

Teacher's Guide
2014-2015

Saving Makes Cents

A PROJECT OF THE OFFICE OF THE STATE TREASURER

Goal

This guide was developed to help teachers create an interesting and inclusive experience. Students can work with adults from the private and public sectors to strengthen their problem solving skills and their financial awareness through “hands-on” learning. It is designed to allow teachers flexibility when implementing the lessons of the program. The lessons can be woven into the existing curriculum in an interdisciplinary fashion.

Format

This guide includes thirteen lessons, with pre & post tests, which have been designed to build a foundation for understanding the concepts and skills necessary for successful money management.

Each lesson has been planned for approximately 40 minutes and includes the following sections:

- Introduction
- Objectives
- Suggested Materials / Speakers
- Suggested Activities / Homework
- Attachments

The attachments are to be copied for distribution to each student. The attachment section consists of lesson material, glossary, related web sites, and additional worksheets.



Pre & Post Test

Please be sure to administer the Pre & Post Test at the beginning and the end of the program. It is found on the following pages. Although we have a sense that the students are gaining financial knowledge and understanding terminology, it is important that we have an effective quantitative measuring tool. Our goal is to continually make improvements to the teaching materials. At the end of the school year, please mail the Pre & Post Tests to:

The Office of State Treasurer
The Financial Education Department
One Ashburton Place, 12th Floor
Boston, MA 02108

The curriculum also includes three new reference indexes, which incorporates:

- 1)** A quick reference for the Pre & Post Test
- 2)** An index for all thirteen modules
- 3)** An index that navigates to each of the eleven different glossaries.

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Lesson One

What is Money?

Introduction:

This lesson will trace the history of money and introduce students to the concept of money as a medium of exchange.

Objectives:

- To explore why there is so much importance attached to money and discuss ways to use money wisely.
- To draw students' attention away from money as a symbol of power or status and focus their attention on its basic role as a medium of exchange.
- To make students more aware of their own ideas and attitudes about money.
- To make students aware that having money means making choices and being responsible.

Suggested Materials/Speakers:

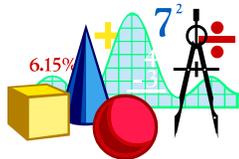
- *The Story of Money* by Betsy Maestro
- *The Totally Awesome Money Book for Kids* by Andrian Berg and Arthur Berg Bochner
- *Once Upon a Dime Comic Book* - Federal Reserve Bank New York. Call 212-720-6134 to order.
- *Why Money was Invented* by Neale S. Godfrey
- *How to Teach Children About Money* by Peggy Houser
- *Money Doesn't Grow on Trees: A Parent's Guide to Raising Financially Responsible Children* by Neale S. Godfrey
- *The Kid's Guide to Money: Earning It, Saving It, Spending It, Growing It, Sharing It* by Steve Otfinoski

Suggested Activities/Homework:



Creative Arts

- Sponsor a Barter Day – Present an exchange skit for the class.
- Select a specific coin and demonstrate the things it can buy.
- Act out a current form of bartering (ex. baseball cards, stickers).
- Split the class into groups, each representing their own village. Come up with reasons why it would be better to have a monetary system instead of bartering. Explain these reasons to the class.
- Set a dollar amount (\$50, \$100) and have students make a collage of those items they could buy within that amount.



Math

- How many pennies are in one million dollars? How many dimes, quarters, half-dollars? How many five-dollar bills? How many ten, twenty, fifty, one hundred-dollar bills?
- Design math problems to see how long it would take to save a certain amount of money based on allowance or doing chores. (For example, if you saved your \$5.00 weekly allowance, how long would it take you to save for a \$100 bicycle? If you mowed lawns in the neighborhood for \$10 each, how many lawns would you have to mow to save for a \$200 bicycle?)



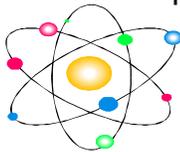
Language Arts

- Ongoing - Start a journal to keep all essays and vocabulary.
- Write a journal entry that describes why your village decided to change from bartering to using money.
- Write a story "If I Had A Million Dollars..."
- Bring in newspaper articles about money issues and discuss them in class.
- Interview family members and write down ways in which they have bartered. Present them in class.
- Read the Federal Reserve Bank comic book on the history of money. (Call the Federal Reserve at 617-973-3989 to receive these materials.)



Social Studies

- What did people do before there was money? What was used to barter?
- What did Native Americans use as a medium of exchange?
- Where was the first system of money used?
- Bring in any foreign coins you may have and compare the value of these coins to pennies, nickels, dimes, and quarters.



Science

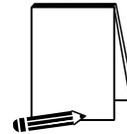
- Put \$1.00 worth of pennies on a scale. How many dimes could balance the scale? Try this with nickels and quarters.
- Why was certain metal used in different coin denominations?
- Why did people switch from coins to paper as a form of currency?



Computer

- Make an eye-catching advertisement for “Barter Day” show what you have to trade and what you would like to trade for.

Attachments



- *The Story of Money*: Lesson Material, Glossary and Web Sites
- *Money Expressions*: Various phrases about money
- *World Money*: Activity on calculating foreign currency
- *Match the Money*: Activity on adding up money and matching it with what it can buy

THE STORY OF MONEY:

What is money?

Money is a medium of exchange; anything that is generally accepted as a means of payment. It is anything that is commonly accepted by a group of people for the exchange of goods or services. The system of coins and paper currency that we use in the United States exists to enable people to obtain the goods and services they need in a convenient way.

We can go anywhere in our country and pay for whatever we may need. United States dollars are easily recognized and accepted even by some foreign countries. This was not always the case. The uniform system of coins and paper dollars we use today is less than 100 years old. For thousands of years, people didn't even use money; people used a system called **barter**.

What is Barter?

Barter is the exchange of goods or services for other goods or services. Bartering is not as complicated as it sounds. Most people have bartered at one time or another. For instance, have you ever exchanged something you didn't want in your lunch for something you liked in someone else's? That's bartering.

For centuries, barter was the principal medium of exchange all over the world. Neighbors bartered with each other. People from different tribes or countries also bartered.

Bartering, however, did present some problems. For example, if a fisherman needed a fishing net and was prepared to offer a bucket of fish as payment, he needed to find someone with a fishing net who was willing to accept fish as payment. What if no one wanted fish? What if someone would only trade for rice? Imagine how difficult it might be to obtain a lamp, bread, or a pair of shoes if no one accepted what you had to trade as payment. Often people traded for things they did not want, hoping that they could later exchange it for something they did really need.

What is a Commodity?

As nations developed and people began to see the need for some common medium of exchange, "commodity money" came into existence. ***A commodity is a basic item used by almost everyone. Items such as salt, tea, tobacco, cattle and seeds are commodities and have been used as money.*** Through the use of commodities, trade became easier since almost everyone needed or wanted these items.

Although trade became easier, problems still existed. To serve as a medium of exchange, an item must have a clear measurement of worth. Using commodities as money required figuring out how much every item was worth. In addition, it was difficult to transport perishable commodities.

Coins were introduced as money around 5000 B.C. By 700 B.C., countries made their own series of coins with specific values. Metal was the material of choice because it was readily available, easy to work with, and could be recycled. When each coin was given a certain value, it became easier for people to compare the costs of the items they needed. Coins were easier to carry around than commodities, but a lot of coins were heavy. Imagine the weight of a trunk full of coins! Over time, people looked for another form of money and discovered paper. Some of the earliest known paper money dates back to 1300 A.D.

In America, the early settlers often bartered or used commodity money. As individual states were formed, the use of paper money became more popular. After the Civil War, a new monetary system was established. Since 1877, the United States Treasury has issued all paper money. This means that we have one system of money used in all fifty states.

Glossary



Barter	To trade goods and/or services for other goods and/or services without exchanging money.
Commodity	A basic item used by almost everyone. For example, salt, tea, tobacco, cattle, and seeds.
Currency	The various paper and coin instruments in circulation that are accepted by a given group (usually a country or nation).
Goods	Anything that you can trade with someone.
Money	A medium of exchange; any item that is commonly accepted by a group of people for the exchange of goods and/or services.
Service	Any work that you do for someone else.

RELATED WEB SITES

Web Site	Topic
www.moneyfactory.gov	Bureau of Printing and Engraving
www.silverbank.com	Coins of Spanish colonies
www.frbsf.org	Federal Reserve Bank of San Francisco
www.frbsf.org/federalreserve/money/index.html	Fun facts about money
http://www.moneymatters4kids.com	Money matters for kids
http://dougsmith.ancients.info	Roman and Greek coins

Money Expressions



Phrases about money are part of our language. Many times a phrase or expression has a different meaning from the regular meaning of the separate words in it. These phrases or expressions are called idioms. For example, “to catch someone’s eye,” really means, “to get someone’s attention.” See if you can figure out what these idioms using money really mean.

Put Your Money Where Your Mouth Is
It's As Good As Money in the Bank
Don't Let Him Nickel And Dime You
Look/Feel Like A Million Dollars
Putting In Your Two Cents' Worth
Have Money to Burn
Red Cent
Good as Gold
Coin A Phrase
Money Up Front
Two Bits
Wasn't Worth Two Cents
Cash On the Barrel Head
Wooden Nickel
A Penny for Your Thoughts

Money Bags
Pass The Buck
Strike It Rich
Foot the Bill
Penny Pincher
Drives A Hard Bargain
Heart Of Gold
It's Your Nickel
Rolling In the Dough
A Dime A Dozen
Plugged Nickel
Throw Your Money Away
Use Ten-Dollar Words
Saving For A Rainy Day

World Money

The most widely circulated currency in the world is the U.S. Dollar!



Country	Currency
United States	Dollar
France	Franc
Germany	Mark
Japan	Yen
Pakistan	Rupee
England	Pound
Mexico	Peso
Luxembourg	Euro
Kenya	Shilling
China	Yuan
Israel	Shekel
Greece	Drachmae
Russia	Ruble
Portugal	Escudo

Activity:

Look at paper money from other countries. What is different or the same as the U.S. dollar?

Call a bank or use a daily newspaper to find the exchange rates for foreign currency.

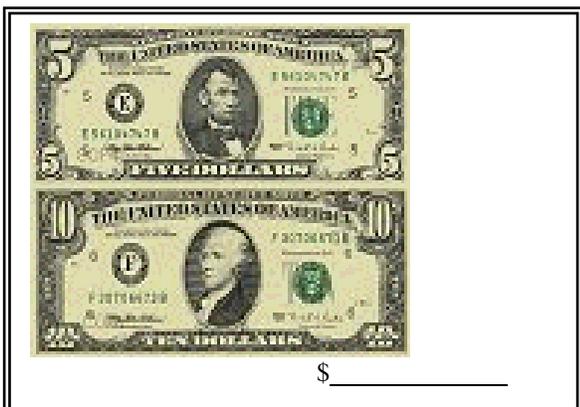
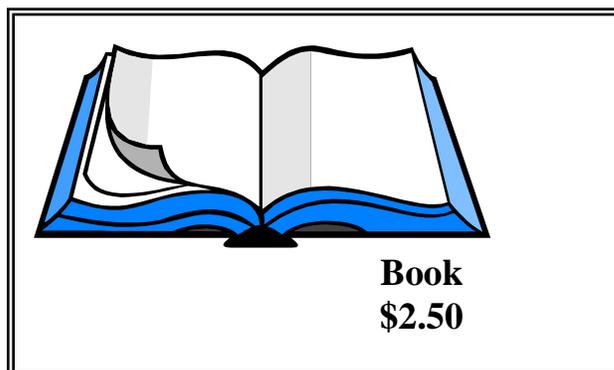
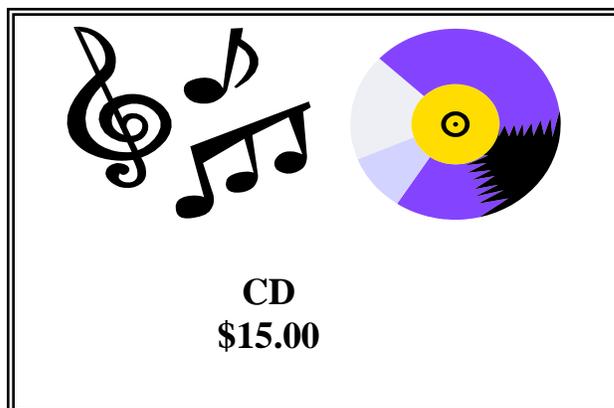
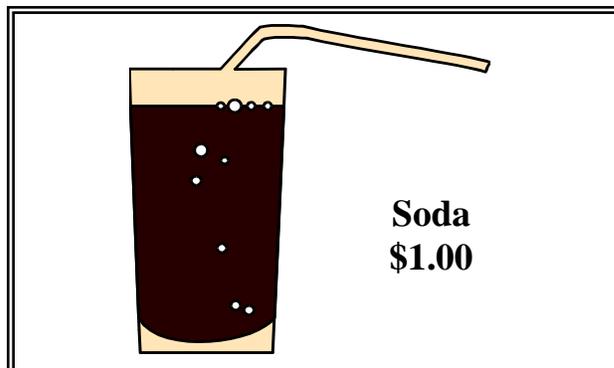
Practice calculating cost with foreign money:

Equivalent cost in				
Product	U.S. Dollar	Mexico	France	Japan
Movie Ticket				
Athletic Shoes				
Bicycle				
CD				
Computer				
Ice Cream Cone				
Lunch				
Roller Blades				
Watch				

* Check the paper next week to see how the rates fluctuate

Match the Money

Figure out what the money adds up to and match it with what you can buy!





Lesson Two

Where Does Money Come From?

Introduction:

In the previous lesson we discussed the history of money. Now we will look at where money comes from, how it is created and circulated, and ways people can earn it.

Objectives:

- To explain how money is made and circulated.
- To introduce students to the concept of income.

Suggested Materials/Speakers:

- *Catalogue of Most Popular Coins* by Reinfeld and Hobson
- *Marvels of the U.S. Mint* by Abelard-Schuman
- *Counterfeit Points* - Federal Reserve Bank of Boston, call 617-973-3459 to order
- *Dollar Points* - Federal Reserve Bank of Boston, call 617-973-3459 to order
- *Totally Awesome Money Books for Kids* by Andrian G. Berg and Arthur Berg Bochner
- *How to Teach Children about Money* by Peggy Houser
- *The Money Story* - Covers the history, production and usage of coins and currency (34-minute video available from the United States Mint and the Bureau of Engraving and Printing) call 1-800-USA-MINT to order.
- Local coin collector or banker

Suggested Activities/Homework:



Creative Arts

- Design your own coin and dollar bill.
- Design a teller area for your school to be used during banking days.
- Make a rubbing, front and back, of United States coins.
- Draw a map to go along with the story about the old penny (see language arts section of this chapter).



Math

- There is \$517 billion in circulation today. If everyone in the United States got \$1,000, how much would remain, if any? (There are 250 million people in the United States.)
- With Boston as a starting point, determine how many dollar bills it would take to reach Springfield, Massachusetts, if the bills were laid out end-to-end. How many to reach Provincetown, Gloucester, Worcester, or your city or town? If you live in Boston, plan a route from Fenway Park or the State House to your school. Can you come up with several strategies for solving the problem? (A dollar bill is just over 6 inches long.)
- What are the rates of exchange between U.S. money and other countries?



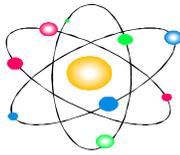
Language Arts

- Write a story about an old penny. When and where was it “born”? Where did it travel? With whom did it travel? What has it seen through the years?
- Describe ways in which your family members make money.



Social Studies

- Research the issuing of the first paper money in America.
- If you have done coin rubbings (Page 10 - Creative Arts), identify markings common to all United States coins.
- Bring in foreign coins. Identify the country of origin. Who is on each coin? Why is that person on the coin? About how much is each coin worth?



Science

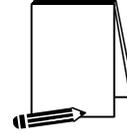
- What kinds of metals have been used to make coins? What are coins made of today? Why were these metals selected?
- What kind of ink is used to print money? What is special about it?
- Discuss the security measures that are taken to prevent forgery. Bring in ways to detect whether or not a bill is forged.



Computer

- Develop a timeline, showing the progression from bartering, to the earliest use of a money system, to the development of a monetary system in this country.

Attachments



- *Where Does Money Come From*: Lesson Material, Glossary and Web Sites.
- *Dollars and Cents*: Activity to familiarize students with coins and bills.

WHERE DOES MONEY COME FROM?

Minting Coins and Printing Money

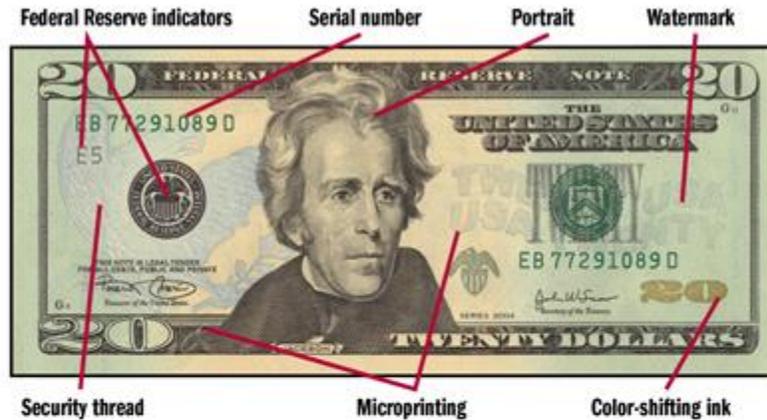
The U.S. Government creates and monitors the money supply in this country. At one time, individual banks and states were permitted to issue their own paper bills. Banks were allowed to issue their own money as long as they kept a portion of the bank's savings with the government. However, when banks began issuing money with so many different face values, it was hard for the government to keep track. At one point, there were over one thousand different types of paper money in the United States.

Since 1877, the U.S. Treasury Department has issued all paper money. The bills are produced at the Bureau of Engraving and Printing in Washington, DC, a division of the Treasury Department. The coins we use are produced at four government mints, located in Philadelphia, PA (P); Denver, CO (D); San Francisco, CA (S); and West Point, NY (W). By looking at a coin, you can tell where the initial that appears on its face minted it.

The Federal Reserve System, established by Congress in 1913, issues Federal Reserve Notes, our paper bills. These bills (notes) are printed and issued in amounts of \$1, \$2, \$5, \$10, \$20, \$50, and \$100. The \$500, \$1,000, \$5,000, and \$10,000 amounts have not been printed since 1946. The bills are issued through twelve Federal Reserve Districts with main offices located in major cities throughout the United States. These Federal Reserve Banks issue money according to the need in their districts. Each of the twelve districts is given a number and the corresponding letter of the alphabet, as shown in the table below.

City	Code	City	Code
Boston	A 1	Chicago	G 7
New York	B 2	St. Louis	H 8
Philadelphia	C 3	Minneapolis	I 9
Cleveland	D 4	Kansas City	J 10
Richmond	E 5	Dallas	K 11
Atlanta	F 6	San Francisco	L 12

The district letter and number on the face of a bill identifies the issuing Reserve bank. (See the diagram below) For example, a bill with the code ***E 5*** on its face was issued by the Federal Reserve Bank of Richmond.



Circulation of Money

The federal government is also responsible for monitoring how much money is in circulation. Approximately \$517 billion is in circulation today.

Money wears out from handling and is sometimes accidentally damaged or destroyed. Banks send these old, worn, torn, or soiled notes to a Federal Reserve Bank to be exchanged for new bills. The average life of a \$1 bill and \$10 bill is about 18 months. The average life of a \$5 bill is 15 months and for a \$20 bill, two years. The \$50 bills and \$100 bills last longer because they are not used as much as the smaller bills. The \$50 bill lasts about five years and the \$100 bill about eight and a half years. Coins last longer than the paper money with an average life of 25 years.

Sources of Income

Now that we have explored how money is created, let us look at the various ways people acquire money. ***The amount of money that an individual, family, and/or business receive over a specific time period is called income.***

For most people, employment is the primary source of income. People get paid money for the work they do, and the work force consists of millions of individuals using a variety of skills.

In some cases, people receive income from either the Federal or State government. ***Government programs that distribute money to individuals are called entitlement programs.*** Some examples of entitlement programs include social security, veteran benefits, unemployment compensation, and assistance to families with children (commonly known as transitional assistance).

Glossary



The Bureau of Printing and Engraving	Building where the U.S. Treasury Department prints paper currency.
Circulation	The number of copies of (money) bills distributed; the passing of something, such as money, from place to place or person to person.
Color-Shifting Ink	The ink used in the numeral in the lower right-hand corner on the front of the bill looks green when viewed straight on, but black when viewed at an angle.
Entitlement Programs	Government programs that distribute money to people (for example, social security, veteran benefits, unemployment compensation, and transitional assistance).
Federal Reserve Bank	The central bank of the government of the United States; responsible for formulating and carrying out the government's monetary policies.
Federal Reserve Note	Paper money (bills printed in \$1, \$2, \$5, \$10, \$20, \$50, \$100).
Fine-Line Printing Patterns	Appear on both sides of the note, in the background of the portrait and the buildings. This type of printing is difficult to reproduce on scanning equipment or replicate by other printing methods.
Income	The sum of money received in a given time period by an individual, family, or business.
Microprinting	Can be read only with a magnifier and becomes blurred when copied, appears in unique places on each denomination.
Mint	Building where the government makes coins. The act of making a coin.
Portrait	An historical figure located off center of the bill.

Security Thread	An embedded polymer strip, positioned in a unique spot for each denomination, guards against counterfeiting. The thread itself, visible when held up to a bright light, contains microprinting—the letters USA, the denomination of the bill, and on the \$50 and \$20, a flag. When viewed under ultraviolet light, the thread glows a distinctive color for each denomination.
Watermark	Created during the papermaking process, depicts the same historical figure as the portrait. It is visible from both sides when held up to the light.

RELATED WEB SITES

Web Site	Topic
http://www.pbs.org/wgbh/nova/moolah	Counterfeit Money
http://www.usmint.gov/about_the_mint/collectors_corner/index.cfm?action=Collecting_coins	Collecting Coins
http://www.whitehouse.gov/kids/	White House Educational Links

Dollars and Cents



How many coins would it take to make up \$100? Use at least one of each of the six coins.

Coin	How Many?	Total
1. _____	_____	_____
2. _____	_____	_____
3. _____	_____	_____
4. _____	_____	_____
5. _____	_____	_____
6. _____	_____	_____

Total _____

Name five bills that are currently in circulation. Can you identify whose portrait is on that bill?

Bill	Portrait
1. _____	_____
2. _____	_____
3. _____	_____
4. _____	_____
5. _____	_____

What do you want to save for?



Lesson Three

The World of Work

Introduction:

In this lesson we will take a look at the different types of employment that are available today to obtain income. We will discuss the variety of jobs, the relationship between education and income, and how education and interests can influence the type of job someone has. We will also look at some jobs found at a bank.

Objectives:

- To introduce students to the wide range of talents and skills utilized in the work place.
- To heighten students' awareness of the relationship between education and job opportunities as well as income.
- To illustrate how education, job type, and income are interrelated through the examination of the workings of a financial institution.

Suggested Materials/Speakers:

- *Making Cents - How Kids Can Make Money* by Elizabeth Wilkinson
- *Totally Awesome Money Book for Kids* by Andrian G. Berg and Arthur Berg Bochner
- Plan a career day when parents representing different jobs come in to talk about their career.
- Invite a speaker from your bank to give a presentation.
- Invite a speaker from an employment agency to visit and talk about different jobs in the market place today.
- Have students select a career based on research from newspaper-classified sections and the Occupational Outlook handbook (Call 202-565-2055 U.S. Dept. of Labor to order). Determine their paycheck to be received every two weeks. Prepare a budget and pay monthly bills.

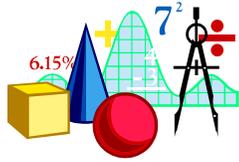
Suggested Activities/Homework:

Creative Arts



- Choose a job and interview someone to hire. What skills and education are required to do the job?
- Make a collage of a profession. Exchange with a classmate and write a job description.

Math



- If your salary were \$36,000 a year, how much money would you make in a month, a week, a day and hour assuming a 40-hour week?
- What types of jobs utilize your math skills?
- Explain the difference between gross pay and net pay. Show a typical paycheck and have students calculate the percentage deducted for state and federal tax, insurance, and other deductions.



Computer

- Choose a job or profession. Think about what education, background and skills are necessary to reach this career goal. This is an opportunity to work backwards from the final goal to learn what steps are necessary to get there.
- Involve the computer by having students research education and skills needed to secure particular jobs (high school degree, college degree, masters degree, ability to use a computer, being a good writer, being a good math student).



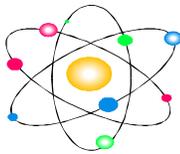
Language Arts

- Make a collage of a profession. Exchange with a classmate and write a job description.
- List some high-paying professions. Why do you think they have high salaries? Does the salary make you feel interested in the work? Is salary a true measure of a job's value to society? (Examples: football player, member of the clergy, singer, and teacher)
- Write to people who hold jobs that interest you. Collect the responses and "publish" the collection.
- Choose a career and write about your day on the job. What type of position do you hold, how did you achieve this position, what do you do on a daily basis, etc.



Social Studies

- What jobs have been popular over the last 100 years? How and why have jobs changed over time? Have there been some jobs that have always been popular?
- How does unemployment effect the economy?



Science

- What jobs are available for people today in the field of science?

Attachments

- *The World of Work*: Lesson Material, Glossary and Web Sites
- *My Business Plan*: Starting Your Own Business

THE WORLD OF WORK

Employment

Have you ever thought about what type of work you might like to do when you finish school? Perhaps you think it might be interesting to be a police officer, a lawyer, or a professional athlete. Every job requires certain talents and skills. Since most people spend much of their time at work, it is important to enjoy the work that you do.

Employment is the principal source of income for most people. Salaries can often reflect the value society places on a given service or skill. Sometimes higher paying positions often attract greater interest than those that pay less.

Let's examine the various factors that can determine what a job pays. Take for example a cashier in a grocery store and a doctor. The cashier may receive \$5/hour. The doctor may receive \$50-70/hour. They both perform a needed service. Why does a doctor earn more?

Education

Education plays an important role in job choice. Higher education (anything beyond the high school level) offers people the opportunity to develop specific abilities or skills. Obtaining a college or advanced degree requires a lot of hard work and dedication. As the cost of higher education rises, more and more people work while they go to school. Students often take out loans from a bank, which they will have to pay back after finishing school. The trade-off for pursuing a college or advanced degree is the ability to take advantage of greater job opportunities, often at a higher salary.

Education is not always the factor that determines salary levels. Occupations where a particular skill is in great demand, such as computer programmers, may command a higher salary than others with similar educational and skill requirements.

Sometimes, a job may pay less than other jobs with similar education or job requirements. This can happen if there are more people who want to do the work than available opportunities. We see this most with people working in entertainment or sports. There are thousands working in show business or sports that may never even be able to support themselves based on the income they earn.

Types of Positions Typically Found at a Bank/Financial Institution

Let's take a look at the variety of skills, interests, and educational backgrounds of people who work at a bank.

Tellers - Tellers are responsible for accepting customer deposits, loan payments, and handling a money drawer. Generally, banks prefer that tellers have a college degree, but they will accept a high school diploma.

Management Trainee - Management trainees generally have college degrees and an advanced degree in business or finance. Over the course of a training program, usually lasting one year or longer, trainees learn how the bank performs various functions.

Manager - A manager has a similar educational background as a management trainee but usually with more work experience. It is the job of the manager to direct and supervise the individuals carrying out the bank's business in order to ensure that the bank runs smoothly.

Loan Officer - Loan officers are responsible for making and servicing loans to bank customers. They often specialize in either business loans or home loans. Loan officers determine whether an applicant has the credit necessary for a loan, and they guide customers through the application process. Loan officers also look for new customers for the bank. Typically, loan officers must have several years of prior work experience in the bank before they can become a loan officer.

Attorney - Banks must comply with a wide range of State and Federal laws and regulations. They need to have a lawyer either on staff or on retainer with knowledge of banking law. To become a lawyer, you must attend law school after graduating from college.

Public Relations - The public relations manager or representative is responsible for presenting information about bank programs and activities to the public through newspapers, television and radio coverage. A public relations manager must have a strong command of language and public speaking skills. He or she must also understand the bank's concerns and be able to write clearly. Usually a public relations manager has a college degree.

Information Technology (IT) Specialist - Banks rely on very sophisticated computer systems to keep track of customer accounts. IT specialists work with various departments to ensure access to the information necessary to serve the bank's customers. He or she usually has a college degree in computer science and a strong interest in mathematics.

Chief Executive Officer (CEO) – The CEO is responsible for the overall management of the bank and has many years of experience in the financial services industry. He or she is usually college educated and often has earned an advanced degree.

Chief Financial Officer (CFO) – The CFO is responsible for the overall financial management of the bank, which includes loans made by the bank and deposits made by bank customers. He or she is usually college educated and often has earned an advanced degree in finance and/or business.

The work world offers many exciting possibilities. Within a bank alone there are many skills needed. There is a job somewhere for every interest and skill. Just remember, the better prepared you are, the more choices you will have available.

GLOSSARY



Advanced Degree	A school degree higher than college
Consumer	A person who buys or pays for goods or services
Credit	Money that is loaned, most often for a fee, and must be paid back.
Income	A gain usually measured in money that derives from work
Retainer	A fee paid to a lawyer or professional advisor for advice or services or for a claim on services when needed
Salary	Fixed sum of money paid regularly for services
Services	Work done for others as an occupation
Work	Activity in which one exerts physical or mental effort to do or perform something

RELATED WEB SITES

Web Site	Topic
http://www.planning.org/kidsandcommunity/	Career Information
http://www.bls.gov/k12/	Career Information Overview
www.sba.gov	Small Business Administration
www.gazillionaire.com	Virtual Business

MY BUSINESS PLAN



I am going to start my own business. The name of my business is _____
I provide the following services/products to my customers:

I need the following items to start up my business:

ITEM

COSTS

_____	_____
_____	_____
_____	_____
_____	_____

Total Start-Up Costs: \$ _____

I am going to let consumers know about my product in these three ways:

1. _____
2. _____
3. _____

Total Advertising Costs: \$ _____

I will charge each customer \$ _____ per hour/per product.

I have to work _____ hours or sell _____ items to pay for my advertising and start up costs. I will begin to make a profit after working _____ hours or selling _____ items.

My business will be a great success because _____



Lesson Four

What to Do With Your Money

Introduction:

All too often we spend money as soon as we get it. When the money is gone, we question how we spent it. Money is a resource in limited supply. In order to make the most of what we have, it is important to have a plan to guide us. In the following lesson, we will look at budgets.

Objectives:

- To introduce students to a basic principle of money management through budgets.
- To help students become aware of how they use their money.
- To give students an opportunity to prepare their own budget.

Suggested Materials/Speakers:

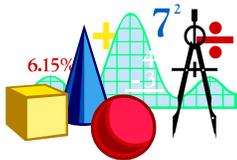
- *A Penny Saved* Federal Reserve Bank of New York call 212-720-6134 to order
- *Totally Awesome Money Book for Kids* by Andrian G. Berg and Arthur Berg Bochner
- *It's My Money: A Kid's Guide to the Green Stuff* by Ann Banks
- Invite a bank representative to visit your school and open up savings accounts for all students who have permission from parents or guardians.
- Invite local business people to talk about how important it is to have a budget and how they use it in their business.
- Invite a member of the State Treasurer's staff, your State Representative or State Senator to talk about how the government budgets money for your community.

Suggested Activities/Homework:



Creative Arts

- Separate into two groups. Each team is planning a birthday party with a budget of \$75,000. Consider the number of guests, what you need (for example, cake, candles, birthday invitations) and what extras that you might like (for example, balloons, prizes, presents or picking a special location like a restaurant/amusement area). Does your budget allow for any extras?
- Play “financial genie” by giving another student three wishes. The recipient must explain whether or not the wishes are needs or wants.
- Draw a picture of your shopping mall and identify the stores that sell items that you want and those that sell items that you need.
- Create two separate collages. One for items you want, and one for items you need. How are they different?



Math

- Develop a savings budget for your personal goals.
- Using the expense tracking form, list your monthly bills. Pay these bills by check and log them into the “checkbook register”.
- Create a budget of how much you would like to save. Based on your salary from your career (Lesson Three), can you save 10% to 25%?
- Design a class project to raise money. Prepare a savings plan and suggest a way to use the money at the end of the year.



Language Arts

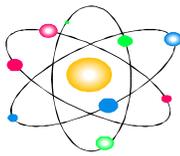
- Write a “rap” about things you need versus things you want.
- Write down the amount of money you have spent over the last week. Was your money spent on needs or wants?
- What would you like to buy and how would you budget to get it?

- Your favorite aunt sent you some money for your birthday. She said she will double the amount if you can show her that you are reasonable and responsible with your money. Write her a letter detailing your budget.



Social Studies

- How does the (federal, state, local) government spend money? What are government's needs and wants?
- What does your school spend its money on? Does your school have a budget? Invite the principal to your class and talk about the school's budget process.



Science

- How have science and technology changed what we need versus what we want? (For example, televisions, air conditioners, stereos, microwaves, telephones)



Computer

- Make a list of your needs and wants on a computer.
- Create an expense tracking form to keep track of your monthly expenses.

Attachments



- *What Do You Do With Your Money?* Lesson Material, Glossary and Web Sites
- *Making Good Choices*
- *Thinking Ahead*
- *My Earnings Diary, My Spending Diary*
- *My Budget*
- *One Million Dollars:* Using a budget how you would spend one million dollars?

WHAT TO DO WITH YOUR MONEY

What is a budget?

A budget is a money map, which shows us how much money we have available to spend and how we should spend it. Adults, businesses, and governments use budgets. Even kids make budgets. A budget makes it easy for people to see clearly how they are spending their money and how much they can save for the future.

How do you make a budget?

The first step is to write down how you spend your money on a daily basis. If you bought something for lunch, how much did it cost? Did you buy a CD or loan some money to a friend? By keeping a daily record of how you spend your money, you will be able to see over a week's time where your money goes. Once you know how you spend your money, you can decide where you might be able to spend less and save money for other purposes. Now you are ready to make a budget.

To make a budget we look at four things:

- 1) How much money you have
- 2) Amount you would like to save
- 3) Expenses you must meet
- 4) Items you would like to buy

Budgets highlight the difference between expenses that must be made and voluntary purchases that we like to make. Budgets illustrate needs and wants. ***A need is something we must have to survive.*** Food, shelter, and clothing are three primary examples of needs.

Wants are things we would like to have. They make our daily lives more enjoyable but are not necessary for our survival. Vacations, bicycles, and video games are wants. Sometimes people or businesses get into trouble by spending too much money on the things they want. Because we all have a fixed amount of money to spend, if we overspend in one area, we may come up short in another area (for example, using the rent money for a vacation). Therefore, for our own protection, we should always try to distinguish between a need and a want. Budgets can help us do this.

Pretend you receive \$10.00 a week as an allowance. From your \$10.00, you know you will have to use \$4.00 a week for milk money at lunch. That leaves \$6.00. You might want to spend it all on candy, but there's a video game you would really like to have. Suppose your parents have agreed to get it for you as long as you contribute \$12.00 of your own money. What should you do?

Your budget shows you have \$6.00 left over each week for spending. You could save the \$6.00 each week for two weeks. Then you would have the \$11.00 necessary to buy the video game, but that means you couldn't buy candy for two weeks. So instead, perhaps you could save \$3.00 each week for four weeks to buy the video game. You would still have \$3.00 with which you could buy candy each week.

Why Make a Budget?

You might ask, "What's the point of making a budget and saving, if I have to wait a whole month before I can get what I want? Why shouldn't I just give my parents money immediately for the video game from my weekly allowance?" That is one way to do it. However, where would you get the money each week for your expenses like milk money?

At some point you will need to make a choice. If you had not prepared a budget, you probably wouldn't have been aware of your expenses. You also might find yourself halfway through the week with no money left to spend.

By making a budget, you will be able to decide where your money should be spent for maximum reward. While that means you may need to wait a little longer for something you really want, it also means you will still be able to enjoy other activities like buying ice cream after school.

As Neale Godfrey says in *The Kids Money Book*, "Managing money can be very simple once you understand that what you have to spend is all you have to spend."

GLOSSARY



Budget	A plan, which looks at how much money an individual, business, or government, has and how it should be spent.
Need	Something necessary for survival.
Saving	The practice of putting aside a sum of money for future use.
Savings Account	An agreement between a bank and an individual. The individual places his or her money with the bank. The bank, in turn, provides safekeeping and interest on the account.
Want	Something that is desirable but not critical for survival.

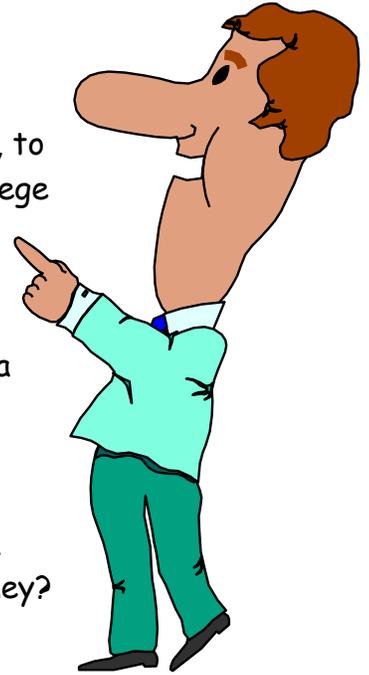
RELATED WEB SITES

www.consumeraction.gov	2001 Consumer Action Handbook
www.bbb.org	Better Business Bureau
www.leadfusion.com	Budgeting
www.pueblo.gsa.gov/misc.htm	Consumer Information and Catalog
www.metlife.com	MetLife Budget

Making Good Choices!

Having money gives a person the opportunity to do a lot of different things. Maybe you would like to save for a new bicycle, to buy a gift, to save for something in the future like a car or a college education. Having money also means that you will have to make choices about spending.

Work in small groups and discuss the following situations. Make a presentation to the class and explain why you made a particular choice.



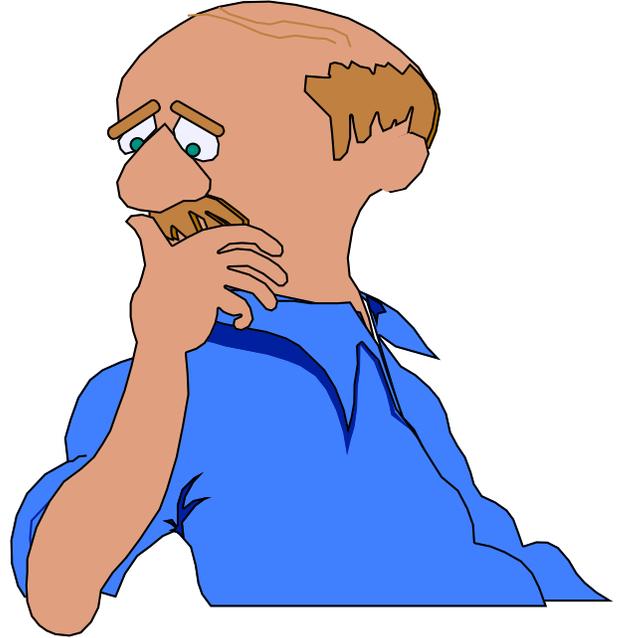
1. You received \$100 as a prize for winning a writing contest. Which of these choices would be the best use of that money?
 - a. Hide the money in your bedroom.
 - b. Put the money in your savings account where it earns 5% interest monthly. (Remember that means at the end of the first month, you will have \$105. At the end of the second month, you will earn another 5% of \$105, so you will have \$110.25 and so on.)
 - c. Buy your holiday gifts with cash rather than use a credit card.
 - d. Buy the inline skates you have always wanted, even though it is now November and you won't be able to use them until April. The skates cost \$100.

2. You have saved \$500 by doing small jobs in the neighborhood. Which of these choices would be the best use of that money?
 - a. Put \$300 in your savings account where it earns 5% interest monthly and spend \$200 on a new bicycle.
 - b. Put \$500 in your savings account where it earns 5% interest monthly, and after a year, see if you can afford a new bicycle for you, your sister and your mom and dad.
 - c. Buy 10 old bicycles for \$50, give them new tires and a new coat of paint and resell them for \$75 each.
 - d. Spend \$500 on a very fancy sit-down lawn mower and do 3 lawns every week except for November - February for \$10.

THINKING AHEAD

In Massachusetts, students can work when they are under 16 years old as long as they do not work any later than 7:00 PM on a school night and no more than 3 hours a day. Use the following activities to build students' knowledge of money as it relates to working, spending, and being an educated buyer.

1. Show students a sample of a social security card. Many of them may have one already. Discuss the variety of ways this number is useful to students. For example, in Massachusetts, when a person applies for a driving license, he or she can choose to have the social security number be his or her license number or select another number instead.
2. Give students a copy of a check and explain the different parts. Let them fill it out.
3. Divide the class into those who work for a company and others who are customers. Pay the employees by "check." List the products the company sells and their prices. Let some customers pay by "cash" and some by "check." Let those customers who are paying with cash fill out withdrawal slips to take money out of their savings accounts to buy the products they want. Let the others "write" checks. Let the company workers fill out deposit slips for depositing their pay into their savings accounts and for the company deposit of the money (cash and checks) they took in for their sales.
4. Give the students individual fictitious resumes and let them fill out an employment application based on their "backgrounds."
5. Find articles about money that are appropriate for the students' age and interests. Have students work in small groups to read and summarize the information in the article and make a presentation to the class.
6. Select various advertisements for items on sale. Have the students calculate different purchases based on the percentage of savings offered.
7. Explain how credit cards work. Make up examples and have the students calculate the "cost" of buying on credit versus paying cash. Discuss the advantages and disadvantages of buying on credit.



My Earnings Diary

Use this information to complete
The *Weekly Income* section of
your *Budget Sheet*.



How I EARNED My Money (INCOME)

ALLOWANCE \$ _____	+	GIFTS \$ _____	+
EARNINGS \$ _____		OTHER \$ _____	
TOTAL (A) \$ _____			

My Spending Diary

Use this information to complete the weekly
expenses section of your *Budget Sheet*.

	Snacks	Books/Music	Gifts	Toys	Savings	Other	Daily Total
Sunday							
Monday							
Tuesday							
Wednesday							
Thursday							
Friday							
Saturday							
Weekly Totals							Grand Total

My Budget

Weekly Income

ALLOWANCE \$ _____



GIFTS \$ _____



EARNINGS \$ _____



OTHER \$ _____



TOTAL (A) \$ _____

Weekly Expenses

SNACKS \$ _____



BOOKS/MUSIC \$ _____



TOYS \$ _____



GIFTS \$ _____



OTHER \$ _____

TOTAL (B) \$ _____

Total Income (A) \$ _____

Total Expense (B) \$ _____

What do you want to buy?
How much does it cost?

How long will it take you to
save enough to buy it?

How Would You Spend One Million Dollars?
 Make Your Selections and Add Them Up.

ONE MILLION DOLLARS

<i>ITEM</i>	<i>PRICE</i>	<i>YOUR SELECTION</i>
4 Wheel Drive	\$75,000	_____
World's greatest CD Selection	\$25,000	_____
Small Airplane	\$150,000	_____
Sailboat	\$125,000	_____
1 Year's Worth of Groceries	\$10,000	_____
Sports Car	\$100,000	_____
Mansion	\$500,000	_____
College Education	\$50,000	_____
Beach House	\$150,000	_____
Dining Out for a Year	\$50,000	_____
Nice House	\$200,000	_____
Ski Resort Condo	\$150,000	_____
Clothing Shopping Spree	\$100,000	_____
Library of Great Books	\$50,000	_____
Advanced Degree	\$100,000	_____
Computer With Software	\$25,000	_____
Horse and Care	\$75,000	_____
Big-Screen TV, VCR, Movies	\$75,000	_____
Tickets to Pro Sports Events	\$25,000	_____
Donations To Charities	\$_____	_____
Savings and Investments	\$_____	_____
TOTAL		\$ _____

Lesson Five

Why Do People Save?

Introduction:

Lesson Five introduces the concepts of consumption and saving. It will also help to prepare students for the upcoming bank day by presenting a rationale for saving.

Objectives:

- To introduce concepts of consumption and saving.
- To encourage savings goals.

Suggested Materials/Speakers:

- *It's My Money: A Kid's Guide to the Green Stuff* by Ann Banks
- Invite the school principal or any community leader to speak on the importance of saving.
- Invite someone from the State Treasurer's office to speak on how the government saves money. Please call the State Treasurer's Savings Makes "Cents" coordinator to arrange a visit at 617-367-6900.
- Have a real estate agent come in to talk about buying or renting a house or apartment. What choices have to be made (i.e. urban or suburban; apartment, condominium, or house)? Then, based on this discussion, study the real estate section of the Sunday paper and choose a house/apartment to buy or rent. How much money will it cost to rent for a year? How much money will it cost to buy the house? What are the advantages and disadvantages of buying versus renting?

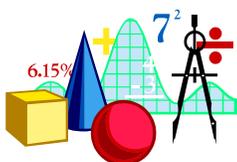
Suggested Activities/Homework:

Creative Arts



- Make a collage of things that someone you know would like. Include inexpensive things as well as expensive ones. What is the approximate cost of these things?
- Visit a bank with a parent or guardian. Draw or write a brief description of what you see in a bank (for example, bank tellers, people at desks, a guard, etc.). Bring in a deposit slip or brochure on a service the bank offers.

Math



- Estimate how much money you would save over the course of a year if you put aside a penny, a nickel, a dime, a quarter, or a dollar each week. Calculate the exact amount. Was this more or less than you estimated?

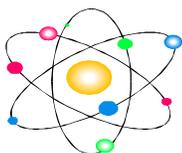
Language Arts



- Discuss whether you currently practice saving money. Did you save money to buy/make holiday gifts? List other reasons people save money.
- Create a list of questions to use in surveying local banks to compare their interest rates paid on savings accounts. Use these questions in letters to local banks. Compare their responses.
- Talk to parents and others about individual saving habits.

Social Studies

- When and where was the first bank in the United States opened?
- When and where was the first credit union in the United States opened?
- Where did people keep their money before financial institutions (banks or credit unions) existed?



Science

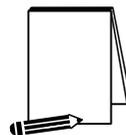
- Have a discussion on the safety of keeping money in the bank versus in your mattress? (For example, danger of fire)
- How durable are paper bills?
- What technology is used to protect your money in a bank?



Computer

- Use the computer to correspond with students in other parts of the country to find out the ways in which they earn, save, and spend money.

Attachments



- *Why Do People Save:* Lesson Material, Glossary and Web Sites
- *Banks Help You Save:* Example Chart of Money Earned Through Regular Savings

Why do People Save?

As we learned in Lesson One, money serves as a medium of exchange. For example, with \$10.00 we could go to a movie, buy a book, or get something to eat. No matter where we go in the United States, our money will be accepted because we have one currency for the whole country.

Today, there are plenty of opportunities to use or spend our money. There are millions of different products available to buy. Think about how many kinds of books or computer games are available. How many different items do you think there are in your local grocery store? With so many choices available, we need to pay attention to how we spend our money. This helps us to buy the things we really need.

Saving is the best way to make sure we will have money for the things we really want and need.

What is saving?

Saving means voluntarily putting aside money for future use. People often save a certain amount regularly with a particular goal in mind. Saving goals can be short or long term. Common short-term goals may include saving for a pair of jeans or a new CD. Long-term goals may include buying a car, saving for college or buying a house. Since no one can know for sure what his or her future needs or wants might be, it is important to put a portion of the money you receive aside for special expenses or an emergency.

Where do people put their savings?

Before banks were common, people often hid their money. They might have buried it in the ground, under a floorboard, or even put it under their mattress. Today, most people keep their savings in a bank. Banks offer special accounts called savings accounts. Savings accounts are useful for several reasons:

- They provide a safe place for people to keep their money. The bank stores its money safely in fireproof locked vaults.
- Savings accounts allow people to earn "interest" on the amount they save. **The bank pays interest to the saver in exchange for the use of the money while it is deposited in the bank.**
- Even though the bank holds your money, you can withdraw your money when you need it. This only applies to regular savings accounts. There are other accounts that pay higher interest to keep your money in the bank for a set length of time.

How much money should you save?

Generally, the amount of money people save is based upon how much money they earn, what immediate expenses they need to pay, and what they want or need in the future. A person who wants to buy a house will have to save more money than a person who wants to buy a computer. A good goal is to save 10% - 25% of your money.

The most important thing about saving is to save regularly. Try to save a portion of all the money you receive. Even if you cannot always save the same amount, saving some money is better in the long run than saving none.

Remember, having money means making choices. Few people are able to have everything they want instantly. Most people first need to save their money before they can acquire what they want. Could you buy a bicycle or a new jacket by yourself today?

You do not have to set aside so much that you don't have any money to spend, but try to set aside a little bit each week or month. For instance, if you receive a dollar you might try to save 25 cents. Before you know it, you'll have saved enough to buy something really special for yourself or for someone you care about.

GLOSSARY



Currency	Something that is in circulation as a medium of exchange (for example, coins, treasury notes, bank notes).
Interest	The fee a bank pays a depositor for keeping money in the bank; the fee a bank charges a borrower for borrowing money from the bank.
Loan	Money that a person borrows. Banks charge interest on the money they lend. Loans have to be repaid with interest within a specified time period. The bank uses the money to make loans to other bank customers.

RELATED WEB SITES

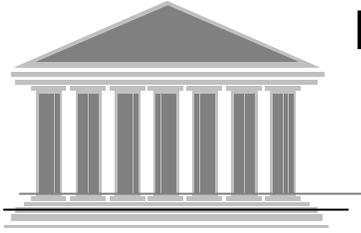
http://www.treasurydirect.gov/kids/basics/basics_sb.htm	About Savings Bonds
http://www.autoinfocenter.com/	Auto Manufacturer's Web Pages

Example Chart of Money Earned Through Regular Saving!

This chart shows different amounts of monthly savings assuming that the deposit is made on the 1st of each month and no withdrawals. It further shows interest accumulation at the interest rate of 2.50% and a 2.53 Annual Percentage Yield.

Note: Each account has a \$10 deposit to open.

<i>Monthly Amount Saved</i>	<i>At end of 1 Year Total</i>	<i>At end of 2 years Total</i>	<i>AT end of 3 years Total</i>	<i>At end of 4 years Total</i>	<i>At end of 5 years Total</i>
\$1	22.41	35.13	48.17	61.53	75.23
\$2	34.57	59.76	85.57	112.03	139.14
\$3	46.73	84.38	122.97	162.52	203.06
\$4	58.90	109.01	160.37	213.02	266.98
\$5	71.06	133.64	197.78	263.52	330.89
\$6	83.22	158.26	235.18	314.01	394.81
\$7	95.38	182.89	272.58	364.51	458.73
\$8	107.54	207.51	309.98	415.00	522.64
\$9	119.70	232.14	347.38	465.50	586.56
\$10	131.86	256.77	384.79	516.00	650.48
\$20	253.48	503.03	758.80	1,020.96	1,289.65
\$25	314.29	626.16	945.81	1,273.44	1,609.23
\$30	375.09	749.29	1,132.82	1,525.92	1,928.81
\$35	435.90	872.42	1,319.83	1,778.40	2,248.40
\$40	496.71	995.55	1,506.84	2,030.88	2,567.98



Lesson Six

What Do Banks Do and How Do They Work?

Introduction:

Banks play an important role in our society. Many people think a bank is where people go when they need money. Banks also perform other services as well.

Objectives:

- To introduce students to banks and some of their basic services.
- To provide a frame of reference for Banking Day.

Suggested Materials/Speakers

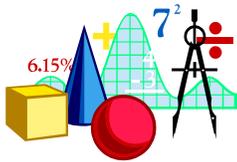
- *If You Made a Million* by David M. Swart
- *Banks* by David A. Adler
- *Banking Basics* Federal Reserve Bank of Boston call 617-973-3459 to order
- *Story of Banks* Federal Reserve Bank of New York call 212-720-6134 to order
- *The Money and Bank Book* by Elaine Wyott and Stan Hinden
- A Consumer Math Game 4377 BANK ACCOUNT (2-5 players, grades 5-12) The players learn the various processes involved in writing checks, making deposits, and keeping accurate records and real-life transactions including buying groceries, paying taxes, car payments, and medical bills. Checks, deposit slips and currency from \$1-\$100 included. Write to Creative Teaching Associates, PO Box 7766 Fresno, CA 93747 to order.
- A Consumer Math Game 4373 BUDGET (grades 4-12) The realities of real-life economics are experienced as players buy a home, pay insurance costs, make investment, etc. write Creative Teaching Associates, P.O. Box 7766 Fresno, CA 93747 to order.

Suggested Activities/Homework:



Creative Arts

- After studying the components of a real check, design your own check including all of the required information.
- Imagine that you are opening a new bank. Create a newspaper ad or a brief television commercial to promote the grand opening of your bank. Include the name of your bank, its location and its banking services. If you have video equipment it would be fun to videotape your performance.



Math

- Monthly Bills: Students receive “bills” each month (mortgage or rent, heat, phone, electricity, health care, home insurance, dentist and cable). When bills are received, students “pay” them, endorse checks and record it in a sample check register. Students also receive “paychecks”, which they “deposit” into their accounts. Students learn to read and fill out a check, read savings book and balance a checkbook.



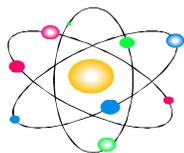
Language Arts

- Make up character sketches of four people waiting in a bank line and draw a picture I.D. for each.
- Pretend you are a bank president. Write a letter to convince people to deposit their money at your bank.



Social Studies

- What was the “Great Depression” of the 1930’s?
- Why didn’t people keep their money in banks during the “Great Depression”?
- How did/does this impact banking today?



Science

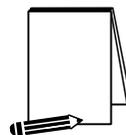
- How do we save money by turning off lights when we leave the room?
- How do we save money by turning off water while we brush our teeth?
- List ways we can save money on our heating and electricity bills.



Computer

- Create a large “mock” check and check register to practice filling them out.
- Write an essay explaining the term “rainy day”. Why is it important to have a “rainy day” fund? Make a border with a “rainy day” theme to go around your writing.

Attachments



- *What Do Banks Do and How Do They Work:* Lesson Material, Glossary and Web Sites
- *Blank Checks*
- *Check Deposit Slip*
- *Check Register*
- *The Process of Endorsing a Check*
- *Check Identification Quiz*
- *Check Identification Answers*
- *Word Search*

WHAT DO BANKS DO AND HOW DO THEY WORK?

The primary role of most banks is to attract deposits of money from customers in order to have money to loan individuals and businesses who need to borrow. Let's examine the flow of money more closely.

Most people do not like to carry more money than they need. Banks offer a safe place to keep money until it is ready to be used. People who put money in a bank are called **depositors**.

Not all depositors have the same needs. Banks offer various types of savings accounts for people whose primary need is to have a place to keep money they don't plan to use right away. A bank will also offer a small payment, called **interest**, to depositors who keep their money in a savings account. Interest rates for savings accounts may vary according to the bank and the type of savings accounts. It is important to check around and compare rates before opening an account.

Why are banks considered a safe place to keep money?

The federal government insures up to \$250,000 for each bank depositor. The agency responsible for insuring bank deposits is called the Federal Deposit Insurance Corporation (FDIC). Money insured by the FDIC is covered against fire, theft, or bank failure (as during the Great Depression). Therefore, you can be assured that if something were to happen to the bank, you would have up to \$250,000 of your money replaced. If you have more than \$250,000 to deposit, it's a good idea to consider depositing your money in more than one bank.

Banks must keep very strict records of their accounts. To help the bank keep track of how much money each person deposits or withdraws, depositors fill out special forms. To deposit money into your account, you must fill out a deposit slip with your name and account number on it. The deposit slip lets the bank know how much money you put into your account. A bank will not accept a deposit without a deposit slip, so make sure you always have one filled out when you go to make a deposit.

To help the customers keep accurate records, banks issue receipts for every deposit and withdrawal made. The receipt is your proof that you deposited or withdrew money from your account. Once a month, banks send their customers a letter or statement summarizing all transactions that have occurred during that month. The statement will list the account balance and show how much interest your money earned. It is a good idea to carefully check your statements to make sure there are no errors.

Why do banks pay people to keep their money in the bank?

Banks need to have money, called "capital," available in order to make loans. **Banks earn a profit by paying depositors less in interest than they charge borrowers to borrow.** For example, a bank may pay depositors three cents per year for every dollar they deposit, but it charges borrowers seven cents for every dollar borrowed. The bank keeps the four-cent difference to pay expenses and earn a profit.

When a bank lends money, the transaction is referred to as a loan. The bank and the person borrowing the money enter into a contract that states that the borrower will pay back the bank. Remember, banks use depositors' money to make loans. Banks try to be very careful to make sure the people they lend money to will be able to pay the bank back.

How can banks lend money that isn't theirs?

Banks do not lend out all the money they have from depositors. They are required by law to reserve a certain amount for their depositors' needs. After all, the bank doesn't know when a customer might want to withdraw some money from their account. Banks maintain a healthy supply of cash at the bank to make sure their depositors' needs will be met.

What is a Checking Account?

Savings accounts aren't the only type of accounts offered by banks. Many times a person might want to keep their money in a safe place, but they may also want to be able to spend it at a moment's notice. Banks offer checking accounts so people can have instant access to their money without having to carry around cash or go to the bank to get it from their savings account.

Here's an example: At the grocery store, the cashier tells you that your groceries cost \$20. You pull out your checkbook and write a check to the store for \$20. What happens next? The store sends the check you wrote to your bank for payment. The bank will subtract \$20.00 from your checking account and give it to the store.

Checking accounts offer people tremendous convenience. However, it's important to remember to be certain you have enough money in your account before you write a check. We will talk about checking accounts in more detail in a later lesson.

GLOSSARY



Bank	An institution that lends, receives, and holds money.
Bank Account	Money in a bank that can be withdrawn by the owner of the account.
Capital	The amount of money a person or a bank has to spend.
Check	A written request to the bank to subtract a specified amount of money from the check writer's account as payment for received goods or services.
Checking Account	A bank account against which allows the owner to write checks.
Deposit Slip	A form used by a person to show how much money he or she is depositing in his or her checking or savings account.
FDIC	Federal Deposit Insurance Corporation. U.S. Government agency that insures bank deposits against losses of up to \$100,000 per account.
Great Depression	In 1930 there was a serious reduction in business activity and many people in the world were out of work or lost their jobs.
Interest	The fee a bank pays a depositor for keeping money in the bank; the fee a bank charges a borrower for borrowing money from the bank.
Receipt	A written statement from the bank showing that money has been received.
Savings Account	An agreement between a bank and an individual, where the individual places his or her money with the bank in exchange for the bank's providing safe keeping and paying the individual interest
Withdraw	The act of taking money out of an account.

RELATED WEB SITES

www.bankamerica.com	Home Banking
www.aba.com	American Banker's Association - then select "personal finance"
www.fdic.gov	FDIC
www.ny.frb.org/education	Federal Reserve Bank of New York
www.mybank.com	State by State listing of bank home pages
http://library.thinkquest.org/3478/yp.htm	Games, how money grows

Name _____ 5-113/110 101
Address _____ 0011318905
_____ Date _____
PAY TO THE
ORDER OF: _____ \$ _____
_____ DOLLARS _____

Sponsoring Bank Name
MEMO _____
354500 0: 0011318905: 000101

Name _____ 5-113/110 102
Address _____ 0011318905
_____ Date _____
PAY TO THE
ORDER OF: _____ \$ _____
_____ DOLLARS _____

Sponsoring Bank Name
MEMO _____
354500 0: 0011318905: 000102

Name _____ 5-113/110 103
Address _____ 0011318905
_____ Date _____
PAY TO THE
ORDER OF: _____ \$ _____
_____ DOLLARS _____

Sponsoring Bank Name
MEMO _____
354500 0: 0011318905: 000103

sample Deposit Slip

Front

Kids Cooperative Bank

Account Number _____

Date _____

Account Number _____

Name _____

Address _____

City State Zip _____

Cash	Currency		
	Coin		
Total From Other Side			
Total			
Less Cash Received			
Net Deposit			

WE RESERVE THE RIGHT TO WITHHOLD AVAILABILITY OF FUNDS DEPOSITED BY CHECK PENDING COLLECTION. SOME CHECK DEPOSITS MAY NOT BE AVAILABLE FOR IMMEDIATE WITHDRAWAL.

If your address has changed, please notify the teller

Back

YOU MAY LIST ADDITIONAL CHECKS HERE. PLEASE CARRY THE TOTAL TO THE FRONT

Additional
Check
Listing

Dollars

Cents

_____	_____
_____	_____
_____	_____
_____	_____
_____	_____
_____	_____
_____	_____
_____	_____
_____	_____
_____	_____

Total _____
(Transfer Total to Front of Ticket)

THE PROCESS OF ENDORSING A CHECK

When you receive a paycheck or a personal check, you have to endorse the check on the reverse with a signature. The endorsement makes the check available to cash, transfer, or deposit.

These are the three most common endorsements:

BLANK ENDORSEMENT

A blank endorsement is when you sign a check with your name as it appears on the check. It is important to wait to endorse a check only at the time you are going to cash it. If you sign it in advance and you misplace the check, someone else may try to cash the check.

SPECIAL ENDORSEMENT

A special endorsement is when you make a check payable to someone else by transferring the funds. For example, the check is made out to you, Roberto Cruz. You owe your friend May Chang some money so you want her to cash this check. With a special endorsement, you allow the bank to give the money to May. On the back of the check write “Pay to the order of *May Chang*” and sign your name below that statement. Your check then belongs to the person you named. They then sign below your name to endorse the check.

RESTRICTIVE ENDORSEMENT

A restrictive endorsement is used when you send a check by mail. You print, “For deposit only” with your account number on it and sign your name below. This restricts the check to be deposited only into your account.

ENDORSE HERE

DO NOT WRITE, STAMP OR SIGN BELOW
THIS LINE: RESERVED FOR FINANCIAL
USE ONLY

ENDORSE HERE

DO NOT WRITE, STAMP OR SIGN BELOW
THIS LINE: RESERVED FOR FINANCIAL
USE ONLY

ENDORSE HERE

DO NOT WRITE, STAMP OR SIGN BELOW
THIS LINE: RESERVED FOR FINANCIAL
USE ONLY

Check Identification !

Explain the parts of the check

(1) Your Name _____ (2) 687
Your Address _____ (3) SO-226
Your Town, MA 00000
(4) Date _____

(5) *PAY TO THE*
ORDER OF _____ \$ (6)
(7) _____ Dollars

(8) **Kids Cooperative Bank** Your town, MA 00000

Memo _____ (9) _____
(10) :0213 (11) 0226 (12) 8: (13) 1234"07889" (14) 0687 (15) "0000010295

1. _____

2. _____

3. _____

4. _____

5. _____

6. _____

7. _____

8. _____

9. _____

10. _____

11. _____

12. _____

13. _____

14. _____

15. _____

Check Identification Answers!

Explain the parts of the check

(1) Your Name Your Address Your Town, MA 00000	(2) 687 (3) SO-226
(4) Date _____	
(5) <i>PAY TO THE ORDER OF</i> _____	\$ (6) <input type="text"/>
(7) _____	Dollars
(8) Kids Cooperative Bank Your Town, MA 00000	
Memo _____	(9) _____
(10) :0213 (11) 0226 (12) 8: (13) 1234"07889" (14) 0687 (15) "0000010295	

- | | |
|--|--|
| 1. <u>Personal Information of Account Holder</u> | 9. <u>Signature of Account Holder</u> |
| 2. <u>Check Number</u> | 10. <u>Check Routing Symbol*</u> |
| 3. <u>Routing Number for Check Processing</u> | 11. <u>Bank's Institution Identifier</u> |
| 4. <u>Date the Check Was Written</u> | 12. <u>Check Digit**</u> |
| 5. <u>Recipient of Amount of the Check</u> | 13. <u>Your Account Number</u> |
| 6. <u>Amount in Number Form</u> | 14. <u>Check Number</u> |
| 7. <u>Amount in Written Form</u> | 15. <u>Dollar Amount Printed by the First Bank</u> |
| 8. <u>Sponsoring Bank for Your Account</u> | <u>Receiving the Check.</u> |

* The first two digits show the Bank's Federal Reserve district. The third digit identifies the Federal Reserve office (head office or branch) or a special collection arrangement. The fourth digit shows the Bank's state or a special collection arrangement.
 **This number, combined with the first eight digits verifies the routing number's accuracy in computer processing.



FIND THESE WORDS IN THE PUZZLE

budget
deposit
check
endorse
money

check register
ethics
currency
income
credit

A B E D E F G I K L M O N E Y Q X C F G K Z B D
U X N P M V A L S O P X Y A C D V H P B D S W E
P Q D L I X W Y I E N T O R P E M E Q X I J C B
J Q O O W N P B E O Y D B I W C O C S A B P W I
E W R P B E C L M N Q C Y P W B R K R V U W W T
S I S P E M N O X Q W E C P W B S R K L D D G T
N J E T O I T S M M N Q N B A C O E D P G G D E
E O I B O O S T P E W N E O W E B G S I E V E Q
P B O K S M E X P Q J B R O B B O I X V T O P O
X O P E T H I C S T D F R L P S A S M P O L O K
E U K O U M N F D R L V U L P J D T Z E A U S I
X C H E C K L P F R S E C V O C R E D I T G I O
P K O F B T D C E S I O J L M D E R O Q I T T M

Unscramble Each Group of Letters

1. YOMEN _____

2. VESA _____

3. RANE _____

4. SEDTIPO _____

5. TINSEV _____

6. CHITES _____

7. MEICON _____

8. XEEESNP _____

9. DECTIR _____



Lesson Seven

Bank Visit

Introduction:

Arrange to visit the bank that your school is working with on the Saving Makes “Cents” program. After touring the bank, have a question and answer period with the bank manager or other personnel. This bank visit will provide the students with an opportunity to see a bank in action.

Objective:

- To experience a working bank.

Lesson Eight

Bank Services

Introduction:

Lesson Eight examines the major services banks offer.

Objectives:

- To familiarize students with the variety of services banks offer.
- To expand on the budget model through the addition of common long-term financial commitments.

Suggested Materials/Speakers:

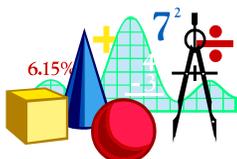
- *The Story of Money* by Betsey Maestro
- Banking basics from the Federal Reserve Bank of Boston call 617-973-3459 to order.

Suggested Activities/Homework:



Creative Arts

- Draw a comic strip showing the advantages and possible disadvantages of having an ATM card.
- Bring in or create a bank advertisement to show how banks advertise their services.



Math

- Using varying interest rates, figure out the cost for different size loans. For example, \$100 borrowed for one year at 5%, 6%, or 7% interest.



Language Arts

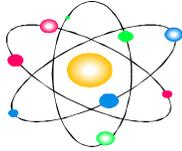
- Discuss what kinds of bank services you might need now and what services you may need in the future.
- Write a mock letter to a bank explaining that you want a loan, why you want it, and how you will pay it back.
- Practice filling out a loan application. Your bank or credit union can supply materials.
- Look at ATM locations in your neighborhood. Write a brief description of what an ATM looks like. What keys are on the units? Why was the location selected?

Social Studies



- How does a family's financial needs differ from a company's financial needs?
- Research different interest rates from different banks. How do they differ and why?

Science



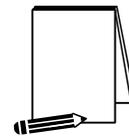
- What capabilities do ATM's have now?
- What capabilities do you think ATM's will have in the future?
- What other technology can be used for banking?



Computer

- Ask your bank representative to provide you with literature from the bank showing some of their products.
- Develop your own brochure for a new bank.

Attachments



- *Services Banks Offer:* Lesson Material and Glossary
- *Money Machines:* Information about ATM machines and activity to figure out the secret message.

SERVICES BANKS OFFER

Suppose you earn an income, made a budget, determined what your basic routine expenses are, established how much money you wish to save monthly, and made a list of things for which you'd like to save. Now you need a safe place to keep your money where you have easy access to it if you need it. You decide to talk to the local bank to see what services it can offer you.

Bank Accounts and Automatic Teller Machines (ATM's)

People use banks for a variety of purposes. For those who need a safe place to keep their money, banks are ideal. As discussed earlier, banks offer a variety of savings and checking accounts. To make it even easier for people to access the money in their accounts, most banks offer a special card, which can be inserted into a machine and used to make deposits or withdrawals from savings and checking accounts. These are called Automatic Teller Machines (ATM's) because they perform many of the same duties a bank teller performs. ATM's provide a very convenient way to deposit or withdraw money from a bank account. ATM's can be used any time of the day or night so that people with busy schedules can make bank transactions whenever it's convenient without relying on the bank to be open.

Using an ATM Machine

An ATM is used by inserting the plastic card that you received from your bank into the machine and following the instructions on the screen. The screen will ask for your secret *Personal Identification Number* (PIN). This ensures that another person cannot use your card to get money if you lose it. Once you have entered your PIN, the ATM checks the amount of money in your account (your balance) to make sure you have enough for what you asked for. With your ATM card, you can also deposit money and transfer it between accounts at the bank. If you are under the age of 18, the ATM card is usually issued to your parent or guardian.

Online Banking Options

Online banking enables financial institution customers to handle account management and perform account transactions directly with the bank through the internet. This is also known as internet banking.

Most financial institutions offer customers the option of online banking. Online banking has made personal and business banking faster, more efficient and safer.

Customers are able to access to all of their accounts through an internet connection using the banks website or a commercial software package.

Online banking allows customers to monitor accounts, download transactions and transfer funds between accounts. A variety of accounts can be managed such as checking, saving, and money market/CD accounts, management investments. Customers can also handle loan activity, including applications and repayments. Clients can transfer funds to their bank accounts, and pay bills either electronically (with an account transfer) or by having the bank issue paper checks directly to the payee.

Banks have set up security systems to ensure that transactions conducted online are protected from internet security threats.

Online banking usually requires at least a checking account. Under the age of 18, teens can open a joint checking account with a parent at age 16. This allows the teen to use online banking while also allowing parents to monitor the account.

Loans

A bank's primary function is to make loans. A bank may issue many different kinds of loans. Some of the more common loans include home loans, auto loans, business or commercial loans, loans for school tuition or student loans, and personal loans.

When looking for a loan, most people call several different banks to see what interest rate each bank is charging for a loan. Remember, banks make a profit by lending people money for a fee. Many times interest rates may differ, so it's wise to shop around first.

Banks serve many types of customers including families, individuals, small and large companies, and even the government. A family's financial needs may differ from what a large company would need. To respond better to a particular group's needs, a bank may specialize in one or more areas. In fact there is even a bank in Denver, Colorado whose only customers are kids! Knowing what area a bank specializes in can help you find the best bank for your needs.

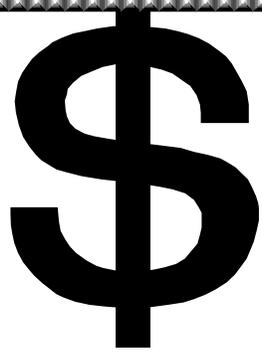
GLOSSARY



ATM Card	A magnetic card used in an ATM machine to deposit or withdraw money.
Auto Loan	A loan that is issued for the purpose of buying a car.
Automatic Teller Machine (ATM)	Machine, which allows a person to make a deposit or withdrawal from their account without having to go to the bank.
Balance	The amount of money remaining in a bank account.
Commercial Loan	A loan made to a business for the purpose of buying a business, making improvements to an existing one, or providing money for the business to use.
Mortgage Loan	A loan that is used to buy real estate property, usually a house.
Student Loan	A loan made to a student for payment of tuition or cost of living expenses while in school.

RELATED WEB SITES

www.yacenter.org	Bank in Denver, CO, just for kids!
--	------------------------------------



Money Machines

An ATM (automated teller machine) is a convenient way to deposit or withdraw money from a bank account. ATM's can be used any day and at any time.

People have very busy lives today and not everyone can make the time to go to the bank. ATM's are only one of the services the bank offers depositors.

How to Use the ATM Machine

- Insert the plastic card you get from your bank and enter your secret number, which is called your PIN. PIN stands for Personal Identification Number. The ATM checks the money in your account and gives you the amount you requested.
- At most machines, using your ATM card, you can deposit money in your account as well as transfer money between your accounts (between savings account and checking).
- If you are under the age of 18, the ATM card is usually issued to your parent or guardian. It depends on the policy of the bank.

Activity:

Use the code to find the secret message.

1=L	2=N	3=O
4=P	5=R	6=T
7=U	8=V	9=Y
*=E	=\$=I	

$\frac{2}{\quad} * \frac{8}{\quad} * \frac{5}{\quad}$
 $\frac{6}{\quad} * \frac{1}{\quad} \frac{1}{\quad}$
 $\frac{9}{\quad} \frac{3}{\quad} \frac{7}{\quad} \frac{5}{\quad} \frac{4}{\quad} \frac{\$}{\quad} \frac{2}{\quad}$



Lesson Nine

Different Types of Financial Institutions

Introduction:

This lesson discusses the differences between banks and other financial service institutions.

Objectives:

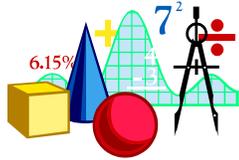
- To familiarize students with the variety of institutions.
- To explain the similarities and differences among those institutions.

Suggested Activities/Homework:

Creative Arts



- Design a credit card for kids. What would you call it? What would it look like?
- Ask family members if they use credit cards, what credit cards they have, and why? How frequently do they use them? What are the costs associated with having a credit card (for example, annual fees, interest on unpaid balance, etc.)? (The idea here is not to invade anyone's financial privacy but to become aware of how credit is used around you. Teachers may serve as an example.)
- Identify and list 6-10 different credit cards (for example, bank, phone, department store, gas station, etc.).
- Apply for a credit card by filling out the sample application included in the attachment section of this lesson. (Teachers should review the applications and cite reasons for acceptance and rejection.)



Math

- Start a business. This could include shoveling snow, watering lawns, pairing up with a classmate to run errands for an elderly neighbor, or saving cans for the five cents return. What would you need to run the business? What are the costs? How would you let people know about your business? What would you charge? How long would it take you to make a profit?
- Create a 15% tip card. Using a restaurant menu, choose the items for a meal. What would the tip be on the items you would order?
- Discuss how interest charges increase the cost of a purchase.



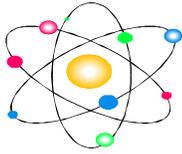
Language Arts

- Use the Yellow Pages to look up different financial institutions. Notice how many institutions there are in your city or town. Make a list of their names.
- Discuss the advantages of credit. How can it make it easier to pay for the things you want or need? What are the disadvantages?
- Discuss the dangers of credit cards and why a good credit report is important.
- Discuss how credit expenses fit in a budget. Are these expenses which need to be planned for?
- Discuss where and how credit cards are used.
- Explain how spending more than we have might get us into financial trouble. How can we avoid over spending?



Social Studies

- Research how your local school store is run. What is the store's budget? How much profit does it make and where does that profit go?
- What are the advantages of paying by cash versus credit cards?



Science

- What are credit cards made of?
- Why do some credit cards have their owner's pictures on them?
- What are some security features of credit cards?

Computer



- Design your own student credit card on the computer.

Attachments



- *Different Types of Financial Institutions: Lesson Material and Glossary.*

DIFFERENT TYPES OF FINANCIAL INSTITUTIONS

As we discussed in Lesson Eight, banks serve a wide range of customers. A very large bank might have a division, which specializes in business (or commercial) lending. Other banks may specialize in mortgages.

In addition to banks, there are other organizations that offer similar financial services. Let's take a look at the different types of banks and financial institutions in the marketplace today.

Commercial Banks work with both individuals and businesses and offer a variety of products: savings and checking accounts; mortgage, business and student loans; and investment services. Certain banks specialize in business customers only. These banks are sometimes referred to as *wholesale* banks.

Savings Banks are financial institutions that specialize in consumer loans such as mortgage or home improvement loans. They generally offer the same kinds of savings and checking accounts as a commercial bank offers.

Credit Unions are financial organizations where all the customers share a common affiliation. They may work for the same company, go to the same church, or live in the same neighborhood. Unlike commercial banks or savings banks, credit unions are run and managed by their customers. Depending on the size of the credit union, they may offer their members many of the services available at commercial and savings banks such as checking accounts, mortgage loans, ATM cards, or credit cards.

Currency Exchanges (or check cashing stores) differ from commercial banks, savings banks, and credit unions because they do not accept deposits or make loans.

Many people use currency exchanges to cash government checks or obtain money orders. A company or individual might request that a debt be paid by money order if it is uncertain of a person's ability to repay the debt. For this reason, services at currency exchanges may be very expensive.

Currency exchanges earn a profit by charging a fee for most of their services. These fees are generally much higher than comparable services at a commercial bank or credit union, so they are a more expensive option. Currency exchanges are often located in areas where there are no other financial institutions. For people living in those neighborhoods, currency exchanges may provide their only access to various financial services.

GLOSSARY



Commercial Bank	Savers and borrowers are brought together in commercial banks. They loan money to individuals and businesses. Depositors earn interest and borrowers pay interest. The bank makes a profit on the difference between the interest it pays for deposits and receives from borrowers.
Credit Union	Money deposited is usually loaned only to members. Membership usually consists of people in a given job, trade, industry or other related group.
Currency Exchange or Check Cashing Stores	Cashes checks for a fee (generally a percentage of the check). Does not accept deposits or make loans. Customers can carry large amounts of cash on which they do not earn interest.
Mortgage	A home loan in which the lending institution holds title to the home until the loan is paid.
Savings Bank	An institution that originated with homeowners pooling their money to make housing loans. A savings bank accepts deposits and specializes mostly in home mortgages and other personal loans.
Wholesale Bank	A bank, which specializes in working with businesses only.



Lesson Ten

What is Credit?

Introduction:

In an earlier lesson, we explored how budgets can help people manage their money and plan for upcoming or desired expenditures. This lesson will focus on credit and how it can be a useful tool to help us obtain things we want.

Objectives:

- To introduce students to the principles of credit.
- To explain the possible dangers of spending money we don't have.
- To reinforce the need to manage our spending.

Suggested Materials/Speakers:

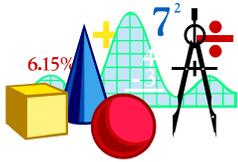
- *The Story of Money* by Betsy Maestro
- *Totally Awesome Money Book for Kids* by Andrian G. Berg and Arthur Berg Bochner.

Suggested Activities/Homework:

Creative Arts



- Design and illustrate an advertisement for a car dealership offering special credit to new car buyers.



Math

- With an interest rate of 5%, 7%, or 15%, how much will a \$1,000 loan cost a year, a month, a week, or a day? How much will you have to spend once the loan is paid off?



Language Arts

- When you ask your parents for a small loan, do they take into account your credit history? (For example, do you pay them back when you say you will?)
- Bring in a newspaper automotive section to study new and used cars and the varying costs. Determine your needs and wants in your dream car. Examples: new, used, single, married, children, sports car, truck, two door, four door, air conditioning, etc.
- Write a story about your dream car. What would it look like? Where would you take it?



Social Studies

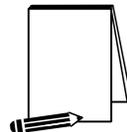
- Why do people say credit is a privilege? How do you “earn” this privilege?



Computer

- Design your dream car on the computer.

Attachments



- *Money Uses and Credit: Lesson Material, Glossary and Web Sites.*
- *Credit Card Application*

MONEY USES AND CREDIT

What is credit?

Credit comes from the Latin word "creditus" which means, "to trust". **Credit involves lending money in good faith to an individual or entity that will repay the loan.** The lender will usually charge a fee, commonly referred to as interest, for the use of the money. Many people think they have a right to credit. It is actually a privilege that must be earned. People use credit every day as an alternative method for us to obtain the things we want without having to carry cash around. By allowing us to pay for the item over a period of time, credit also allows us to buy things we might not be able to afford all at once.

Let's suppose you want to buy a car. You shop around and find a car that you like. The car costs \$1,000 but you only have \$100 saved. The car dealer offers you a proposal. You may drive the car home today if you give the dealer \$100 now and the dealer will lend you the remaining \$900 provided that you agree to pay a certain amount each month until the \$900 is paid in full. The dealer also asks you to pay an additional \$100 for the use of her money (the \$100 represents the dealer's interest fee). If you agree to the terms the car dealer offers, you could drive the car home today. This example illustrates credit in action.

Now, before the car dealer offers you a loan, she will check to see if you have a good "credit history". Credit history is a record of all the credit transactions a person has made. If the record shows that you haven't made your payments on time or that you have otherwise abused your credit privileges, she may decide you are a poor "credit risk." In other words, based upon your history, a dealer is not sure whether you will repay the money you owe and may decide not to lend you the money. You would then need to pay \$1000 immediately or leave without the car.

Where do you go to get credit?

Credit usually is available through two vehicles: a credit card or a loan. Department stores, banks, and other financial service companies issue most credit cards. A store may issue customers a credit card to make it easier for them to make purchases in the store. Most stores only honor

their own credit card. (In other words you cannot use your Sears card at Filenes.) Some credit cards are accepted at several stores. These credit cards are usually issued by a bank or financial company (examples: MasterCard, VISA, Discover, American Express).

Most credit cards have limits as to how much a person may owe at one time. Most credit cards also have a maximum amount you can charge at one time. In certain cases, a purchase may require another form of credit. Buying a house or a car can cost thousands of dollars. When people need to borrow a significant amount of money, they usually look to a bank for a loan.

What is a checking account?

Checking accounts are another form of credit. Checking accounts allow us to spend money without carrying cash. Most stores accept checks along with a photo identification. The store deposits the check into its bank. The bank then takes the cash from your account and pays the store. The store is depending on you having the amount of the check in your account. This makes it important that you always keep track of how much money is in your account so that you know the store will be paid. Keeping track of how much money is in your checking account is called "balancing" your checkbook.

Balancing your checkbook

Balancing your checkbook is keeping track of how much money is deposited and taken out of your account. If you have not balanced your checkbook, and there is not enough money in your account, the store will not be able to get paid by the bank. This is called "bouncing" a check. You will be charged every time you bounce a check, and eventually the bank could close your account. Therefore, to avoid getting yourself in trouble, always write down how much you spend and where you spend it (as you do when preparing a budget).

Remember that credit is a privilege that must be used wisely. If you purchase something with a credit card or a loan and plan to pay for it over an extended period of time, it's a good idea to include your credit payments in your weekly budget.

You should also keep in mind that if you use credit to pay for something, over time, the total cost of the item will be more than if you had paid cash.

This is because you must pay the credit card company or bank interest on the money it gave you in advance to buy the item. Credit provides people with greater financial flexibility. Without it, most people would not be able to afford to buy their homes, cars, or pay for their children's education. Credit also places a tremendous amount of responsibility on the user. Keeping your credit purchases in line with your budget will help you take advantage of all that credit has to offer.

GLOSSARY



Balance a Checkbook	A checkbook is "balanced" when the amount of money in the checking account is the same as the bank's records.
Bouncing a Check	Writing a check from an account for more money than is currently in the account, and the bank returns it to the place where it was cashed.
Credit	Money, which is loaned, most often for a fee, and must be paid back.
Credit Card	A card that allows the holder to purchase an item or service immediately but pay for it later.
Credit Limit	Maximum amount able charge at one time with a particular credit card.
Check Register	Book in which to record the amount of all checks written and to whom they were given.
Interest	Fee for borrowing money.

RELATED WEB SITES

Web Site	Topic
www.consumercredit.com	American Consumer Credit Counseling, Inc.
www.leadfusion.com	Mortgages, auto loans, credit cards, calculators.

CREDIT CARD APPLICATION

ABOUT YOU...

Your Name (First, Middle, last, Jr./Sr./etc. as it will appear on the card) _____ Date of Birth _____

Social Security Number

Mother's Maiden Name

Home Address

Apt. #

Home Telephone Number

City

State

Zip Code

(____) ____ - ____
Length of Time There

Previous Home Address (if current address less than three years)

Years _____ Months _____

City _____ State _____ Zip Code _____

About Your Job...

Name of Business

Years There

Address

City

State

Zip Code

Business Telephone Number

Position

(____) ____ - ____

About Your Income...

Annual Salary

Other Annual Income (Bonuses, Dividends, Etc.)

Get An Additional Card At No Extra Charge

Please print the full name of authorized user

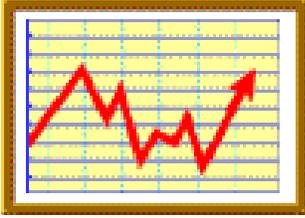
PLEASE SIGN THIS AUTHORIZATION

DATE

Applicants Signature **X**

/ /

Design your own credit card below with the information above



Lesson Eleven Stock Market

Introduction:

A stockholder invests money in a company. The company uses the money to run the business, help it grow, and if successful, the business shares its profit with the stockholder. If the business loses money, the value of the stock will go down and the investor may lose part of the investment. While investing in the stock market may be a way to increase income, it is important to understand there is some risk involved.

Objective:

- To experience a fictitious stock market.

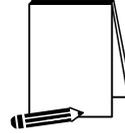
Suggested Activity:

Group Project

Before becoming involved in the fictional stock market, students should understand the concepts of profit, loss, risks and trends. You may want to invite a speaker to help educate the students about these concepts or visit the Boston Stock Exchange (BSE). The BSE is a state of the art trading and communications facility in Boston's historic financial district. Call the Visitors Gallery Information Line at 617-235-2223 for more information.

- Introduce stocks 1-5, found in the attachment section of this lesson. After following the stocks over a period of time through the School Street Journal (attachments), graph the trends to see which stock(s) the children may be interested in purchasing.
- Before reading the fourth issue of the School Street Journal, have each student purchase stock(s) by writing a check to the company. Copies of the checks can be found in the attachment section of Lesson Six. After purchasing stock(s), each child should receive a stock certificate (attachments).
- Now students can read the fourth issue of the School Street Journal to see if they want to buy or sell more stock(s).
- If they want to sell their stock(s), fill out the proper form (attachments). If they want to buy more stock(s), follow the initial procedure.

Attachments



- Glossary
- Web Sites
- *Kids Stocks – Found on the Kids School Stock Exchange*
- *School Street Journal – Issues 1 to 4*
- *Memorandum – Stock Purchasing Form*
- *Stock Selling Form*
- *Stock Ownership Certificate*

GLOSSARY



Invest	Use money for something that is expected to produce a profit.
Investor	Person who gives money to help build a business.
Investment	The money given to help build a business.
Loss	An amount of money lost.
Profit	The gain from a business.
Risk	The chance an investor takes to make a profit or to lose money.
Stockholder	A person who owns a share of a large company.
Trend	Things that go up in value because they are popular. (baseball cards, beanie babies, barbie dolls)

RELATED WEB SITES

Web Site	Topic
http://www.moneyinstructor.com/investing.asp	Money Instructor
www.smg2000.org	The Stock Market Game

Kid's Stocks: Found on the Kids Stock Exchange*

STOCK ONE: L.E.A.H. Corporation (Leaders in Education for Animal Health)

Description: This is a new public offering from a previously privately owned company that specializes in educating children about their pets and wild animals. Staff are invited to speak at zoos, pet shops, and schools and often bring animals with them.

CURRENT PRICE: \$200/Share
LAST WEEK'S PRICE: \$200/Share
TYPE: Low risk, low yield

STOCK TWO: P.A.G. Travel (Pictures are Great)

Description: This is a new offering by a company specializing in travel to exotic places. Destinations include special trips to the Great Barrier Reef in Australia including scuba diving and underwater tours. A tour aboard a special boat that uses the inland waterways in the southern U.S. to observe alligators and crocodiles is also being offered.

CURRENT PRICE: \$200/Share
LAST WEEK'S PRICE: \$200/Share
TYPE: Low risk, low yield

STOCK THREE: The Toy Tech Factory

Description: This is a new offering by a company that specializes in games, specifically in 3D-interactive computer software games. Their latest game pits players against multi-headed, multi-armed dragons with magical powers at 13 skill levels.

CURRENT PRICE: \$100/Share
LAST WEEK'S PRICE: \$96/Share
TYPE: High risk, variable yield

STOCK FOUR: Bagels R' Us

Description: This is a new offering by a company that has the idea of making bagels in the shapes of letters and numbers.

CURRENT PRICE: \$100/share
LAST WEEK'S PRICE: \$96/Share
TYPE: High risk, variable yield

STOCK FIVE: Candy 4 A Penny

Description: This is a new offering by a company that makes hard and soft candy at \$.01 per piece. Some of the candy costs more than \$.01 to make and some of the candy costs less than \$.01 to make, but the company hopes that people will buy large amounts of candy.

CURRENT PRICE: \$100/Share
LAST WEEK'S PRICE: \$98/Share
TYPE: High risk, variable yield

***Note:** All stocks are imaginary and can only be purchased with your school checks and dollars!

THE SCHOOL STREET JOURNAL

Volume 1, Issue 1

"Where Money Moves like Mad

GOOD WEEK FOR KSSE

(Kids' School Stock Exchange)

The KSSE gained 275 points in active trading this week. Here are some brief updates about stocks on the KSSE.

L.E.A.H. Corp. did very well this week gaining 50 points (\$50) in active trading, closing at \$250 per share. The company landed an account with the Local City Public Schools. Staff will be bringing lizards (Anoli and Dipsosauri) to all grades. Each class will get to keep a pair of lizards.

P.A.G. Travel gained \$50 per share for its investors this week. Stock is now up \$250 per share. PAG is benefiting from the unpredictable weather and is promoting tours to South American Rain Forests. Celebrities are leading tours and people are lining up for blocks to sign up!

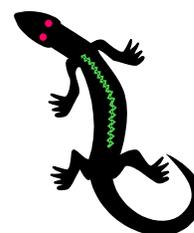
Toy Tech Factory had active trading this week and gained 25 points (\$25). Stock is now \$125 per share. Sales are brisk for "Damiens Dragon." TV appearances are promised for anyone who can conquer Level Three!

Bagels R Us is up 50 points this week. Stock is now \$150 per share. Lettered and numbered bagels are catching on. People are using them for breakfast, spelling out "Good Morning" and then eating the message.

Candy 4A Penny went up \$100 per share this week. Stock is now \$200 per share. Production can hardly keep up with the demand for "Snapping Turtles" - the chocolate candy turtles that make loud snapping noises as you chew them. Thousands are being sold everyday!

*****Flash Headlines*****

- *Fire burns down largest sugar plantation in Hawaii...
- *New virus discovered that is deadly for Asian Lizards...
- *Bomb threat in Brazilian Airport...
- *Popular TV game offers three hot new games



THE SCHOOL STREET JOURNAL

Volume 1, Issue 2

"Where Money Moves like Mad!"

QUIET WEEK FOR KSSE (Kids' School Stock Exchange)

The KSSE gained only 10 Points trading during the past few days. Here are some brief updates about stocks on the KSSE.

L.E.A.H. Corp. stayed relatively constant the last few days gaining only 10 points. Stock is now \$260 per share. The company is feverishly preparing for their newest customers. Each class will get to keep a pair of lizards! Finally, the company will be able to send off the large number of lizards that they've been taking care of for the last year.

P.A.G. Travel lost \$10 per share the last few days. Stock is now \$240 per share. The company's tours to the South American rain forest are filled to capacity. They are continuing to charter planes from several different airlines. This will be a good showcase for the company.

Toy Tech Factory Saw almost no trading the past few days and neither gained nor lost. The stock is still at \$125 per share. Although sales are brisk for "Damien's Dragon," Nintendo has promised to release a competitor very soon.

BAGELS R US was quiet the last few days. Stock is still \$150

per share. The concept is still intriguing, and people continue to use Bagels R Us bagels for meals. They are starting to show up at the workplace as well as at home.



Candy 4A Penny gained \$10 per share this week. Stock is now at \$210 per share. Production is at max for "Snapping Turtles" - the chocolate candy turtles that make loud snapping noises as you chew them. Orders are coming in by the boxful.

FLASH HEADLINES

- *Airline pilots threaten to strike...
- *Smokers won't be able to smoke anywhere in MA...
- *Deadly computer virus hits Nintendo Games...
- *The Donut Factory is selling bagels like hotcakes!

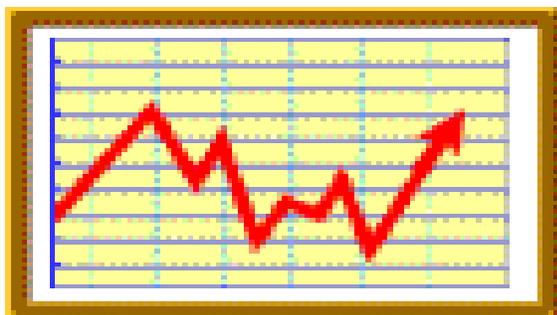
THE SCHOOL STREET JOURNAL

Volume 1, Issue 3

"Where Money Moves like Mad!"

MODERATE TRADING ON THE KSSE (Kids' School Stock Exchange)

The KSSE gained 110 Points in brisk trading the past few days. Here are some brief updates about stocks on the KSSE.



L.E.A.H. Corp. Lost 25 points in active trading. Stock is now \$235 per share. Lizards now enroute to classrooms in the local public schools. California, Wyoming and Kansas have inquired about this program. The company is slithering to restock their supply of reptiles.

P.A.G. Travel gained \$10 per share. Stock is now \$250 per share. Preparation is completed for the South American tours with other tours in progress. The company's trip to the Galapagos Islands is under development. The first 10 people to sign up receive the iguana of their choice.

Toy Tech Factory gained \$50 per share. Stock is at \$175 per share. With the demise of its major competitor, it looks like clear sailing for this fledgling company.

Bagels R Us The stock rose \$25 per share and is now \$175 per share in an amazing deal with the Children's Cartoon Network, the company lands a contract to supply bagel letters and numbers to cartoon characters.

Candy 4A Penny gained \$50 per share this week. The stock is now at \$260 per share. The company, fueled by recent success, is arranging a loan to manufacture more Turtles. New markets have opened up in Canada.

*****FLASH HEADLINES*****

Airline pilot strike averted at 11th hour...

*No way found to purge Nintendo virus yet...

*Veterinary school buys out local animal hospital.

*New studies show more income available for leisure activities

THE SCHOOL STREET JOURNAL

Volume 1, Issue 4

"Where Money Moves like Mad!"

MIXED RESULTS IN TRADING ON THE KSSE (Kids' School Stock Exchange)

The KSSE lost 120 Points in the most active trading in weeks. Here are some updates about stocks on the KSSE.

L.E.A.H. Corp. lost 35 points in active trading. Stock is now \$200 per share. California, Wyoming and Kansas have inquired about this program but have not signed contracts. The company has its supply of reptiles and is waiting for new adventures.

P.A.G. Travel stayed steady this week neither gaining nor losing. Stock is still \$250 per share.



Toy Tech Factory gained \$25 per share. The stock is \$200 per share. Steady and sure, this company is making good progress. No competition in sight yet!

Bagels R Us Everyone is still excited about the Children's Cartoon Network deal that has the company supplying bagel letters and numbers to cartoon characters. Stock has risen \$50 per share and is now \$225 per share.

Candy 4 A Penny has taken a beating this week. Although the production of Turtles is at an all time high, the company has been producing them at a loss, and the rest of their candy is not selling well. Can they fix the management problem before they lose all they've worked for? Will they be able to pay the interest on the loan they just received? The stock lost \$160 per share this week. Stock is now \$100 per share.

*****FLASH HEADLINES*****

- *Possibility of interest rates increasing**
- *Cure found for deadly reptile virus**

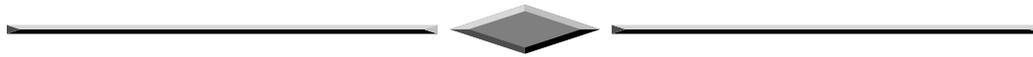
Thank you to our many customers who purchased stocks. Keep those certificates in a safe place! If you want to sell, please ask your teacher for the form.

MEMORANDUM

Teacher: _____

Date: _____

From: _____



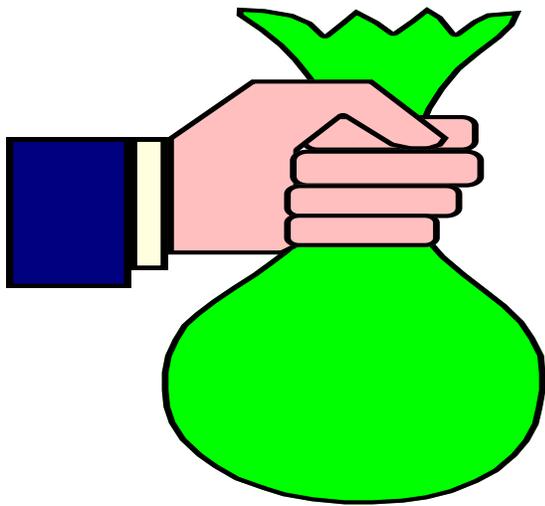
Dear _____,

As part of our Saving Makes “Cents” stock project, I would like to purchase _____ shares of _____ stock at \$_____ per share.

Enclosed is my check for \$_____.

Thank You,

Sign Here



I Want to
Sell My
Stock !

Name of Stock: _____

Number of Shares: _____

Price per Share: \$ _____

Please Send Me a Check for \$ _____

Name: _____

Teacher: _____

Congratulations

You are a Shareholder
with _____ Shares

of _____

Name _____ *Date* _____



Lesson Twelve

Forms of Taxation & Their Uses

Introduction:

This lesson will introduce students to the concept of taxes as money supplied to the local, state, and federal government.

Objectives:

- Where does tax money go? Who does it affect? How does it affect people?
- To explain why we pay taxes.
- To describe different types of taxes.

Suggested Materials/Speakers:

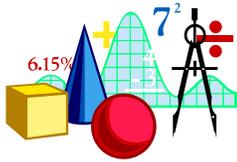
- *Totally Awesome Money Book for Kids* by Andrian G. Berg and Arthur Berg Bochner
- Invite your local state senator, representative, town manager, selectman or mayor to be a guest speaker.
- Invite a local accountant to explain taxes and tax returns.

Suggested Activities/Homework:

Creative Arts



- Bring in newspaper or magazine articles about taxes.
- Interview family members to see what taxes they pay. Are there taxes they feel are too high?



Math

- Choose a career and a salary. How much will you have to pay in taxes, and how will it affect your budget for the year?



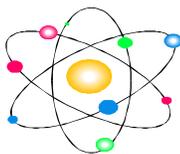
Language Arts

- Discuss why paying taxes is important.
- Write a story about a "Taxpayer" and his neighbor "Bah - I won't pay!" Illustrate your story.
- As a taxpayer, write a letter to the governor explaining why taxes need to be raised or lowered and why.



Social Studies

- Research the phrase "taxation without representation." What does it mean?
- List the different types of taxes people pay and what services are provided by those taxes. Use your research to provide information for the math and creative arts activities described above.
- Research and compare taxes in different states. Do all states have the same taxes?



Science

- What kinds of science programs receive tax money? (For example, NASA, Medical Research, Department of Defense)
- What are some environmental tax deductions/refunds?

Attachments



- *Forms of Taxation and Their Uses:* Lesson Material, Glossary and Web Sites
- *Taxes:* Activity to name and describe three types of taxes

FORMS OF TAXATION AND THEIR USES

Why do we pay taxes?

All forms of government provide services that cost money. People who work for the federal, state, and local government have to be paid. Fuel to run police cars and snowplows to clear roads are examples of products the government purchases.

Are you wondering where this money comes from? It comes from taxes. In order for the government to provide these services, citizens must pay taxes.

For example, "Family A" earns \$30,000 a year and "Family B" earns \$50,000 a year. Who do you think is required to pay more taxes? Why?

One of the most common taxes is the **income tax**. **Income is money that is earned. Money can be earned by receiving a salary or through interest and investments.** People are taxed on their income according to how much they earn. At the end of the year, citizens are required to file a tax return to determine the amount of tax they must pay the government.

Another type of tax you may be familiar with is the **sales tax**. **The sales tax is placed on goods that are purchased by the public.** For example, have you ever bought something such as a Nintendo game and wondered why the price tag said \$20.00, but when you got to the cash register the salesperson asked for \$21.00? The extra dollar is sales tax, which is 5% in the state of Massachusetts.

You may wonder what happens to that extra money. Among other things it helps the government pay for essential services such as roads, schools, bridges, police, fire protection, etc.

Other types of taxes include real estate taxes. They help to support the public school system, police and fire protection, water, roads, and sewers.

GLOSSARY

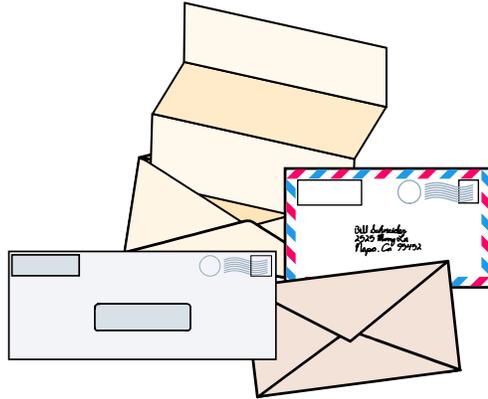


Tax	A charge of money imposed by the government on people or businesses in order to provide essential public services.
Income	Money that people earn.
Income Tax	A government tax on a person's or a corporation's income.
Real Estate Tax	A tax on a person who owns property.
Sales Tax	A tax placed on goods that are purchased by the public.
Tax Return	A formal written statement from a person showing his/her taxable income.

RELATED WEB SITES

Web Site	Topic
http://www.irs.gov/individuals/students/index.html	IRS for Students
http://www.irs.ustreas.gov/	Internal Revenue Service Website

TAXES

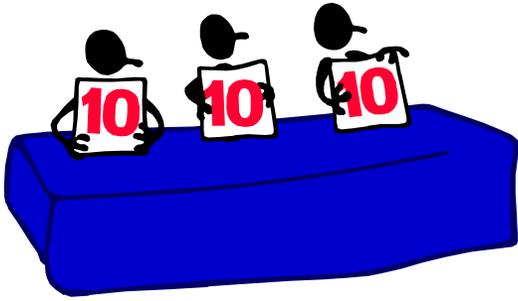


Name and describe three types of taxes.

1. _____

2. _____

3. _____



Lesson Thirteen Review

Introduction:

This last lesson consists of a group project to act as a review of lessons one through twelve. This provides the class with an opportunity to put to use all of the principles discussed throughout this curriculum.

Objectives:

- To review the topics discussed.
- To put into use the principles learned through an in-class exercise.

Suggested Activity:

A Group Project

Have the class write a script for a play, a music video, or a public service announcement. The idea is to incorporate as many aspects of this curriculum as possible in a fun and creative final exhibition. This project could be performed for the whole school.

A Final Project

Have each student write a song, poem, or short story entitled *Why Saving Makes "Cents" to Me*.

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Glossary Index

There are 11 glossaries found in this guide
& the following index will make it easier to reference vocabulary words.

<u>PAGE #</u>		<u>PAGE #</u>	
Lesson 1	14	Lesson 8	75
Lesson 2	26 & 27	Lesson 9	78
Lesson 3	34	Lesson 10	84
Lesson 4	43	Lesson 11	90
Lesson 5	54	Lesson 12	101
Lesson 6	61	Lesson 13	NONE
Lesson 7	NONE		

Pre-Post Test Reference Index

There are 10 Pre/Post Test Questions found on the next to pages of this
guide & the following index will make it easier to reference
the topics included in the Pre/Post Test.

Question 1 –	Lesson 1 / Pages 11 - 14
Question 2 –	Lesson 2 / Pages 19, 23 - 26
Question 3 –	Lesson 4 / Pages 37 – 48
Question 4 –	Lesson 4 / Pages 37 - 48
Question 5 –	Lesson 6 / Pages 59 - 61
Question 6 –	Lesson 5 / Pages 52 - 53
Question 7 –	Lesson 6 / Pages 59 - 61
Question 8 –	Lesson 8 / Pages 70 - 76
Question 9 –	Lesson 8 / Pages 70 - 76
Question 10 –	Lesson 11 / Pages 88 -90

Saving Makes Cents

Pre & Post Test 2013–2014

1) What is the definition of "Barter"?

- a) a spread often put on bread**
- b) how the bank calculates money**
- c) where you keep your money safe**
- d) the exchange of goods or services for other goods or services**

2) What is made at a government building called a "Mint"?

- a) New stamps**
- b) New paper currency**
- c) New candy**
- d) New coins**

3) Which item is an example of a "Want" rather than a "Need"?

- a) food**
- b) water**
- c) video games**
- d) shelter**

4) A budget can help us to _____?

- a) spend money carelessly**
- b) buy anything we want, no matter what the cost may be**
- c) barter with others**
- d) distinguish between a need and a want**

5) You received \$100 as a prize for winning an essay contest. You can save or spend it any way that you want, but which choice will allow you to earn interest?

- a) Hide the money in your bedroom**
- b) Buy the roller blades you have always wanted**
- c) Put the money in your savings account**
- d) Buy your holiday gifts with the cash**

Saving Makes Cents

Pre & Post Test 2013–2014

6) The best example of a short-term goal is _____?

- a) saving to buy a car
- b) saving for college
- c) saving to buy a house
- d) saving to buy an ice cream cone

7) The fee a bank or credit union pays a depositor for keeping money in the bank is called _____?

- a) capital
- b) FDIC
- c) interest
- d) currency

8) A.T.M is an acronym. (An *acronym* is a word formed from the initial letters of a name, for example U.S.A. is an acronym for the United States of America) What do the letters A.T.M. stand for ?

- a) American's Taking Money
- b) Automatic Task Manager
- c) Automatic Teller Machine
- d) American Talking Machine

9) A _____ is sometimes needed for a student to pay for college tuition ?

- a) license
- b) loan
- c) card
- d) title

10) A person who owns a share in a large company is _____?

- a) bankrupt
- b) a stock holder
- c) in debt
- d) very rich

Saving Makes Cents

A PROJECT OF STATE TREASURER STEVE GROSSMAN

Pre & Post Test Answers 2013-2014

- | | | | |
|-----------|----------|------------|----------|
| 1) | d | 6) | d |
| 2) | d | 7) | c |
| 3) | c | 8) | c |
| 4) | d | 9) | b |
| 5) | c | 10) | b |

Please simply mail the completed tests to:

**The Office of State Treasurer
The Financial Education Department
One Ashburton Place – 12th Floor
Boston, MA 02108**

If you have any questions or comments, please email:

Lmartin@tre.state.ma.us

**Or call
617-367-6900**

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On This the _____ Day of _____ 20_____

Massachusetts State Treasurer

