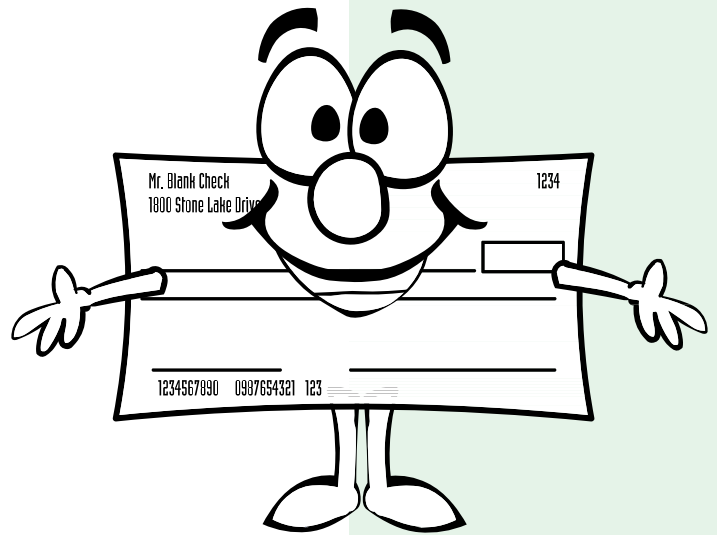


Grade Four

Spending Money



Overview

Students share one chapter from *Henry and Beezus*, by Beverly Cleary, to learn about exchange, market, price, and spending. They complete a worksheet on checking accounts and analyze the costs of using a credit card.

Lesson Objectives

Students will be able to:

- Discuss why people exchange goods and services
- Identify examples of markets
- Define the word *price*
- Describe the various ways people pay for goods

Materials List

1. Book: *Henry and Beezus*, by Beverly Cleary (Avon Books, Inc., 1952)
2. Blank checks (enough for each student)
3. Credit card application (Ask a bank or use one you received in the mail. Make enough copies for each student.)
4. Handouts:
 - **Check Register** worksheet

Large-Group Activity

Materials

- Book: *Henry and Beezus*
 - Handout: **Check Register** worksheet
1. Gather students to share the book *Henry and Beezus*.

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

checking account
credit card
debit card
exchange
goods
interest
market
price
service

- Say:

I'm going to read a chapter from the book *Henry and Beezus*, by Beverly Cleary. Beverly Cleary has written several other books about Henry Huggins. Have any of you read any of Beverly Cleary's other books? Allow students to respond. **In *Henry and Beezus*, Henry Huggins tries to earn enough money to buy a new bicycle.**

Let's see what Henry does to earn money.

- Read chapter two aloud to the class.
2. Discuss the book with the class.
- **What did Henry find in the vacant lot?**
Henry found boxes filled with bubble gum.
 - **Why did Henry's father let Henry keep the bubble gum?**
When Henry's dad called the police station, he found out that a man who owned a lot of gum machines and is going out of business threw the gum away.
 - **What did Henry decide to do with the bubble gum?**
Henry sold the bubble gum to his friends.
 - **How much did Henry charge for two balls of bubble gum? Why did he decide to sell the gum for that price?**
Henry charged one penny for two balls of bubble gum. He decided to sell the bubble gum for that amount because it was less than what the store charged for bubble gum. If he sold the bubble gum cheaper than the store, his friends would buy bubble gum from him instead of the store.
 - **What did Henry do when his friends didn't have money?**
Henry opened charge accounts. He wrote his friends' names and the amounts they owed on the margin of a comic book he had.
 - **Was money the only thing Henry received for bubble gum? What else did he get?**
Henry also received marbles, a yo-yo, and six comic books in exchange for bubble gum.
 - **What did Henry do when his bubble-gum business slowed down?**
He started charging one penny for four balls of bubble gum. He eventually started charging one penny for ten balls of bubble gum. He also gave away free samples.
3. Discuss this lesson's economic concepts: exchange, market, price, and spending.
- ***Exchange***
What did the kids have to give Henry for bubble gum?
The kids traded money, as well as marbles, yo-yos, and comic books for bubble gum.

In this story, the students **exchanged** money and goods for bubble gum. Have you ever traded items for another item? If so, what did you exchange? Did you exchange money for a good or service? Or did you exchange goods for other goods?

Allow students to share their experiences with exchanging items.

Why did the kids give Henry money and other items for bubble gum?

The students wanted the bubble gum more than the money or other items they traded.

In *Henry and Beezus*, the students exchanged money and other items for bubble gum because they wanted the bubble gum more than the item they exchanged the bubble gum for. People exchange goods and services because they expect to be better off after the exchange. Think about a time when you exchanged money or goods for other goods. Why did you make the trade?

Have students describe a trade they have made and explain why they agreed to make the trade. At the end of the discussion students should understand that people exchange goods and services because they expect to be better off after the exchange.

○ *Markets and Prices*

Henry created a **market for bubble gum at his school. A market exists whenever buyers and sellers exchange goods and services. Name some examples of markets.**

Students may name stores or restaurants.

Stores list **prices of the goods and services they sell. A price is the amount you have to pay for a good or service, and what you receive when you sell a good or service. What was the price of Henry's bubble gum?**

At first, the price of bubble gum was one penny for two balls of bubble gum. Then it was one penny for four balls of bubble gum. Eventually it was one penny for ten balls of bubble gum.

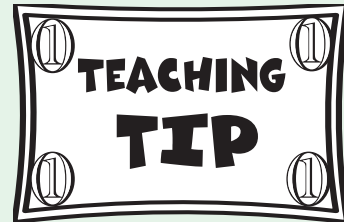
○ *Spending*

In this story, the kids used money, marbles, yo-yos, and comic books to pay for the bubble gum. What can you use to pay for goods at a store?

Have students respond. Students may say that you can use money, checks, debit cards, or credit cards to purchase items.

You can use cash, **checks, **debit cards**, or **credit cards** to purchase items at a store.**

You need to have a checking account at a bank in order use checks to pay for items at a store. When you open a checking account, you need to give the bank some money. They will then give you a checkbook with checks and a check register, where you can keep track of your money.



If needed, remind students that a good is an object that satisfies economic wants. Services are activities performed to satisfy economic wants.

Give each student a blank check to look at.

Once you open a checking account, you can use your checks to pay for the items you wish to purchase. All you have to do is write the date, the name of the store where it says “PAY TO THE ORDER OF,” and the amount of the item you are purchasing. You need to write the amount in numbers in the box and in words on the line below the “PAY TO THE ORDER OF.” Your bank will then take the amount out of your account and give it to the store.

It is important to keep track of how much money you spend, so you should write the amount of your purchase in your check register. If you write checks for more than the amount of money you have in your checking account, the bank may not give the store money and they will probably charge you a fine. The store may also charge you a fine for writing a bad check.

Have any of you seen a machine located in the check-out aisle of the store? What do people do at these machines?

Students may say that people slide cards through these machines and punch numbers.

People use these machines to purchase items with their debit card or credit card. In order to use a debit card at the machine, you need to enter a secret code called a **personal identification number** or a PIN. The bank will then take money out of your account and give it to the store. When you use a debit card to make purchases, you need to make sure you have enough money in your account just like you do when you write checks. If you don't have enough money, the bank will charge you a fine. You should always write down the purchases you make with a debit card in your check register to avoid spending more money than you have.

When you use a credit card to purchase an item, you don't have to pay for the item right away. The bank that issued your credit card is lending you the money to buy the item you have charged to your credit card. Later, you will get a bill from the bank asking you to repay the money. If you don't pay it all back in one month, the bank will charge you **interest**. This means the bank will charge you a certain amount of money for every dollar you have not repaid.

When you go to the store, what do you see people using to pay for their items? Which form of payment do your friends and family use most often? Why do you think your friends and family use one form of payment more often than the others?

Have students share their experiences and discuss the advantages of using cash, checks, debit cards, and credit cards.

Hold up a copy of the **Check Register** worksheet.

It is important to keep careful records of all the purchases you make by check and debit card so you don't spend more money than you have. Below are several receipts and a sample check register. At the top of the register you will see the balance of a checking account. Enter each transaction shown on the receipts in the check register and determine your available balance after each transaction.

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

Small-Group Activity: Credit Card Fees

Concepts Taught

Spending and Credit Cards

Materials

- Book: *Henry and Beezus*
- Chalkboard or chart paper
- Credit card application (Ask a bank or use one you've received in the mail.)

1. Begin Activity One: Credit Card Fees.

- Say:
- Give each student a copy of a credit card application.

People often receive credit card applications in the mail. When you get a credit card application, it is important to read the information carefully. This will help you understand the fees and charges you may incur from using the credit card.

Look carefully at this credit card application. What fees will you have to pay if you use this credit card?

Write student responses on the chalkboard or chart paper. Students should look for the annual percentage rate, enrollment fees, annual membership fees, cash advance fees, minimum finance charges, late payment charges, over-the-limit charges, and other charges.

- #### 2. Have students create a chart that shows the advantages and disadvantages of using a credit card.
- Refer students to the list of fees you made and say:

Now that you know how much banks charge to use a credit card, do you think it is wise to use a credit card to make purchases? What are some advantages and disadvantages of using a credit card? Let's create a chart that shows these advantages and disadvantages.

- Draw a two-column table on the chalkboard or chart paper. At the top of one column, write "advantages." Write "disadvantages" at the top of the other column. Have students name advantages and disadvantages of using a credit card. Write these items in the table.

Assessment

Check students' understanding by listening carefully to the responses they give during group discussions and on the **Check Register** worksheet. Give students a blank piece of notebook paper. Have them explain what would happen if the price of gel pens rose to 10 dollars each. How would buyers react if the price fell to 25 cents a pen?

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.

Credit Cave

Have students visit the Consumer Jungle Credit Cave at www.consumerjungle.org/students/credit_sactivities.htm and play games that will test their knowledge of credit cards. This site is sponsored by the Young Adult Consumer Education Trust.

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 5: Gain from Trade

Students understand that: Voluntary exchange occurs only when all participating parties expect to gain. This is true for trade among individuals or organizations within a nation, and usually among individuals or organizations in different nations.

K–4 Grade Benchmarks:

- Exchange is trading goods and services with people for other goods and services or for money.
- People voluntarily exchange goods and services because they expect to be better off after the exchange.

Standard 7: Markets—Price and Quantity Determination

Markets exist when buyers and sellers interact. This interaction determines market prices and thereby allocates scarce goods and services.

K–4 Grade Benchmarks:

- A price is what people pay when they buy a good or service, and what they receive when they sell a good or service.
- A market exists whenever buyers and sellers exchange goods and services.

Standard 10: Role of Economic Institutions

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, clearly defined and enforced property rights, is 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.

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.

Algebra Standards

Represent and analyze mathematical situations and structures using algebraic symbols.

3–5 Benchmarks:

- Express mathematical relationships using equations.

Problem-Solving Standards

Instructional programs from pre-kindergarten through grade 12 should enable all students to

- build new mathematical knowledge through problem solving;
- solve problems that arise in mathematics and in other contexts;
- apply and adapt a variety of appropriate strategies to solve problems;
- monitor and reflect on the process of mathematical problem solving.

Pre-K–12 Benchmarks:

- Solve problems that arise in mathematics and in other contexts.

Language Arts

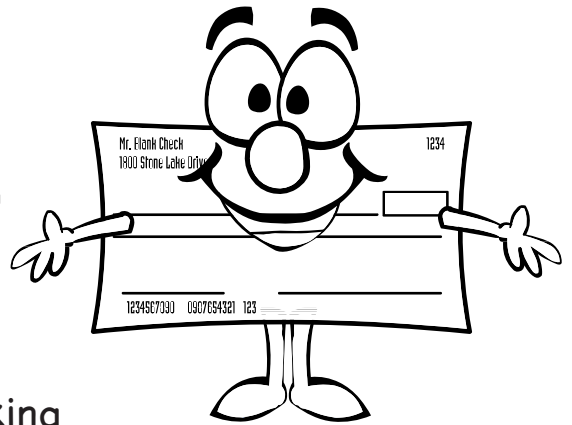
This lesson, based on the children’s book *Henry and Beezus*, by Beverly Cleary, also correlates to the following *Standards for the English Language Arts*, from the National Council of Teachers of English, found at:

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).

Check Register

Name _____



Directions: Below are several receipts and a sample check register. At the top of the register you will see the balance of a checking account. Enter each transaction shown on the receipts in the check register and determine your available balance after each transaction.

Stuff Mart	
Book bag	\$38.00
Film Dev	\$12.00
Hat	\$15.00
Soda	\$1.00
Cat Food	\$9.00
<hr/>	
Total	\$75.00

TV World	
52 inch TV	\$300.00
Cable	\$30.00
<hr/>	
Total	\$330.00

McBurger	
Monster Burger	\$4.00
Large Drink	\$1.00
Cookies	\$2.00
<hr/>	
Total	\$7.00

Date	Check Number	Transaction Description	Amount of Payment	Amount of Deposit	Balance Forward
					\$538.94
		TO:			
		FOR:			
		TO:			
		FOR:			
		TO:			
		FOR:			
		TO:			
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