

# Personal Financial Literacy



## Supplemental Curriculum K-8



**Common Cents**  
creators of the **Penny Harvest**



**Young Americans**  
CENTER FOR FINANCIAL EDUCATION.

This is a program of  
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Dear Penny Harvest Coaches,

We are very excited to pilot a new Personal Financial Literacy (PFL) Supplement, in partnership with Young Americans Center for Financial Education, which has earned a very high reputation for teaching young people about finances, economics and business, and served over 450,000 youth throughout Colorado since opening its doors more than 20 years ago.

As you may know, the new Colorado Department of Education Personal Financial Literacy Standards will be enacted during the 2011-12 school year. This guide, along with the student workbook, have been mapped to these new state standards and contain lessons regarding finances on a personal level, as well as budgeting and making tough financial decisions as a leader in the Penny Harvest program.

We hope this supplement is helpful for you and your students and we welcome any feedback regarding the lessons and process. Please feel free to reach out to us with any questions, concerns, or recommendations!

#### How to Use This Guide

The teacher guide includes several lessons on personal financial literacy along with instructions for facilitators, tips for preparation, standards-based activities for students, and the corresponding Penny Harvest alignment. Additionally, we have provided Discussion Points, Things to Consider, and Journaling Topics which can be used to further the learning experience and provide opportunities for students to continue financial discussions at home with their families.

Each activity in the teacher guide and student workbook has been designated an appropriate age group and matched to the PFL standards provided by the Colorado Department of Education. Visit [www.cde.state.co.us](http://www.cde.state.co.us) for more information.

Good luck and keep us posted on this new process!

Kind Regards,

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# How Do We Get Money?

## Overview

Students explore ways people get money of their own.

## Objective

Students will be able to:

- Think of ways to make money
- Discover how others get money
- Consider the three S's of money management: Save, Share, Spend

## Grade Level

K-8

## Lesson Time

15-20 minutes

## Penny Harvest Alignment

Harvesting at Home: p. 19

Neighborhood Harvesting: p.20

Workplace Harvesting: p.131

## Financial Literacy Standards

Standard 3: Economics; Describe how to meet short-term financial goals (Third Grade); Discuss how purchases can be made to meet wants and needs

(Kindergarten);

Identify short-term goals (First Grade)

## Preparation

Have a white board or flipchart to list student responses, markers, ***How Do We Get Money?*** worksheets for each students (K-1<sup>st</sup> grade) or ***What's My Money Attitude?*** worksheet for each student (2<sup>nd</sup>-8<sup>th</sup> grades) and pencils.

## Activity

Ask students how they get money. Note the answers on the board. Answers might include allowance, chores, gifts, and working. Then ask students if they are willing to share the amount of their money and note the amounts on the board. Next ask students if there are any strings attached to their money, i.e., chores, and clean room. Note their remarks on the board.

The last question to ask the students is if there are any guidelines on how they spend their money. Explain that many adults practice the three S's of money

management with their paychecks: **save** one third, **share** one-third to charity, and **spend** one-third.

Ask students if there are other ways that they are able to get money. Perhaps they receive money as a special gift at holidays or birthdays. Maybe they have garage sales. See how many different ways they can think of. Ask students how they're family members get money. Some of the answers might include working, gifts, the government etc. Help students understand that everyone gets their money in different ways.

Distribute *How Do We Get Money?* worksheet for each student to complete (K-1<sup>st</sup> grade).

Distribute *What's My Money Attitude?* worksheet for each student to complete (2<sup>nd</sup>-8<sup>th</sup> grades).

## **Journal Topics**

Possible journaling assignments could include having each student survey their family. How do the people they know get money? Do they follow the three S's of money management? What are the similarities and differences between their family members?

## **Summary**

Check students' answers and encourage students to not only think of ways they might earn money and harvest pennies, but also ways to practice the three S's of money management.

# HOW DO WE GET MONEY?

There's another famous saying: money doesn't grow on trees. You also know that you can't depend on finding pots of gold at the end of a rainbow or digging up buried treasure. So how do kids get money for the things they want?

- Some kids get an allowance
- Some kids get paid for doing chores
- Some kids get money as gifts
- Some kids earn money by working

## AcTiViTy!

Follow the children along the money maze to find one way that each of them receives money. Then write the answer next to each child's name.



Jenny \_\_\_\_\_ Michael \_\_\_\_\_

Beth \_\_\_\_\_ Shawn \_\_\_\_\_

Jenny      Michael      Beth      Shawn

**Allowance**      **Chores**      **Working**      **Gifts**

# What's My Money Attitude?

Take a few minutes to complete each statement below. Go with your first thought. There are no right or wrong answers.

Money is \_\_\_\_\_

\_\_\_\_\_

Coins are \_\_\_\_\_

\_\_\_\_\_

If I had \$100, I would \_\_\_\_\_

\_\_\_\_\_

I think people with lots of money \_\_\_\_\_

\_\_\_\_\_

I think people who don't have much money \_\_\_\_\_

\_\_\_\_\_

When I grow up, I want to have \_\_\_\_\_

\_\_\_\_\_

When I have money, I \_\_\_\_\_

\_\_\_\_\_

When I don't have money, I \_\_\_\_\_

\_\_\_\_\_

When I need or want money, I \_\_\_\_\_

\_\_\_\_\_

\*Complete this sheet at the beginning of the curriculum, and again once the students have completed the other lessons. This will show how answers have changed.

# Saving Smarts

## Overview

Students discuss the concept of “paying yourself first,” and discover how savings accounts earn money through compounding interest.

## Objective

Students will be able to:

- Explain what it means to “pay yourself first.”
- Provide two reasons why saving money at a bank is a good idea.
- Explain how savings accounts earn money through compounding interest.

## Grade Level

K-8 with adaptations

## Lesson Time

30-45 minutes

## Penny Harvest Alignment

Example of Colorado Penny Harvest Bank Account—money that is not used for grants during school year is saved in bank account and earns interest

Record Keeping: “Keeping Track of Your Pennies” p. 28 and “Tracking Sheet for Neighborhood Harvesting” p.136

Addressing Community Issues, pgs 71-73

Funding Criteria, p. 73-74

### What happens to the pennies after we collect them?

All of the coins collected in the Fall through the Penny Harvest are deposited into a Colorado Penny Harvest Bank Account. Just like your individual bank accounts, the money is better protected, easier to keep track of, and able to earn interest each year. After the grants are made, there is usually a small amount of money left in the bank account, and as long as that money stays in the account, it will earn interest from the bank and grow even bigger!

Meet Penny, and follow her through the Penny Harvest:

1. Penny is just laying around in couch cushions, or change jars and not being put to good use, nor earning interest.

2. Students collect Penny during their Harvest, and she is deposited along with millions of other pennies into the Colorado Penny Harvest bank account. All of those small pennies add up to big dollars! (In 2010, students collected 5.3 million pennies, which is \$53,000!).

3. After students make their grant decisions, checks will be made from the bank account and mailed to organizations doing good work in our community (nonprofits and schools!). Once the checks are cashed, those pennies will once again be working hard, and actively participating in our economy.

4. Pennies remaining in the bank account will accrue interest and allow students to have even more money during next year's Penny Harvest!

## Personal Financial Literacy Standards

Standard 1: Mathematics; Multiplying & division are inverse operations modeled in a variety of ways (Third Grade)

Standard 2: Mathematics; When a relationship exists between two quantities, a change in one results in a change in the other (Fifth Grade)

Standard 3: Economics; Discuss how purchases can be made to meet wants and needs (Kindergarten); Identify short term financial goals (First Grade); Apply decision-making process to financial decisions (Second Grade); Describe how to meet short-term financial goals (Third Grade); Use financial institutions to manage personal finances (Fifth Grade); Saving and Investing are key contributors to financial well-being (Sixth Grade)

## Preparation

Review the lesson.

## Activity I

To promote class discussion on the topic of personal savings, ask students the following questions:

1. What are some issues in your life that make it difficult for you to save money?
2. Can you share a story you may have about successfully saving for something you really wanted and getting it?
3. If you receive an allowance or money as a gift, what rules do you have for saving part of it? Example: Save one-third, share one-third, and spend one-third.

After this discussion, remind students that saving money requires discipline. The best way they can discipline themselves is to remember the phrase "pay yourself first." This means that any time they receive money; they should immediately set aside an amount to save.

Define a **savings account** as an account in which money is deposited and is used to save for short- or long-term goals. Have students brainstorm things they

would save for. Remind them that a savings account is not the same as a checking account!

Ask students to name the advantages of saving money at a bank.

- **Safety** - Most banks have deposit insurance through the Federal Deposit Insurance Corporation, which insures account holders against the loss of their money up to a limit. If you save money at home and something happens to it, it is gone.
- **Interest** - Because the bank uses money put into savings accounts, the bank pays interest to savings account customers. There are only two ways to make money: you can make money by working, or you can let your money work for you by investing it in a savings account where it will earn interest.
- **Record Keeping** - Statements from the bank provide a record of transactions. TIP: You can keep track of Penny Harvest Collections too!
- **Budgeting** - Keeping your money in the bank helps you keep track of money you are saving for long-term goals. Since money in a bank is also less accessible than money kept at home, it is harder to spend on impulse.
- **Emergency** – Savings can be used in case an emergency occurs and you are short of cash. For example, a flat tire, something broken in your home, etc.

Discuss the benefit of earning interest on savings. A \$10.00 deposit will grow to \$10.52 in one year if it earns 5% interest annually, compounded monthly. After three years you would have \$11.62. That same \$10.00 kept in a piggy bank at home would still be only \$10.00 after three years. Emphasize the three factors of saving: amount of money, interest rate, and time.

## Activity II

Ask the student to complete the *What Are You Harvesting For* worksheet. (Please reference the Penny Harvest guide pages 71-73.)

## Adaptation (grades 5-8)

Ask students if they have ever heard of the Rule of 72? Money kept in savings will eventually double. If you divide 72 by the rate of interest, you will know how many years it takes to double your money.

Savings at 5% interest doubles in 14.4 years. ( $72 / .05 = 14.4$ )

Savings at 9% interest doubles in 8 years. ( $72 / .09 = 8$ ).

Explain that the amount of money, the rate of interest, and time all have an impact of how much a savings account grows. Students have the advantage of time on their side. To illustrate this, show students how much money they would have to save each month if they wanted to have \$1,000,000 by the time they turned 65 years old. Each example is based on a ten percent (10%) annual return.

- If Lisa starts saving a birth, she needs to save \$13.00 a month.
- If Lisa starts saving at age 15, she needs to save \$58.00 a month.
- If Lisa starts saving at age 25, she needs to save \$159.00 a month.
- If Lisa starts saving at age 40, she needs to save \$754.00 a month.

Have students complete ***The Rule of 72*** worksheet. Then, encourage students to think about their savings goals by completing a *Savings Goals* worksheet as a homework assignment. Distribute copies of the worksheet to each student.

## **Journaling Topics**

Possible journaling assignments could include having each student prompt a discussion with their family. What is their family saving for? Do you have a savings account? What interest does it earn? If there is \$100 in the account, how long before the money will double? What do you think your family should save for?

## **Summary**

Ask students if they have any questions?

# What Are We Harvesting For...

What is your harvesting goal? What community issues do you wish to address?

Draw and write your harvesting goal here.

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# Savings Goals



Now think about your own goals.  
Fill in the lines with short-term and long-term goals.

## Short-Term Goal (Something you want to buy within the next few weeks)

What do I want to buy? \_\_\_\_\_

Why do I want it? \_\_\_\_\_

How much does it cost? \_\_\_\_\_

How much can I save each week for it? \_\_\_\_\_

How long will it take for me to reach my goal? \_\_\_\_\_

## Long-Term Goal (Something that will take you years to save for.)

What do I want to buy? \_\_\_\_\_

Why do I want it? \_\_\_\_\_

How much does it cost? \_\_\_\_\_

How much can I save each week for it? \_\_\_\_\_

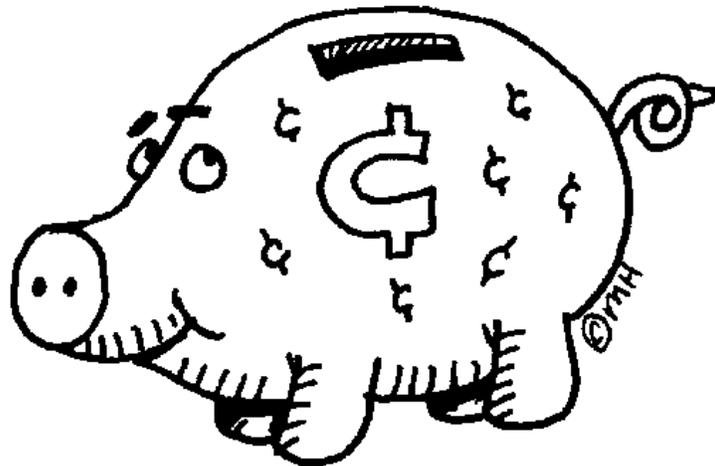
How long will it take for me to reach my goal? \_\_\_\_\_

**Are these Needs or Wants?**

# The Rule of 72

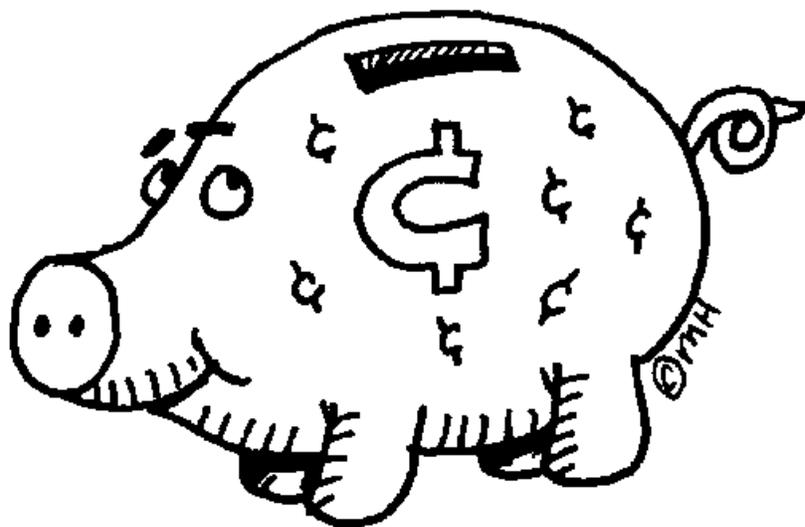
Rule of 72: Approximate Frequency with which \$100 Doubles at Specific Interest Rates

Interest Earned	3 Years	6 Years	9 Years	12 Years	15 Years	18 Years	21 Years	24 Years
3%								
3.43%								
4%								
4.8%								
6%								
8%								
12%								
24%								



# The Rule of 72 - Answer Key

Rule of 72: Approximate Frequency with which \$100 Doubles at Specific Interest Rates								
Interest Earned	3 Years	6 Years	9 Years	12 Years	15 Years	18 Years	21 Years	24 Years
3%	---	---	---	---	---	---	---	\$200
3.43%	---	---	---	---	---	---	\$200	---
4%	---	---	---	---	---	\$200	---	---
4.8%	---	---	---	---	\$200	---	---	---
6%	---	---	---	\$200	---	---	---	\$400
8%	---	---	\$200	---	---	\$400	---	---
12%	---	\$200	---	\$400	---	\$800	---	\$1,600
24%	\$200	\$400	\$800	\$1,600	\$3,200	\$6,400	\$12,800	\$25,600



# Goal Setting

## Overview

Students discuss the importance of setting goals, both short-term and long term. They prioritize their own goals by participating in a personal goal setting activity.

## Objective

Students will be able to:

- Discuss and analyze the importance of goal setting
- Prioritize their own personal goals

## Grade Level

K-8

## Lesson Time

15-20 minutes

## Penny Harvest Alignment

Penny Harvest Plan and Goals, p.112

## Personal Financial Literacy Standards

Standard 3: Economics; Identify short term financial goals (First Grade); Apply decision-making processes to financial decisions (Second Grade); Describe how to meet short-term financial goals (Third Grade)

## Preparation

Review lesson and consider your own goal setting process. Have copies of **SMART Goals** to distribute to students. Gather glue and various pictures of homes, cars, occupations, hobbies, etc

## Activity

Remind students of the values discussion you had with them earlier. While values help us to know what is important to us, we need to do more thinking to come up with concrete goals and objectives to shoot for in our financial plan that reflect those values. Also remind student of the timelines they have mad or will make today. This is another good place for them to start when deciding their long and short term goals.

A basic definition of a goal is attainment of a specific need or want. There are many types of goals: personal goals, educational goals, business goals, and lifetime goals. And, some goals are long-term in nature, which can mean two,

three, even ten years away, and short-term and intermediate goals, which can be weekly, monthly, or close to a year.

Further explain to students the difference between goals and objectives. A goal is broad, such as “I want to be healthy.” However, it’s hard to measure that statement. So, we have to break down that goal into concrete objectives. So, for example, you might set an objective to start running three times a week for 15 minutes to reach your goal of being healthy.

The ability to move from goals to objectives is key to becoming good at goal setting. Breaking a goal down into smaller objectives will help you achieve the overall goal. Emphasize to students that there’s a great way to remember how to set goals. It’s called SMART: Distribute copies of **SMART Goals**.

- S= Specific
- M= Measurable
- A= Attainable
- R= Realistic
- T= Time-bound

Explain to students each aspect of the SMART goal process. For instance, a goal might be to go to college. To specify, help students understand that they might want to decide which colleges they might want to attend and so on.

Some experts believe that people who write out their goals have a 95% better chance of achieving their goals than people who just think about goals. So, now, we need to practice writing down some goals and develop a strategy to achieve them. Part of the strategy needs to include thinking about obstacles that might come up and preparing for them.

Distribute construction paper and glue to students. Explain that they are about to participate in a goal setting activity. Encourage them to think about the future. How would you like your life to be two years out of high school? Five years out of high school? Ten years out of high school? Will you have completed your education? Will you be married? Will you have children? Will you be living in another city or state? Will you be living with your parents, in your own house, an apartment, or condominium?

1. Ask students to pick pictures that apply to a goal they might want to achieve in the future. If there is no picture for a particular goal of theirs encourage them to draw it on their paper.
2. After they have chosen or drawn the pictures for their goals, have them glue the pictures to their SMART goals worksheets.
3. Once they are done with that step have the students use the back of their sheet or write next to the picture how they will attain that goal. For example if they pick a picture of a large house, how do they plan on gaining that big house, etc.

## **Summary**

Remind students that our priorities influence our goals, what we do with our time, or even how we spend our money. We have many goals and limited time to accomplish them. Therefore, it is important that we develop a plan to help us achieve our goals. Encourage them to periodically reflect on how they are doing in reaching their personal and financial goals.

## **Discussion Points**

Have students think about their own personal financial goals. Instruct students to come up with their top three personal financial goals. Students should map out steps, milestones, and dates for achieving these goals applying the SMART goals guidelines.

Personal Financial Goal \_\_\_\_\_

Today's Date	Smaller Actions to Obtain Goal	By What Date?	Result of Action/Step
1. 9/17/10	<b>Example:</b> Visit bank and set up a checking and savings account	9/25/10	Opened accounts with Young Americans Bank and deposited \$10 into savings account and \$10 into checking account
2.			
3.			
4.			
5.			
6.			
7.			
8.			
9.			
10.			

Adapted from the GO FOR IT! Institute®, Judy Zerafa, 2010

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# Community Caring and Sharing

*“How wonderful it is that nobody needs to wait a single moment before starting to improve the world.” - Anne Frank*

## Overview

Students discuss responsibility for promoting a healthy community by considering corporate and individual responsibility. Students identify helpful tips for being a wise donor.

## Key Objectives

Students will be able to:

- Recognize corporate and individual responsibility for promoting a healthy community.
- List at least three tips for giving wisely.
- Discuss non-profit organizations.
- Identify a philanthropic act that they can actually perform.

## Grade Level

K-8

## Lesson Time

30-45 minutes

## Penny Harvest Alignment

The Meaning of Philanthropy, p.57  
Others Helping and Giving in My Community, p. 59  
Assessing Community Needs, p.63  
What Does Community Mean? P.64  
Community Research, p.66  
Examples of Time, Talent & Treasure, p.58  
Time/Talent Through Neighborhood Service, p.97  
Generating a list of Community Needs p.68  
Decision Reports, p.82  
Identify Potential Organizations, p.74  
Gathering Information, p.75-76  
Making Decisions, p.80-82

## Personal Financial Literacy Standards

Standard 3: Economics; Why do individuals give away money? (Third Grade);  
Identify short-term financial goals (First Grade)

## Preparation

- ✓ Review the lesson, *Tips for Giving Wisely* handout.
- ✓ Have access to a board and markers to record students' responses.

## Establish the Framework for Learning

- Introduce the term **philanthropy** by writing it on the board. Ask students if they have ever heard of the word. Ask students to spend the next five minutes writing their definition of philanthropy on a sheet of paper.

## Discussion

Randomly call on students to share their definitions by reading them aloud as you record them on the board. After you have recorded at least a dozen responses, ask students to review the recorded responses to see if they are different or similar. Explain to students that the official class definition of philanthropy is **voluntary action for the public good**. Compare the official definition to the recorded responses to see how many responses were matched.

Review the definition by emphasizing the following points:

- Involves something happening, a result of action/activity.
- The action is voluntary. It is not mandated. The choice to act is the individual's.
- The action is directed at the public good. It is not self-serving (like a "for-profit" activity). It is not mandated by law (like a government-controlled activity).

Explain that voluntary action for the public good occurs largely in the arena known as the nonprofit sector. Nonprofit organizations are not prohibited from making a profit, but there are limitations on what they can do with their "profits." Nonprofit organizations cannot use their income for the benefit of people with an interest in the company. Nonprofit organizations usually put any profits right back into the organization to continue to provide for the public good.

Ask students how many nonprofit organizations they think exist in the United States. Record their responses on the board from lowest to highest. According to [www.guidestar.org](http://www.guidestar.org) there are approximately 700,000 charitable nonprofits in this country.

Ask students how many nonprofit organizations exist in Colorado. According to Colorado Association of Nonprofit Organizations (CANPO) there are approximately 13,000 charitable nonprofits in our state.

Explain the nonprofits are commonly grouped by:

- Religious
- Public and social benefit
- Health and human services
- Art, culture, and recreation
- Education
- Environmental

Cite a few examples of nonprofit organizations such as The Red Cross, Boy Scouts, Girl Scouts and Goodwill.

### **Activity 1: Giving your time, talent or treasure.**

Explain that philanthropy means *giving of your time, talents or treasure*. Ask students to think about what it means to give their time, their talents or their treasures. After a few moments of reflection, ask students to share their thoughts by leading a discussion seeking answers to the questions listed below. Record student responses on the board.

- What is your time? What are some ways that you could give your time?
- What does it mean to give your talent? What is your talent? Can you tutor in reading or math? Do you play an instrument? Do you draw or paint? Are you a good listener?
- Who has treasures? What are your treasures? Can treasures be money or belongings?

Hand out the Doing My Part worksheet and have the students write and draw their ideas. If there is not enough time for this activity encourage students to take the worksheet home to complete. Be sure to reiterate that we can all be philanthropists.

### **Discussion**

Lead a discussion focusing on what might happen if no one in the class “did their part.” Encourage students to think of the many things in their community that might not have happened if individuals did not take responsibility for promoting a healthy community. Provide examples such as park trails, uncluttered roadways, literacy for adults, and toys for disadvantaged youth.

Ask students if they can name any corporations that they consider being philanthropic. Be prepared to offer examples such as T-shirts for public events like Race for the Cure, that lists sponsors, posters for events that are “sponsored” by corporations and newspaper ads that promote events that are “sponsored” by corporations. Mention public television and public radio shows that are “provided through generous contributions from x-corporation.” Consider naming rights such as “INVESCO Field at Mile High Stadium,” “Coors Field,” and

“Pepsi Center.” Don’t forget to discuss any benefits that your school receives from corporate partners, such as Campbell’s Labels for Education.

Ask students why they think corporations spend money to sponsor events or to provide support to community members. Look for ideas such as **positive image, consumer goodwill, increased sales, name/brand recognition (advertising), tax benefits, etc.**

Lead a discussion on what might happen if corporations did not take responsibility for promoting a healthy community. Discuss the importance of individuals and corporations sharing responsibility for promoting a healthy community.

## **Activity 2: Solving a Social Problem**

This activity correlates with the Making the “Making Grants” portion of your Penny Harvest Guide. Put students in groups of 4-6. Tell them that they now have an opportunity to solve an important local social problem. You may choose to assign them an issue to solve or each group may discuss a problem they wish to address. (Suggested topics could include cleaning their local playground/park, stray animals, volunteering at a retirement home, food drives, caring for the sick. Once they have chosen a social problem, they must decide how they could best work to solve that problem. Imagine in this scenario that money is not an issue. Allow groups 5-15 minutes to discuss their ideas, depending on how they are using their time.

Before students select a nonprofit, distribute and review the **Tips for Giving Wisely** sheet.

## **Summarize the Learning**

- Encourage students to continually think of ways they can give their time, talents and treasures.

## **Discussion Points**

Have students write in their journal any philanthropists they know. Who are these people? Do they donate Time, Talent, and/or Treasure. They should then choose one person and explain.

## **Adaptation (7<sup>th</sup> grade and up)**

Discuss how the United States is different from other countries in Philanthropy. Why? Individuals have more choice in the United States about the causes their donations go to. Why? Why is the 3<sup>rd</sup> sector and individual contributions important in the United States?

# Tips for Giving Wisely



- 1. Budget for giving.**  
Plan your philanthropic activities right into your budget just as you would snacks, entertainment, clothes or vacations.
- 2. Know your charity.**  
Charities have an obligation to provide detailed information to interested donors. Request written literature that includes a list of the board of directors and a mission statement. Never give to a charity that you know nothing about.
- 3. Find out where your dollars go.**  
Ask how much of your donation goes for general administration and how much is left for the program services you want to support. The general rule of thumb is that less than 40% should be spent on general administration and fundraising.
- 4. Keep records of your donations.**  
Ask for a receipt if you give cash. If you can write a check, that's a better record of your donation and has more of a chance of going directly to the nonprofit.
- 5. Do not fall for emotional appeals.**  
Beware of the pathetic "sob story." Make sure you get the real story behind the charity. Ask for as much information as you need to be comfortable giving money to the charity.
- 6. Consider giving generously.**  
Once you are satisfied that the charity is worthwhile, give generously if you can. There are many good non-profit organizations that need your support. By doing your homework, you can give wisely and you will be giving more effectively.

These tips were adapted from the Independent Sector's guidelines posted at [www.IndependentSector.org](http://www.IndependentSector.org).

TIP: Please also see the Penny Harvest Funding Criteria pg. 73 and Student Grant Making Guidelines pg. 53

# Doing My Part

I am going to give my \_\_\_\_\_.  
(Time, Talent, Treasure)

I am going to be a philanthropist because I am going to:

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Here's a picture of me doing my part:



# Developing a Financial Plan: Understanding Values

## Overview

Students are exposed to the concept of developing their personal financial plan. Part of the process of developing a financial plan is to think about goals, create concrete objectives, and implement a plan of action to achieve their financial goals. Another integral part of the financial planning process is understanding values and linking values to goal setting. Students will come to appreciate that while everyone has values, everyone does not value the same things equally. Students will participate in a variety of activities around values and goal setting.

## Objective

Students will be able to:

- Define values and how they relate to money and goal-setting
- Discuss and analyze the importance of goal setting

## Grade Level

K-8

## Lesson Time

15-20 minutes

## Penny Harvest Alignment

Penny Harvest Plan and Goals, p.112

## Financial Literacy Standards

Standard 3: Economics; Discuss how purchases can be made to meet wants and needs (Kindergarten); Apply decision-making processes to financial decision making (Second Grade); Describe how to meet short-term financial goals (Third Grade)

## Preparation

Review lesson and consider your own values, especially around money management. Have copies of *The Five-Step Financial Planning Process, If You Had \$50*, and *Values and Spending* handouts, and pencils.

## Activity

Ask students what they think of when they hear the term, financial planning. Look for answers that include: plans for your money, planning your future and so on. Ask students if they think financial planning is a good idea or not – why/why not?

Tell students that there is an old saying regarding goal setting. It goes something like this, “If you don't know where you are going...any road will take you there.” Remind students that once they have set their plan of action, it's okay to go off course; they just need to remember to adjust. Another discussion starter could be to ask students what is meant by the quote, “Most people don't plan to fail. They simply fail to plan.” Explain briefly that a financial plan can be an important tool in helping achieve dreams and goals.

Distribute copies of ***The Five-Step Financial Planning Process***. Review the steps involved in developing a financial plan:

- **Set Goals.** Goals are the foundation for plans of action. They are often personal, but can be professional as well. Encourage students to take time to write down their goals and explain that they will have time this week to begin this process.
- **Analyze information.** Gathering and analyzing information provides a map of where we've been, where we are now, and where and how we hope to go in the future.
- **Create a plan.** Put the pieces of the puzzle together.
- **Implement the Plan.** Take action to make dreams a reality.
- **Monitor and modify the plan.** Life changes, so periodic review and revision are necessary.

Emphasize to students that financial planning is an ongoing process that changes over time, especially when major changes happen in one's life, such as going to college or buying a home.

Ask students to brainstorm about things on which they spend money. Write these on the board or flipchart as they are suggested.

Discuss the difference between “needs” and “wants,” using a couple examples from the expense items listed on the board. Remind students that, “If you can wear it, eat it, or drink it, it probably isn't a need.” Following this discussion, go over each item listed on the board and ask students to classify it as a “need” or a “want.”

Suggest to students that being able to identify needs versus wants assists in determining goals.

Another important exercise to engage with students is recognizing what their values are. Define value: ***beliefs or ideas you consider important or desirable***. Everyone has values, but everyone does not value the same things equally.

To help students recognize some of their money values, distribute copies of *If You Had \$50* handout. Direct students to read each pair of words and circle one value that would be their first choice in answering the question presented. Students must circle one choice in every pair.

Once students have answered all the pairs, direct students to count up all the times they circled a given item. For instance, if they circled “savings” five times, they should place a 5 next to savings and so on. Distribute copies of *Values and Spending* for students to complete. The final step is to rank their choices.

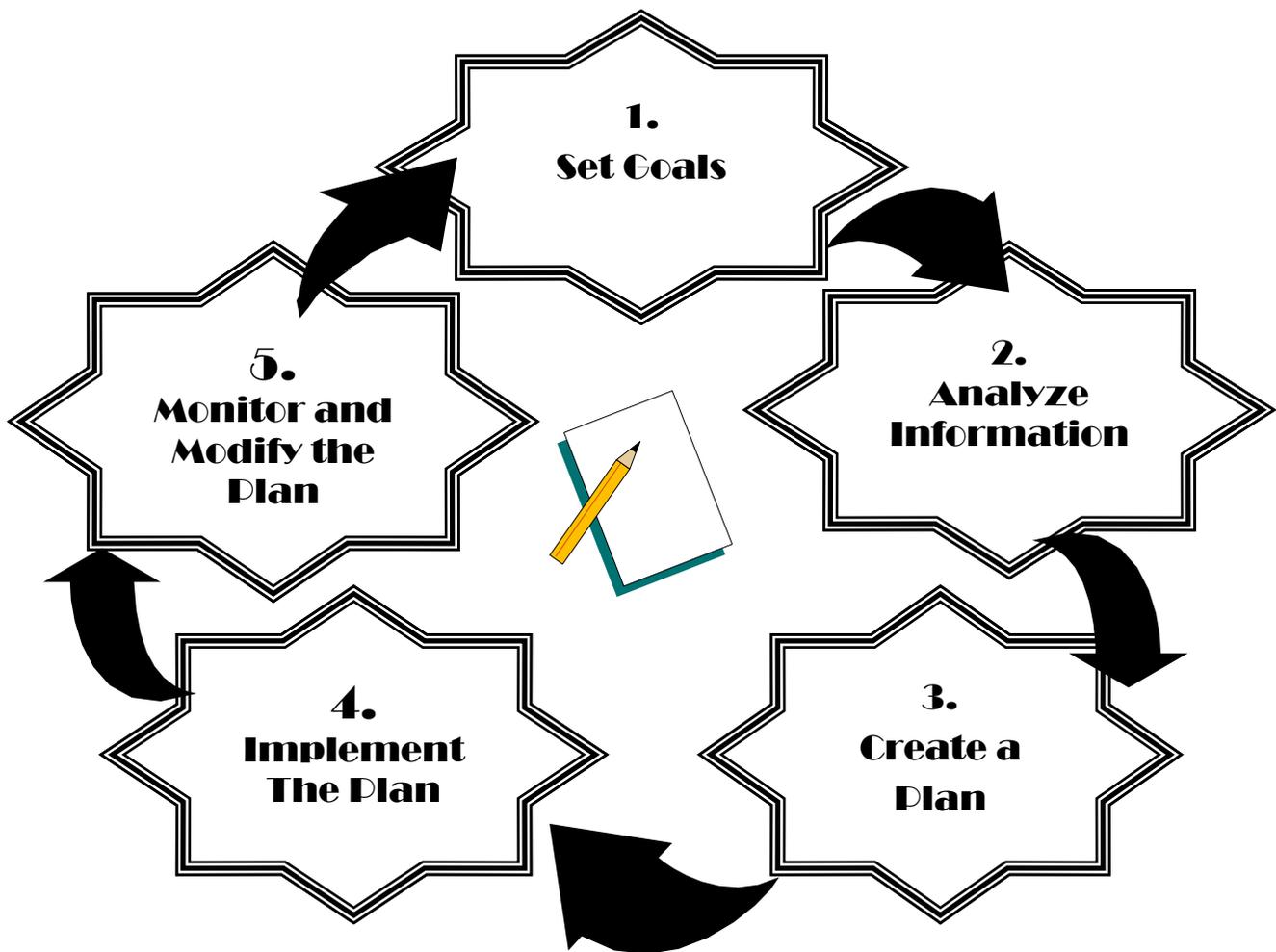
Explain to students that this represents values that they consider most important. With this information, emphasize to students that they can design a personal spending plan, or a budget, that will reflect their values. The closer a budget fits with their values, the easier it will be to follow.

If time allows, graph the results on the board for the top three categories. Then graph comparing male/female responses for the top three values.

## **Summary**

Ask students if they are surprised with the entire group’s values. What do the top three values say about your group as a whole? Explain to students that having a better understanding and awareness about values will lead to the next step, developing goals and objectives to achieve their financial plans.

# **THE FIVE-STEP FINANCIAL PLANNING** **PROCESS**





# If You Had \$50, What Would You Spend It On?



Read the pairs of words below, and then circle one value in each pair that would be your first choice in answering the question presented. You must make one choice in each pair.

- |   |  |  |  |
|---|--|--|--|
| \$Hobbies<br>or<br>\$Charities                | \$Saving<br>or<br>\$Hobbies                        | \$Hobbies<br>or<br>\$Clothes               | \$Clothes<br>or<br>\$Charity                         |
| \$Social Activities<br>or<br>\$Clothes        | \$School Expenses<br>or<br>\$Sports/<br>Recreation | \$Food<br>or<br>\$Charity                  | \$Hobbies<br>or<br>\$Social Activities               |
| \$Sports/<br>Recreation<br>or<br>\$Savings    | \$Food<br>or<br>\$Hobbies                          | \$Car<br>or<br>\$School Expenses           | \$Charity<br>or<br>\$Sports/<br>Recreation           |
| \$School Expenses<br>or<br>\$Clothes          | \$Personal<br>Appearance<br>or<br>\$Food           | \$Savings<br>or<br>\$Social Activities     | \$Car<br>or<br>\$Savings                             |
| \$Food<br>or<br>\$Sports/<br>Recreation       | \$Social Activities<br>or<br>\$Charity             | \$Hobbies<br>or<br>\$Sports/<br>Recreation | \$Social Activities<br>or<br>\$Sports/<br>Recreation |
| \$Charities<br>or<br>\$Personal<br>Appearance | \$Personal<br>Appearance<br>or<br>\$Clothes        | \$Food<br>or<br>\$Social Activities        | \$Car<br>or<br>\$Personal<br>Appearance              |
|   | \$Savings<br>or<br>\$Charity                       | \$Sports/<br>Recreation<br>or<br>\$Clothes | \$Personal<br>Appearance<br>or<br>\$Savings          |

\$Charity  
or  
\$Car

\$Car  
or  
\$Food

\$Social Activities  
or  
\$Car

\$Charity  
or  
\$School Expenses

\$Food  
or  
\$Savings

\$Personal  
Appearance  
or  
\$Social Activities

\$Personal  
Appearance  
or  
\$School Expenses

\$Clothes  
or  
\$Savings

\$Hobbies  
or  
\$Car

\$Clothes  
or  
\$Car

\$School Expenses  
or  
\$Food

\$Car  
or  
\$Sports/  
Recreation

\$Social Activities  
or  
\$School Expenses

\$Hobbies  
or  
\$Personal  
Appearance

\$Clothes  
or  
\$Food

\$School Expenses  
or  
\$Hobbies



# Values and Spending

If You Had \$50....

- Count all of the times that you circled a value and write the total number in the space provided below. Do it with each value that you circled.

Value	Number of Times Circled	Value	Number of Times Circled
Savings		Clothes	
Sports/ Recreation		School Expenses	
Car		Hobbies	
Food		Charity	
Personal Appearance		Social Activities	

- Now, write the value having the highest number in the space next to number 1. If there is a tie, write the items in the order you would choose. The list reflects the items that you consider most important in their order of importance. By knowing your values, you can design a personal spending plan that will fit them. The closer your budget fits your values, the easier it will be to follow.

1. \_\_\_\_\_  
 2. \_\_\_\_\_  
 3. \_\_\_\_\_  
 4. \_\_\_\_\_  
 5. \_\_\_\_\_

6. \_\_\_\_\_  
 7. \_\_\_\_\_  
 8. \_\_\_\_\_  
 9. \_\_\_\_\_  
 10. \_\_\_\_\_

# Budget Crunchers

## Overview

A budgeting exercise to illustrate the importance of sticking to a budget and saving money, as well as explaining what that savings is for.

## Grade Levels

K-8

## Key Objectives

Students will:

- Understand the purpose of a budget.
- Understand the importance of needs vs. wants
- Understand the importance of savings and savings goals
- Understand there are values associated with setting up a personal financial budget.
- Analyze consequences of financial decisions.

## Lesson Time

30-45 minutes

## Penny Harvest Alignment

Making Funding Decisions: p. 180

Can apply to Roundtable Budget and Making Funding Decisions, p. 180

## Financial Literacy Standards

Standard 3: Economics; Discuss how purchases can be made to meet wants and needs (Kindergarten); Apply decision-making processes to financial decision making (Second Grade); The scarcity of resources affects the choices of individuals and communities (Second Grade); The relationship between choice and opportunity cost (Fourth Grade); Saving and investing are key contributors to financial well being (Sixth Grade); The distribution of resources influences economic production and individual choices (Seventh Grade)

## Preparation

M&M's or beans – two sets of fifteen per student (K-8<sup>th</sup> grade)

A plain piece of paper for each student (K-4<sup>th</sup> grade)

The *Budgeting Game Worksheet* (4th-8<sup>th</sup> grades)

## Establish the Framework for Learning

Ask the students what a budget is, and what items need to be included in a budget. What is the purpose of a budget? Explain that when people spend more money than they have, they go into debt, and that can sometimes lead to trouble. Then ask them what kinds of things they spend their money on.

### Activity 1 (K-4<sup>th</sup> grade)

Ask students to draw five large circles on a sheet of paper. The circles should each be about the same size and take up most of the page. Then, have students label each circle with these categories: clothes, sports equipment, entertainment, games/toys, and savings. Examples of each may help students understand each category more clearly.

Give each student 15 M&M's or beans and tell them they can divvy their “money” up however they want over the categories. Each M&M/bean must be in a category. Encourage students to be honest, and that even if their parents don't expect them to pay for things like entertainment or clothes, how much would they put in that category if they had to spend money there. Give students time to divide up their M&M's among the categories, placing piles of M&M's/beans in each circle. Ask for volunteers to give some explanations as to how they split up their money. Ask the volunteers to tell what the money in their savings circles is for? Then, tell them they can eat all of the M&M's that are not in their savings circle. If you are using beans, collect all of the beans except for the beans the students placed in their savings circle.

Once they have either eaten their M&M's or removed the beans from the board, suggest that there are some opportunities they might want to take a look at.

- They could get a new video game for 3 M&M's/beans.
- They could go to the zoo for 2 M&M's/beans.
- They could get some ice cream for 1 M&M/bean.
- They could buy some new clothes for 5 M&M's/beans.

If any of the students choose to buy any of these examples, have students either eat or remove the M&M's/beans from the only place they have left – savings. If they don't “spend” their M&M's/beans they can keep them in savings.

Now tell them a few things have happened that they'll need to consider.

- They each broke a lamp and need to help pay for part of it. That's 3 M&M's/beans.
- A school project has come up and your parent(s) say you need to pay for half of the supplies. That's 2 M&M's/beans.

- Your puppy or kitty is sick. Your parent(s) will pay for everything but are asking you to pay for a part of the medicine. That's 3 M&M's/beans.

Ask the students if these last items were needs or wants? What was the first set of opportunities they were given? Wants. Do they have any of their savings left? What kind of things could they have done to protect themselves from running out of money? Look for answers like: pay yourself first, put more money into savings, use the money in savings for savings goals and emergencies only

Also ask them what is the importance of savings? What is the importance of a budget?

Give students a second opportunity with a fresh batch of M&M's/beans to distribute their M&M's/beans over their budget circles and see if their distribution patterns have changed at all. Ask them again to explain their decisions.

## Activity 2 (4<sup>th</sup>-8<sup>th</sup> grades)

### The Budgeting Game, Round 1

- Explain to students that they are going to play the **Budgeting Game**. Distribute 15 beans (or similar small objects) to each student. Explain that the 15 beans represent their income.
- Direct students to the three **Budgeting Game** pages. Instruct students to take out the three pages and place them side-by-side so they can see all of their choices.
- Ask students to allocate their money by placing beans on the star(s) below their choice in each spending category.
- Explain that there are more stars than beans, so students must make choices about how to spend their money.
- Allow 6-7 minutes for this activity. When students have completed their money allocation, allow them to get up and move about the room to see what choices their classmates made.
- Discuss the choices they made. Ask how many students found this activity easy.

### The Budgeting Game (Round 2)

- Ask each student to hand back five beans. Explain that they have just experienced a loss of income.
- Ask students to reallocate their money by placing beans on the star(s) below their choice in each spending category.
- Allow 6-7 minutes for this activity. When students have completed their money reallocation, ask them if they made different choices, and if so, why?

## Discussion Points

How have your values changed after participating in this activity?

Did you save any game pieces for emergencies?

Please refer to the attached sample budget for an additional teaching tool.



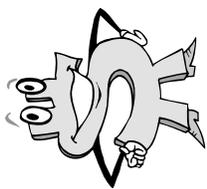
**GAMES/TOYS**

**ENTERTAINMENT**

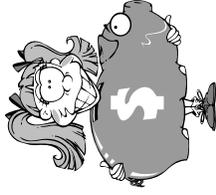
**SPORTS EQUIPMENT**

**SAVINGS**

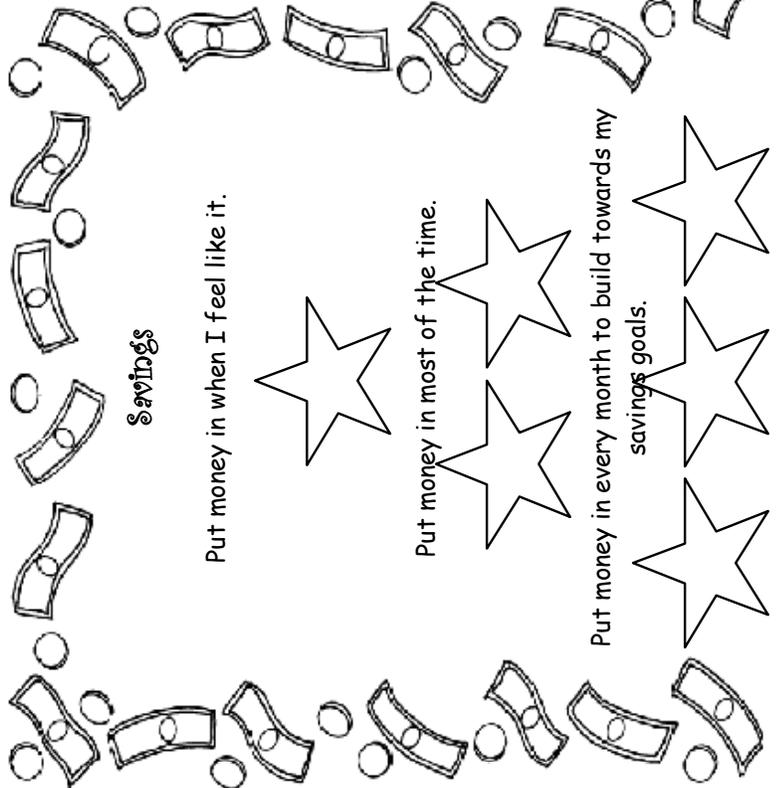
**CLOTHES**



# The Budgeting Game



Directions: Your teacher will tell you how much money you have to spend. You may be using beans or other objects to represent money. Now, you need to make spending decisions in all of the categories. Place one bean in each star below the option you choose in each category. Your goal is to spend money in each category, making sure you have enough money to cover all categories. Think carefully about how to spend your allowance.



## Savings

Put money in when I feel like it.



Put money in most of the time.

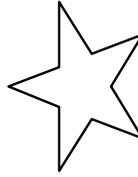


Put money in every month to build towards my savings goals.



## Games

Play with games you already have



Purchase used games at a thrift store or garage sale.



Buy new games





## Sports Equipment

Use equipment you already own



Buy used sports equipment



Buy new sports equipment.



Buy brand-name sports equipment.

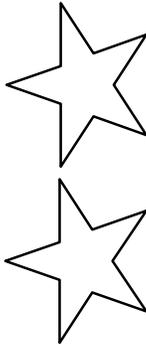


## Entertainment

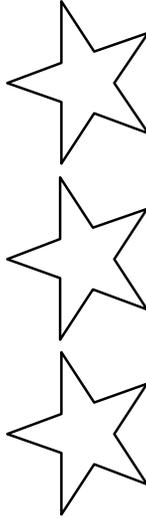
Borrow books or movies from the public library



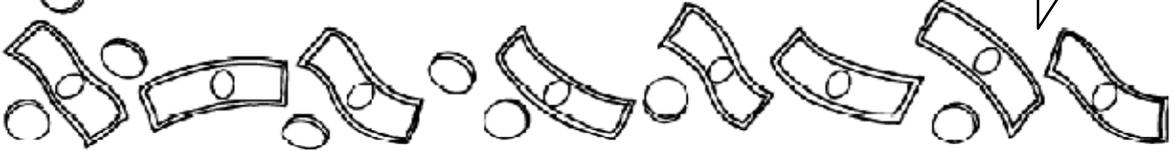
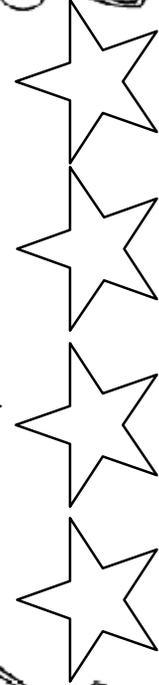
Rent a video

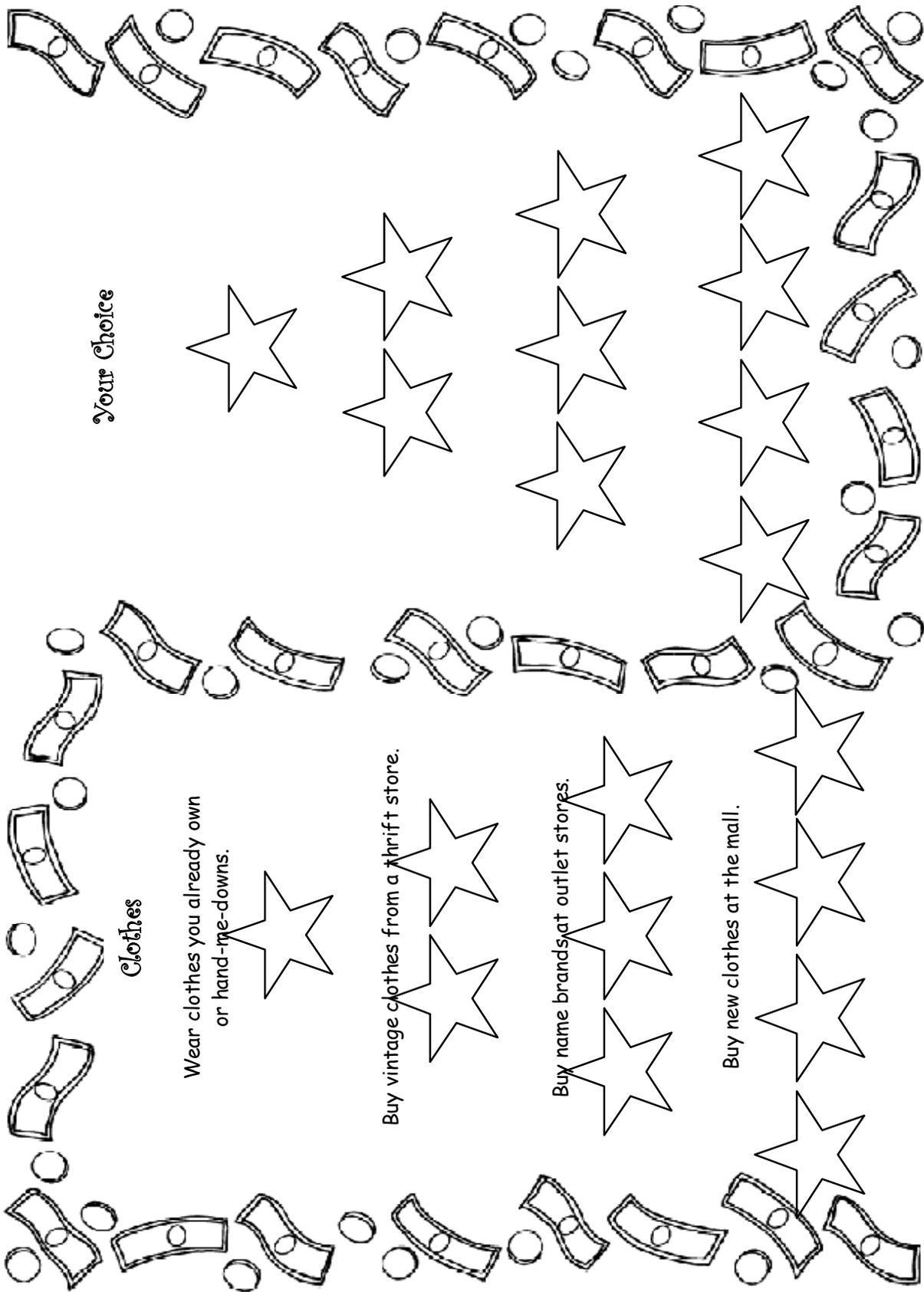


Go to a half-price matinee

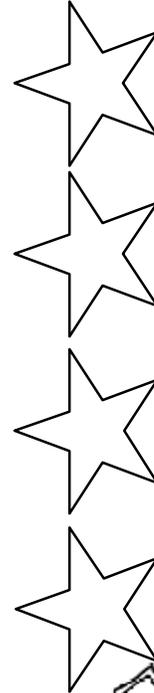
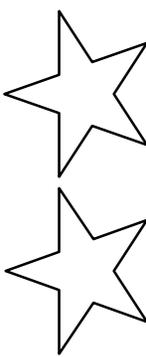


Go to a full price movie or concert





**Your Choice**



**Clothes**

Wear clothes you already own  
or hand-me-downs.



Buy vintage clothes from a thrift store.



Buy name brands at outlet stores.



Buy new clothes at the mall.

