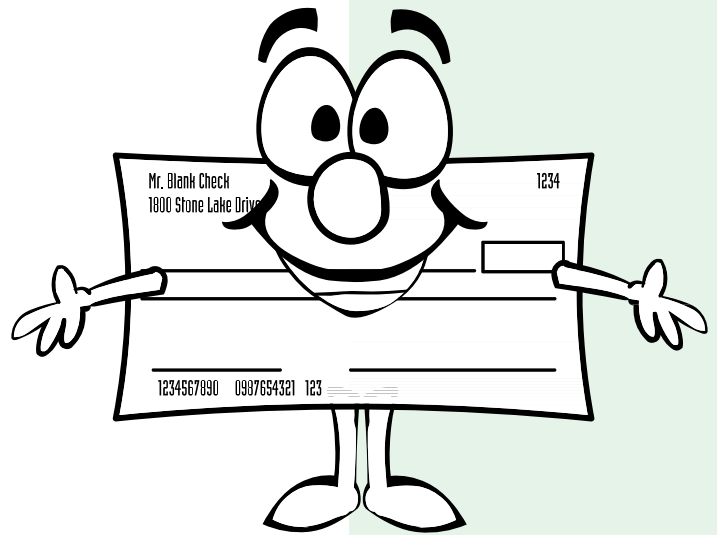


Grade Four

Savings and Earnings



Overview

Students share several chapters from the book *The Amazing Days of Abby Hayes: Have Wheels, Will Travel*, by Anne Mazer, to learn about savings, earnings, and budgets. Students complete a worksheet on savings and earnings and create a budget.

Lesson Objectives

Students will be able to:

- Explain that money is useful because it can be used to buy goods and services
- Discuss various ways to save money
- Explain that people can earn money by exchanging their work for wages or salaries
- Create a budget

Materials List

1. Book: *The Amazing Days of Abby Hayes: Have Wheels, Will Travel*, by Anne Mazer (Scholastic Inc., 2001)
2. Chalkboard or chart paper
3. Colored markers or pen
4. Store Catalogs
5. Information about several of the local banks
6. Handout:
 - **Savings and Earnings** worksheet

Content Standards

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

Vocabulary

budget
income
interest rate
savings

Large-Group Activity

Materials

- Book: *The Amazing Days of Abby Hayes: Have Wheels, Will Travel*
 - Chalkboard or chart paper
 - Handout: **Savings and Earnings** worksheet
1. Gather students to share the book *The Amazing Days of Abby Hayes: Have Wheels, Will Travel*.

- Say:

Have any of you ever wanted to buy something you couldn't afford? What did you want to buy? Were you eventually able to buy the item?

Allow students to respond.

I'm going to read you several chapters from the book *The Amazing Days of Abby Hayes: Have Wheels, Will Travel*. In this book Abby Hayes wants a new pair of roller blades, but she can't afford them. Let's see what Abby does to get money to buy new roller blades.

- Read chapters three and four to the class.

2. Discuss the book with the class.

- **How much money does Abby have?**

Abby has \$15.53.

- **How much allowance does Abby get each week?**

Each week Abby receives three dollars in allowance.

- **Abby has \$15.53. Each week, her parents give her \$3.00 allowance. If roller blades cost \$60.00 plus \$4.80 for tax, how many weeks will it take for her to save up the money?**

Write the problem on the chalkboard or chart paper and help the class solve the problem. Abby needs \$49.27 to buy new roller blades. ($\$64.80 - \$15.53 = \$49.27$) Each week she gets \$3.00 in allowance. It will take her 17 weeks to save up the money. ($\$49.27 \div 3 \approx 17$)

- **Name some ways Abby collected money?**

Abby collected empty cans and bottles. She earned her weekly allowance, looked for money along the street, and offered to baby-sit her younger brother.

3. Discuss today's economic concepts: savings, earnings, and budgets.

- **Savings**

There are many ways to save money. When you want to save your money, where do you put it?

Allow students to respond.

Some people have a piggy bank or a special place to put their money. Lots of people like to keep money close by, because they

can get to it quickly and easily. However, when your money is in a piggy bank, it is easy to spend. Because you can get to it easily, you may be tempted to spend it. Can you think of another place you can save your money?

Students may answer banks.

In this story Abby has \$15.53. Where does she keep her money?

Abby keeps her money in a savings account at a bank.

Abby has a **savings account** at a bank. Banks keep your money safe for you. Most banks pay you for keeping your money there. How much money the bank pays you depends on the **interest rate**. The interest rate is the amount the bank will pay you for every dollar you keep in your account. If the interest rate is 5 percent, the bank will pay you five cents a year for every dollar in your account.

Allow students to share their experiences.

○ *Earnings*

It would be nice if someone gave you all the money you needed and wanted, but most people aren't given money. Most people have to work to earn money. People exchange their physical or mental work for wages or salaries. Abby earns money by working. What does she do?

Abby baby-sits her younger brother.

Have you ever worked for money? What did you do?

Have students describe instances when they worked for money.

○ *Budget*

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. Name some things that you spend your money on.

Have students list things they spend their money on. Write this list on the chalkboard or chart paper. Students may answer bus fare, food, entertainment, clothes, or toys.

Which of these items do you *need* to buy each month? If you were trying to save money, which of these items could you decide not to purchase, because you don't really need it?

Students may say that they need to pay bus fare, but that they do not need to spend money on entertainment or toys.

Hold up a copy of the **Savings and Earnings** worksheet.

Now you're going to get a chance to determine how much money you have to spend in one month. Choose one item you would like to have. Draw a picture of this item and write how much it costs. Then list the various ways you earn money each month. For example, you can list your allowance or the money you earn working for

friends and family. At the bottom of the page, write down how long it will take you to save enough money to buy the item.

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 choices students made on this worksheet.

Small-Group Activity One: Creating a Budget

Concepts Taught

Savings, Budget

Materials

- Book: *The Amazing Days of Abby Hayes: Have Wheels, Will Travel*
- Chalkboard or chart paper
- Colored markers
- Store catalogs

1. Begin Activity One: Creating a Budget.

○ Say:

In *The Amazing Days of Abby Hayes: Have Wheels, Will Travel*, Abby has a difficult time saving her money. I'm going to read you two more chapters from the book. Let's see why she has trouble saving money.

Read chapters six and seven to the students.

Why does Abby have a hard time saving money?

Every time Abby earns money, she spends it.

Many people think it is easier to save money if you create a budget. Budgets give people guidelines of how much to spend and what to spend it on. If Abby created a budget, she could decide what she really needed to spend her money on and develop a plan for saving money.

2. Begin creating a budget.

Show students the list of things their classmates spend their money on. (This was created during the large-group activity.)

○ Say:

How much money do you receive each month in allowance or earn by working?

Allow students to respond. Calculate the average of the allowances and income. Write this average on the chalkboard or on chart paper.

We are going to create a monthly budget based on the average amount of money each of you receives each month. This budget will include at least six items listed on the board.

Look at this list of items that you spend your money on. Let's choose six items. Have students choose six items they think are important

to spend their money on. **How much money will we spend on each of these items?** Allow students to respond.

- Create a pie chart that shows how the group spends its money. Then give each student a store catalog.
- **Choose one item you would like to purchase from the catalog.** Allow each student to choose one item. Write these items on the chalkboard or chart paper. **We will vote on one item. Look at the items listed. Which item should we purchase?** Have students vote, and choose one item.
- **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 budget we created. How can we spend less money each month? Are there any items that we don't need to spend money on?**

Have students respond. Then create a new pie chart that shows the group's revised budget.

Small-Group Activity Two: Opening a Savings Account

Concept Taught

Savings

Materials

- Book: *The Amazing Days of Abby Hayes: Have Wheels, Will Travel*
- Chalkboard or chart paper
- Pen or colored markers
- Information about several of the local banks

1. Begin Activity Two: Opening a Savings Account.

- Say:

Abby has a savings account at a bank. Do any of you have a savings account?

Allow students to respond.

Before you select a bank, it is important to learn more about the different banks.

Give each student a brochure or piece of paper with information about a bank. Each student should have information about a different bank.

2. Have students look through the information.

- **Before you decide which bank to open an account at, you should compare the banks' interest rates. Interest rates may change, but you should start with the highest rate you can. What is the interest rate at the bank you are researching?**

Have each student tell what the interest rate is.

- **Some banks also charge you a monthly fee if you keep less than a certain amount of money in your account. Do any of the banks you are researching charge a monthly fee? What is it?**

Allow students to tell what the monthly fees are.

- **What else do you need to think about when you are selecting a bank?**

Students may say that you need to think about the location of the bank or how easy it is to deposit and withdraw money.

- **If you would like to open a savings account, you need to have a parent (or guardian) with you. You and your parent can open an account by visiting the bank that you chose.**

Assessment

Check students' understanding by listening carefully to the responses they give during group discussions and on the **Savings and Earnings** worksheet. Give each student a piece of notebook paper. Tell students to imagine that they receive three dollars each week in allowance. They also earn two dollars a week for watering the neighbor's plants. Have them create a monthly budget based on these earnings.

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.

The Adventures of Dollar Bill

Have students visit www.kidsbank.com/the_story/dollar_bill/index.asp, sponsored by KidsBank.com and Sovereign Bank, and read about the Adventures of Dollar Bill to learn how a savings account works.

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.

Standard 10: Scarcity

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.

Standard 13: Role of Resources in Determining Income

Income for most people is determined by the market value of the productive resources they sell. What workers earn depends, primarily, on the market value of what they produce and how productive they are.

K-4 Benchmarks:

- Labor is a human resource that is used to produce goods and services.
- People can earn income by exchanging their human resources (physical or mental work) for wages or salaries.

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.

Data Analysis and Probability Standards

Instructional programs from Pre-kindergarten through grade 12 should enable all students to formulate questions that can be addressed with data and collect, organize, and display relevant data to answer them; select and use appropriate statistical methods to analyze data; develop and evaluate inferences and predictions that are based on data; and understand and apply basic concepts of probability.

3-5 Grade Benchmarks:

- Represent data using tables and graphs such as line plots, bar graphs, and line graphs.

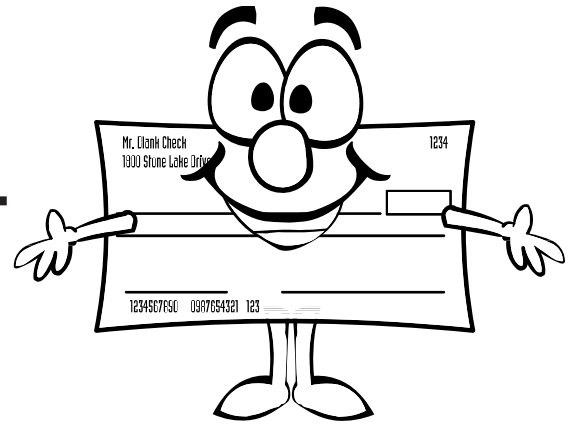
Language Arts

This lesson, based on the children's book *The Amazing Days of Abby Hayes: Have Wheels, Will Travel*, by Anne Mazer, 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).

Savings and Earning

Name _____



1. Choose one item you would like to have. In the space below, draw a picture of this item and write how much it costs.

2. List the various ways you earn money each month. For example, you can list your allowance or the money you earn working for friends and family.

3. How long will it take you to save enough money to buy the item you would like to purchase?
