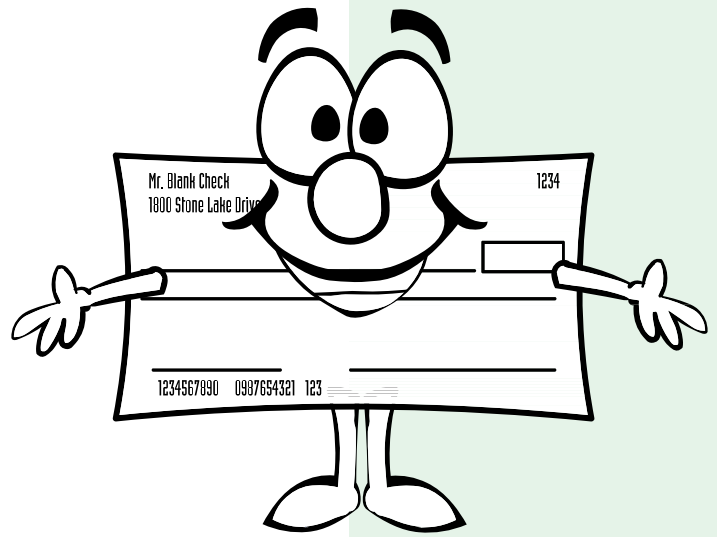


Grade Four

Using Credit and Spending Money Wisely



Overview

Students share several chapters of the book *Mr. Popper's Penguins*, by Richard and Florence Atwater, to learn about earning money, cost, credit, and spending money wisely. Students complete a worksheet in which they determine how much it costs to care for a pet, complete an activity on credit, and play a saving and spending game.

Lesson Objectives

Students will be able to:

- Explain how people can earn money
- Define the term *cost*
- Define the term *credit*
- Describe the advantages and disadvantages of using credit

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 Cost of Owning a Pet** worksheet.)

Materials List

1. Book: *Mr. Popper's Penguins*, by Richard and Florence Atwater (Little, Brown and Company, 1966)
2. Chalkboard or chart paper
3. Optional: Calculators

Content Standards

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

Vocabulary

borrow
cost
credit
earn
loan

4. Craft sticks (enough for each student in small groups to have one)
5. Paper plates (enough for each student in small groups to have one)
6. Tape
7. Markers
8. Handouts:
 - **The Cost of Owning a Pet** worksheet
 - **Advantages and Disadvantages of Buying on Credit** cards, cut apart

NOTE: You might want to laminate these cards for durability.

Large-Group Activity

Materials

- Book: *Mr. Popper's Penguins*
 - Optional: Calculators
 - Handout: **The Cost of Owning a Pet** worksheet
1. Gather students in the reading corner to share the book *Mr. Popper's Penguins*, by Richard and Florence Atwater.

- Say:

Imagine that someone sent you a pet penguin. Do you think it would cost a lot of money to take care of it? What supplies would you need to buy?

Allow students to reply.

I'm going to read you several chapters from a book called *Mr. Popper's Penguins*. It was written by Richard and Florence Atwater. Mr. Popper was a house painter and decorator by trade; however, he was also a daydreamer. He read about faraway places and daydreamed about the South Pole. He wrote to the explorer, Admiral Drake, telling him how he loved reading about the admiral's expedition with penguins. In return the admiral sent him a penguin. Let's see how the penguin changed the life of Mr. Popper's family.

- Read aloud to students chapters one through six.
2. Discuss this portion of the book with the class.
 - **What did Mr. Popper do to earn money?**
Mr. Popper painted and decorated houses.
 - **Why was Mr. Popper so absentminded?**
He was always dreaming of faraway places, especially the North and South Poles.
 - **Why did the family have to eat beans all winter?**
Mr. Popper did not work during the winter. Mrs. Popper saved only a little money, so the family could only afford to eat beans.

○ **Why did Mr. Popper write to Admiral Drake?**

Mr. Popper wanted to tell him how funny he thought the penguins were.

○ **What did the Popper family feed Captain Cook?**

They bought him canned shrimps.

○ **Why did Mr. Popper need the refrigerator repair man to drill holes in the freezer?**

Captain Cook needed a cool place to live. Mr. Popper wanted air holes in the freezer so Captain Cook could breathe.

○ **Why was Mr. Popper sad to pay the refrigerator repair man five dollars?**

Mr. Popper didn't have any other money. He could have used the money to buy the family more beans.

○ **Was it easy for Mr. Popper to get a license for Captain Cook? Why?**

It was not easy to get a license. No one had ever asked for a penguin license before.

3. Say:

I'm going to read you three more chapters from *Mr. Popper's Penguins*. These chapters describe how Mr. Popper ended up with 12 penguins.

○ Read chapters 10 through 13 aloud to students. Then discuss this portion of the book.

○ **How did the Popper family end up with Greta?**

The Mammoth City Aquarium sent them Greta. They thought that Greta and Captain Cook could keep each other company.

○ **What did the Popper family do to keep Captain Cook and Greta comfortable?**

They left their windows open during the winter in order to keep the house cool.

○ **How did Mr. Popper pay for the freezing plant in the cellar?**

Mr. Popper promised to pay the refrigerating engineer as soon as he could, so the man let him have everything on credit.

○ **Why was Mrs. Popper worried?**

All of their money was practically gone, and they had a lot of bills to pay. They still had to pay for the live fish they ordered and the freezer plant.

○ **How did Mr. Popper plan on making money?**

Mr. Popper asked Mrs. Popper to help him train the penguins so they could show them in theaters.

4. Discuss this lesson's economic concepts: earning money, cost, and credit.

○ ***Earning Money***

People need money to buy the goods and services they need. How can people get money?

Students may say that you can work, someone can give you money, or you can find money.

Most people **earn money by exchanging their physical or mental work for wages or a salary. For example, in this story, Mr. Popper painted and decorated houses. Name some places your friends and family work. What do they do?**

Allow students to respond.

○ **Cost**

When you decide to do something or purchase something, you give up the chance to purchase something else. The item you give up is called a **cost. Think about when Mr. Popper paid the service man five dollars to fix the refrigerator. What did Mr. Popper have to give up?**

The cost was that Mrs. Popper and the children had to eat more beans.

Think about the last time you purchased something. What did you have to give up when you made the purchase? Allow students to respond.

○ **Credit**

Imagine that your computer is broken, and you don't have any money to repair it or buy a new one. What can you do?

Let students share their ideas. Students may say that they can earn some money or they can borrow it.

If you don't have enough money to buy the goods and services you need or want, you can save your money until you have enough, you can earn the money by working, or you can get a **loan. What is a *loan*?**

Allow students to respond. Students may say that when you get a loan, you borrow an item or money and promise to give that item back or to repay the money.

Many people purchase items on **credit when they do not have the money to purchase goods and services immediately. Credit is a type of loan. It is an agreement to borrow money or receive goods or services now in return for a promise to pay later. When people purchase items on credit, they usually have to pay **interest**. This means they must pay a little extra money for every dollar they borrow. What did Mr. Popper purchase on credit?**

Mr. Popper didn't have money to pay for the freezer plant, so the refrigerating engineer let him have everything on credit.

The refrigerating engineer was worried when he found out that Mr. Popper had practically no money, but he still let him have everything on credit. What risk was the refrigerating engineer taking?

The risk is that Mr. Popper may not be able to pay him back.

The refrigerating engineer trusted Mr. Popper, so he let him have everything on credit. If you wanted to purchase something on credit, how could you prove you were trustworthy?

Allow students to share their ideas. Some students may say that they can prove that they always pay people back or show that they will earn enough money to pay back the loan.

Before lending people money, credit companies look at your past history in paying back loans. Lenders are more likely to loan money to people who have a good history of repaying loans. Lenders also look at whether or not you will earn enough money to repay the loan. Would you loan someone money if you knew that he or she would never be able to earn money to pay you back? Would you loan someone money if you knew he would not make money in the future? Allow students to respond.

2. Have students complete **The Cost of Owning a Pet** worksheet.

- Hold up a copy of **The Cost of Owning a Pet** worksheet.

The Poppers had to spend a lot of money to take care of all of their penguins. Having any type of a pet can be expensive. This worksheet shows what supplies you need if you have a pet dog, cat, rabbit, and bird. It also shows how much each item costs. Find out what the total cost is of owning a dog, cat, rabbit, and bird.

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: Advantages and Disadvantages of Buying on Credit

Concept Taught

Credit

Materials

- Book: *Mr. Popper's Penguins*
- Tape
- Handout: **Advantages and Disadvantages of Buying on Credit** cards, cut apart

NOTE: You may want to laminate these cards for durability.

1. Begin Activity One: Advantages and Disadvantages of Buying on Credit.

- Say:

Buying items on credit has some advantages. If you use a credit card, you don't have to carry around a lot of cash. Credit cards are also convenient if you want to order items on the telephone or the Internet. Another advantage is that you can purchase items immediately. Credit enabled Mr. Popper to purchase the freezing plant he needed.

Buying on credit also has a lot of disadvantages. Since it is so easy to use a credit card, many people are often tempted to over-spend. When you buy items on credit, you have to use your future earnings to pay off your credit-card balance. Another disadvantage is that if you use credit to pay for something over time, the total cost of the item will be more than if you pay cash. Since lenders usually charge a high interest, it is easy to accumulate a lot of debt.

2. Have students discuss the advantages and disadvantages of using credit.
 - Create a table with two columns on the chalkboard or chart paper. At the top of one column, write the word “advantages.” Write “disadvantages” at the top of the second column. Make sure the columns are wide enough to fit the **Advantages and Disadvantages of Buying on Credit** cards.
 - Give each student one **Advantages and Disadvantages of Buying on Credit** card.

I will now read a scenario to you. Listen carefully.

Maya is in her first year in college. She doesn't have any money in the bank but needs some money to buy the textbooks she needs. She is considering using a credit card. Her credit card charges an interest rate of 10.5 percent a month. She has a part-time job, but she needs to use most of her earnings to pay for rent, groceries, gasoline, and other necessities. It will take her at least four months to pay off both the purchase and the interest. Read the sentence on your card and decide if it is an advantage or disadvantage of using credit in this situation.

Have each student read his or her sentence aloud to the group. Then have each student decide if it is an advantage or a disadvantage of using credit in this situation. If it is an advantage, have the student tape the card in the advantage column. If it is a disadvantage, have the student tape the card in the disadvantage column.

Small-Group Activity Two: Spending Money Wisely

Concepts Taught

Cost and Spending Money Wisely

Materials

- Book: *Mr. Popper's Penguins*
- Tape
- Craft sticks (enough for each student in small groups to have one)
- Paper plates (enough for each student in small groups to have one)
- Markers

1. Begin Activity Two: Spending Money Wisely.
 - Say:

Because Mr. Popper did not have a source of income during the winter, the members of his family had to be careful about what they

spent. They had to make sure their savings lasted the entire winter. When people have no source of income or a limited income, they often consider the costs and benefits before making a purchase. Mrs. Popper fixed beans for dinner every night instead of buying roast beef. She thought the benefits of buying beans outweighed the costs.

What types of things do you consider before making a purchase?

Allow students to respond.

2. Have students play a saving and spending game.

- Give each student a craft stick, paper plate, marker, and some tape.

We are going to play a saving and spending game. Before we do, you need to make a spending and saving sign. On one side of the paper plate, write “save.” On the other side of the paper plate, write “spend.” When you are done writing these words, tape the paper plate to the craft stick.

Allow students to make their spending and saving signs.

I’m going to read you several scenarios. Listen carefully, and decide if you should save money or spend money in these situations. If you think you should save money, show the group the “save” side of your sign. If you think you should spend money, show the group the “spend” side of your sign.

- Read the following scenarios to the group and have students decide if they would spend or save their money in each case. Have students defend their decisions and state the costs of each decision.
 - a. Ruth has \$30 in her savings account. She is saving for a class trip to an amusement park. She has been invited to go ice skating with her friend’s family, and she’ll spend eight dollars. Ruth has already spent her five-dollar weekly allowance at the mall. Her father said that if she wants to go skating with her friend, she must take money out of her savings account to pay for it. Should Ruth save the eight dollars, or withdraw it from her account and spend it on ice skating? What is the cost of the decision?
 - b. Julie has been babysitting every Friday. She earns seven dollars every time she babysits. She has been saving the seven dollars for two weeks. She wants to spend her seven dollars on some candy and a movie ticket. Should Julie spend or save? What is cost of the decision?
 - c. Sam received \$20 for his birthday. He really wants to buy a new pair of shoes that has a price of \$49.95. He has already saved \$15 for the shoes. He also wants to buy a CD that is on sale for \$14.95. Should Sam save his \$20, or spend it on a new CD? What is the cost of the decision?

Assessment

Check students’ understanding by listening carefully to the responses they give during group discussions and on **The Cost of Owning a Pet** worksheet. Give students a blank piece of notebook paper. Read the following scenario and have them

write a paragraph that explains the advantages and disadvantages of using credit in this situation.

Roy just got a job. He doesn't have any money in the bank, but he needs business suits to wear to work. He is considering using a credit card. His credit card charges an interest rate of 15 percent per month. Since he'll also have to pay for rent, groceries, gas, and other necessities, it will take him five months to pay off both the purchase and the interest.

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.

Charge!

Have students visit Maryland Public Television's Sense and Dollars Web site at <http://senseanddollars.thinkport.org/games/home.html> and play the Charge! game. This game will teach students about the real cost of credit.

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 1 : Scarcity

Students will understand that: Productive resources are limited. Therefore, people cannot have all the goods and services they want; as a result, they must choose some things and give up others.

K-4 Benchmark:

- Whenever a choice is made, something is given up.
- The opportunity cost of a choice is the value of the best alternative given up.

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, [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.

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 Grade Benchmarks:

- People can earn income by exchanging their human resources (physical or mental work) for wages or salaries.

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.

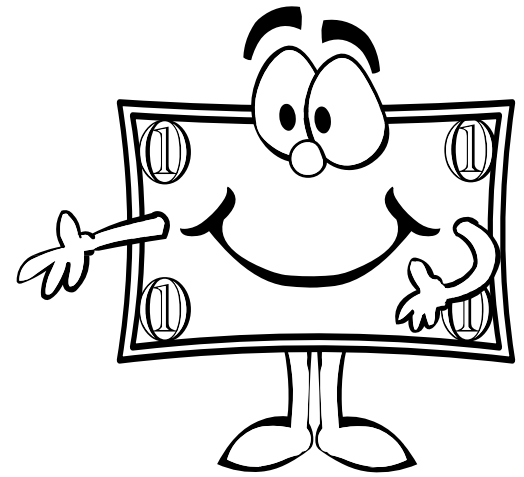
Language Arts

This lesson, based on the children's book *Mr. Popper's Penguins*, by Richard and Florence Atwater, 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).

The Cost of Owning a Pet

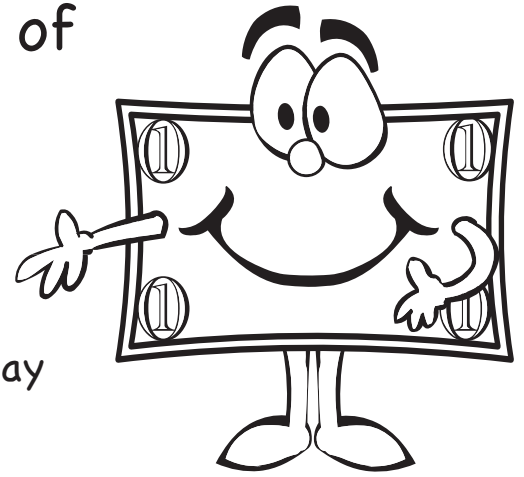
Name _____



Directions: Having any type of a pet can be expensive. Below you will see what supplies you need if you have a pet dog, cat, rabbit, and bird. It also shows how much each item costs. Find out what the total cost is of owning each type of pet.

	 Dog	 Cat	 Bird	 Rabbit
License	\$30.00	\$20.00	-----	-----
Visits to the Vet/Shots	\$84.00	\$56.00	\$40.00	\$40.00
Food	\$15.00	\$10.00	\$25.00	\$9.00
Dog Kennel	\$300.00	-----	-----	-----
Cat Bed	-----	\$25.00	-----	-----
Cage	-----	-----	\$40.00	\$40.00
Perch	-----	-----	\$18.00	-----
Dog house	150.00	-----	-----	-----
Litterbox	-----	\$15.00	-----	-----
Cat Litter/Wood Litter	-----	\$8.00	-----	\$6.00
Carrier	-----	-----	-----	\$25.00
Collar	\$4.00	\$7.50	-----	-----
Leash	\$5.00	-----	-----	-----
Food and water bowl	\$12.00	\$10.00	\$6.00	-----
Toys	\$5.00	\$5.00	\$4.00	\$4.00
Grooming	\$10.00	\$10.00	-----	-----
Total Cost:				

Advantages and Disadvantages of Buying on Credit



Name _____

Teacher Directions: Cut the cards apart. You may want to laminate these cards for durability.

Maya can get the books she needs.

Maya will have to pay more for the books than she would if she paid cash.

Paying with a credit card will help Maya establish credit. Building a good credit record will be important when she seeks to make large purchases in the future.

Maya will have to use her future income to pay for the books. She may not have enough money to pay her other bills.