

# GRADE LEVEL K-2

## HOW DO YOU SPEND MONEY WISELY?



### TOPIC

Responsible Spending

### SUBJECT AREA

Social Studies

### RELATED SUBJECT AREAS

Math, Reading, Economics

### LESSON OBJECTIVES

Students will:

- Discuss media promotions—where, how, and to whom they are aimed
- Explore, read, and evaluate advertisements, premiums, and promotions
- Practice comparison shopping
- Role play a smart consumer

### Important Terms

advertisement, borrow, coupon, commercials, value

### Literature Connection

Murphy, Stuart J. *Just Enough Carrots*. HarperCollins Publishers, 1997.

### Interactive Extension

Students practice making several buying decisions using the look-and-listen technique. The following is the Web address for the interactive activity that complements this lesson:

<http://www.citigroup.com/citigroup/financialeducation/curriculum/kids.htm> and click on "How Do You Spend Money Wisely?"

### Teaching Notes

#### Estimated Time Requirement

40 - 80 minutes

*You may wish to teach this lesson over the course of two class periods:*

Part One:

Introduce lesson, work with cereal boxes, and role play spending.

Part Two:

Work with ads and conduct evaluation.

#### Materials Needed

- Chart paper and marking pen or chalkboard and chalk
- Variety of name brand cereals (with prizes)
- Variety of similar generic cereals (without prizes)
- Index cards
- Play money, \$5 per student pair
- Newspaper advertisements from grocery stores or discount stores
- Sale circulars and store or manufacturer coupons
- Scissors, one per student pair

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### Teaching Notes

#### Introduction

Students are impressionable and need guidance to understand advertisers and their motives. In this lesson, students will discuss media promotions, work with various advertising tools, practice comparison shopping, look at ways to save money, and role play a smart consumer.

#### Teaching Strategies and Learning Activities

- Throughout the lesson, emphasize the Important Terms.
- Hold up one name brand cereal and a similar generic cereal for students to see. Ask, "Which cereal would you rather have?" Take a raised hand vote and record the votes on chart paper or chalkboard. Elicit reasons for students' responses.
- Guide class discussion on the value of the prize in the name brand cereal. As a class, vote on the value or price. Then discuss the difference in price between the generic and name brand cereals.
- Ask, "If you had to buy one of these cereals with your own money, which one would you choose?" Elicit reasons for students' responses. Encourage students to determine the better value, even though they may still want the prize. Remind them they could buy the prize at a store for less money.
- Place cereal boxes, each tagged with an index card indicating its probable cost, around the classroom. Divide students into student pairs. Distribute five dollars of play money to each pair. Have students go "shopping" in the classroom to buy a cereal of their choice. When all student pairs have made their purchases, elicit reasons for students' choices.
- As a class, brainstorm where **advertisements** (such as TV **commercials**, radio ads, or billboards) are found and record ideas on chart or chalkboard. Discuss selling language and characteristics of the ad and to whom the ad is aimed. For older students, discuss the various advertising appeals.

Advertising Appeal	Explanation
Testimonial	A famous person says he or she uses the product
Bargain	Situations such as sales, "buy one, get one free," and so on are emphasized
Urgency	The need to obtain an item immediately
Bandwagon	An attempt to have people "join the group" and "be like me"

**TIP:** Decision-making and choice-making techniques may be challenging for this age group. Work with students on the look-and-listen technique when making decisions.

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### Teaching Notes

- Divide students into pairs. Distribute newspaper advertisements to each pair.
- Select one item at a time for student pairs to look for in their ads. When they find the item, tell them to cut it out. As a class, compare prices and decide which is the better buy and why. Repeat this activity as time allows.
- Ask students to consider another way to save money – by borrowing items from a friend instead of buying. What items could they borrow instead of buying? What about borrowing books from the library? Tell students that borrowing books from the library or from a friend saves money and is better for the environment because it wastes less paper.
- Summarize how to be a smart consumer by using **coupons**, buying generic brands, borrowing items when possible, and avoiding the pitfalls of advertising gimmicks.
- Encourage students to practice at home being a smart consumer. Recommend that students with their families clip coupons and comparison shop at the grocery store. Offer students extra credit if they report to the class how they helped their families spend money wisely.
- Review the Important Terms.

#### Evaluation

As follow-up, show a variety of advertisements to the class. If the ad seems too good to be true, tell students to put their thumbs down. If the ad seems reasonable, then have students put their thumbs up. As a class, discuss the reasons students determined their decision for their vote for each ad.