you owe. If you don't pay all the money back on time, you have to pay it back with interest. Interest can add up quickly! It's important to only use credit cards for things you can afford to pay back soon.

# What is Debit?

A **debit** is money removed from an account.

A **debit card** is a plastic card that, when it's used, money is taken out of your checking account right away.

If you don't have enough money in your account to make a purchase, you can't pay with your debit card.



# What is Debit? (CONTINUED)

## Check = Form of Debit

**Jane Doe**  
123 Main St  
Anywhere US 10111

Date 07/01/2018 790  
1-678/1239

PAY TO THE ORDER OF ACME Grocery Shop \$ 8.15

EIGHT AND 15/100 DOLLARS

Your Bank  
456 Main St  
Anywhere US 10111

MEMO Lunch w/Friends Jane Doe

① ② ③ ④ ⑤ ⑥

⑆ ⑆ 23456789⑆ ⑆ 001001239⑆ 0790

1. Date check is written
2. Recipient of payment
3. Money, represented numerically, that will be deducted from your checking account to pay recipient.
4. The written form of money being deducted for payment. Always be sure to have enough money in your account before writing a check to avoid paying extra fees.
5. Signature of person writing check
6. Reason for payment

# Private Information

Some information should be kept personal. It should not be shared with anyone without a parent's permission, especially when you are online.

Here is some personal information you should keep private:

- Birth date
- Phone number
- Home address
- Bank account number
- A parent's credit card number
- Passwords
- School name and address

**Protecting your personal information helps prevent **identity theft.****



# Private Information (CONTINUED)

Identity theft is a crime. It is when someone pretends to be another person by taking that person's personal information to steal his or her money. For example:

- A thief might steal someone else's credit card number to buy things online. Then the bill is sent to the owner of the credit card, not the thief. Let's say your parent's credit card number was stolen. On the next statement, your parent notices a charge for 50 pounds of lizard food. Wait a minute — you don't have a pet lizard! Now your parent has to call the credit card company and report a theft.
- Let's say you are using the computer and you get a pop-up ad. It says you can win a prize if you click on the ad. (Don't click on the ad!) But if you did click on the ad, it might ask you to enter personal information so you can collect your prize. NEVER enter personal information without a parent's permission. If you do, someone may use the information you entered to steal your identity.

# STORY PROBLEMS: Payment Decisions

People can make purchases using different payment options.

**Directions:** Read each scenario and answer the questions to make payment decisions.

1. Violet has \$20 cash and her checkbook. She is in a hurry and needs to pay for a birthday card that costs \$3. How should she pay for the card? Why?
2. Sierra and her grandmother go out for lunch. Her grandmother needs to pay \$32 and has \$35 in her wallet, along with a credit card. She wants to make sure she has at least \$5 left for the rest of the day. How should Sierra's grandmother pay for the meal? Why?
3. Max has to pay his credit card bill. It is due in two weeks. Max wants to mail in a check for the total amount of \$135. He has \$100 in his checking account. Does Max have enough money to write the check? If not, how can he still pay by check?

# Investing Your Money

The goal of investing is to make money in the future. Here are three different investment options:

## **CD (Certificate of Deposit)**

- When you buy a CD from a bank, you lend money to the bank for a set amount of time. It can be several months or years. At the end, the bank pays you back the money with interest.

## **Bond**

- A bond is a certificate sold by a company or government. When you buy a bond, you lend money to a company or government for a set amount of time. It can be as long as 30 years. The borrower promises to pay your money back with interest. If they are not able to pay the money back, you could lose your money.

## **Stock**

- A stock is a share of a company. When you buy stock in a company, you own a tiny piece of a company. If the company makes a profit, it may share some of those profits with you. Those profits may be called a “dividend.” You can also make money by selling your shares to another buyer for more than you paid. But you could also lose money if you have to sell your shares for less money than you paid for them.

# INVESTING: Risk and Return

Some investments are more risky than others. What is the risk? You could lose your money. But you may also make money. If an investment is low risk, you have a low chance of losing your money. If an investment is high risk, you have a high chance of losing your money. The money you make from an investment is called the return.

## **CD (Certificate of Deposit)**

- CDs are low risk and low return. You won't risk losing any money, but you won't make a lot of money either. For example, you decide to buy a one-year CD for \$1,000. At the end of the year, you might get back \$1,050.

## **Bond**

- U.S. government bonds are low risk and low return. For example, if you buy a U.S. government bond for \$1,000, in 10 years, you might get back \$1,500.
- Company bonds can be high risk and high return. You risk losing your money, but you can also make a lot of money. If you buy a company bond for \$1,000, you might get back more than \$1,500 in 10 years. Or you might lose your money.

## **Stock**

- Stocks can be high risk and high return. You might lose it all, but you might also make a lot of money. For example, you might buy stocks in a company for \$1,000. If the company does not make a profit, you might lose all of your money. If the company makes a big profit, you might be able to sell your stocks and double your money.

# INVESTING: Risk and Return

## (CONTINUED)

Study the line graph below. What does it show?  
What might “possibility of high return” mean?



# STORY PROBLEMS: Investing

The goal of investing is to make money.

**Directions:** Choose the best answer to each question below.

1. Jay does not like to take risks. He just bought a one-year CD from the bank. He knows it is low risk. How much money will he probably make next year from the CD?
  - a. no money
  - b. a little money
  - c. double his money

# STORY PROBLEMS: Investing

## (CONTINUED)

2. Maya has a lot of money saved and wants to invest some of it. She wants to take a risk with her money so she has a chance of making a lot of money back. She wants to use the money to start her own restaurant one day. What kind of investment should she make?
  - a. stocks
  - b. one-year CD
  - c. U.S. bond
3. Your friend Kelvin asks what you know about company bonds. He is thinking of buying one. He is sure he will make a lot of money if he does. What would you tell him about company bonds?
  - a. They are as safe as U.S. government bonds.
  - b. They can be risky, but you might make a lot of money, too.
  - c. They are known for making almost no money in return.



# What is Inflation?

Inflation is the overall rise in prices. For example, a pound of oranges today costs more money than it did 10 years ago.

A pound of oranges will cost more in the future than it does today. Read the graph to the right to learn more. Then answer the questions.

1. What was the average price of a pound of oranges in 2008?
2. Which year shows the biggest increase in the average price of oranges?
3. In which years did the average price of oranges get lower?
4. How much more was the average cost of a pound of oranges in 2018 than in 2008?

## Average Price of a Pound of Oranges

2008	\$0.91
2010	\$0.90
2012	\$0.93
2014	\$1.12
2016	\$1.20
2018	\$1.33

# What is Profit?

When you raise money for a charity, you may have to spend money first (**expenses**). The difference between the total money you make (**income**) and what you spend (**expenses**) is your **profit**.

See the examples below:

1. Jamal and his sister sold lemonade to raise money for charity. On the weekend, they made \$25. They spent \$8 to buy the lemons and plastic cups, and \$2 to buy poster board to make a sign. (Their parents gave them sugar and a pitcher for the lemonade.)

Income: \$25

Expenses:  $\$8 + \$2 = \$10$

Income (\$25) – Expenses (\$10) = Profit (\$15)

2. Maya held a raffle and party to raise money for charity. She asked friends to donate items they no longer use. At the party, guests bought raffle tickets for items they wanted to win. Maya paid \$10 for the raffle tickets and \$15 for the food. At the party, the kids spent \$65 buying raffle tickets.
  - What was Maya's income?
  - What were her expenses?
  - What is her profit?

# Mr. Vega's Class Giving Plan and Budget

A budget is a spending plan to help you manage your money. You can make giving part of your budget.

**Directions:** After completing the *Story Problem: Giving* handout, study the giving plan and budget of Mr. Vega's class below.

1. Why do students need to sell \$124 worth of magnets to raise \$100 for the animal shelter?
2. What else could students have sold to raise money?

Giving (Money We Expect to Give)	
<u>Local animal shelter</u>	\$ <u>100</u>
Income (Money We Expect to Make)	
<u>Selling animal magnets (\$2 each)</u>	\$ <u>124</u>
Expenses (Money We Expect to Spend)	
<u>Art supplies</u>	\$ <u>14</u>
<u>Magnets</u>	\$ <u>10</u>
Total	\$ <u>24</u>

# Fundraising Ideas

How many classroom fundraising ideas can you come up with to help the charity of your choice?

Read the ideas below to get started. Then add your own ideas to the list. (Make sure you get permission from your teacher and principal before you start your project.)

- Put on a talent show, play, or concert. Sell tickets to the performance.
- Make screen print t-shirts to sell to other students. Write the name of the charity on the back.
- Challenge other classrooms to see who can collect and donate the most coins. Make an award for the winning classroom.

• \_\_\_\_\_

• \_\_\_\_\_

# Interests and Jobs

You can choose from hundreds of different jobs. Here are just a few jobs you might want to learn more about based on your Interest Survey answers:

- I care about people and their problems. (physician, psychologist, social worker, pharmacist, lawyer)
- I enjoy taking care of animals. (veterinarian, biologist, wildlife rehabilitator)
- I like to design and build things. (architect, engineer)
- I enjoy being outdoors and studying nature. (biologist, environmental scientist, geologist)
- I like to take things apart to figure out how they work. (engineer, chemist)
- I am interested in taking care of the environment. (environmental scientist, conservationist, environmental engineer)
- I enjoy using the computer and learning new programs. (software developer, web developer)
- I am good at math and like to solve math problems. (financial analyst, statistician)
- I like figuring out the answers to complex problems. (scientist, engineer)
- I am good at drawing and am interested in art. (architect, graphic designer, art museum curator)

Note to students: This is not a complete list. You can research many other jobs based on interests and skills that are not on the list. Go to <http://www.bls.gov/k12/students.htm> and <http://kids.usa.gov/jobs/index.shtml> for more information.

# Education Levels and Income

Study the cartoon to the right. What do you think it means?



Elementary



Middle School



High School



Career Training



Higher Education

**Learning grows income opportunities**

# Bureau of Labor Statistics

The Bureau of Labor Statistics (BLS) is a government agency. It is part of the U.S. Department of Labor. The agency was created in 1884.

The BLS publishes the Occupational Outlook Handbook. It is a guide with career information about hundreds of different jobs. The guide also gives salary and education level information. Here is an explanation of some higher-education levels:

Higher-Education Level	Average Years of School
Non-degree award	A few weeks to 2 years
Associate's degree	2 years
Bachelor's degree	4 years
Master's degree	1 to 2 years after Bachelor's degree
Doctoral degree	5 to 6 years after Bachelor's or Master's degree



# How is Income Tax Spent?

Income is taxed. Here are some ways the government uses that money:

- Public education
- Libraries
- Science and medical research
  
- Transportation
- Road and bridge repairs
  
- National security and safety
  
- Benefits for U.S. veterans
- Benefits for retired workers
  
- Programs to help low-income families buy food
- Health care for seniors and people with low incomes