



MONEY SMART 2.0 LESSON GUIDE

for Grades 3-5



The National Theatre for Children

NTC Financial Literacy
K-12 Curriculum

LESSON 1 *Money Matters*

LESSON OVERVIEW

In this introductory lesson, students will evaluate buying decisions by practicing problem-solving and critical-thinking skills to understand how resources are limited. Students will learn that spending money for one purpose means that money cannot be spent for another purpose (**opportunity cost**) and that spending priorities can be developed by differentiating between **needs** and **wants**.

TOPIC: Buying Decisions

CLASS TIME: 60 minutes (excluding Expanded Information to Share activities)

LEARNING OBJECTIVES:

Students will be able to:

- Explain the difference between needs and wants, and identify examples of each
- Compare and prioritize needs and wants
- Evaluate different choices when making a purchase
- Discuss impulse buying
- Discuss and explain opportunity cost

SUPPLIES:

- A variety of “needs” and “wants” items (such as an apple, a pair of socks, a pack of gum, a bracelet, a stuffed animal, a roll of toilet paper, a milk carton, a toy car, a bar of soap)
- Whiteboard or chart paper, markers
- Projector (for teacher presentation slides)
- Access to the internet (optional)
- Suggested books (optional):
 - » *Tops and Bottoms* by Janet Stevens
 - » *Erandi's Braids* by Antonio Hernandez Madrigal

PREPARATION:

- Make copies of handouts
- Set up projector with presentation slides

STUDENT HANDOUTS:

- Sort It Out
- What Should I Buy?
- Trade-Offs
- Money Smart Book

TEACHER PRESENTATION SLIDES:

- What are Needs and Wants?
- Story Problems: Opportunity Cost (Challenges 1, 2, 3)

ESSENTIAL QUESTIONS:

- *What is the difference between a need and a want?*
- *How can one person's need be another person's want?*
- *How can comparing choices help you decide what to buy?*
- *What is an opportunity cost?*

ASSESSMENT ACTIVITIES:

PRE-ASSESSMENT:

- Sort It Out handout
- What Should I Buy? handout

POST-ASSESSMENT:

- Story Problems: Opportunity Cost slides (Challenge 1, 2 or 3)
- Money Smart Book handout

ANSWER KEY

LESSON 1 *Money Matters*

INSTRUCTION STEPS

WARM UP

NEEDS AND WANTS [15 MINUTES]

Begin the lesson by showing students eight or nine items, such as an apple, a pair of shoes, a pack of gum, a bracelet, a stuffed animal, a roll of toilet paper, a milk carton, a toy car and a bar of soap. Put the items on a table in the front of the class.

Have students work together to sort items into two categories using the **Sort It Out** handout. Ask students to share their categories and explain their reasoning.

Ask students: *What is the difference between a need and a want?* (A need is something you cannot live without, for example: food, water, shelter. A want is something you would like, but can live without, for example: toys, candy, stickers and the latest fashions.)

If students have not already divided the items into needs and wants, have a class discussion to lead students to do so. Have them write their answers on the **Sort It Out** handout. Then ask them to share and discuss their reasoning.

Grade Level Modifications:

Beginner: Divide the items into needs and wants as a whole-class activity.

Advanced: Have students sort the items individually or in small groups, and review as a class.



MONEY SMART TIP

Discuss needs in terms of school. Ask: *What are some things you need to help you learn?*

GUIDED EXPLORATION

EXPLORING AND EVALUATING BUYING DECISION CHOICES [15 MINUTES]

As a class, brainstorm a list of needs (food, clothing, shelter, medical care, medicine, transportation, services such as phone, haircut, water, electricity) and wants (toys, candy, the latest fashions, game apps, jewelry, movie tickets, music). List items on a whiteboard or chart paper. Explain that needs are top priorities because they are things you cannot live without. Since people can't have everything they want, they need to decide which wants are most important. Then have students prioritize the list of wants by ranking them in order of importance. Discuss as a whole class.

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INSTRUCTION STEPS

EXPLORING AND EVALUATING BUYING DECISION CHOICES *Continued*

Grade Level Modifications:

Beginner: Have students work in small groups to prioritize the list of wants.

Advanced: Ask students to work independently to prioritize the list of wants and write a sentence next to each item to explain its ranking.

Ask students: *How can one person's need be another person's want?* (One person might need something, while someone else already has it and wants another. For example: you might need shoes when your only pair is getting too small, versus someone who might want another pair of shoes when they already have several pairs.) Have students share several examples.

Share with students important questions to ask when making a buying decision: *Do I need it? How long will the item be useful? Am I buying it because my friend bought it? Am I buying it to impress others?*

Distribute the **What Should I Buy?** handout to practice problem-solving and critical-thinking skills by evaluating buying decisions and differentiating between needs and wants.

Next, discuss and define the term "impulse buying" (a sudden decision to buy something that you didn't plan to buy). Ask: *Why might it be helpful to plan what to buy instead of making a sudden decision to buy something?* (You can think about the cost and decide whether you really need it.)

Ask: *What choices do people have when deciding what to buy?* (For example: people can choose between different brands, stores, prices, quality levels.) *How can comparing choices help you decide what to buy?* (Comparing choices can help you decide which item is more important to buy, has a lower price and so on.)

UNDERSTANDING OPPORTUNITY COST [20 MINUTES]

Explain that every choice we make has an opportunity cost (the "trade-off" of making one choice over another). For example: If you choose to play outside, you might be giving up the opportunity to read a book indoors. If you only have \$3 and choose to buy a notebook with the money, you give up the opportunity to buy something else, such as stickers, a pack of gum or pencils.

Optional: Read the book *Tops and Bottoms* by Janet Stevens. This Caldecott Honor Book, a folktale about a lazy bear and a hardworking rabbit, demonstrates opportunity cost, as the bear must repeatedly choose between the "tops" or "bottoms" of crops, and always ends up with the inedible parts. (Students may also watch a video of the story being read for classroom instruction at www.youtube.com/watch?v=Qj7_IdQTZBc, which runs 6:51 minutes.)

Then, have a class discussion of the book as it relates to opportunity cost.

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INSTRUCTION STEPS

UNDERSTANDING OPPORTUNITY COST [Continued]

Critical Thinking Questions: *What did Bear choose to do instead of work? (He chose to sleep. What choice did Hare give Bear the first two times? (Hare gave Bear the choice between the top half or the bottom half of the crops.) Did Bear make good choices? Explain. (No, Bear never asked Hare for more information and always got tricked.) What was the opportunity cost, or trade-off, of Bear choosing to sleep? (He gave up working and never received any food.) What did Bear learn from Hare's trickery? (He learned to work hard by growing his own crops.)*

Display the **Story Problems: Opportunity Cost** slides. Problems can be solved as a whole class, in small collaborative groups or individually. (Note: Challenges increase in difficulty. The first challenge is more appropriate for young students, while the second and third may be more appropriate for older students.)

Grade Level Modifications:

Beginner: After the class has discussed the answers, ask students whether they have ever had to choose between two activities on the same day. Have a few students share the choices and trade-offs they made.

Advanced: Have students work in small groups to solve the problems and create pictures to illustrate each trade-off. Ask them to share their answers and pictures with the rest of the class.

Next, give students the **Trade-Offs** handout to have them write about a recent time they gave up one choice in order to buy or do something else by answering the following questions: *What did you choose? What did you give up? Why? How did you decide what to choose? How did you feel about your decision?*

WRAP UP

CLASS REFLECTION [10 MINUTES]

Ask students: Why is it important to know the difference between needs and wants? How do needs and wants affect my decisions? Using the **Money Smart Book** handout, ask students to write their first book entry about the difference between needs and wants. They will then draw a T-chart to organize and list their own needs and wants.

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INSTRUCTION STEPS

CLASS REFLECTION *Continued*

Grade Level Modifications:

Beginner: Write the definitions of needs and wants on a whiteboard or chart paper. Ask students to copy the definitions and then create a T-chart to list their own needs and wants.

Advanced: Students may also write a definition of opportunity cost and include a personal example.

Money Smart Book: Students will create their own personal “Money Smart” book using the **Money Smart Book** handout as a template. They can add to it in each lesson, and maintain it throughout the unit to record what they have learned. The summary and final product will provide you with a measurable assessment. Students can also share the book with their parents as a discussion starter about what they have learned.

Tell students about **Smart Bucks**, if you have not yet already (see the introduction document for more information). Give students **Smart Bucks** for excellent group collaboration, individual work and/or participation in the lesson’s discussions.

EXPANDED INFORMATION TO SHARE

NOTE: Use the following activities to extend the lesson topic throughout the year. Activities can be completed as a class, in small groups or during center time. Duration of activities will vary.

- Have students work in small groups to create a “Needs and Wants” collage (or one of each) to hang in the classroom.
- Read *Erandi’s Braids* by Antonio Hernandez Madrigal to discuss wants/needs and opportunity cost.
 - Summary: A girl named Erandi, from a poor Mexican village, has several choices to make as she picks a birthday gift and offers to sell her hair to help her family buy a new fishing net.
 - **Critical Thinking Questions:** *What choice did Erandi have to make for her birthday gift? (She had a choice between the dress and the doll.) Why did Erandi choose the dress? (Her mother didn’t have enough money for both. Erandi needed a new dress to wear to the fiesta.) What was the opportunity cost (or “trade-off”) of choosing the dress? (Erandi gave up the doll.) Was the doll a need or a want? (A want) Why do you think Erandi offered to sell her hair? (She knew her mother needed the money to buy a net.) Was the net a need or a want? (A need) How do you know? (The old net had holes and couldn’t be repaired. The family needed a net to catch fish to eat.) What was the opportunity cost of Erandi selling her hair? (She gave up her hair.) Was it worth it? (Yes, she received enough money for her mom to buy a new net and the doll.)*

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EXPANDED INFORMATION TO SHARE

- As a follow-up to reading *Erandi's Braids*, invite students to create a poster that shows the choices that Erandi made and the trade-off (opportunity cost) of each choice (the dress versus the doll; to cut her hair versus not cutting it).

Grade Level Modifications:

Advanced: Create a poster using a flowchart to show Erandi's choices and the opportunity cost of each choice. Students can also include the choice that Erandi's mother made (buying both the net and doll versus just the net) and the opportunity cost of her decision.

ANSWER KEY FOR STUDENT HANDOUTS

Student Handout 1: Sort It Out. Answers will vary.

Student Handout 2: What Should I Buy?

Situation A: 1. want, 2. want, 3. need, 4. backpack, 5. Answers may include: Maya should spend her money on a new backpack. It is the most important because it is a need. Her old backpack is badly damaged.

Situation B: 1. want, 2. need, 3. want, 4. a pair of sneakers, 5. Answers may include: Travis should spend his money on a new pair of sneakers. It is the most important because it is a need. His old sneakers are getting too small.

Student Handout 3: Trade-Offs. Answers will vary.

Student Handout 4: Money Smart Book. Answers will vary.

Sort It Out

Name: _____

Directions: Take a group of items and sort them into two categories. Write the category name on the T-chart below. Write the items under each label.

For example:

Category: Yellow

sunflower
lemon
banana

Category: Blue

blueberry
blue jay
jeans

Category: _____

Category: _____

Blank lined paper with a large diagonal watermark reading "ATC" and "COI".

[illegible]

What Should I Buy?

Name: _____

A **need** is something that you cannot live without. A **want** is something you would like, but can live without.

Directions: Read each money situation below. Answer the questions to decide whether the items are needs or wants. Use that information to help make the best buying decision.

Situation A: Maya has \$25 saved. Here are the things she would like to buy:

\$15 – a magnet science kit. Maya loves science.

\$8 – the latest book by her favorite author. She can't wait to read it.

\$20 – a new backpack for school. Her old backpack is badly damaged.

1) Is the science kit a need or a want? _____

2) Is the book a need or a want? _____

3) Is the backpack a need or a want? _____

4) Which item is the most important to buy? _____

5) How do you think Maya should spend her money? Please explain why. _____

What Should I Buy? *Continued*

Name: _____

Situation B: Travis made \$48 selling his old toys at a tag sale. Here are the things he would like to buy:

\$22 – a new board game. Travis heard it was really fun.

\$45 – a pair of sneakers. His old ones are getting too small.

\$28 – a glow-in-the-dark construction set. A few of his friends have one.

1) Is the board game a need or a want? _____

2) Is the pair of sneakers a need or a want? _____

3) Is the construction set a need or a want? _____

4) Which item is the most important to buy? _____

5) How do you think Travis should spend his money? Please explain why. _____

Trade-Offs

Name: _____

Every decision you make has an **opportunity cost**. An opportunity cost is the trade-off of making one choice over another. For example, if you choose to play outside, you might be giving up the opportunity to read a book indoors. If you only have \$3 and choose to buy a notebook with the money, you give up the opportunity to buy something else, such as pencils or a pack of gum.

Directions: Think about a time you gave up one choice for another. Then fill in your answers to each statement or question below.

1) Describe a time you had to make one choice over another. _____

2) What did you choose? _____

3) What opportunity did you give up? _____

4) Why did you make that choice? _____

5) How did you feel about your decision? Why? _____

Money Smart Book

Name: _____

Directions: What *Money Smart* lesson did you learn today? Write the lesson's topic and what you learned on the lines below. Then draw a picture about it in the "Draw About It" box.

Draw About It



Write About It
