

MONEY CONFIDENT Kids®

presented by T.RowePrice™

TEACHER'S EDITION

A supplement to *Junior Scholastic*



DEAR TEACHER,

Welcome to this special supplement to *Junior Scholastic* from T. Rowe Price. This edition is designed to provide your 5th- to 8th-grade students with insight into why it's so important to learn how to make well-informed financial decisions. We hope that the articles in this issue will provide a catalyst for classroom discussions about making wise spending choices.

Confident understanding of financial concepts is vital to a young person's future, and we hope that this special issue will be part of building a strong foundation of financial understanding for all of your students.

Enjoy!

**New
worksheets
on pages
6 and 7!**

What's Online? www.scholastic.com/MCK

DOWNLOADABLE PDFs

- *Money Confident Kids* student magazine
- Language of Money glossary
- Costly Crossword puzzle
- Amazing Money Maze activity
- Spending Tracker tool

STAR BANKS ADVENTURE

Engage students in this exciting game that teaches positive financial behaviors.

RESOURCES

- 30 Days of Financial Fitness family activity
- "Basic Concepts Children Should Know" article

VIDEOS

- What Kids Say About Money videos

LESSON ONE OVERVIEW



ARTICLES:

"WHAT'S YOUR FINANCIAL PATH?"
"SPENDING NOW"
"SPENDING LATER"

LEXILE SCORE: 890L

OBJECTIVE: Students will read articles closely and discuss how statistics can help us understand the past and predict the future.

KEY STANDARDS: RH.6–8.6, RI.6.6

MATERIALS: Pages 2–3 of the *Money Confident Kids* student magazine (www.scholastic.com/MCK)

TIME FRAME: Approximately one class period

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LESSON ONE OVERVIEW (Continued)

STEP-BY-STEP LESSON PLAN

BEFORE READING

1. Free-Write (5 minutes):

Write the words “save” and “spend” on the board. Ask students to think about whether either one of these concepts is better than the other and write about their opinion for five minutes. Students should support their opinion with details.

DURING READING

2. Independent Reading (10–15 minutes):

Have students read pages 2 and 3 of the student magazine on their own.

AFTER READING

3. Checking Comprehension (10 minutes):

In a full-class discussion, ask students about details in the articles to ensure that they understood what they’ve read. Ask questions such as: “Do most young people think they know how to manage money?” (*No, only 17% do.*) “What is the difference between saving and spending and spending now and spending later?” (*It’s all spending, just with a different timeline.*) “How much money does the average 12- to 14-year-old have to spend each year?” (\$2,767)

4. Understanding the Facts (10 minutes):

Draw students’ attention to the phrase “Every year, \$258 billion is spent on and by young people like you.” Explain that statistics like this are used to analyze what is happening in the world around us. They can help us look at the past (distant or near) and identify trends that might be useful in predicting what may happen in the future. Discuss examples of how statistics have been used to identify and predict trends, including weather forecasting, disease outbreaks, and elections.

5. Underline the phrase “young people like you.” Explain that to really understand whether this statistic is relevant to them, they need more information about that phrase. Together, make a list of facts that they need to know in order to better understand the statistic, such as: “What ages were surveyed?” “Where do these ‘young people’ live?” “Who is making the purchase—a teen, an adult, or a combination of the two?”

6. Print out copies of the chart at <http://bit.ly/1AwvEDR> to answer these questions. Also discuss the other statistics presented in this chart and whether students feel this data accurately reflects their own spending choices.

DIFFERENTIATING

Lower Level:

Select only two or three statistics from the chart to focus students’ attention on.

Higher Level:

Distribute copies of the article “Here’s How Teens Really Spend Money, What They Like, and Where They Shop” (available at <http://read.bi/10LHdx9>) for students to read. Compare the details in the articles they have read and ask students to identify any emerging spending trends.

Assessment (5 minutes):

Ask students whether their opinion about spending and saving has changed. Discuss whether or not students feel that the idea of spending now and spending later is more positive and proactive.

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LESSON TWO OVERVIEW

ARTICLES:

“WHAT THE AVERAGE TEEN BUYS” “SPENDING NOW”

OBJECTIVE: Students will study charts and conduct two small studies to discover more about spending habits.

KEY STANDARDS: RH.6–8.7, RI.6.7, W.6.7

TIME FRAME: Approximately one class period for instruction, plus one week of data collection

STEP-BY-STEP LESSON PLAN

BEFORE READING

1. Free-Write (5 minutes):

Ask students to privately write down the answers to the following questions: “What was the last item you bought with your own money? Did you plan to buy it, or did you make the decision on the spot?”

DURING READING

2. Pairs Reading (5–10 minutes):

Ask students to study the chart titled “What the Average Teen Buys.” They should discuss in pairs whether they agree or disagree with the percentages in the chart.

AFTER READING

3. Research Experiment A (10 minutes):

Challenge students to keep track of their food spending over the next week. Draw the following chart on the board and ask students to copy it onto a sheet of paper that they will keep with them for the next seven days (or students can track their spending using a smartphone or other electronic device). Share these research parameters:

- Only track food and drink that you buy outside of your home.
- List each individual food, not just a daily total (i.e., chips: \$1.50; energy drink: \$3.50).

Items Purchased Each Day	
Monday	
Tuesday	
Wednesday	
Thursday	
Friday	
Saturday	
Sunday	
Total Spent:	

Be aware of economic differences and ask students to keep their charts private. After the results are in, ask the following questions: “Did the amount you spent surprise you?” “Is it realistic to think that you’ll never buy food outside of your house?” “If not, could you do it some of the time?”

4. Research Experiment B (10 minutes):

Reread the “Spending Now” article. Then distribute copies of “The Power of Advertising” student worksheet (on the back page of this Teacher’s Edition) to each student and explain that they are going to be doing some simple observational research. Ask them to sit in a shopping area (grocery store, mall store, etc.) for 10 minutes and observe the shoppers around them while completing the worksheet.

Later, come together and discuss their observations and whether those observations will have an impact on the way that they will shop in the future.

DIFFERENTIATING

Lower Level:

Select only one of the research experiments to perform and set a shorter time frame.

Higher Level:

Ask students to create a chart that describes the results of research experiment B.

Assessment (5 minutes):

Can students apply what they have learned to their personal spending?

LESSON THREE OVERVIEW

ARTICLE:

“TWIN TALES OF SPENDING”

OBJECTIVE: Students will read examples of two different spending plans and apply what they have learned to create a plan of their own.

KEY STANDARDS: RH.6–8.3

TIME FRAME: Approximately one class period

STEP-BY-STEP LESSON PLAN

BEFORE READING

1. Free-Write (5 minutes):

Ask students to privately write down three things they would love to be able to buy. One should be something that they can see themselves owning within two years (short-term), another should be something they might want in 2–15 years (medium-term), and the last items should be 15-plus years on the horizon.

DURING READING

2. Full Class Reading (5–10 minutes):

Aloud, have students reread the article “Twin Tales of Spending” in the student magazine.

AFTER READING

3. Checking Comprehension (5 minutes):

In a full-class discussion, ask students about details in the article to ensure that they understood what they’ve read. Ask questions such as: “Who had more money at the end of 10 years?” (*Lauren*) “How much did each girl have to put in the bank over 10 years?” (*\$12,000*) “Why did Lauren have more than the \$12,000 she invested at the end of 10 years?” (*She diversified her investments.*) “Did both girls achieve their goals by the end of the 10 years?” (*Yes*)

4. Making Inferences (10 minutes):

Now share some additional information about Cassidy’s and Lauren’s choices with students:

- Lauren also wanted a gym membership as a teenager. She decided to join her school soccer team instead.
- Cassidy decided against a trip to Paris when she saw her sister’s new car. She bought a used car from her uncle instead.

Together discuss the choices and sacrifices both girls made. Would students have made different choices? Apply this logic to examples of short- and long-term goals shared by students.

5. Writing (20 minutes):

Review the “Getting to Your Goal” infographic on the back page of the magazine. Ask students to re-create this infographic using one goal of their own choice.

They should think carefully about what they want and what they would need to do to get there.

DIFFERENTIATING

Lower Level:

Talk through the infographic as a group, using two student-provided goals as examples.

Higher Level:

Ask students to create a financial plan or chart as part of their infographic.

Assessment (5 minutes):

Did students apply what they read to their personal plan in a thoughtful way?

LESSON FOUR OVERVIEW

ARTICLE: “THE VALUE OF MONEY”

LEXILE SCORE: 890L

OBJECTIVE: Students will define *inflation* and understand how it affects the price of goods and services.

MATERIALS: “The Value of Money” on page 4 of *Money Confident Kids* www.scholastic.com/MCK, “Inflation Introduction” worksheet (<http://trowe.com/1a1J6Qb>)

TIME FRAME: Approximately one class period

STEP-BY-STEP LESSON PLAN

BEFORE READING

1. Pre-Research (10 minutes)

Ask students to go home and ask their parents, grandparents, or an older friend the approximate cost of the following items when they were children:

- **Candy bar** (cost and year)
- **Movie tickets** (cost and year)
- **New car** (cost and year)

The next day, write the word *inflation* on the board. Define inflation as the increase in prices of products and services over time. Explain that inflation causes money to lose some of its value over time. Create a chart or graph with the information that students brought back to class and discuss it together.

DURING READING

2. Full class reading (5 minutes)

Have students take turns reading the article aloud.

AFTER READING

3. Analyze for meaning (10 minutes)

Begin by asking students basic comprehension questions about the article and highlight the current rate of inflation (-0.1%).

4. Reinforce student understanding of how inflation causes the value of money to decline over time with examples from the “Inflation Introduction” worksheet from T. Rowe Price. Make the connection between the *inflation rate* and *price increase* as students work through the problems together or alone.

5. Ask students how inflation might change the way they think about saving. Do they feel that all savings plans should take inflation into account? (*No, inflation only truly affects plans for future spending at least two years in the future.*)

6. Help students think about the real effect of inflation on short-term goals (little to none) and long-term goals (potentially great) by asking: *When should you consider inflation? When you’re saving for a car (yes), new clothes (no), a video game (no), college (yes), etc.*

7a. Activity Option A: Star Banks Adventure (15 minutes)

In this game, students will make financial choices in order to unlock new levels. As they progress, they will use their knowledge of inflation and investments to make choices that allow them to reach longer term goals. In addition, they will be asked to answer questions to assess their understanding of key concepts. Go to starbanksadventure.com and follow the activity instructions on page 5 of this guide.

7b. Activity Option B: Pairs Research (15 minutes)

Define and discuss what influences the rate of inflation, highlighting **market power**, **demand**, and **supply**. Use the following article about the rising price of chocolate as a reference point: <http://bit.ly/1xuCHwB>. Share other examples such as the following:

- **Market power:** cable companies (great market power); pumpkin sellers at Halloween (little market power)
- **Demand:** certain medications (great demand); notebooks (little demand)
- **Supply:** drought (could affect the availability of certain agricultural products)

Give students time to research the increase or decrease in the price of one product over the last 20 years. Students may choose any product they wish (video games, clothes, snacks, washing machines, etc.). Each pair should be able to: a) define the price change in their product over the past 20 years; and b) discuss why the price changes may have occurred (market power, demand, supply, etc.). Be prepared to discuss why technology-related products may be in higher demand, yet have lower prices today (production costs have decreased).

ASSESSMENT

Does student research or their experience with Star Banks Adventure reflect an understanding of why the value of money decreases due to inflation?

DIFFERENTIATING

Lower Level

Instead of a paired research project, use the historical data at www.foodtimeline.org/foodfaq5.html#candybar to lead a classroom discussion about price changes.

Higher Level

Review the inflation graph of data from 2004 to 2015 within the student magazine. As part of their research projects, students should compare their product’s price changes to the rise and fall in inflation rates.

LESSON FIVE OVERVIEW

ARTICLE: “MAKING MONEY WORK”

LEXILE SCORE: 1090L

OBJECTIVE: Students will define and understand how diversification and asset allocation relate to saving and spending.

MATERIALS: “Making Money Work” on page 5 of *Money Confident Kids* www.scholastic.com/MCK, “Investment Decision Time” worksheet (<http://trowe.com/1Eawjk4>)

TIME FRAME: Approximately one class period

STEP-BY-STEP LESSON PLAN

BEFORE READING

1. Set a purpose (5 minutes)

Tell students that this article will explain the ways in which people can put their money to work. Tell them that after reading the article they will be asked how savings accounts, stocks, bonds, and inflation are related. Write this purpose on the board.

DURING READING

2. Partner reading (5 minutes)

Have students read the article with a partner.

AFTER READING

3. Class discussion (15 minutes)

Discuss the reading to reinforce student understanding. Ask students to compare the average interest rate on a savings account (.17%) with a 3% inflation rate. Why would it be a problem to save money only in a savings account over 10-plus years? (*The balance in the account will end up being lower than the ultimate price of the item and you won't have enough money to buy it.*)

4a. Activity Option A: Star Banks Adventure (20 minutes)

Continue your class's progress through the Star Banks Adventure game (www.starbanksadventure.com) as described in the activity instructions at the bottom of this page.

4b. Activity Option B: Simulation (20 minutes)

- Share the following situation with students: Imagine that you decide to buy stock in all of your favorite video game companies. What happens if everyone suddenly starts playing online games instead? (*The value of your stocks would drop and you could lose all your money.*)
- Write the word *diversification* on the board. Ask students to guess the meaning of this word by breaking it into its parts. Explain that if (in the example above) you had invested some of your savings in video game companies and some in food, clothing,

and toy companies you would have diversified your investments. Diversification provides some protection so if the video game companies go out of business, your other investments might still earn money.

5. Give students a copy of the “Investment Decision Time” worksheet from T. Rowe Price. Together, review the directions and point out the *time horizon* (length of time to reach the goal) for the kitten, car, and college tuition. In small groups, ask students to decide how they would allocate their assets to reach their goal.

ASSESSMENT

Did students demonstrate an understanding of why it is important to consider time when planning to reach a financial goal?

DIFFERENTIATING

Lower Level

Complete the reading and activity as a class instead of in pairs or small groups. Simplify the vocabulary terms.

Higher Level

Have students create a worksheet similar to “Investment Decision Time” containing three goals, time horizons, and asset allocation strategies. Later, have them trade pages to challenge their classmates.

STAR BANKS ADVENTURE ACTIVITY

Each student (or student group) will need access to a computer for this activity.

In this game, students will make financial choices in order to unlock new levels. As they progress, they will use their knowledge of inflation and investments to make choices that allow them to reach longer term goals. In addition, they will be asked to answer questions to assess their understanding of key concepts.

1. To get started, have students open the game at www.starbanksadventure.com.
2. Have students play Levels 1 and 2 on both the Budget and Deluxe levels. Before playing each level, students should record their savings goal (\$1,000 and \$2,000). Feel free to click on the question mark to review vocabulary terms and discuss any questions.
3. Now look at Level 3 as a class. Read the introduction together and ask: *How is the Yellow Star Bank related to the idea of interest? (Saving in a Yellow Star Bank means you won't lose any coins, but you can only earn a small amount of additional coins.) If you were saving for a long-term goal with a cost that would rise over time, do you predict that savings in the Yellow Star Bank would keep ahead of the rate of inflation?*
4. Continue playing as time allows and watch for the inflation challenges on Level 14!

NAME: _____

PRE-ASSESSMENT TOOL / ASSESSMENT

MONEY TALK

WORD BANK

assets

bonds

budget

dividends

finance

impulse

inflation

interest

mutual fund

portfolio

ACROSS

- 5. Money paid to an investor for “loaning” money to a business; money made on savings accounts and bonds
- 8. A plan that describes how much money a person or business has and how they will spend it
- 9. _____ is when the price of goods and services increases over time
- 10. Money paid to an investor who owns stock in the company

DOWN

- 1. Type of investment that combines the money of many investors
- 2. Interest-paying assets that act as loans to government organizations or corporations
- 3. The group of investments owned by a person or company
- 4. Management of money and other assets
- 6. Unplanned purchases made for immediate enjoyment are an _____ buy.
- 7. Things that are useful or valuable are called _____



If you are given one penny on the first day of the month and the amount you receive doubles every day, on what day will you receive over \$1,000,000?

(For example, Day 1—1¢, Day 2—2¢, Day 3—4¢, Day 4—8¢, etc.)

MONEY TALK ANSWERS: 1. mutual fund; 2. bonds; 3. portfolio; 4. finance; 5. interest; 6. impulse; 7. assets; 8. budget; 9. inflation; 10. dividends
RIDDLE ANSWERS: On Day 28, the amount you receive will be \$1,341,177.28.

NAME: _____

GLOSSARY

ALLOWANCE: Money given to a person on a regular basis for his or her personal spending.

ASSET: Anything that has a financial worth, including cash, savings accounts, stocks, bonds, mutual funds, houses, and cars.

ASSET ALLOCATION: The way that a person divides his or her money among stocks, bonds, and short-term investments.

BOND: An asset issued by the federal government, state governments, or corporations. When you buy bonds, you are lending money to the organization. Bonds generally pay interest (usually more than a savings account) every six months. Unlike a savings account at a bank or credit union, many bonds are subject to risk, which means you could lose some or all of the money you invested.

BUDGET: A plan describing how much money a person or business has to spend and how it will be spent.

DEBT: Any money you owe and have to pay back, such as loans or purchases made on credit cards.

DIVERSIFICATION: Having various kinds of investments (different types of stocks, different types of bonds, etc.).

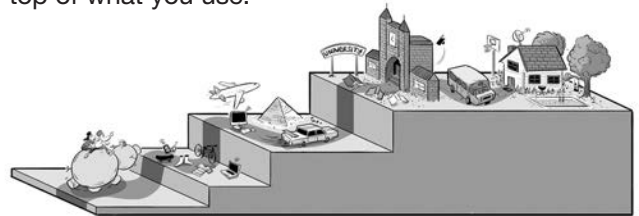
DIVIDENDS: Money paid to an investor who owns stock in the company.

FINANCE: Management of money and other assets.

IMPULSE BUYS: Unplanned purchases made for immediate enjoyment.

INFLATION: The general increase in the price of goods and services over time. Money loses value due to inflation, so it could be more expensive to buy products in the future.

INTEREST: The amount of money an investment earns or an amount of money that is added to money you have borrowed. If you have a savings account, your money can earn interest—and you'll have even more money. However, if you borrow money (such as using a credit card), you will have to pay interest on top of what you use.



INVESTMENT: Anything that you buy in hopes that it will increase in value.

MUTUAL FUND: Combines the money of many investors to buy many different stocks, bonds, and/or short-term investments (depending on what kind of mutual fund it is), giving small investors access to a well-diversified portfolio. Each investor shares in the gain or loss of money in the mutual fund.

NEEDS: Basic things necessary to live or do your job (such as a place to live, food, clothes, transportation to work, etc.).

PORTFOLIO: A group of investments owned by a person, investment company, or financial institution.

STOCK: A share of a company that is sold to the public. Companies sell stocks to raise money to finance business operations. Stock prices can change daily. As an investment, stocks have produced the highest long-term returns over the past several decades. They also have had the biggest swings in performance and are subject to much greater short-term risk of losing money.

TIME HORIZON: The number of years until you will spend your money.

WANTS: Things you don't need to live or do your job. Also called luxuries.

NAME: _____

THE POWER OF ADVERTISING

Retailers have lots of ways to try to get people to spend their money now instead of later. Spend 10 minutes at a store of your choice and observe carefully. Fill in this chart to help you remember what you saw.

STORE ENVIRONMENT	
1. Do you see signs that promote impulse purchases? Describe them.	
2. Is the merchandise arranged in a way that promotes impulse purchases (such as small items near the cash register)? Describe it.	

CUSTOMERS	
1. How many customers came into the store during your 10-minute observation?	
2. How many customers made a purchase during your 10-minute observation?	
3. Do you think customers were making impulse purchases? Why or why not?	
4. Were you tempted to buy something at the store? Did you?	

Did anything surprise you? _____
