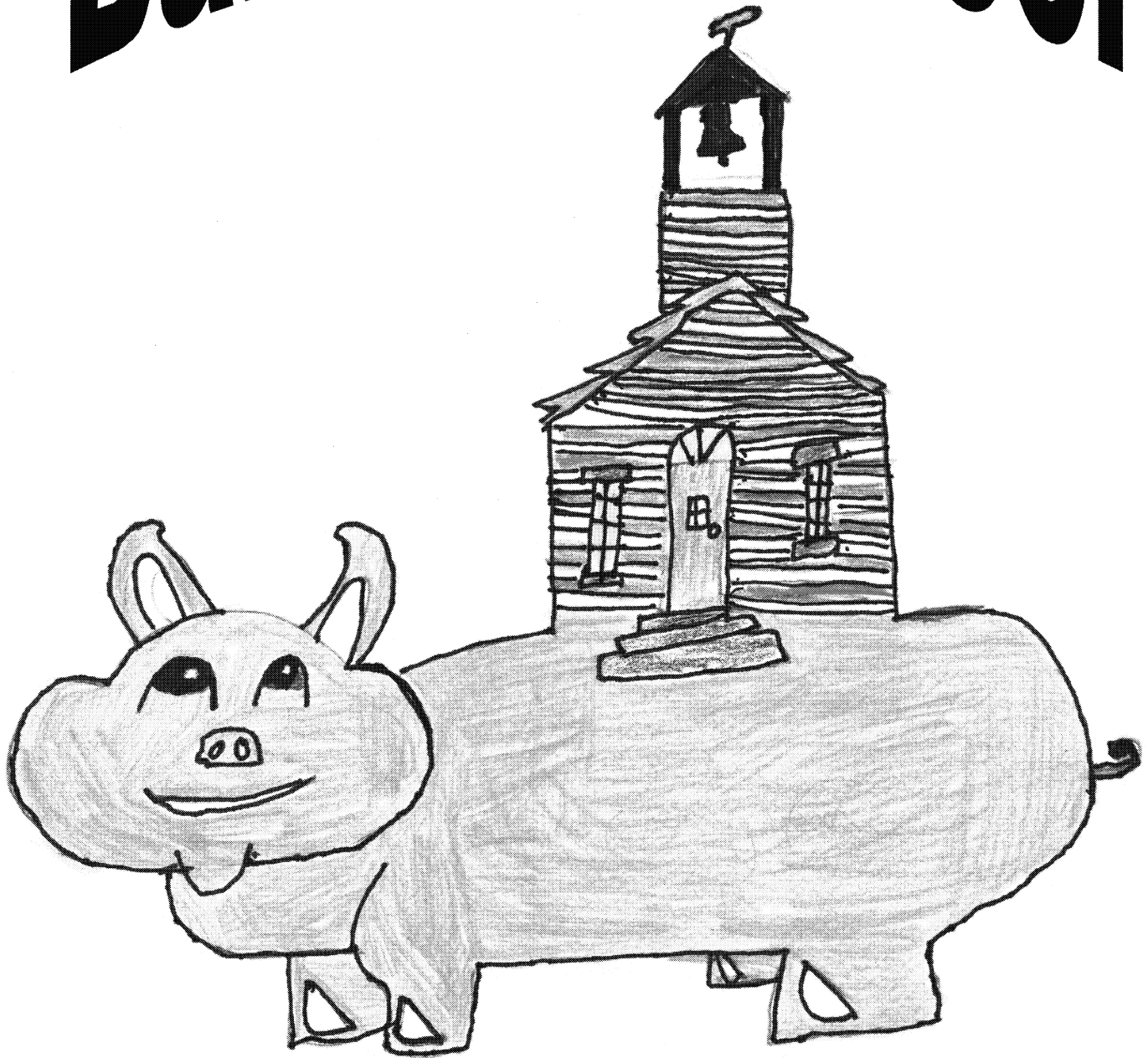


Bank at School



**A Teacher's Guide
For Comprehensive Learning**

Cover art design

by

Joseph Biondini

5th grade, Vinton Elementary School

Vinton, LA

Teacher: Christy Blalock

*A program sponsored by the Louisiana Young Bankers Association
in cooperation with your local school district.*

Supported by
John Kennedy
State Treasurer of Louisiana

Louisiana Young Bankers
an educational division of the
Louisiana Bankers Association

PREFACE

A bit of history

THE DREAM:

In 1985 Annette Ballard, principal of Fairview Elementary in Lake Charles, LA, shared a dream with me. Her vision resulted in the first state chartered children's bank. Until that time, other banking projects had been implemented at schools around the country, but none had been chartered by a state. Partnering Fairview Elementary with Cameron State Bank, we approached the Office of the State Treasurer. After designing the appropriate charter for a children's bank, recognition for La Petite Banque was given by the State of Louisiana under the office of then state treasurer, Fred Dent. During the next few years we were able to begin several student banks locally. Greyhound Bank at Welsh High School partnered with American Bank, as well as other teacher lead efforts.

A random testing project of eleven fifth grade classes in Calcasieu Parish gave us positive evidence that the fifth grade class at Fairview Elementary possessed a significantly higher level of economic literacy than those not participating in the children's bank. Annette Ballard, Cameron State Bank employees and select teachers partnered with us to make presentations at national professional conferences in Washington, D.C., Anaheim, CA, Hollywood, CA, and Louisville, KY. The interest from educators around the country was overwhelming. It was apparent that this program should be taken to the next level by publishing a curriculum guide and making it available to larger numbers of educators. Colleagues from the Atlanta Federal Reserve Bank were supportive in encouraging the development of the program. Yet, the reality was that financial resources were not available for us to undertake such a significant responsibility alone.

JUST WHEN THE DREAM SEEMED TO BE FADING.....Fate stepped in and "hope sprang eternal."

OUT OF THE BLUE

A call came to my office at McNeese State University from the education consultant of the Atlanta Federal Reserve Bank. It seemed they had received a proposal for a children's banking program from the Louisiana State Treasurer's Office, then under the auspices of State Treasurer, Mary Landrieu. Knowing that we had a local program the question was... "Would you take a look at this proposal and give us an opinion?"

OH, HAPPY DAY!

The rest, as they say, "...is history." Under the direction of State Treasurer Mary Landrieu, a team representing government, banking and education was organized to write the first Bank at School curriculum guide. The guide was disseminated by the State Treasurer's Office and through the programming arm of the Louisiana Council for Economic Education at Centers for Economic Education located at universities throughout the state. Student banks started popping up all over the state of Louisiana, and whenever possible, Mary Landrieu was on hand to open the new bank. It was such a delight to see children respond to the attention of the State Treasurer. This positive experience with government was a priceless lesson for our children. Today those students can say they met a United States Senator.....our very own.....Senator Mary Landrieu.

MOVING FORWARD.....

With the introduction of the new Louisiana State Standards and Benchmarks, we realized the importance of updating the Bank at School curriculum guide. While all of our state's treasurers had continued to sustain the program, the current Louisiana State Treasurer, John Kennedy supported rewriting the curriculum guide. The Louisiana Young Bankers Association stepped up to the plate to spearhead the project. Contacted by Ginger Laurent, Director of Education and Administration for the Louisiana Bankers Association, I was asked to direct a rewriting of the Bank at School Curriculum Guide. Annette Ballard, who recently retired as Director of Elementary Education in Calcasieu Parish, agreed to coordinate the project. Together we assembled a team of exceptional teachers from around the state to provide lessons and coordinate the benchmarks with the material. Diane Rathbun from McNeese University undertook the difficult task of organizing, editing, typesetting, writing, rewriting and adding artistic inspiration. While the successful completion of this project is the direct result of a team effort, it must be said that the major credit goes to Diane for her ever present dedication and unyielding determination.

It is with great pleasure that I present to the outstanding teachers of the great state of Louisiana the new Bank at School Curriculum Guide. Because of you..... "**THE DREAM**" continues.

Marcy Misik, Project Director
Director, Ann Rosteet Hurley Center for Economic Education
Assistant Professor, Burton College of Education
McNeese State University

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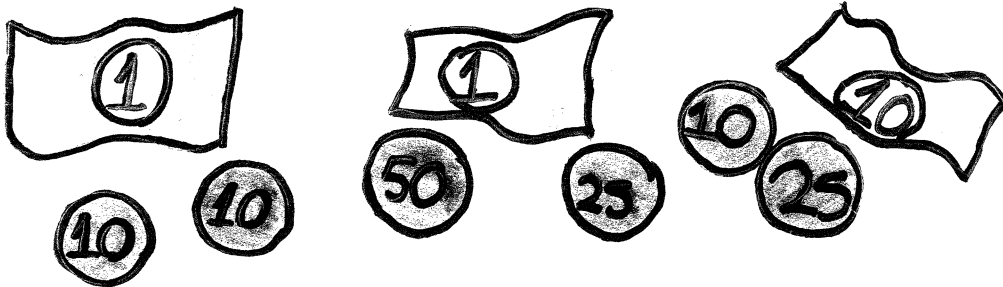
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Chapter 1

What is money?



Joseph Guillory, 5th grade
Oak Park Elementary School
Lake Charles, LA
Melissa Harrell, teacher



Chapter 1

What is money?

Lesson #1

Louisiana Benchmarks

E-1A-E11: Explaining and demonstrating why people participate in voluntary exchanges and how money helps in the process: exchange, money and interdependence

Purpose

The learner will explore why there is so much importance attached to money.

Objectives

The student will use bartering to exchange for goods and services.

Time Required

Two classes of 50 minutes each

Lesson Materials

index cards labeled "Have" and "Want"

3-4 copies of Order of Trades (see page 7)

copy of "A Rooster and a Bean Seed" (see page 6)

copy of "How long has money been around?" (see page 5)

Glossary

barter: to trade goods or services for other goods or services

currency: the various paper and coin instruments in circulation and accepted by a given group in exchange for something of value

money: any item that is commonly accepted by a group of people for the exchange of goods and services

Procedure

- 1) Brainstorm a list of songs, movies and book titles that have to do with money.
(You might want to play a popular song. Some song examples may include “It Must Be the Money” or “Money, Money, Money” by Abba or films such as The Money Pit or Jerry McGuire.)
- 2) How long do you think money has been around? Have students try to guess.
Answer question using “How long has money been around?” (see page 5).

Activity

Before the invention of money, what did people do if they needed something?

- 1) Read aloud “A Rooster and a Bean Seed.”
- 2) Discuss the following:
 - * Why did the hen trade? (*to get the butter to grease the rooster’s throat*)
 - * Which trades did she make? (*egg, scythe, grass, milk*)
 - * Why wouldn’t the farmer’s wife trade butter for an egg? (*did not want it*)
 - * Why wouldn’t the cow trade milk for an egg? (*did not want it*)
 - * What did the cow want? (*fresh grass*)
 - * Why wouldn’t the farmer trade grass for an egg? (*did not want it*)
 - * Why would the farmer trade grass for a scythe? (*wanted it*)
- 3) What is barter? *Barter is the direct exchange of goods and services without the use of money. The characters in the story were only willing to barter with the hen when she was able to offer something they wanted.*
- 4) Let students share examples of barter exchanges that they have made and explain why they traded.

Activity

Divide the students into groups of eight. Give each group a set of cards. (see page 8) Ask students to take two cards (one "HAVE" and one "WANT") with the same number. Explain that one card identifies the student as the owner of a good or service and the other indicates goods or services the student wants. The "HAVE" card can be traded within the group for any other card available. Students should keep the "WANT" card to remind them of the item they want to obtain.

There are two ways to play the game. It is most effective if you play one way and then the other to compare the two processes and outcomes.

1. Let students trade within their group. There are no rules governing how the trades are to be made. When trades are completed, the "HAVE" card should be the same as the "WANT" card. Record the time spent trading.
2. Distribute a copy of the Order of Trades (see page 7) to each group. Each student must trade according to the Order of Trades (boots for pocketknife; pocketknife for blanket; blanket for flashlight; flashlight for wristwatch; wristwatch for doll; doll for hat; hat for boots). A record should be made of how many trades each student engaged in. Let students trade until everyone in the group has the same "HAVE" card as their "WANT" card. Check each group's results to make sure that trades were done correctly. Record the time spent trading.

Which type of trading was faster? more efficient?

How many trades took place before each person had what was wanted?

Who initiated the trades?

Point out that some students were involved in many more trades than others.

Using the chalkboard / overhead, describe the trading process that had to occur for successful trading.

Compare/contrast this process to real-life trading. For example, a farmer in Kaplan may sell his rice to a broker in America who sells it to a distributor in Russia who sells it to a grocery store in Russia. Or would it be more efficient for the farmer in Kaplan to sell directly to the Russian store owner? What problems could you foresee in such trading?

Optional: Distribute small prizes to the group that was first to complete the trading.

How long has money been around?

(Trivia.Mailer@mailbits.com)

How long has money been around?

Answer:

Well, it hasn't been around in our wallets for very long. But that is not the question, is it? The important point is that as early as about 7,000 B.C., 6950 years before plastic credit cards, cattle were used as money in the first agricultural civilizations. (Now, how did they make change? With calves, maybe? We don't really know.)

The first coins, pieces of bronze shaped like cattle, appeared 5,000 years later. But their value was determined by their weight which made them cumbersome to use.

Coins with their value imprinted on them were first produced in Lydia in 800 B.C. Somewhere in this period, the Chinese briefly used paper currency. The first consistent use of paper money was by the French in the 18th century.

Source: [Panati's Browser's Book of Beginnings](#)



A Rooster and a Bean Seed



Once upon a time, there were a hen and a rooster. The rooster was always in a hurry. The hen was always telling him, "Friend, don't be in such a hurry. Slow down!"

One day the rooster was pecking bean seeds. Because he was pecking so fast, the rooster swallowed the bean seed the wrong way and blocked his throat. The rooster could not breathe or speak, and he fell down on the ground as if he were dead.

The hen was frightened. She rushed to the farmer's wife and said, "Please, give me some butter to grease rooster's throat because he is choking on a bean seed! If you help me, I will bring you an egg." The farmer's wife replied, "I don't need your egg. You'd better go and ask for some milk from the cow. Then I will make some butter for you."

So, the hen hurried to the cow and begged, "Please, give me some milk quickly! Then the farmer's wife will make some butter and I will grease rooster's throat. He is choking on a bean seed. If you help me, I will give you an egg in exchange." The cow shook her head and said, "I don't need eggs. Go to the farmer and tell him to bring me some fresh grass."

The hen ran to the farmer and said, "Dear sir, please give me some fresh grass for the cow! Then the cow will give some milk to your wife and she will make some butter and I will grease rooster's throat because he is choking on a bean seed. I will bring you an egg as a reward."

The farmer pointed his finger at the blacksmith's house. "I don't need an egg. Go to the blacksmith and bring me a scythe." So the hen rushed to the blacksmith and said, "Please, give me a good scythe for the farmer! The farmer will bring some fresh grass for the cow. The cow will give milk to the farmer's wife and she will make some butter for me. I will grease the rooster's throat because he is choking on a bean seed. I will bring you an egg in return."

The blacksmith agreed. He gave a scythe for the farmer and received an egg in return. The farmer brought fresh grass to the cow. The cow gave milk for the farmer's wife. The farmer's wife used the milk to make butter. Finally, the hen got the butter and greased the rooster's throat. The rooster swallowed the bean seed and joyfully shouted, "Cock-a-doodle-doo!"

Order of Trades

1) A pair of boots for a pocketknife

2) A pocketknife for a blanket

3) A blanket for a flashlight

4) A flashlight for a wristwatch

5) A wristwatch for a doll

6) A doll for a hat

7) A hat for a pair of boots

"HAVE" and "WANT" cards

Cut and glue onto individual index cards. Label reverse side of each card as "HAVE" or "WANT". Distribute cards to groups of 8 students.

1 You have a pair of boots.	5 You have a wristwatch.
1 You want a blanket.	5 You want a flashlight.
2 You have a pocketknife.	6 You have a doll.
2 You want a pair of boots.	6 You want a wristwatch.
3 You have a hat.	7 You have a blanket.
3 You want a doll.	7 You want a pocketknife.
4 You have a flashlight.	
4 You want a hat.	

Lesson #2

Louisiana Benchmarks

E-1A-E11: Explaining and demonstrating why people participate in voluntary exchanges and how money helps in the process: exchange, money and interdependence

Purpose

The learner will understand the concept of money as a medium of exchange.

Objectives

The student will discuss the role of money.

Time Required

One class of 50 minutes

Lesson Materials

paper money

Glossary

commodity: a basic item used by almost everyone that can be used to trade for something else

Procedure

1) Discuss yesterday's activity and the time it took to trade. Explain that bartering became increasingly complicated. For example, a fisherman needed a new net and was prepared to give a bucket of fish as payment. He would need to find someone with a fishing net who was willing to accept fish as payment. But what if no one wanted fish as payment? Imagine how complicated it would be to obtain a net if no one wanted to accept what he had to offer. Many times people would trade for things they did not want in the hopes that they could later exchange it for something they did want.

As nations developed and people began to see the need for some common medium of exchange, commodity money came into existence. A commodity is a basic item used by almost everyone.

What items do you think were used and needed by others? What could early people use as money? *(Salt, tea, tobacco, cattle, and seeds were some of the items that were used as money. Trade was easier since most people needed or wanted these items.)*

Can you think of any problems there might have been while trading for these items? *(Using commodities as money still required having to figure out how much salt or any other item was worth. Also, having to carry bags of salt was very tiring.)*

2) Repeat yesterday's activity but this time use paper money to buy the items they want. Record the amount of time taken to purchase their items.

Which was quicker: bartering or using money?

3) Discuss: Coins were introduced as money around 2,000 B.C. By 700 B.C., countries were minting their own coins with specific values.

What problems might have arisen using coins? *(If you needed to carry a large amount of money, coins were heavy. Imagine carrying a trunk full of coins. People looked for another choice and discovered paper.)*

4) Discuss: Our American system of paper dollars and coins is less than 100 years old. Our currency system, born in 1877 after the Civil War, enables people to obtain the goods and services they need in a convenient way. Money is accepted by everyone.

Suggested Activities

- * Research media and cultural references to money.
- * Discuss the advantages of having one currency.
- * Discuss ways people still barter today.
- * Research foreign currencies.
- * Bring in newspaper articles that discuss money.
- * Write a brief description of a television program that discusses money or sells items.
- * Interview family members to see whether they have bartered recently for goods or services.

Assessment

1) Knowledge of glossary terms (teacher-made test)

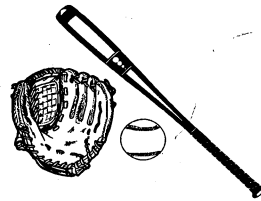
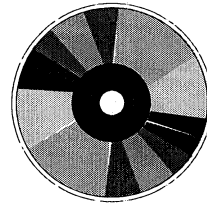
2) Pretend that you are the leader of a new country. Your job is to design a currency for your country and present it to the class. Choose to design either a coin or paper bill. You must include:

- * pictures for both sides.
- * the name of your country.
- * a name for your currency.
- * a denomination of worth.
- * special symbols.

Currency rubric	Possible Points - 60	Points earned
Pictures	10	
Name of country	5	
Name of currency	5	
Worth	5	
Symbols	10	
Creativity	5	
Neatness	10	
Oral presentation: voice, posture, eye contact	10	
TOTAL POINTS		

Chapter 2

Why do people save?





Chapter 2

Why do people save?

Louisiana Benchmarks

E-1A-E4: Discussing and determining the process for making economic decisions: scarcity and choice, opportunity cost and trade-offs

E-1A-E10: Identifying some of the economic institutions such as households and banks that make up the economy: economic institutions and incentives

Purpose

The learner will focus on saving money.

Objectives

The student will give reasons to save and calculate a savings goal.

Time Required

One class of 50 minutes

Lesson Materials

advertisements

catalogs

Alexander, Who Used To Be Rich Last Sunday by Judith Viorst (Aladdin Paperbacks
ISBN 0-689-7199-9; 32 pages; reading level 4-8)

Glossary

saving: the practice of putting aside a sum of money regularly for future use

savings account: an agreement between a bank and an individual, where the individual deposits money in a bank in exchange for the bank's provision of safe keeping and payment of interest

Procedure

- 1) Pretend that you just received \$10.00 for a birthday gift. What could you do with it? What choices could you make?
- 2) Read the book Alexander, Who Used To Be Rich Last Sunday by Judith Viorst. What choices did Alexander make with his money? Discuss how Alexander had a hard time saving.
- 3) Discuss: What is saving? Saving means voluntarily putting aside a certain amount of money regularly for future usage.
Why do people save?
 - a. *People often save with a particular goal in mind. These goals can either be short- or long-term. Give examples of short-term goals (saving for a pair of jeans or a new CD) and long-term goals (saving for a car, college or retirement).*
 - b. *People also save to have money in case of an emergency.*
- 4) Where do people save their money? *(Many years ago people often hid their money in the ground or under a floor plank or even slept on top of it. Today most people keep their savings in a bank. Banks offer special accounts for savers called "savings accounts.")*
- 5) Discuss the reasons savings accounts are useful.
 - a. *They offer a safe place for people to keep their money.*
 - b. *They allow people to earn a little additional money over the amount of time they save. This is because banks pay savings account holders a fee (interest) in exchange for being able to use their money while the holder is not using it.*
 - c. *You can always withdraw your money any time you need it. However, be aware there may be penalties for excessive withdrawals.*
- 6) How much money should you save? *(A good goal is to try to save 25 cents for every dollar.)*
- 7) Complete the worksheet on page 15. (See sample worksheet on page 16.)
- 8) Discuss: The most important thing to remember is to save consistently. Before you know it, you will have saved enough to get something that you really want.

Assessment

- 1) Knowledge of glossary terms (teacher-made test)
- 2) Have students complete the worksheet (see page 15)

Worksheet

Name _____

Date _____

Using an advertisement or catalog, cut out a picture of something that you would like to have but cannot afford. Make sure to include the price. Glue it below.

Pretend that you make \$5.00 a week doing chores. Calculate how long it would take you to save up enough money to make your purchase. Remember to save 25¢ for every dollar.

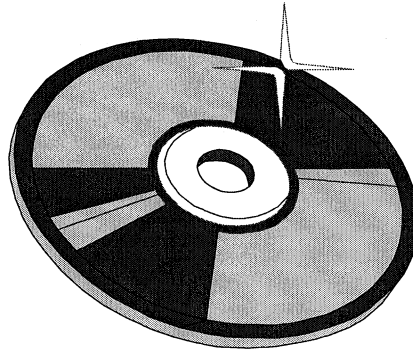
Week	Money earned	Amount saved	Total saved
Week 1	\$5.00		
Week 2	\$5.00		
Week 3	\$5.00		
Week 4	\$5.00		
Week 5	\$5.00		
Week 6	\$5.00		
Week 7	\$5.00		
Week 8	\$5.00		

Worksheet **Example**

Name John Doe

Date February 30, 2001

Using an advertisement or catalog, cut out a picture of something that you would like to have but cannot afford. Make sure to include the price. Glue it below.

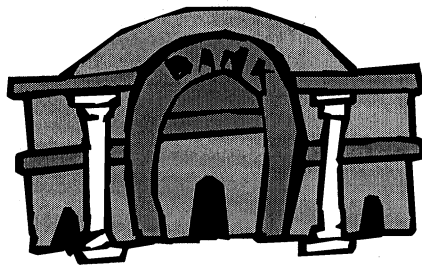


Pretend that you make \$5.00 a week doing chores. Calculate how long it would take you to save up enough money to make your purchase. Remember to save 25¢ for every dollar.

Week	Money earned	Amount saved	Total saved
Week 1	\$5.00	\$1.25	\$1.25
Week 2	\$5.00	\$1.25	\$2.50
Week 3	\$5.00	\$1.25	\$3.75
Week 4	\$5.00	\$1.25	\$5.00
Week 5	\$5.00	\$1.25	\$6.25
Week 6	\$5.00	\$1.25	\$7.50
Week 7	\$5.00	\$1.25	\$8.75
Week 8	\$5.00	\$1.25	\$10.00

Chapter 3

*What do banks do
and how do they work?*





Chapter 3

What do banks do and how do they work?

Louisiana Benchmarks

ELA-1-E1: Gaining meaning from print using a full range of strategies (self-monitoring and correcting, searching, cross-checking, context), evidenced by reading behaviors while using the cuing systems (phonics, sentence structure, meaning)

ELA-1-E5: Reading, comprehending and responding to written, spoken and visual texts in extended passages

ELA-1-E6: Interpreting texts to general connections to real-life situations

ELA-1-E7: Reading with fluency for various purposes (enjoying, learning, problem solving)

ELA-3-E4: Using knowledge of the parts of speech to make choices for writing

Math:

A-1-21: Adds a column of up to five addends with varying numbers of digits with regrouping

A-1-22: Subtracts a one, two or three digit number with regrouping

Purpose

The learner will recognize the many services banks perform including being a safe place to keep money or a place people go when they need money.

Objectives

The student will discuss some of the basic services of banking.

The student will compare and contrast checking accounts and savings accounts.

The student will practice necessary vocabulary for a better understanding of banking procedures.

Time Required

Four class periods of 50 minutes each

Lesson Materials

samples of checks and deposit slips (contact your partner bank)

play money (bills and coins)

samples of savings account deposit slips and withdrawal forms

Glossary

account: an agreement between the customer and the bank for the bank to hold the customer's money

ATM: automated teller machine; computer-operated machine owned by an individual bank that allows depositors to withdraw money from their account at their convenience

bank: an institution which lends, receives and holds money

capital: money used for business or investment purposes

check: a written request to the bank to subtract a specified amount of money from the check writer's account as payment for a received good or service

checking account: a special account which allows a person to withdraw funds from their bank account through the use of checks or debit cards without having to go to the bank personally; may or may not earn interest on the balance

debit card: a card that allows the account holder to withdraw money from their checking account

deposit: to put money in the bank

deposit slip: a form used by a bank to show who has made a deposit and the amount of the deposit

depositor: a person who makes deposits in a bank

FDIC: Federal Deposit Insurance Corporation; a government agency which insures bank deposits against loss up to \$100,000 per customer

interest: the fee a bank pays a depositor for keeping money in the bank; also the fee a bank charges a borrower for borrowing money from the bank

loan: a sum of money the bank allows the customer to borrow; full amount must be paid back with interest added to it

PIN: personal identification number; security code assigned to each individual depositor at a bank for secure access to their account

profit: the difference between the income and the costs

savings account: an agreement where the individual places his or her money with the bank in exchange for the bank's provision of safe-keeping and payment of interest

Procedure

Most people do not like to carry a large amount of money with them, particularly more money than they need for the next day or two. Banks offer a safe place for people to keep their money until they are ready to use it. People who put money in a bank are called depositors.

Why are banks considered a safe place to keep money? Bank accounts are insured by the federal government for up to \$100,000.00 on each customer. The agency responsible for insuring bank deposits is called the Federal Deposit Insurance Corporation, or FDIC. Money insured by the FDIC is covered against fire, theft or bank failure. Therefore, if something were to happen to the bank (a fire or a robbery) every depositor would have up to \$100,000.00 of their money replaced. If a person has more than \$100,000.00 to deposit, they should consider investing the money in more than one bank. Talk to your banker about this.

Banks must keep very strict records. To help the bank keep track of how much money each person deposits or withdraws, depositors fill out special forms. If you wish to withdraw from your account, you can either use the ATM or visit your local bank.

To deposit money into your account, you must fill out a deposit slip. The deposit slip lets the bank know how much money you put into your account. The deposit slip will have your name and account number on it. A bank will not accept a deposit without a deposit slip. (Have a sample of a deposit slip available to demonstrate to the class.)

To help customers keep accurate records, banks issue receipts for every deposit or withdrawal made. The receipt is your proof that you deposited money into your account. Many banks send customers a letter or statement once a month summarizing all transactions that have occurred during that month. The statement will list the account balance and show how much interest your money earned. It is a good idea to check your statement to make sure there are no errors.

Why do banks pay people to keep their money in the bank? Banks need to have money, or capital, available in order to make loans. Banks earn a profit by paying depositors less than they charge borrowers. For example, a bank may pay depositors 3 cents for every dollar deposited but charge borrowers 7 cents for every dollar borrowed. The bank keeps the 4 cents difference.

When a bank lends money, the transaction is referred to as a loan. Banks use depositors' money to make loans (for example, a car, a house, college, etc). Loans are serious obligations. Banks try to make sure the people they lend money to will be able to pay the bank back.

How can a bank lend money that isn't theirs? Banks do not lend out all the money they have on hand from depositors. They are required by law to reserve a certain amount for their depositors' needs. After all, the bank doesn't know when a customer might want to withdraw some money from their account. Therefore, banks keep a healthy supply of cash to make sure their depositors' needs can be met.

Activity

Bank at School Suggested Guidelines

- 1) Banker and school official meet to review Bank at School concept and the opportunity for opening a branch in the school.
- 2) School official assigns faculty member to work with banker.
- 3) Banker and school official select opening date and subsequent schedule for bank days.
- 4) Banker decides on minimum and maximum deposit amounts to be deposited on school bank days. Most banks do not allow withdrawals to be made at the school.
- 5) Banker decides on interest rate of savings accounts in the program and how statements will be rendered and delivered to the students.
- 6) School sends notice to the parent/guardian explaining the specifics of the program and asking for information to open savings account, which includes student name, address, Social Security number and parent/guardian name, address, phone and Social Security number. The parent/guardian signs the notice to allow the student to open a savings account through the Bank at School program.
- 7) Banker prepares signature cards with the above information then sends the signature card back to the parent for signature. The bank sends rules governing the account to the parent/guardian with the signature card.
- 8) Banker contacts Louisiana Bankers Association to obtain a teacher's manual for the Bank at School lesson to be taught in the classroom.
- 9) Banker may work with students who act as tellers and bank officers during bank days.
- 10) Banker and school contact decide on a "Grand Opening" of the Bank at School and invite school officials, bank officials, Louisiana Treasurer, and Louisiana Young Bankers to the "ribbon cutting" ceremony.
- 11) School contact may invite banker into the classroom during lesson as guest speaker.
- 12) For more information, call the Louisiana Bankers Association at (225) 387-3282.

Assessment

- 1) Knowledge of glossary terms (teacher-made test)
- 2) Have students explain in paragraph form the difference between a savings account and a checking account and why it is important to keep accurate records.
- 3) Give each student an opportunity to independently complete a deposit slip and a withdrawal slip on their mock account.
- 4) Use the activity sheets on adding and subtracting money. (See pages 23-24) (Stress the importance of accuracy in making deposits and withdrawals.)

***Supplemental materials:**

Deluxe Banking - a \$139.95 banking kit that provides checks, deposit slips, a check register, etc and “role play” scenarios for making real-life transactions.

This product is sold by PCI Educational Publishing (1-800-594-4263).

Writing Checks - a computer-based learning tutorial for \$49.95 by Jostens Learning (1-800-247-1389)

Using Credit - a computer-based learning tutorial for \$49.95 by Jostens Learning (1-800-247-1380).

Money Tray - a \$39.95 set of realistic money (100 of each bill and coin) from PCI Educational Publishing (1-800-594-4263).

Name _____

CRAZY CLEARANCE

FLEA MARKET CLEARANCE SALE

BOTTOM OF THE BARREL PRICES!

RECYCLE YOUR RUBBISH

OLDIES BUT BUT GOODIES

THROW IN THE TRASH



A	B	C	D	E	F	G	H	I	J	K	L	M	N	O	P	Q	R	S	T	U	V	W	X	Y	Z
10	14	19	23	28	30	37	41	46	52	55	59	64	66	73	77	79	81	84	87	89	90	92	96	98	99

Hurry, Hurry! Join the bargain hunters. Place the correct number next to each letter. Add the value of each word to find the sale price.

B \$.14
A .10
T .37
\$1.11

B \$.
I .
T .
\$.

M \$.
I .
T .
\$.

B \$.
A .
L .
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D \$.
E .
S .
K .
\$.

B \$.
I .
K .
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M \$.
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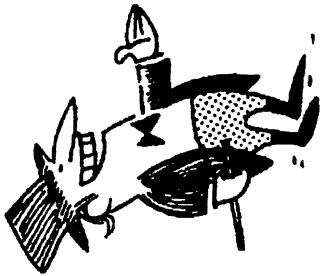
B \$.
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C .
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\$.

Name _____

THE PRICE IS RIGHT MIDSUMMER MADNESS



Step right up, folks! The Midsummer Madness Sale is on again. Save 10% on every item!
Subtract to find the new prices. Hurry! Hurry!



$$\begin{array}{r} \$5.40 \\ - .54 \\ \hline \end{array}$$



$$\begin{array}{r} \$5.65 \\ - .56 \\ \hline \end{array}$$



$$\begin{array}{r} \$7.00 \\ - .70 \\ \hline \end{array}$$



$$\begin{array}{r} \$7.40 \\ - .74 \\ \hline \end{array}$$



$$\begin{array}{r} \$8.76 \\ - .87 \\ \hline \end{array}$$



$$\begin{array}{r} \$8.95 \\ - .89 \\ \hline \end{array}$$



$$\begin{array}{r} \$9.40 \\ - .94 \\ \hline \end{array}$$



$$\begin{array}{r} \$10.95 \\ - 1.09 \\ \hline \end{array}$$



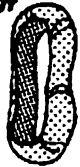
$$\begin{array}{r} \$11.00 \\ - 1.10 \\ \hline \end{array}$$



$$\begin{array}{r} \$11.54 \\ - 1.15 \\ \hline \end{array}$$



$$\begin{array}{r} \$13.00 \\ - 1.30 \\ \hline \end{array}$$



$$\begin{array}{r} \$15.50 \\ - 1.55 \\ \hline \end{array}$$



$$\begin{array}{r} \$18.50 \\ - 1.85 \\ \hline \end{array}$$



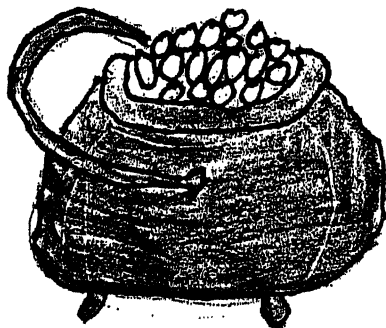
$$\begin{array}{r} \$16.96 \\ - 1.69 \\ \hline \end{array}$$



$$\begin{array}{r} \$17.75 \\ - 1.77 \\ \hline \end{array}$$

Chapter 4

Where does money come from?



Joseph Biondini, 5th grade
Vinton Elementary School
Vinton, LA
Christy Blalock, teacher



Chapter 4

Where does money come from?

Louisiana Benchmarks

E-1A-E1: Recognizing that limited resources require people to make decisions: scarcity and choice, economic wants, productive resources, human resources, natural resources, capital goods

E-1A-E10: Identifying some of the economic institutions such as households and banks that make up the economy: economic institutions and incentives

E-1A-E11: Explaining and demonstrating why people participate in voluntary exchanges and how money helps in the process: exchange, money and interdependence

ELA-1-E1: Gaining meaning from print using a full range of strategies (self-monitoring and correcting, searching, cross-checking, context), evidenced by reading behaviors while using cuing systems (phonics, sentence structure, meaning)

ELA-1-E5: Reading, comprehending and responding to written, spoken and visual texts in extended passages

ELA-1-E6: Interpreting texts to general connections to real-life situations

ELA-1-E7: Reading with fluency for various purposes (enjoying, learning, problem solving)

ELA-3-E4: Using knowledge of the parts of speech to make choices for writing

H-1A-E3: Identifying and using primary and secondary historical sources to learn about the past

Purpose

The learner will understand and examine where money comes from, how it is made and the different ways to obtain or receive money.

Objectives

The student will explain how money is made and circulated from place to place and person to person.

The student will identify the different ways people can acquire money (sources of income).

The student will identify the Federal Reserve Bank system and understand what an important role this system plays in the regulating and managing of the amount of money circulating in the nation's economy.

The student will identify vocabulary associated with the making and circulation of money.

Time Required

One class of 50 minutes

Lesson Materials

various American coins and paper money

pamphlets from U.S. Treasury on the making of money (www.governmentguide.com)

video from U.S. Treasury on the making of money

Glossary

adequate: sufficient; barely satisfactory

circulation: the passing of money from person to person or place to place

currency: the paper money in circulation in any country

Federal Reserve Bank: the central bank of the U.S. government, responsible for carrying out the government's monetary policies

income: the sum of money received in a given period by an individual

mint: the building where the government makes coins

monetary system: the making of coinage or currency of a country and the procedures carried out for this process to take place

monitor: one who oversees, advises or warns

pension: income received from a company after a person retires

Procedure

Over the last few weeks, we've examined the role of money as a medium of exchange, looked at why it is important to save a portion of the money you receive for future purposes and learned why banks offer a safe and convenient place to keep savings. Today we shall learn how money is physically created and the more common ways people obtain money.

The Making of Money

The U.S. government is responsible for creating and monitoring the supply of available currency in this country. At one time, banks were permitted to issue their own paper money as long as they kept a portion of the bank's savings with the government.

However, banks soon began issuing currency with so many different face values that the situation was out of control. At one point there were over a thousand different types of paper money in circulation.

In 1877 the federal government stepped in and created a single monetary system. From 1877 on, all paper money has been issued by the U.S. Treasury Department. The money is produced at the Bureau of Engraving and Printing in Washington, D.C. The coins we use are produced at two government mints. These mints are located in Philadelphia, Pennsylvania, and Denver, Colorado.

In addition to making money, the federal government is responsible for monitoring how much money is in circulation. An estimation of \$200,000,000,000.00 (200 billion) is in circulation today.

What happens when money wears out? Most people will return damaged money to a local bank which in turn will give it to a Federal Reserve Bank. Federal Reserve Banks shred damaged or worn out money daily. An estimated amount of \$60,000,000.00 to \$80,000,000.00 (60-80 million) a year of worn out money is shredded or destroyed by the Federal Reserve Banks. The Federal Reserve Bank system plays an important role in regulating and managing the amount of money circulating in the nation's economy. The U.S. Treasury only prints enough new money to replace the amount of money that was shredded or destroyed. The average life of a one dollar bill is only eighteen months.

(Teacher: If possible, provide pamphlets and video from the U.S. Treasury office regarding the policies and procedures of the U.S. Mints.)

Sources of Income

Now that we've explored how money is actually created, we will look at the many different ways people receive money. The amount of money that an individual, family or business receives over a specific time period is called income.

For most people, employment is the primary source of income. Different people are performing many different kinds of jobs daily to receive income for their families. Not everyone receives the same amount of income for the different jobs they perform. Also, not all people obtain their income from being employed.

Many people receive retirement income. Retirement income generally consists of a pension and/or Social Security. A pension is a long-term savings account to which employees and their employer both can contribute. Pensions are a reward for years of service on the job. Social Security is a type of retirement income.

People may also receive income from either the federal or state government. Some examples include Social Security, veterans benefits, unemployment compensation and assistance to families with children in need.

Activities

- 1) Examine coins to see when and where they were minted. (Contest concept: Who has the oldest or newest coin?)
- 2) Have students research the individual whose image is imprinted on each denomination of coin and paper money. Find out what is the highest denomination in circulation and which bills have been discontinued.

Assessment

- 1) Knowledge of glossary terms (teacher-made test)
- 2) Write a brief description of the various sources of income.
- 3) (Cooperative grouping) Think of a way you could help provide a part of your family's income (even at your age) if this became necessary today. List your ideas together. Discuss what amount of money you might earn as your income. Calculate this amount on a weekly basis.

Chapter 5

The world of work





Chapter 5

The world of work

Louisiana Benchmarks

E-1A-E6: Describing how natural resources, human resources and capital (human-made) resources have been used and are combined in the production of goods and services

E-1A-E8: Determining how the development of skills and knowledge relates to career opportunity and economic well-being

E-1A-E10: Identifying some of the economic institutions such as households and banks that make up the economy: economic institutions and incentives

E-1A-M5: Giving examples of how skills and knowledge increase productivity and career opportunities

ELA-1-E6: Interpreting texts to generate connections to real-life situations

ELA-2-E3: Creating written texts using the writing process

ELA-3-E3: Demonstrating standard English structure and usage

ELA-5-E3: Locating, gathering and selecting information using graphic organizers, simple outlining, note taking and summarizing to produce texts and graphics

Purpose

The learner will understand the concept of income and types of employment available in banking.

Objectives

The student will distinguish between a service and a manufacturing job and the skills needed for each.

The student will compare the relationship of education to job opportunities.

The student will construct a questionnaire to gather information about a career interest.

The student will gather information about job opportunities at a bank.

The student will read and report about a career interest.

Time Required

One class of 50 minutes (Additional time may be required for reading, project development and banker's presentation.)

Lesson Materials

social studies text

book list:

Community Helpers, Bridgestone Books (www.capstone-press.com)

ISBN 0-7368-1011-0; series of 36 or purchase individual books

Careers Without College, Capstone High/Low Books (www.capstone-press.com)

ISBN 0-7368-0299-1; series of 28 or purchase individual books

Job Skills Series, Capstone High/Low Books (www.capstone-press.com)

ISBN 1-56065-819-3; series of 4 books

Risky Business Series, Blackbirch Press (www.blackbirch.com)

ISBN varies with each title: series of 8 with grades levels 2-5

The Child's World, by Carol Green, The Child's World, Inc, ISBN 1-56766-405-9

American Bankers Association brochures on careers in banking, (800) 338-0626

or www.aba.com

Career Questionnaire Sample (see page 36)

Schoolhouse Search (see page 37)

Glossary

employment: the principle source of income for most people

human resources: workers and the ideas and skills that they bring to their jobs

manufacturing: the making of goods

service: an activity that people do for others

Procedure

Have you ever thought about what type of work you might like to do when you finish school? Perhaps you think it might be fun to be a police officer or a lawyer or a professional athlete. Every job requires certain talents and skills. Since most people spend the majority of their time at work, it might also help to enjoy the work you do.

Employment is the principle source of income for most people. Salaries can often reflect the value society places on a given service or skill. However, higher paying positions often attract greater interest than those that pay less.

Let's examine the various factors that can determine what a job pays. For example, consider a cashier in a grocery store and a doctor. The cashier may receive \$6.00 per hour. The doctor may receive \$50.00 per hour. They both perform a needed service. Why does the doctor earn more?

Education plays an important role in job choice. Higher education (anything beyond the high school level) offers people the opportunity to learn skills or develop certain abilities. However, obtaining a college or advanced degree requires a variety of sacrifices. As the cost of higher education rises, more and more people work while they go to school. They may also take out loans from a bank which they will have to pay back after finishing school. The trade-off for pursuing a college or graduate degree is the ability to take advantage of greater job opportunities, often at a higher salary (as in the case of the doctor versus the cashier).

Education is not the sole factor in determining salary levels. Occupations where a particular skill is in high demand may command a higher salary than others with similar education and skill requirements (for instance, computer programmers).

Sometimes a job may pay less than other jobs with similar education or skill requirements. This may happen if there are more people willing to perform the work than there are opportunities. People working in entertainment or "glamour" fields frequently encounter this phenomenon. For every famous celebrity, there are thousands of others working in sports or show business who may not even be able to support themselves based on the income they earn.

Let's take a look at the variety of skills, interests and educational backgrounds of people who work at a bank.

(Teachers: You may want to ask your bank representative to come and address the class about the types of positions found in a bank.)

Types of Positions Typically Found at a Bank

Teller: Tellers are responsible for accepting client deposits and handling a money drawer. Generally, banks prefer a college degree but will accept a high school diploma. Salary: \$11,000 to \$25,000.

Management Trainee: Management trainees generally have college degrees and an interest in business or finance. Over the course of the training program, which usually lasts one year or longer, trainees learn how the bank performs its various functions. Salaries for a management trainee vary, but are usually between \$22,000 and \$28,000.

Loan Officer: Loan officers are responsible for making and servicing loans to the bank's customers. They may specialize in an area of work such as business loans or home loans. Loan officers must know how to determine a loan applicant's suitability for a loan as well as be able to answer customers' questions. They also look for new clients for the bank. Typically, loan officers must have several years of prior work experience in the bank before they can become an officer. Salary: \$30,000 to \$40,000 at a small bank; \$40,000 to \$85,000 at a large bank.

Customer Service Representative: They are responsible for opening new accounts including certificates of deposit. Customer service representatives may have additional duties such as servicing safe deposit box customers, answering telephones and secretarial duties. Salary varies between \$16,000 and \$29,000.

Bookkeeper: They are responsible for one or more bookkeeping functions such as preparing statements, coordinating automated clearing house transactions, handling research for customers and coordinating daily reports. Salaries range from \$13,000 to \$30,000.

Public Relations Manager: The public relations manager is responsible for presenting information to the public about bank programs and activities. A public relations manager should have strong grammar and public speaking skills. They must also be able to write clearly and understand the bank's concerns. Salary: \$25,000 to \$50,000.

Other available positions might include Secretary, Accounting, Compliance and Information Technology.

The work world offers a dazzling number of possibilities. Within a bank, there are several different skills and interests needed. There is a job somewhere for every interest and skill. Just remember, the better prepared you are, the more options you will have to explore!

Activity

- 1) Read several brief job descriptions and have students guess the job.
- 2) Teach lesson vocabulary. Coordinate with the social studies text for your grade level.
- 3) Have each student select examples of a manufacturing and service jobs that relate to their community. List the education, talents and skills necessary for each job.
- 4) Students may read library books to locate a career which interests them.
- 5) Students dictate to the teacher the types of information they want to know about a job. Decide on the ones to be placed in the class questionnaire. Each student will make a copy of the class questionnaire. Practice using the questionnaire by selecting one of the banking positions and fill out the questionnaire using that information.
- 6) Students will read a book about a specific career. While reading, gather information to fill out the questionnaire. Use the information to write a report on a career.

Assessment:

- 1) Knowledge of glossary terms (teacher-made test)
- 2) Completed questionnaire
- 3) Report on careers

Optional Activities:

careers bulletin board

Career Questionnaire Sample

1. Name of job _____

2. Title _____

3. Type of job (service or manufacturing) _____

4. Education required _____

5. Training required _____

6. Job duties and hours _____

7. Equipment necessary _____

8. Clothes needed and why _____

9. This job is important because _____

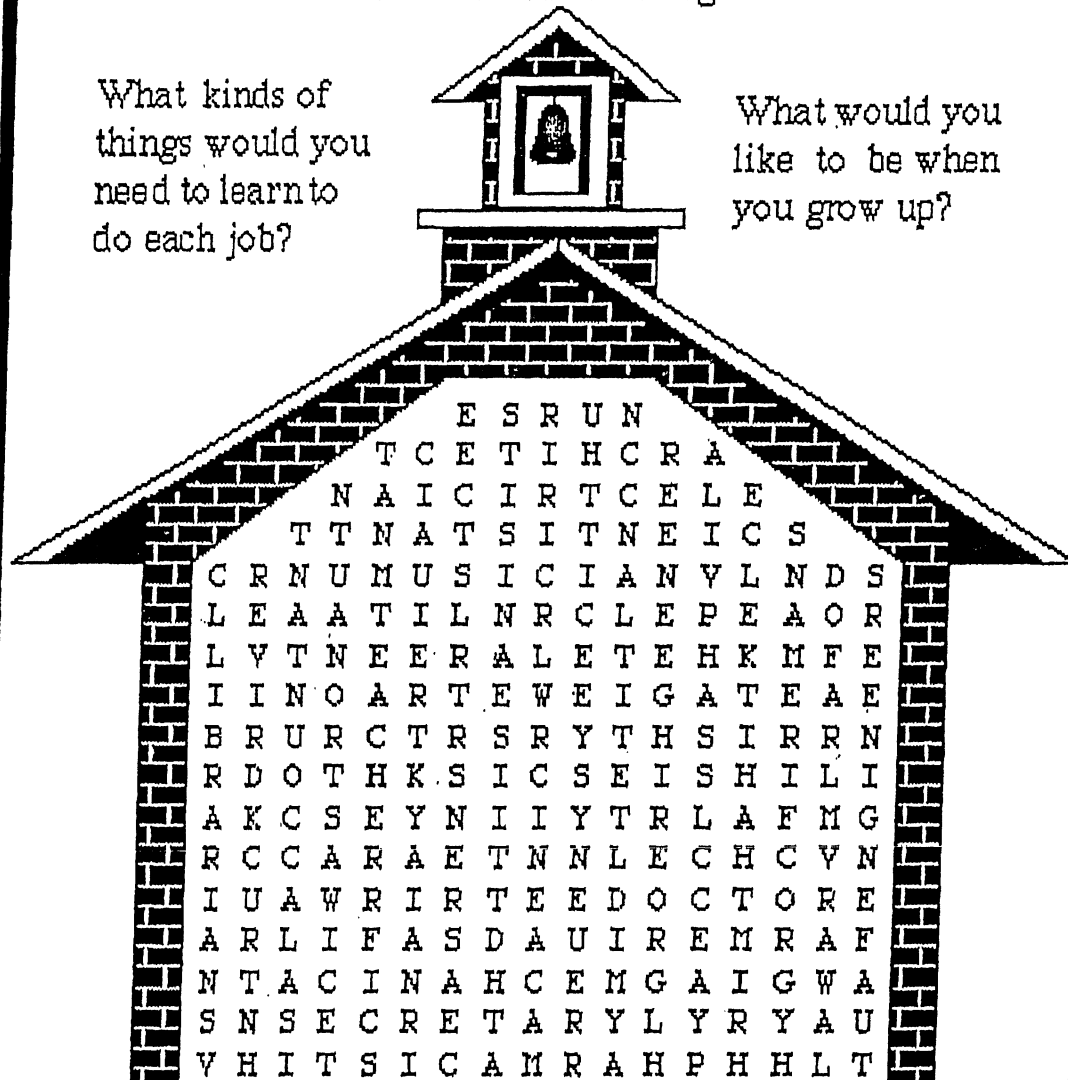
10. I want to have this job because _____

Schoolhouse Search

Where The Future Begins

What kinds of things would you need to learn to do each job?

What would you like to be when you grow up?



- | | | | |
|------------|-------------|-----------|--------------|
| Accountant | Dentist | Hygienist | Pharmacist |
| Architect | Doctor | Lawyer | Scientist |
| Artist | Electrician | Librarian | Secretary |
| Astronaut | Engineer | Mechanic | Teacher |
| Cashier | Farmer | Musician | Truck Driver |
| Clerk | Fireman | Nurse | Veterinarian |

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<http://hometown.aol.com/SAmon349KidsParties/Main.index.html>

Chapter 6

*Now that you are earning money,
what will you do with it?*



Joseph Guillory, 5th grade
Oak Park Elementary School
Lake Charles, LA
Melissa Harrell, teacher



Chapter 6

Now that you are earning money, what will you do with it?

Louisiana Benchmarks

E-1A-E3: Demonstrating how economic wants affect decisions about using goods and services

E-1A-E4: Discussing and determining the process for making economic decisions

N-5-E: Selecting appropriate operation(s) (add, subtract, multiply and divide) for a given situation

Math:

N-6-E: Applying a knowledge of basic math facts and arithmetic operations to real-life situations

N-9-E: Demonstrating the connection of number and number relations to the other strands and to real-life situations

Purpose

The learner will understand the concept of a budget.

Objectives

The student will identify how money is used for needs and wants.

The student will describe the parts of a budget.

The student will create a budget for personal spending.

Time Required

Two classes of 50 minutes each

Lesson Materials

book to read for introduction (suggest *A Chair for My Mother* by Vera B. Williams,

Greenwillow Publishing, ISBN 0-688-04074-8, reading level 4-8 or *Alexander, Who Used To*

Be Rich Last Sunday by Judith Viorst)

overhead projector

Weekly Money Map transparency and one copy per student (see page 43)

Glossary

budget: a plan for spending and saving money

need: something necessary for survival

want: something which is desirable but not necessary for survival

Procedure

- 1) Read A Chair For My Mother or Alexander, Who Used To Be Rich Last Sunday. Discuss what the character wanted and how they got it.
- 2) Use examples to define and discuss needs and wants.
- 3) List ways you have spent money in the last week. Discuss if that was a need or a want.
- 4) Use page 41 and 42 to teach about a budget.

Activity

- 1) Model a copy of the Weekly Money Map on an overhead projector. Set up a classroom budget based on pretend expenses for running a classroom. Money earned might come from class performance, good behavior or completed homework assignments. Expenses for needs may be rent for use of their desk, fees for the pencil sharpener or fines for running in the hall. List wants such as new pencils or a basketball for recess. Make all money amounts in even dollars, such as money earned as \$50.00 and desk rental as \$8.00. Total all expenses and subtract from money earned. Decide on the amount to save and for what purpose. Use this example to complete the Weekly Money Map.
- 2) Distribute a Weekly Money Map for students to complete for their personal budget. (see page 43)

Assessment

- 1) Knowledge of glossary terms (teacher-made test)
- 2) Identify and give examples of needs and wants.
- 3) Draw and label a sample budget.
- 4) Assess students' individual budgets for personal spending.

What is a budget?

What is a budget? A budget is a money map which shows us how much money we have available to spend and how we should spend it. Budgets are used by adults, businesses and governments. Even children make budgets. A budget makes it easy for us to see ahead of time what expenses we will have so that we can be prepared. Budgets make it easy for people to see clearly how they are spending their money.

How do you make a budget? The first step is to write down daily how you spent your money. If you bought something for lunch, how much did it cost? Did you buy a comic book or loan some money to a friend? By keeping a daily record of how we spend our money, we will be able to see over a week's time where our money goes. Once we know where we are spending our money, we can decide what areas we can afford to spend less on and, therefore, save money. Now we are ready to make a budget.

In making a budget we look at three areas: how much money we have, what expenses we have and what items we would like to buy. Budgets highlight those expenditures which must be made as compared to those which we would like to make. Another way to say this is: budgets illustrate needs and wants. A need is something we must have to survive. Food, shelter and clothing are three primary examples of needs.

Vacations, bicycles and video games are wants. Wants are items we would like to have which would make our daily lives more enjoyable or pleasant but are not necessary for our survival. Sometimes people or businesses get into trouble by spending too much money on the items they want. We all have a specific amount of money to spend. If we overspend in one area, we can come up short in another area (for example, using the rent money for a vacation). For our own protection we should always try to distinguish between a need and a want. The good news is that budgets can help us make a clear distinction.

Let us suppose you receive \$3.00 a week as an allowance. From your \$3.00 you know you will have to use \$2.00 for milk money at lunch. That leaves \$1.00 a week. You might want to spend it all on candy. However, there is a video game you would really like to have. Suppose your parents have agreed to get it for you as long as you contribute \$2.00 of your own money. What should you do?

Since your budget shows you have \$1.00 left over each week from your allowance which can be freely spent, you could save for two weeks. Then you would have the \$2.00 necessary to buy the video game. But that might mean you couldn't buy any candy for two weeks. Instead, perhaps you could save 50 cents each week. You will still have 50 cents to buy candy but you will have to wait four weeks before you can buy the video game.

You might ask, what is the point of making a budget and saving if I have to wait a whole month before I can get what I want? Why shouldn't I just give my parents \$2.00 immediately for the game from my weekly allowance? You could do that. However, where would the money come from that you know you need every week for basic expenses (remember your lunch money)?

At some point you will need to make a choice. Had you not prepared a budget, you probably wouldn't have been aware of your lunch money expenses. You also might find yourself halfway through the week with no money left to spend. That's not a good feeling.

By making a budget, you will be able to allocate where your money should be spent for maximum reward. While that means you may need to wait a little longer for something you really want, it also means you will still be able to enjoy more of the activities you are accustomed to doing (like buying a treat at lunch every day or ice cream after school).

As Neale Godfrey says in The Ultimate Kids' Money Book*, "Managing money can be very simple once you understand that what you have to spend is all you have to spend."

**Neale S. Godfrey's Ultimate Kids' Money Book, Simon and Schuster, ISBN 0-689-81717-7, 128 pages, reading level 9-12*

Name _____



WEEKLY MONEY MAP

The money I have

My money comes from

HOW MUCH WILL I SPEND?

Needs

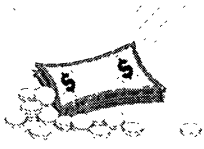


Wants

I will save \$_____ for _____.



"What you have to spend is all you have to spend." Neale Godfrey



Name _____

WEEKLY MONEY MAP - Example

The money I have

\$5.00 per week

My money comes from

Chores

HOW MUCH WILL I SPEND?

Needs

Milk money (\$2.50)

Field trip (\$1.50)



Wants

Toy (\$5.00)

Milk money (\$2.50)

Field trip (\$1.50)

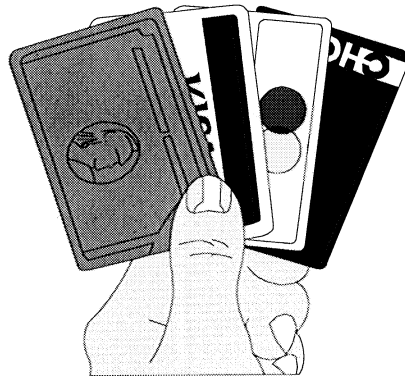
I will save \$ 1.00 for 5 weeks.



"What you have to spend is all you have to spend." Neale Godfrey

Chapter 7

What is credit?





Chapter 7

What is credit?

Louisiana Benchmarks

E-1A-E1: Recognizing that limited resources require people to make decisions: scarcity and choice, economic wants, productive resources, human resources, natural resources, capital goods

E-1A-E2: Identifying what is gained and lost when individuals or groups make decisions: scarcity and choice, opportunity cost and trade-offs

E-1A-E3: Demonstrating how economic wants affect decisions about using goods and services: scarcity and choice, economic wants

E-1A-E4: Discussing and determining the process for making economic decisions: scarcity and choice, opportunity cost and trade-offs

E-1A-M2: Analyzing consequences of economic decisions in terms of additional benefits and additional costs: opportunity cost and trade-offs

E-1A-M3: Analyzing the consequences and opportunity cost of economic decisions: opportunity cost and trade-offs

ELA-1-E5: Reading, comprehending and responding to written and spoken texts in extended passages

ELA-1-E6: Interpreting texts in general connections to real-life situations

ELA-2-E2: Focusing on language concepts and ideas that show an awareness in developing compositions

Math:

N-1-E: Constructing number meaning and demonstrating that a number can be expressed in many different forms

N-2-E: Demonstrating number sense and estimation skills, giving particular attention to common equivalent reference points

N-3-E: Reading, writing, representing, comparing, ordering and using whole numbers in a variety of forms

N-4-E: Demonstrating a conceptual understanding of the meaning of the basic arithmetic operations and their relationships to each other

N-6-E: Applying a knowledge of basic math facts and arithmetic operations to real-life situations

A-1: Demonstrating a conceptual understanding of variables, expressions, equations and inequalities (eg use letters or boxes to represent values; understand =, ... , < and > symbols)

A-2: Modeling and developing strategies for solving equations and inequalities

Purpose

The learner will understand and appreciate the complexity of using credit for goods and services.

Objectives

The student will define credit as an agreement to receive goods or services now and pay for them at a later date.

The student will analyze the role of risk in making credit decisions.

The student will identify the responsibilities of borrowers.

The student will define opportunity cost as the next best alternative given up when a choice is made.

Time Required

Allow approximately 1 week to read Mr. Popper's Penguins to the class. The lesson which follows reading the book will require two class periods of approximately 40 minutes each.

Lesson Materials

Mr. Popper's Penguins (one copy to be read to the class or one copy per student)

(by Richard and Florence Atwater, Little Brown & Co, Publ, ISBN 0-316-05842-4, 139 pages; reading level 9-12)

transparencies of Activity 1 (page 51) and pages 56 and 58

one die for each group of 4-5 students

copy of pages 51, 58 and 59-60 for each student

copy of pages 56 and 57 for each group of 4-5 students

game pieces (paper clips, lima beans, pennies, macaroni, small chips, etc)

scissors (Hint: Let students cut out Credit Check cards (page 57) that have been copied on card stock.)

Glossary

benefit: something that is gained or received; an advantage

credit: money loaned, usually with a fee, that must be repaid at a future time

opportunity cost: the value of the forgone alternative; what a person gives up when making a choice

risk: a chance of a loss; not safe

scarcity: a condition in which wants are unlimited and available resources are limited

trade off: giving up some of one thing in order to get some of another thing

Lesson #1

Procedure

- 1) After book has been read, point out Antarctica on a world map. Explain that most of the world's penguins live at the South Pole. Discuss the following:
 - a. What is it like at the South Pole? (*Extremely cold, windy, snow covered*)
 - b. Why did Mr. Popper have to remodel his home to accommodate Captain Cook? (*It would be too warm for the penguins in an ordinary house.*)

- 2) Ask students to think about the time that Mr. Popper hired a serviceman to drill air holes in the refrigerator door and what Mr. Popper thought of that idea. (*Mr. Popper was to pay \$5.00 to the serviceman but he thought of how many beans that amount of money would have bought for Mrs. Popper and the children.*)

- 3) Explain that Mr. Popper had to make a choice: spend \$5.00 to change the refrigerator or buy beans for his family.

- 4) Define opportunity cost as the next best alternative that is given up when a choice is made. Give some examples of opportunity cost from the story. (*People hired Mr. Popper to either paint or wallpaper. If they chose to paint their kitchens, the opportunity cost would be wallpaper in the kitchen. Mr. Popper could either read a book or listen to the radio for entertainment. If he read a book, his opportunity cost would be listening to the radio. At the end of the book, Mr. Popper had to choose between allowing the penguins to appear in a series of movies or allowing them to go to the North Pole. When he decided to allow them to go to the North Pole, the opportunity cost was that they could not appear in the movies.*)

- 5) Discuss the following:
 - a. What were the two ways that Mr. Popper could have spent his \$5.00? (*He could have paid the serviceman or bought beans for the family.*)
 - b. Which did Mr. Popper choose? (*Pay the serviceman*)
 - c. What was his opportunity cost? (*Buying beans for the family*)

- 6) Explain that Mr. Popper made the choice that he thought was best. He spent \$5.00 to hire a serviceman to fix the refrigerator so Captain Cook would be comfortable. But when the baby penguins were born, more room was needed for them to be comfortably cool. Discuss the following:
 - a. What did Mr. Popper decide to do so that all the penguins would be cool? (*He had a freezing plant installed in the basement.*)
 - b. Did you think the price would be higher or lower than the \$5.00 the serviceman charged to change the refrigerator? Why? (*Higher, because it was a bigger job*)

- 7) Point out that the author says, "Mr. Popper had practically no money. However, he promised to pay as soon as he could, and the man let him have everything on credit."

8) Explain that credit is an agreement to receive goods or services now and to pay for them at a later date. Discuss the following:

- a. What did Mr. Popper receive? *(The freezer plant in the basement)*
- b. Why did the man agree to let Mr. Popper have everything on credit?
(Mr. Popper promised to pay as soon as he could.)

9) Explain that the engineer trusted Mr. Popper to pay him back but the engineer was taking a risk.

10) Ask the students to identify the risk the engineer was taking. *(Mr. Popper might not have paid him back.)*

11) Explain that the engineer trusted Mr. Popper for a number of reasons. He had a good job, had lived there for a long time and was well known in the community. When people use credit to buy goods or services, they must prove that they are trustworthy. Often credit companies check on information about an applicant's employment and whether he or she owns a house or rents. This information helps the credit company by reducing the risk that a borrower might default on a credit agreement. (That is, fail to repay the loan.)

12) Discuss the following:

- a. How do we know that Mr. Popper repaid his creditors? *(The author says that when Mr. Popper earned income from the penguins' performances, the first thing he did "was to pay off the man who had installed the freezing plant in the basement...Next he sent a check to the company who had been shipping the fresh fish all the way from the coast.")*
- b. Why was Mr. Popper a trustworthy person? *(He repaid his debt as soon as he was able.)*

13) Remind students that Mr. Popper used credit wisely. He was able to use credit for goods and services even though he did not have enough money to pay for them at the time. He made an agreement with the engineer to pay him when he got the money. Then Mr. Popper fulfilled his agreement by paying the man as soon as he got the first paycheck for the Performing Penguins.

14) Ask students if they think that the engineer would give Mr. Popper credit again and why. *(Yes, because Mr. Popper paid his debt on time.)*

15) Explain that when people buy items on credit, they benefit. They can use the item they buy right away, even though they don't pay for it until some time in the future. Mr. Popper was able to have his basement remodeled immediately; he did not pay for the engineer's services until he earned income from the penguins' performances.

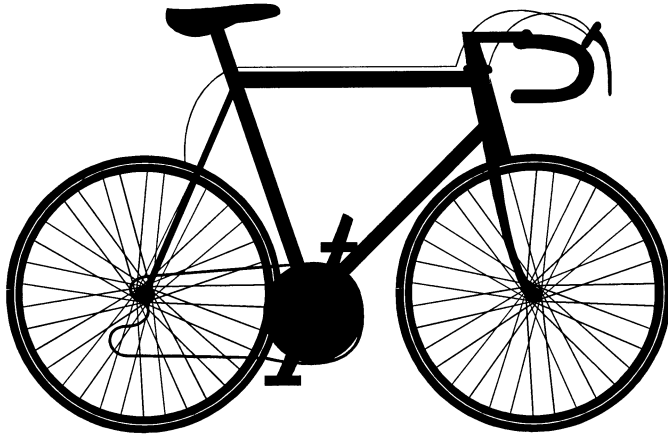
16) Explain that when people use credit they usually must pay for the convenience. The fee that they pay for the credit is called interest or finance charge.

17) Display a visual of Activity 1 (page 51). Point out that if the students bought the bike with cash, it would cost \$129.00. However, if they used credit to purchase the bike, it would cost \$144.00 (\$12.00 per month for 12 months). The finance charge or interest is \$15.00 ($\$144.00 - \$129.00 = \15.00).

18) Discuss the following:

- a. Why do store owners charge interest for using credit? *(They are taking a risk and they are giving consumers the opportunity to use products before they are paid for. Also, the store is lending its money and would like a return.)*
- b. What are the risks for store owners that offer credit? *(The consumer might not repay the loan.)*
- c. What do store owners give up when they offer credit? That is, what is their opportunity cost? *(When store owners give credit, they actually lend money to customers to make their purchases. When they give credit to one customer, they give up the opportunity to use the money they have loaned in another way. For example, they could use it to purchase more goods to sell; they could place the money in savings; they could use it to offer credit to another customer.)*

Activity 1: The Cost of Credit



Astro-Bike! This week only \$129.00

(Credit available: \$12.00 per month for 1 year)

Cost of the bike if you pay cash _____

Cost of the bike if you use credit _____

Interest or finance charge _____

Lesson #2

Procedure

- 1) Remind students that they have learned some basics about credit from the book Mr. Popper's Penguins.
- 2) Explain that students will play a game requiring them to make wise decisions about using credit. Display a visual of page 56, the Credit Power Game.
- 3) Point out that the students have a credit limit of \$130.00. A credit limit is the maximum amount that a borrower may borrow from a specific lender.
- 4) Distribute a copy of page 58 to each student. Read the directions on page 54-55. Display a visual of the Individual Tally Sheet on page 58 and demonstrate how it is completed.
- 5) Divide the class into groups of 4-5 students and distribute a copy of pages 56 and 57, game pieces, a pair of scissors, and a die to each group. Tell students to cut out the Credit Check Cards (page 57), shuffle them and place them face down in the appropriate rectangle on the game board.
- 6) Allow students time to play the game, checking to see whether they are completing the tally sheets accurately. After each team has declared a winner, discuss the following:
 - a. What was your credit limit in the game? (*\$130.00*)
 - b. Why do stores usually set a credit limit? (*to reduce their risk*)
 - c. What are the game consequences for going over your credit limit? (*\$10.00 fee*)
 - d. How much was the interest or finance charge on the cap? (*\$5.00*)
the jeans? (*\$10.00*) the socks? (*\$2.00*) the shoes? (*\$15.00*)
the shirt? (*\$6.00*)
 - e. Why do lenders charge interest for credit? (*Lenders could choose to save the money and earn interest on it; therefore, they expect to earn a similar return on their money when they lend it.*)
 - f. What is the benefit in the game of buying on credit? (*You can own what you want right away. You don't have to wait until you have the money to afford it.*)
 - g. What is the opportunity cost in the game of buying an item with cash? (*Another item that you could buy in the future with the money plus the interest*)
- 7) Remind students that Mr. Popper was a responsible user of credit because he paid his debts as soon as he could. Point out that students were responsible users of credit in the game, paying for their clothes as soon as they had the money.

8) Remind students that using credit has benefits: People can buy goods and services now instead of waiting. But there is an opportunity cost for using credit: the other item that could be bought in the future with the money and the interest or finance charge.

9) Finally, remind students that sellers take a risk when they offer credit to consumers. The consumers might not pay for the goods or services. On the other hand, consumers might be responsible and pay for the use of credit.

Activities

1) Distribute catalogs or mail circulars from local toy stores. Ask each student to cut out a picture of a toy with a price of approximately \$50.00. Have students glue their picture near the top of a sheet of notebook paper and write these opening sentences below the picture: "I'd like to have this toy, but I don't have enough money. I must buy it on credit. If I buy it on credit _____."

2) Have students complete a paragraph that

- identifies their opportunity cost.
- describes the risk the store owner is taking.
- describes the risk they are taking.

3) Assign groups of students to design posters that identify the responsibilities of borrowers. They should use colored markers to illustrate their posters.

Assessment

1) Knowledge of glossary terms (teacher-made test)

2) Complete Activity 3 (see page 59)

The Credit Power Game
Activity 2: Directions

Object of the game: To buy an outfit (cap, shirt, socks, shoes, and jeans) AND have \$100.00 in cash

Directions:

1. Cut out the “Credit Check Cards” on the lines. Shuffle them and place them face down on the rectangle at the top of the game board.
2. Roll the die. The highest number goes first. Then the player to the left goes next.
3. Place game pieces on the square marked “Start.” Receive no money. Play should proceed counterclockwise around the game board.
4. When you stop on a square, follow the directions and fill in your tally sheet under “Transaction Amount” (column A). If you spend money, use a minus sign (-\$10.00). If you earn money, use a plus sign (+\$10.00).
5. On that same turn, you should also complete the “Amount I Have” and “Amount I Owe” columns on your tally sheet. NOTE: At this point, teachers, you might want to demonstrate how the game is played by rolling the die several times, moving along the game board, and recording transactions under the appropriate columns. For example, if a player’s first four rolls of the die were 2, 4, 4, and 6, their tally sheet would look like this?

Transaction Amount	Amount I Have	Amount I Owe	Item I Bought
-\$25.00	0	\$25.00	cap
+\$50.00	\$25.00	0	---
-\$25.00	0	0 – phone	---
-\$42.00	0	\$42.00	shirt

6. If you land on a “Buy” square, you may choose to buy that item. If you have enough money, you pay the cash amount. If you don’t have enough money, you can still buy it by paying the credit amount but only if doing so won’t cause you to exceed our \$130.00 credit limit.
7. When you buy something, list it under “Item I Bought” (Column D) and circle the item at the bottom of the tally sheet as a reminder.
8. There are only two circumstances in which you are allowed to exceed your \$130.00 credit limit: when paying your phone or electric bill or when a Credit Check Card says you must pay some sort of penalty. If you do exceed the limit, you must pay a \$10.00 fee when you get some money.

The Credit Power Game
Credit Check Cards

<p style="text-align: center;">You forgot to pay your electric bill.</p> <p style="text-align: center;">Pay \$10.00 late fee.</p>	<p style="text-align: center;">You missed a payment on your new bike.</p> <p style="text-align: center;">Pay \$5.00 fee.</p>
<p style="text-align: center;">You paid your bills on time.</p> <p style="text-align: center;">Way to go!</p>	<p style="text-align: center;">You paid off your credit card bill.</p> <p style="text-align: center;">Nice job!</p>
<p style="text-align: center;">You made your own lunch instead of buying pizza.</p> <p style="text-align: center;">You saved \$2.00 (add to your money).</p>	<p style="text-align: center;">You made a deposit into your savings account.</p> <p style="text-align: center;">Earn \$5.00 in interest.</p>
<p style="text-align: center;">You paid off your credit bill ahead of time.</p> <p style="text-align: center;">Earn \$10.00 rebate.</p>	<p style="text-align: center;">You did not repay your teacher the money you borrowed.</p> <p style="text-align: center;">Pay \$4.00 late fee.</p>
<p style="text-align: center;">You borrowed money from your friend and did not pay it back.</p> <p style="text-align: center;">Pay \$2.00 penalty.</p>	<p style="text-align: center;">You bought the toy that was on sale.</p> <p style="text-align: center;">You saved \$5.00 (add to your money).</p>
<p style="text-align: center;">You couldn't go on the field trip because you spent the money on baseball cards.</p> <p style="text-align: center;">Pay \$3.00 penalty.</p>	<p style="text-align: center;">You did not put any money in your savings this month.</p> <p style="text-align: center;">Pay \$5.00 penalty.</p>

Activity 3: Student Activity

Name _____

Read each situation and identify the benefit, opportunity cost, risks and responsibilities.

1. Jamal wants to buy his mother an outfit for her birthday. The dress, shoes, purse and jewelry will cost about \$200. Jamal only has \$100 saved so he decided to buy the outfit on credit.

Benefit:

Opportunity cost:

Risks:

Responsibilities:

2. Guadalupe needs a video camera for her new job. The one she wants costs \$499 but she only has \$200. She will have to use credit.

Benefit:

Opportunity cost:

Risks:

Responsibilities:

3. Seth is saving for a new CD player. He has \$50 and the one he likes is on sale right now for \$129. To get the sale price, he must buy it before Saturday. He decides to buy it on credit.

Benefit:

Opportunity cost:

Risks:

Responsibilities:

4. Dr. Porada would like to buy a new X-ray machine for her clinic. It costs \$5,000 but the clinic has only \$3,000 in the budget at this time. A new machine will probably mean more business. Dr. Porada thinks it would be a good idea to buy it as soon as possible so she must use credit.

Benefit:

Opportunity cost:

Risks:

Responsibilities:

5. The teachers of Amelia Earhart School want to buy some new video equipment to use at school performances. The cost of \$2,000 is more than the PTO can afford right now. The school board suggests that they use credit.

Benefit:

Opportunity cost:

Risks:

Responsibilities:

6. The Chin family wants to take a vacation to California. Mr. Chin just got a job and a big raise but he does not have enough money saved to afford the trip. If they do not go now, it will be a whole year before he can use his vacation time again. So they decide to use credit to pay for the \$4,000 trip.

Benefit:

Opportunity cost:

Risks:

Responsibilities:

Answer key to Activity 3, Student Activity

Name _____

Read each situation and identify the benefit, opportunity cost, risks and responsibilities.

1. Jamal wants to buy his mother an outfit for her birthday. The dress, shoes, purse and jewelry will cost about \$200. Jamal only has \$100 saved so he decided to buy the outfit on credit.

Benefit: ***Jamal's mother will have the outfit to enjoy in time for her birthday.***

Opportunity cost: ***Something else Jamal would like to spend the money for in the future when he must repay***

Risks: ***The store owner can't be sure that Jamal will repay.***

Responsibilities: ***Jamal must pay the store the money he owes plus interest.***

2. Guadalupe needs a video camera for her new job. The one she wants costs \$499 but she only has \$200. She will have to use credit.

Benefit: ***Guadalupe will have the camera to use right away.***

Opportunity cost: ***Something else Guadalupe would like to spend the money for***

Risks: ***The store owner can't be sure that Guadalupe will repay.***

Responsibilities: ***Guadalupe must pay the store owner the money she owes plus interest.***

3. Seth is saving for a new CD player. He has \$50 and the one he likes is on sale right now for \$129. To get the sale price, he must buy it before Saturday. He decides to buy it on credit.

Benefit: ***Seth will be able to enjoy CDs right now instead of waiting.***

Opportunity cost: ***Something else Seth would like to spend the money for***

Risks: ***The store owner cannot be sure that Seth will pay what he owes.***

Responsibilities: ***Seth has to pay for the CD player on time plus interest.***

4. Dr. Porada would like to buy a new X-ray machine for her clinic. It costs \$5,000 but the clinic has only \$3,000 in the budget at this time. A new machine will probably mean more business. Dr. Porada thinks it would be a good idea to buy it as soon as possible so she must use credit.

Benefit: ***Dr. Porada's clinic will have more business with the new X-ray machine.***

Opportunity cost: ***Something else that the clinic could buy with the money***

Risks: ***The X-ray company can't be sure that the clinic will be able to repay on time.***

Responsibilities: ***Dr. Porada and the clinic must pay what they owe on time plus interest.***

5. The teachers of Amelia Earhart School want to buy some new video equipment to use at school performances. The cost of \$2,000 is more than the PTO can afford right now. The school board suggests that they use credit.

Benefit: ***The students will benefit immediately from using the new equipment.***

Opportunity cost: ***Some other school supplies that could be bought with the money***

Risks: ***The company can't be sure that the PTO will pay what is owed.***

Responsibilities: ***The school PTO must pay what it owes with interest before the deadline.***

6. The Chin family wants to take a vacation to California. Mr. Chin just got a job and a big raise but he does not have enough money saved to afford the trip. If they do not go now, it will be a whole year before he can use his vacation time again. So they decide to use credit to pay for the \$4,000 trip.

Benefit: ***The Chin family will enjoy a vacation now.***

Opportunity cost: ***They must give up something else that they could be doing now.***

Risks: ***The travel company does not know for sure if the family will pay on time.***

Responsibilities: ***The family must pay for the trip plus interest when they return.***

Suggested Activity

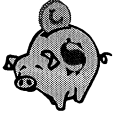
Ask students to check their local newspapers for advertisements that contain information about creditors such as ads for automobiles, furniture, electronic equipment, carpeting, appliances. Have them show their ads to the class, identifying the length of the credit agreement, the amount of each monthly payment (if given), and the total cost of the item including all finance charges. After their presentations, display the ads on a bulletin board with the title: "How Would You Like to Buy Some of These?"

Chapter 8

Types of financial institutions



Veronica Newsome, 5th grade
Oak Park Elementary School
Lake Charles, LA
Melissa Harrell, teacher



Chapter 8

Types of financial institutions

Lesson #1

Louisiana Benchmarks

E-1A-E10: Identifying some of the economic institutions such as households and banks that make up the economy: economic institutions and incentives

E-1A-E11: Explaining and demonstrating why people participate in voluntary exchanges and how money helps in the process: exchange, money and interdependence

ELA-5-E1: Recognizing and using organizational features of printed text, other media, and electronic information (parts of a text, alphabetizing, captions, legends, pull-down menus, keyword searches, icons, passwords, entry menu features)

ELA-7-E2: Problem solving by using reasoning skills, life experiences and available information

Purpose

The learner will be introduced to a variety of financial institutions.

Objectives

The student will identify a variety of financial institutions.

Time Required

One class of 50 minutes

Lesson Materials

bank brochures

credit union brochures

major insurance company brochures

local bank logos or slogans

advertisements from local banks

telephone books with yellow pages

(*These items can be obtained free of charge. Parents may also be a great resource for helping collect these items.)

Glossary

check cashing company: A financial institution which cashes checks for a fee which is generally a percentage of the check; does not accept deposits or make loans

commercial bank: A bank which allows people to deposit money safely with accounts backed by the FDIC (Federal Deposit Insurance Company)

credit union: A financial institution where money deposited is normally loaned to members. Membership usually consists of people in a given job, trade, industry or other affinity groups.

mortgage: A loan secured by property, typically a home loan in which the lending institution holds title to the home until the loan is paid

savings and loan association: An institution which originated with homeowners pooling their money to make housing loans. An S&L accepts deposits and specializes in home mortgages.

Procedure

Have brochures available for students to review each type of financial institution. Allow students to brainstorm services that are provided by these companies. Introduce each type of financial institution and discuss its purpose and its services offered to its clients.

*See Types of Financial Institutions (page 66)

Types of Financial Institutions

Commercial Banks

- ◆ serves individuals and businesses
- ◆ offers savings and checking accounts
- ◆ mortgage loans
- ◆ business and student loans
- ◆ ATM, credit and debit cards
- ◆ online banking services
- ◆ some provide investment products
- ◆ governed by a board of directors and regulated by state and federal governments
- ◆ deposits are insured

Savings and Loans

- ◆ specializes in mortgage loans and home loans
- ◆ serves individuals and businesses
- ◆ offers savings and checking accounts
- ◆ business and student loans
- ◆ ATM, credit and debit cards
- ◆ online banking services
- ◆ some provide investment products
- ◆ governed by a board of directors and regulated by state and federal governments
- ◆ deposits are insured

Credit Unions

- ◆ managed by their customers
- ◆ offers checking and savings accounts
- ◆ mortgage loans
- ◆ some have ATM, credit and debit cards and online banking
- ◆ formed by a group of people who work for the same company, are in the same field, or have something else in common

Check Cashing Companies

- ◆ cash government checks
- ◆ obtain money orders
- ◆ earn profits by charging a fee for their services
- ◆ usually a more expensive option compared to banks, credit unions and S&L
- ◆ often located where there are no other financial institutions

Activity

Using the yellow pages of local telephone books, have the students find examples of each financial institution in their community. Discuss findings orally.

Assessment

- 1) Knowledge of glossary terms (teacher-made test)
- 2) Complete Worksheet #1 (see page 68)

Worksheet #1

Name _____

Date _____

Directions: Using the yellow pages from your local telephone book, write one example of each type of financial institution. Under each example write a brief statement of services offered by that financial institution.

1. Commercial Bank: _____

Services offered: _____

2. Credit Union: _____

Services offered: _____

3. Check Cashing Service _____

Services offered: _____

4. Savings and Loan Association: _____

Services offered: _____

Lesson #2

Louisiana Benchmarks

E-1A-E10: Identifying some of the economic institutions such as households and banks that make up the economy: economic institutions and incentives

ELA-5-E3: Locating, gathering and selecting information using graphic organizers, simple outlining, note taking and summarizing to produce texts and graphics

ELA-5-E6: Interpreting graphic organizers (charts/graphs, tables/schedules, diagrams/maps)

ELA-5-M3: Locating, gathering and selecting information using graphic organizers, outlining, note taking, summarizing, interviewing and surveying to produce documented texts and graphics

ELA-7-E1: Using comprehension strategies (sequencing, predicting, drawing conclusions, comparing and contrasting, making inferences, determining main ideas) in contexts

Purpose

The learner will explain the differences and similarities between a variety of financial institutions.

Objectives

The student will compare and contrast the differences and similarities offered by different financial institutions.

Time Required

One class of 50 minutes

Lesson Materials

overhead transparency of Types of Financial Institutions (see page 66)
Venn Diagram (see page 71)

Procedure

Have students review and discuss the services that are provided by each financial institution. Discuss the differences and similarities.

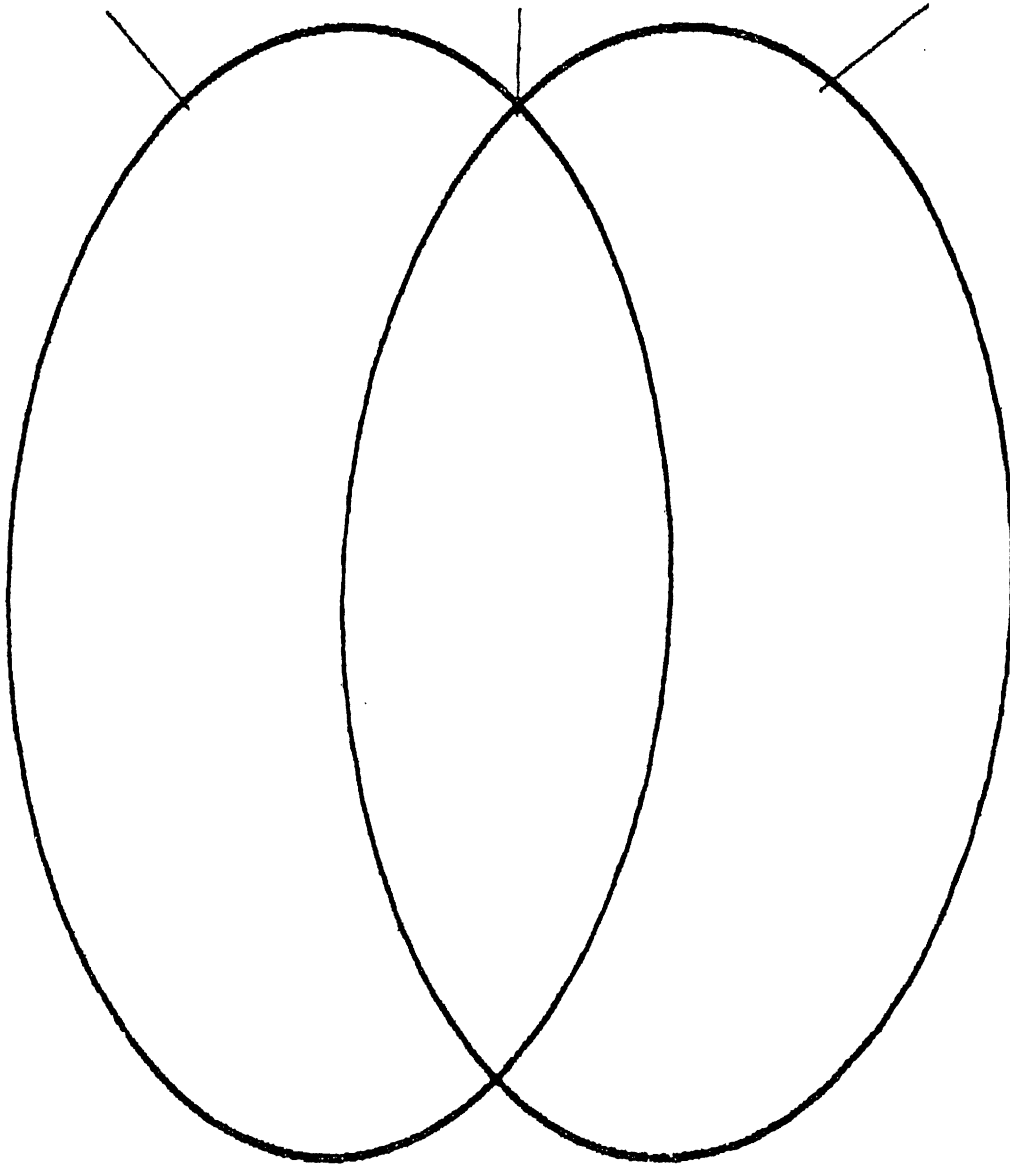
Activity

Have students choose two financial institutions they wish to compare. Using the Venn Diagram (page 71), have students list the differences and similarities of the financial institutions they have chosen.

Assessment

Complete Worksheet #2 (see page 72)

VENN DIAGRAM



Worksheet #2

Name _____

Date _____

Directions: Complete the chart below by placing a check by each service provided by the financial institution.

	Commercial Bank	Savings and Loan	Credit Union	Check Cashing Co.
1. Serves any individual				
2. Offers savings account				
3. Offers checking account				
4. Makes loans				
5. Offers money orders				
6. Accepts deposits				
7. Cashes checks				

Worksheet #2: Example

Name John Doe

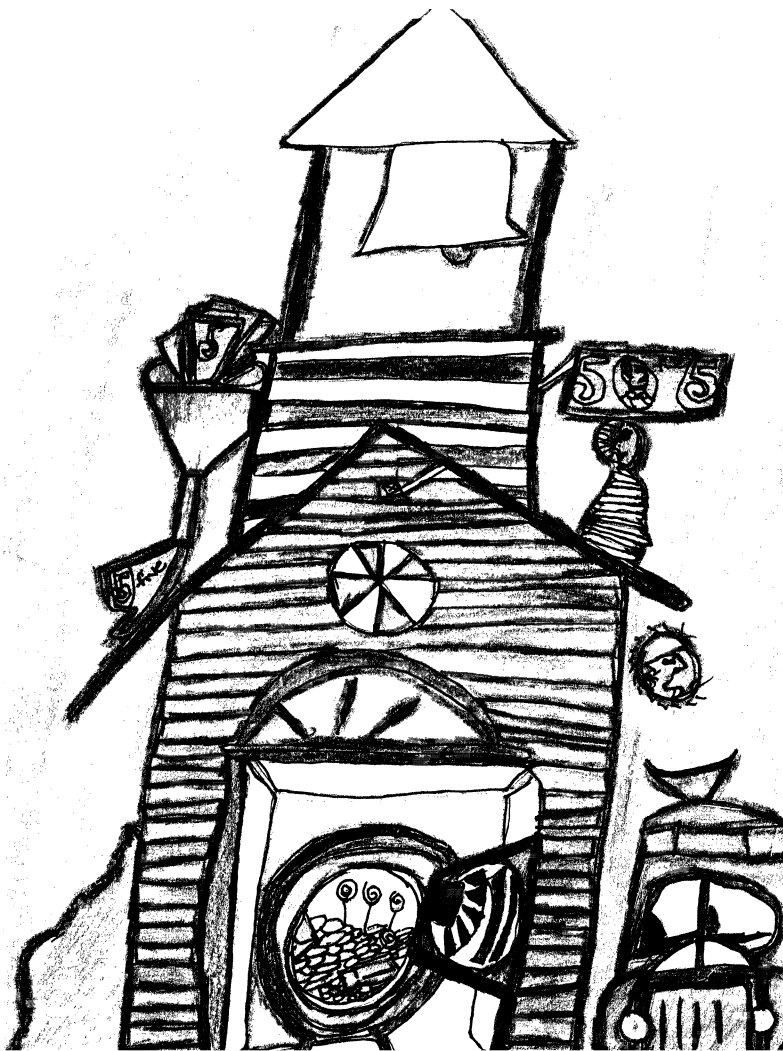
Date February 30, 2001

Directions: Complete the chart below by placing a check by each service provided by the financial institution.

	Commercial Bank	Savings and Loan	Credit Union	Check Cashing Co.
1. Serves any individual	✓	✓		✓
2. Offers savings account	✓	✓	✓	
3. Offers checking account	✓	✓	✓	
4. Makes loans	✓	✓	✓	
5. Offers money orders	✓	✓	✓	
6. Accepts deposits	✓	✓	✓	
7. Cashes checks	✓	✓	✓	✓

Chapter 9

What are stocks, bonds and mutual funds?



Christina Smith, 5th grade
Vinton Elementary School
Vinton, LA
Christy Blalock, teacher



Chapter 9

What are stocks, bonds and mutual funds?

Louisiana Benchmarks

E-1A-E3: Demonstrating how economic wants affect decisions about using goods and services: scarcity and choice, economic wants

E-1A-E11: Explaining and demonstrating why people participate in voluntary exchanges and how money helps in the process: exchange, money and interdependence

E-1B-E3: Identifying and explaining economic concepts such as profit as an incentive for people to take economic risk: economic institutions and incentives, competition and market structure

D-1-E: Collecting, organizing and describing data based on real-life situations

D-2-E: Constructing, reading and interpreting data in charts, graphs, tables, etc

Purpose

The learner will be introduced to long-term investments using stocks, bonds and mutual funds.

Objectives

The student will explain the purpose of long-term savings using stocks, bonds and mutual funds.

Time Required

Two classes of 50 minutes each

Lesson Materials

newspapers (7 consecutive days) showing the value of stock in a specific company
(e.g. Wal-Mart, Firestone, McDonalds)

Additional resource:

Stock Market Game (contact Louisiana Council for Economic Education, Baton Rouge,
(225) 924-8012 for further information.)

Glossary

bond: A promissory note, or IOU, that investors buy in order to earn interest over time, primarily related to government issues

investment: A person's or group's commitment of money with the intent to make a profit, recognizing that a loss could occur

mutual funds: Investments in a group of stocks and bonds

share: A unit of company's stock that is sold to investors

stock: Parts of a company that are sold to investors to raise money for the company to do business

Procedure

- 1) Have students brainstorm ways to make their money "grow." Discuss the importance of long-term saving and discuss how the money may be utilized.
- 2) Discuss buying bonds, stock and mutual funds as forms of long-term investing and the difference between the three options. See "Stocks, Bonds and Mutual Funds" (see page 77).

Stocks, Bonds and Mutual Funds

- ◆ When you buy stock in a company, you actually are buying a piece of that company.
- ◆ If a company earns money, its shares of stock rise in value.
- ◆ If a company does not perform well or loses money, then its shares of stock decrease in value.
- ◆ The value of the stock investment will change almost daily.
- ◆ Although stock values might rise or fall in the short run, historically they have risen in the long run.
- ◆ Savings bonds or other government bonds are a safe way people can make investments.
- ◆ When you buy a bond you are loaning the government money. The government pays you back your money plus interest.*
- ◆ Bonds are also important because of the money they provide for the government to build things that communities need (schools, libraries, roads, bridges, parks, universities, etc).
- ◆ U.S. Savings Bonds are also important long-term investments. For example, you can purchase a \$50.00 savings bond for \$25.00. Interest earned over time will increase the value to the full \$50.00. There are many types of bonds.
- ◆ A pool or a fund of money that many investors put their money in together is a mutual fund.

*There are various kinds of bonds.

Activity

Allow students to use the newspaper to track the value of a given company or fund. Have them record their findings on Worksheet #1 (see page 79).

Assessment

- 1) Knowledge of glossary terms (teacher-made test)
- 2) Using the information accumulated over a 7 day period, create a line graph showing the increases and decreases in value of the stock, bond or mutual fund. Use Worksheet #2 (see page 80) to record findings.

Worksheet #1

Name _____

Date _____

Name of company or fund: _____

Name of newspaper used: _____

Dates of newspaper used: _____

Cost of share

Day 1 _____

Day 2 _____

Day 3 _____

Day 4 _____

Day 5 _____

Day 6 _____

Day 7 _____

Worksheet #2

Name _____

Date _____

Name of company _____

Cost of Share	LINE GRAPH						
	Day 1	Day 2	Day 3	Day 4	Day 5	Day 6	Day 7

1. During the 7 day period, on what day was the stock at its highest value?

2. During the 7 day period, on what day was the stock at its lowest value?

3. What was the greatest cost of a share? _____
4. What was the lowest cost of a share? _____
5. Did you see a greater increase or decrease in the value of the stock? _____
6. What was the greatest amount of increase in the value of the stock? _____
7. What is the difference of the stock value on Day 1 compared to Day 7? _____

Do you think investing in stock is a good form of long-term savings? Explain your answer.

Would you rather invest your money in stock or bonds? Why?

Pre-Test

1. When people barter, they
 - A. sell things.
 - B. trade goods or services for other goods or services.
 - C. buy goods at the mall.
 - D. use a credit card.
2. We use coins and paper money to buy things because
 - A. they are easy to get.
 - B. coins and paper money are easy to carry and accepted by everyone.
 - C. you can make them yourself.
 - D. none of the above.
3. A commodity is
 - A. a basic item used by almost everyone and can be used to trade for something else.
 - B. found in the bathroom.
 - C. a modern piece of equipment.
 - D. some kind of a loan.
4. A bank does all of the following except
 - A. provides a safe place for your money.
 - B. pays interest on most savings accounts.
 - C. makes loans.
 - D. checks your school report card.
5. The building where the government makes coins is called
 - A. the Capital.
 - B. the Mint.
 - C. the Reserve.
 - D. First Bank.
6. The sum of money received in a given period by an individual is called
 - A. debt.
 - B. income.
 - C. circulation.
 - D. monetary policy.
7. Workers and the ideas and skills they bring to their jobs are
 - A. capital resources.
 - B. natural resources.
 - C. human resources.
 - D. land resources.
8. Within a bank there are many kinds of jobs. One very important job is called
 - A. waitress.
 - B. loan officer.
 - C. pilot.
 - D. nurse.

Pre-test, page 2

9. If you wanted to buy a new CD which costs \$10.00 and you earn an allowance of 50¢ per week, how many weeks would you have to save in order to buy the CD?
- A. 10 weeks
 - B. 20 weeks
 - C. 5 weeks
 - D. 50 weeks
10. When people use credit they usually must pay for the convenience. This is called
- A. charge.
 - B. interest.
 - C. penalty.
 - D. pension.
11. An opportunity cost is
- A. the price of a very expensive item.
 - B. the next best alternative that is given up when a choice is made.
 - C. things we want but cannot afford.
 - D. when we have too much of anything.
12. A loan secured by property, usually a home, is called
- A. a bonus.
 - B. a mortgage.
 - C. a stock.
 - D. a credit.
13. The name of a unit of a company's stock that is sold to investors is
- A. share.
 - B. bond.
 - C. check.
 - D. card.
14. If a company does not perform well or loses money, then its shares of stock
- A. decrease in value.
 - B. do not change value.
 - C. increase in value.
 - D. double in value.
15. You are actually buying a piece of a company when you purchase that company's
- A. bargains.
 - B. stock.
 - C. credit cards.
 - D. interest.

ANSWER KEY - Pre-test

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14. If a company does not perform well or loses money, then its shares of stock
- A. decrease in value.**
 - B. do not change value.
 - C. increase in value.
 - D. nothing happens to the value.
15. You are actually buying a piece of a company when you purchase that company's
- A. bargains.
 - B. stock.**
 - C. credit cards.
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Post-Test

1. Within a bank there are many kinds of jobs. One very important job is called
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Post-test, page 2

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15. When people use credit they usually must pay for the convenience. This is called
 - A. charge.
 - B. interest.
 - C. penalty.
 - D. pension.

ANSWER KEY - Post-test

1. Within a bank there are many kinds of jobs. One very important job is called
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Key - Pre-test, page 2

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*Thank
you*

Annette Ballard, Education Coordinator, Sweetlake Land and Oil
Ginger Laurent, Director of Education and Administration, Louisiana Bankers Association
McNeese State University
Joan Pecquet, Executive Director, Louisiana Council for Economic Education
Diane Rathbun, Ann Rosteet Hurley Center for Economic Education, McNeese State
University
Paul Roberts, President Louisiana Young Bankers Association
Louis Temple, Associate Professor, McNeese State University
Dr. Dan Vidrine, Supervisor of Art, Calcasieu Parish Schools
Students and teachers in Calcasieu Parish schools who participated in the art contest

Special

*Thank
you*

Pam Fry, 3rd grade teacher, Dolby Elementary, Lake Charles, LA
Cheryl H. McGuffee, 4th grade teacher, Riverbend Elementary, West Monroe, LA
Judy Pinkerton, 4th grade teacher, Mansfield Elementary, Mansfield, LA
Donna Reyes, 3rd grade teacher, R.J. Vial Elementary, Paradis, LA
Lisa Williams, 4th grade teacher, Hayden R. Lawrence Middle School, Deville, LA
Debbie Usie, Zachary, LA, teacher and mentor extraordinaire