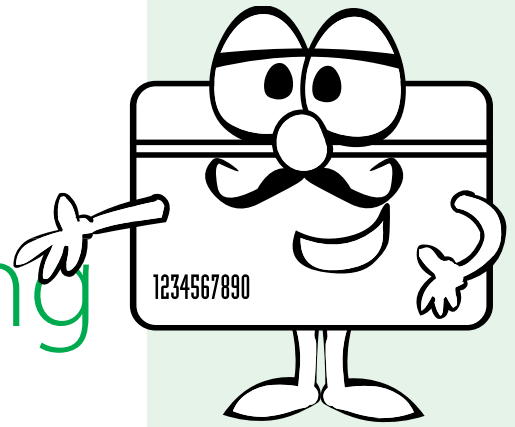


Grade Five

# Saving and Creating a Personal Budget



## Overview

Students share several chapters of the book *From the Mixed-Up Files of Mrs. Basil E. Frankweiler*, by E.L. Konigsburg, to learn about the role of money, saving, and budgets. Students complete a worksheet about keeping track of expenses, analyze information about savings accounts, and create a budget.

## Prerequisites

None

## Lesson Objectives

Students will be able to:

- Explain why money is important
- Describe different ways to save money
- Create a budget

## Materials List

1. Book: *From the Mixed-Up Files of Mrs. Basil E. Frankweiler*, by E.L. Konigsburg (Dell Publishing, 1967)
2. Chalkboard or chart paper
3. Informational pamphlets about local banks (enough for each student to have one)
4. Handouts:
  - **Expense Record** worksheet
  - **Personal Budget** worksheet

## Content Standards

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

## Vocabulary

budget

interest

savings

## Large-Group Activity

### Materials

- Book: *From the Mixed-Up Files of Mrs. Basil E. Frankweiler*
- Handout: **Expense Record** worksheet

1. Gather students to share the book *From the Mixed-Up Files of Mrs. Basil E. Frankweiler*.

- Say:

**Imagine that you were going to run away from home. Where would you go? What would you bring with you?**

Allow students to respond.

**I'm going to read you several chapters from the book *From the Mixed-Up Files of Mrs. Basil E. Frankweiler*, by E.L. Konigsburg. This story describes how a young girl named Claudia and her brother run away to the Metropolitan Museum of Art.**

**Let's see what happens to Claudia and her brother.**

Read chapters one through three aloud to students.

2. Discuss the book with the class.

- **Why did Claudia run away?**

Claudia wanted to teach her parents a lesson in Claudia appreciation.

- **Why did Claudia decide to run away to the Metropolitan Museum of Art in New York City?**

Claudia wanted to run away to a large, comfortable, and beautiful place.

- **Why did Claudia think it was important to save her money before running away?**

Claudia knew that everything costs money.

- **Why did Claudia ask Jamie to come along?**

Jamie had a lot of money. Jamie also had a transistor radio.

- **Why did Jamie insist on walking to the museum?**

Jamie didn't want to spend money on a bus or taxi.

- **Where did Jamie and Claudia decide to eat lunch?**

Jamie and Claudia ate lunch in the snack bar.

3. Discuss this lesson's economic concepts: the role of money, saving, and budgets.

- ***Role of Money***

**Claudia saved her weekly allowances before running away. Why did Claudia think it was important to have money?**

Students may say that she needed money to buy train tickets, food, and other items.

Claudia knew that everything costs money. She wanted money to buy train tickets, food, and other things she would need. Do you think Claudia would want to bring money with her if she couldn't use it to buy things?

Most students will answer no.

Claudia would not want to bring money with her if she couldn't use it to buy things. Money is useful because you can use it to buy the goods and services you need and want.

### ○ *Saving*

Claudia **saved** her weekly allowance. This means she kept some money for future purchases rather than immediately buying something. Have you ever saved your money to buy an item you wanted? What did you save for? How did you save your money?

Allow students to share their experiences with saving.

In this story, Claudia and Jamie saved their money in a secret hiding place. Some people save their money in a secret place or in a piggy bank. Do any of you have a piggy bank? Why do you put your money in a piggy bank?

Students may say they put their money in a piggy bank so they won't lose it or so they can keep all their money in one place.

If you leave your money in your pockets or on a table, it can easily get lost. A piggy bank is a nice place to store your money. Your money won't get lost, and you can get to it quickly and easily.

People are often tempted to spend their money when they can easily access it, so a piggy bank may not be a good place for them to keep their money. Many people keep their money in a savings account at a bank. If your money is in a savings account, you have to go to the bank or an automatic teller machine (ATM) to get your money. In this case, people are less likely to spend all of their money right away. Can you think of another reason why people put their money in a savings account at a bank?

Allow students to respond. They may say you can earn money if you put your money in a savings account.

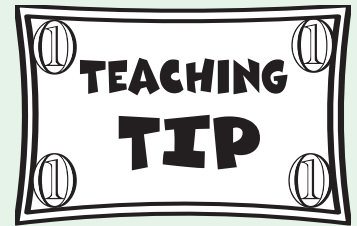
You can earn money when you deposit money in a savings account at a bank. The bank will pay you a certain amount of money for every dollar you keep in your account. The money is called **interest**. Do any of you have a savings account?

Have students respond.

### ○ *Budgets*

Jamie had lots of money. Claudia, however, did not have much money saved. Why do you think Jamie was able to save more money than Claudia?

Students may say that Jamie was not as tempted to spend his money.



Jamie did not spend his money right away. After Claudia had started saving her money, hot fudge was on sale for 27 cents. Instead of saving her money, Claudia bought hot fudge.

People often create a **budget** to help them save money. A budget is a plan for spending available money during a certain period of time.

When people create a budget, they look at how much money they have to spend. Then they decide which items they need to purchase and which items they do not need to purchase. What items did Jamie think were unnecessary to purchase?

Allow students to respond. Students may say bus or taxi fare and expensive food.

In this story, Jamie decided what was most important for them to spend their money on. He knew that they had only a small amount of money and they would not earn any more money. So he refused to eat at sit-down restaurants or take taxis.

Hold up a copy of the **Expense Record** worksheet.

Jamie kept close track of the money they spent. Because they had very little money and no income, he knew that they could not spend their money on frivolous items.

At the top of this worksheet you will see a list that shows how much money Claudia and Jamie earned or spent in this story. Record the amounts of money Jamie and Claudia earned in the Income column of the table. Record the amounts of money Jamie and Claudia spent in the Expense column of the table. Calculate the total sum of money that Claudia and Jamie still have after each entry. When you are done, you will see how much money Jamie and Claudia had left over at the end of the story.

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

## Small-Group Activity One: Opening a Savings Account

### Concepts Taught

Saving, Interest, Loans, Role of Banks

### Materials

- Book: *From the Mixed-Up Files of Mrs. Basil E. Frankweiler*
- Chalkboard or chart paper
- Informational pamphlets from local banks (enough for each student to have one)

1. Begin Activity One: Opening a Savings Account.

○ Say:

**Many people save their money in a savings account located at a bank. If you put your money in a savings account, you can earn**

**interest.** This means that the bank will pay you a certain amount of money for every dollar you have in the bank.

**What do you think the bank does with the money that people deposit in their accounts?**

Have students share their ideas.

**Most banks don't keep the money that people have deposited. They use the money to earn more money for themselves. Most banks loan the money to people. When banks loan money to people, they charge interest. This means they charge a certain amount of money for every dollar people borrow. The interest on loans is higher than the interest that you earn on a savings account. This enables the bank to earn a profit.**

**If the bank does not keep the money that people deposit, what happens if someone wants to take their money out of the bank?**

Allow students to respond.

**Our government guarantees your money is safe, so you will always be able to take your money out of the bank. The Federal Deposit Insurance Corporation (FDIC) will lend the bank enough money to pay each depositor \$100,000, even if the bank does not have money.**

2. Have students research local banks.

- **Do any of you have a savings account? What did you do to open a savings account?**

Allow students to respond. Students will probably say that their parents or guardians opened the savings account for them.

**You need an adult with you to open a savings account. You can open the account by filling out an application at a bank. How do you choose what bank to go to?**

Have students share their ideas.

**Before you select a bank, you should compare interest rates. Interest rates change often, but you should get the highest interest rate you can. You should also check if the bank charges a monthly fee if you keep less than a certain amount of money in your account. Finally, you may also want to think about the location of the bank. You will probably want to go to a bank that is convenient for you.**

- Give each student an information pamphlet from a local bank.

**Each of you has a pamphlet about savings accounts at local banks. Carefully read the information. We will then create a chart that compares the different banks.**

- Create a table on the chalkboard or chart paper. Write the name of each bank at the top of each column. Have each student tell you what the interest rate is at his or her bank, whether or not the bank charges a monthly fee, and where the bank is located. Write this information in the table.

**Look at this chart. Based on this information, where would you open a savings account? Why did you choose that bank?**

Allow students to respond.

## Small-Group Activity Two: Creating a Budget

### Concepts Taught

Savings and Budget

### Materials

- Book: *From the Mixed-Up Files of Mrs. Basil E. Frankweiler*
- Chalkboard or chart paper
- Handout: **Personal Budget** worksheet

#### 1. Begin Activity Two: Creating a Budget.

- Say:

**Budgets give people guidelines of how much to spend and what to spend it on. When you create a budget, you need to look at the total amount of money you earn and spend during a certain period of time. The amount of money you spend should be equal to or less than the total money earned.**

- Give each student a copy of the **Personal Budget** Worksheet.

**Now you will have a chance to make a personal budget. On this worksheet, write down how much money you earn and how much money you spend in one month. At the bottom of this worksheet, write down if you have any money left over.**

Have students share their personal budgets with the group.

#### 2. Have students revise their personal budgets.

**Name something that you would like to purchase. How much does it cost?**

Have each student name one item. Write the name of the items and their price on the chalkboard or chart paper.

**An important part of creating a budget is prioritizing. When you are trying to save money to purchase an item, you need to take a closer look at your budget and decide which items are most important to purchase. Let's take another look at the budgets you created. How can you spend less money each month? Are there any items that you don't need to spend money on?**

As a group, analyze each student's budget and decide how he or she can spend less money. Determine how much money he saved each month and calculate how long it will take the student to save enough money to purchase the item he or she wants.

### Assessment

Check students' understanding by listening carefully to the responses they give during group discussions and on the **Expense Record** worksheet. Give students a blank piece of notebook paper. Ask students to write one paragraph that describes two different ways to save money and one paragraph that explains how to create a budget.

## 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.

### *A Citizen's Guide to the Federal Budget*

Have students read "A Citizen's Guide to the Federal Budget" at [www.whitehouse.gov/omb/budget/fy2002/guide.html](http://www.whitehouse.gov/omb/budget/fy2002/guide.html) and learn how lawmakers create a budget for the government. The Office of Management and Budget created this site.

## 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 Economics Education, found at: [www.ncee.net/ea/standards](http://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.

#### **Standard 11: Role of Money**

Money makes it easier to trade, borrow, save, invest, and compare the value of goods and services.

K–4 Grade Benchmarks:

- People consume goods and services, not money; money is useful primarily because it can be used to buy goods and services.

### *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](http://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 and use strategies to estimate computations involving fractions and decimals in situations relevant to students' experience.

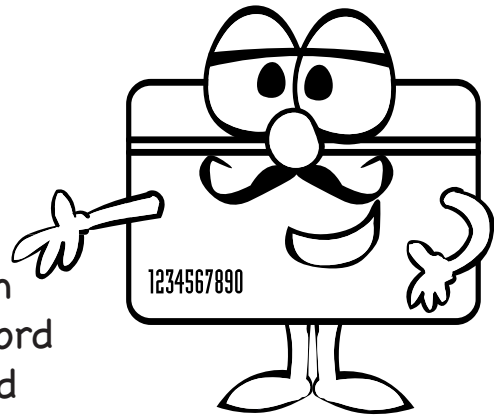
## Language Arts

This lesson, based on the children's book *From the Mixed-Up Files of Mrs. Basil E. Frankweiler*, by E.L. Konigsburg, 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](http://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).



# Expense Record



Name \_\_\_\_\_

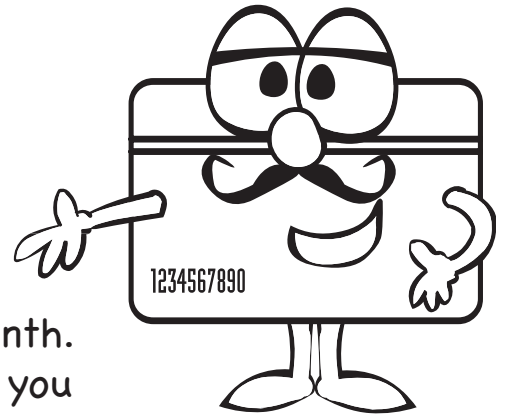
Directions: Below is a list that shows how much money Claudia and Jamie earned or spent. Record the amounts of money Jamie and Claudia earned in the Income column of the table. Record the amounts of money Jamie and Claudia spent in the Expense column of the table. Calculate the total sum of money that Claudia and Jamie still have after each entry. When you are done, you will see how much money Jamie and Claudia had left over at the end of the story.

- |                                |                                       |
|--------------------------------|---------------------------------------|
| Claudia's Savings: \$4.18      | Lunch: \$1.50                         |
| Jamie's savings: \$24.43       | Snacks: \$0.75                        |
| Lunch: \$1.50                  | P.O. Box: \$4.50                      |
| Breakfast: \$1.00              | Laundry: \$0.55                       |
| Lunch: \$1.25                  | Breakfast: \$1.00                     |
| Dinner: \$2.00                 | Lunch: \$1.00                         |
| Laundry: \$0.55                | Dinner: \$2.00                        |
| Money found in Fountain \$2.87 | Two Half-Fares to Connecticut: \$5.00 |
| Tour of the U.N.: \$1.00       | Taxi ride: 7.88                       |

Description	Income	Expense	Balance
Totals:			

# Personal Budget

Name \_\_\_\_\_



Directions: Write down how much money you earn and how much money you spend in one month. At the bottom of this worksheet, write down if you have any money left over.

Money I Will Earn (Income)	
Where is it From?	How Much?
Total Money I Will Earn:	
Money I Will Spend (Expenses)	
Where is it From?	How Much?
Total Money I Will Spend:	
Money Left Over: (Money I Earn minus Money I Spend)	