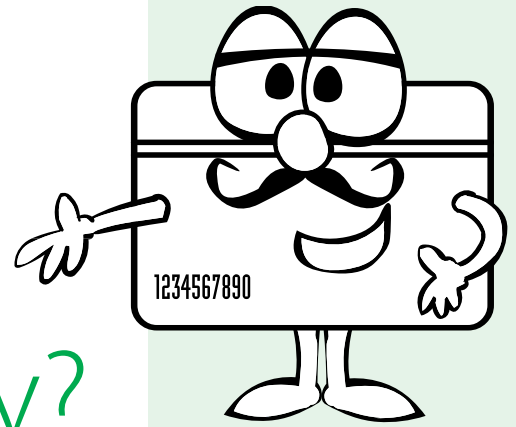


How Do You Spend Your Money?



Overview

Students share several chapters from the book *Tarantula Shoes*, by Tom Birdseye, to learn about saving, earning an income, trade-off, cost-benefit analysis, and spending money wisely. Students complete a worksheet on bargain shopping, complete an activity in which they determine which athletic shoe they should buy, and discuss how they can spend their money wisely.

Prerequisite Skills

Students should be able to add and subtract decimal numbers up to the hundredths place. (If students have difficulty with this concept, allow them to use a calculator to complete the **Is It a Bargain?** worksheet.)

Lesson Objectives

Students will be able to:

- Describe the various ways people save money
- Explain how people can earn money
- List the costs of their spending decisions
- Analyze the trade-offs of various spending and saving decisions

Materials List

1. Book: *Tarantula Shoes*, by Tom Birdseye (Puffin Books, 1995)
2. Store catalogs with athletic shoes (enough for each student in the small group to have one)
3. Chalkboard or chart paper
4. 22-inch x 28-inch white poster board (one sheet per small group)
5. Pens, pencils, markers, and crayons

Content Standards

The activities in this lesson correlate to national standards in economics, mathematics, social studies, and language arts. See the end of this lesson for content standards information.

Vocabulary

cost
earn
income
save
spend
trade-off

6. Optional: Calculators
7. Handout:
 - **Is It a Bargain?** worksheet

Large-Group Activity

Materials

- Book: *Tarantula Shoes*
- Optional: Calculators
- Handout: **Is It a Bargain?** worksheet

1. Gather students in the reading corner to share the book *Tarantula Shoes*.

- Say:

Have you ever wanted an item and an adult said that you could not have the item because it was too expensive? What did you want? Why did the adult say it was too expensive?

Have students respond.

I'm going to read you several chapters from a book called *Tarantula Shoes*. It was written by Tom Birdseye. In this story, Ryan O'Keefe wants a pair of basketball shoes, but his parents think the shoes cost too much.

Let's see if Ryan O'Keefe decides to buy the tennis shoes.

- Read chapters four through eight aloud to students.

2. Discuss this part of the book with the class.

- **How much does a pair of Slam Dunk Sky Jumpers cost?**

Slam Dunk Sky Jumpers cost \$124.99.

- **Why did Ryan want a pair of Slam Dunk Sky Jumpers?**

Ryan wanted a pair of Slam Dunk Sky Jumpers because he thought it would help him play basketball better. He also wanted to be like the other junior high school boys he met.

- **Why did Ryan's parents refuse to buy him the shoes?**

Ryan's parents said the shoes were too expensive. They needed to spend their money on other things that were more important.

- **How much money did Ryan's parents want to spend on a pair of tennis shoes?**

Ryan's parents were willing to spend \$40.00 on a new pair of shoes.

- **Why did Ryan's parents agree to contribute \$42.40 towards the purchase of Slam Dunk Sky Jumpers?**

Ryan reminded his parents that they would have to pay the sales tax on a pair of shoes that cost \$40.00. The sales tax on a pair of shoes that cost \$40.00 would be \$2.40.

○ **How did Ryan plan to get the money needed to buy a pair of Slam Dunk Sky Jumpers?**

Ryan planned on getting some money from his parents, using some money he saved, and making money by working.

○ **What types of jobs did Ryan do to get money?**

Ryan washed the car, scrubbed under the sink, cleaned the basement, and worked in the garden.

3. Discuss this lesson's economic concepts: saving, earning an income, opportunity cost, trade-offs, and spending.

○ ***Saving***

What does the word *save* mean?

Students may say that when you save something, you keep it for the future.

When you *save* your money, you keep some money for the future instead of buying goods and services right now.

Name some ways you can save your money.

Students may answer they can save money in a piggy bank or in a savings account at the bank.

Where did Gordon keep the money he saved?

Gordon kept his money in a savings account at a bank.

Where did Ryan keep the money he saved?

Ryan kept the money he saved in a piggy bank.

Kids often keep the money they save in a piggy bank or in a savings account at a bank. Why do you think some people prefer to keep their money in a savings account at a bank rather than in a piggy bank?

Have student share their ideas.

You can easily get to money that is in a piggy bank. If you save your money in a piggy bank, you may be tempted to spend it. Most people aren't as tempted to spend money in a savings account.

People also save their money in a savings account at a bank because they can earn money. Many banks pay you a certain amount of money for every dollar you have in the bank. This money is called *interest*. For example, a bank may pay you two cents a year for every dollar you have in the bank.

Where do you save your money?

Allow students to respond.

○ ***Earning an Income***

What did Ryan do to get money to buy Slam Dunk Sky Jumpers?

Students may say that Ryan cleaned the basement, cleaned under the sink, washed the car, or worked in the garden.

Ryan **earned** an **income** by exchanging his physical work for money. Most adults earn an income by exchanging their physical or mental work for wages or a salary. Name some things adults in your family do to earn an income.

Have students name the things that members of their family do to earn an income.

○ *Trade-Off and Cost-Benefit Analysis*

When you decide to do something or purchase something, you often have to make a **trade-off**. This means you have to give up one thing in order to gain something that is more favorable. What were some of Ryan's trade-offs for buying a pair of Slam Dunk Sky Jumpers?

Students may say he gave up buying pop, candy bars, baseball cards, or a sausage burger at Ernie's Eatery.

When you are trying to decide whether or not you should buy something, it is helpful to compare the costs and benefits. This will help you make the best choice. Imagine that you got 25 dollars for your birthday and you are trying to decide how to spend it. You are considering buying a DVD that costs 15 dollars, spending 6 dollars on a movie ticket, or spending 20 dollars to take some friends out to lunch. You don't have to spend all your money on one thing. You can use some money for one thing, and some for another. How would you spend your money to get the greatest satisfaction? What trade-offs do you have to make?

Discuss the students' answers.

2. Have students complete the **Is It a Bargain?** worksheet.

○ Hold up a copy of the **Is It a Bargain?** worksheet.

Many people buy items that are on sale because they think they will be saving lots of money. Sometimes these bargains aren't as good as they seem. You should always look at the prices and carefully determine if it is a good deal or not. See how good you are at determining whether or not something is a true bargain. Read each problem on this worksheet and answer the question.

Allow students to work on this worksheet while you work with individual groups in the following small-group activities. After small-group work you might want to discuss the answers to this worksheet.

Small-Group Activity One: Trade-Offs

Concept Taught

Trade-Offs

Materials

- Book: *Tarantula Shoes*
- Store catalogs with athletic shoes (enough for each student in the small group to have one)

1. Begin Activity One: Trade-Offs.

- Give each student a store catalog. Say:

Imagine that you are Ryan, and you have \$132.49 to spend on a pair of shoes. Look at the store catalog. Find a pair of shoes that you like and that are less expensive than Slam Dunk Sky Jumpers. If you purchase these shoes, how much money would you have left over? What would the trade-off be for not purchasing Slam Dunk Sky Jumpers?

Allow each student to show the group which pair of shoes he or she would buy and explain what the trade-offs are.

Small-Group Activity Two: How To Be a Wise Shopper

Concept Taught

Cost-Benefit Analysis

Materials

- Book: *Tarantula Shoes*
- Chalkboard or chart paper
- Pens, pencils, markers, crayons
- 22-inch x 28-inch white poster board (one sheet per small group)

1. Begin Activity Two: How To Be a Wise Shopper.

- Say:

What do you think about before you decide to buy something? What influences your decision to buy something?

Allow students to respond. Students may say that they think about how much something costs or what the brand name is. Students may say that friends or advertisements influence their decision.

In *Tarantula Shoes*, Ryan’s mom thought that Ryan wanted to buy Slam Dunk Sky Jumpers because of peer pressure. His dad thought he was being influenced by the commercials featuring professional basketball players. Kids often buy an item because their friends like it or because their favorite celebrity is promoting it.

You should think carefully before making a purchase. One thing you can do to make sure you are making the right decision is to compare the costs and benefits. You should determine which choice will give you the greatest level of satisfaction. You can also ask yourself some questions like: “Do I really need the item?” or “Is the price reasonable to justify buying it?” What other questions should you ask yourself before making a purchasing decision?

Write students’ questions on the chalkboard or chart paper.

2. Have students create a poster.

- Give the group a sheet of white poster board and some markers and crayons.

Here is a sheet of poster board. Create a poster that explains to kids how to spend their money wisely. You may want to include some of the questions we listed on the poster board.

If possible, display each group's poster.

Assessment

Check students' understanding by listening carefully to the responses they give during group discussions and on the **Is it a Bargain?** worksheet. Give students a blank piece of notebook paper. Have them write a paragraph in which they describe a recent purchase, explain the costs, and list the trade-offs they could have made.

Suggested Online Activity

NOTE: Teachers should preview all sites to ensure they are age-appropriate for their students. At the time of publication, all URLs listed here were valid. In addition, some Web sites provide lessons via pop-up screens, so you may have to disable your computer's pop-up blocker software to access them.

Making Allowances

Have students visit the Making Allowances Web site at www.makingallowances.com/index-fs.htm and read "Making Independent Choices" in the For Kids: Growing Choices section. Students can learn how to spend their allowances wisely and download forms that will help them make a budget.

National Standards Correlations

Economics

The activities in this lesson correlate to the following Voluntary National Content Standards in Economics, as determined by the National Council on Economic Education, found at: www.ncee.net/ea/standards.

Standard 10: Role of Economic Institutions

Students will understand that: Institutions evolve in market economies to help individuals and groups accomplish their goals. Banks, labor unions, corporations, legal systems, and not-for-profit organizations are examples of important institutions. A different kind of institution, [and] clearly defined and enforced property rights, [are] essential to a market economy.

K–4 Grade Benchmarks:

- Banks are institutions where people save money and earn interest, and where other people borrow money and pay interest.
- Saving is the part of income not spent on taxes or consumption.

5–8 Grade Benchmarks:

- Banks and other financial institutions channel funds from savers to borrowers and investors.

Social Studies

In addition to economics, the activities in this lesson also correlate to the following *Curriculum Standards for the Social Studies*, from the National Council for the Social Studies, found at www.socialstudies.org/standards.

VII. Production, Distribution, and Consumption

Social studies programs should include experiences that provide for the study of how people organize for the production, distribution, and consumption of goods and services, so that the learner can:

Middle Grades Benchmarks:

- d. Describe a range of examples of the various institutions that make up economic systems such as households, business firms, banks, government agencies, labor unions, and corporations.

Mathematics

In addition to economics, the activities in this lesson also correlate to the following *Principles and Standards for School Mathematics*, from the National Council of Teachers of Mathematics, found at: standards.nctm.org/document/index.htm.

Numbers and Operations Standards

Understand numbers, ways of representing numbers, relationships among numbers, and number systems

3–5 Grade Benchmarks:

- Develop fluency in adding, subtracting, multiplying, and dividing whole numbers.

Language Arts

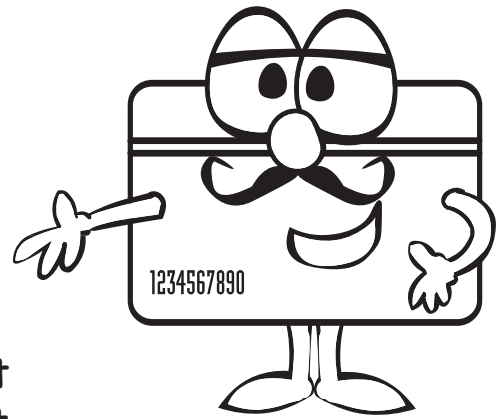
This lesson, based on the children's book *Tarantula Shoes*, by Tom Birdseye, also correlates to the following *Standards for the English Language Arts*, from the National Council of Teachers of English, found at:

www.ncte.org/print.asp?id=110846&node=204.

1. Students read a wide range of print and non-print texts to build an understanding of texts, of themselves, and of the cultures of the United States and the world; to acquire new information; to respond to the needs and demands of society and the workplace; and for personal fulfillment. Among these texts are fiction and nonfiction, classic and contemporary works.
3. Students apply a wide range of strategies to comprehend, interpret, evaluate, and appreciate texts. They draw on their prior experience, their interactions with other readers and writers, their knowledge of word meaning and of other texts, their word identification strategies, and their understanding of textual features (e.g., sound-letter correspondence, sentence structure, context, graphics).

Is It a Bargain?

Name _____



Directions: Many people buy items that are on sale because they think they will be saving lots of money. Sometimes these bargains aren't as good as they seem. You should always look at the prices and carefully determine if it is a good deal or not. See how good you are at determining whether or not something is a true bargain. Read each problem on this worksheet and answer the question.

1. A video game store is having a sale. You want a game that costs \$24.99. You can either have a 10% discount or take \$10.00 off the original price. Which offer should you accept?

Answer: _____

2. You and a friend are at a restaurant. You both want to order a value meal that costs \$5.99. You have two coupons, but can use only one. One coupon allows you to purchase two value meals for \$10.00. The other coupon allows you to take \$0.50 off any purchase of a value meal. Which coupon should you use?

Answer: _____

3. The local shoe store is having a buy-one, get-one half-off sale. If you buy one item, you take 50% off one item of equal or lesser value. You want a pair of shoes that costs \$49.99. Your sister wants a pair of shoes that costs \$39.50. The local department store is also having a sale. The shoes that you want, and the shoes that your sister wants, are 25% off. Where should you buy your shoes?

Answer: _____