



**Money  
Smart**

**for Grades 6-8**



**Educator Guide**



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# TABLE OF CONTENTS

Welcome to Money Smart .....	4
Getting Started .....	5
Lesson At-a-Glance .....	10
<b>Lesson 4: Being a Savvy Shopper (Smart Shopping)</b> .....	11
Group Handouts .....	16
Answer Key .....	19
Glossary .....	20

# WELCOME TO MONEY SMART

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Welcome to **Money Smart**, an exciting interactive exploration of the concepts of money. This standards-aligned, cross-curricular program is designed to promote financial understanding for middle school students in grades 6 through 8. You can use **Money Smart** to add engaging and enriching activities to financial literacy and economics instruction. Extension activities support English Language Arts, Math, Social Studies and Economics, and Technology, while also helping your students build the foundation to become financially responsible adults.

In **Money Smart** you will find:

- **Twelve Lessons** with hands-on, cross-curricular activities that engage sixth- through eighth- grade students in discussing and exploring key financial concepts
- **Teacher Presentation Slides**, which provide helpful visuals, as well as challenge exercises and reflective prompts to support the activities in each lesson
- **A Student Guide** with handouts, worksheets, and resources that let students explore the topics covered in each lesson and apply their new knowledge
- **A Parent/Caregiver Guide** with information about topics and terms being covered in class, conversation starters, online and literary sources, along with activities to try at home and around town

Developing positive financial habits equips students with 21<sup>st</sup>-century skills and tools that last a lifetime. We hope you and your students enjoy learning about money and its many uses.

We are eager to hear from you about how you use this curriculum. We would like to know what works well and what could be improved to make **Money Smart** even better. If you have any questions, we would like to help. Please contact us with your comments and questions via e-mail at [communityaffairs@fdic.gov](mailto:communityaffairs@fdic.gov).

# GETTING STARTED

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**Money Smart** provides a comprehensive, developmentally appropriate program for middle school students to build an understanding of key financial concepts.

There are many features that help make the **Money Smart** curriculum engaging, motivating, and easy to use. Each lesson includes learning objectives, essential questions, supplies needed, and preparation required, as well as the following features and components to support easy integration of **Money Smart** activities into your instructional day.

## STANDARDS

Each lesson promotes real-world connections through student-centered learning experiences and aligns to the following education standards and learning outcomes, including Common Core State Standards in mathematics and English Language Arts. The **Education Standards Chart** identifies which standards are met in each lesson.

- Financial Literacy Jump\$tart Standards
- English Language Arts Common Core State Standards
- Mathematics Common Core State Standards
- National Standards for Financial Literacy by the Council for Economic Education
- Partnership for 21<sup>st</sup>-Century Skills

## GRADE-LEVEL MODIFICATIONS

Please note the modifications identified throughout lessons to differentiate learning experiences for beginner and advanced students. Modifications provide developmentally appropriate activity recommendations and extension opportunities.

## PRESENTATION TIME

Each lesson plan includes an estimated time needed to teach the lesson. Actual time required will vary from classroom to classroom. The estimation includes instructional time spent on the **Warm Up**, **Guided Exploration**, **Group Exploration**, **Independent Exploration**, and **Wrap Up**. Activities may also be taught as several short lessons over a period of days or weeks. **Extended Exploration** activities are included to extend financial literacy learning opportunities throughout the year and provide easy ways to integrate the topics into various content areas.

## ASSESSMENTS

A variety of assessments are integrated throughout each of the twelve lessons. Assessments are designed to build value, meaning, and context around a topic, while providing teachers with opportunities to evaluate prior student knowledge, and collect evidence their new understandings of lesson concepts and skills. Pre- (formative) and post- (summative) assessments are noted on the first page of each lesson. Assessments include discussions, reflections, questions and answers, reading, writing, and problem-solving exercises. Assessments are aligned to standards so that teachers may track students' mastery of standards. Student handouts are an especially useful form of written assessment.

## LESSON STRUCTURE

Each lesson is designed to include the following:

- **Warm Up** introduces students to the topic and sparks inquiry.
- **Guided Exploration** integrates cross-curricular and developmentally appropriate learning activities and assessments while focusing on the key financial literacy learning objectives of the lesson, with teacher guidance.
- **Money Smart Tips** are provided throughout lessons to offer additional guidance, interesting and relevant financial facts, and additional ideas to help make **Money Smart** a success in your classroom.
- **Group Exploration** allows students to work in small groups to explore concepts and solve problems together. Cooperative learning is considered a “best practice” in middle school instruction.
- **Independent Exploration** activities are designed to engage students in the process of learning through individual discovery, research, and interpretation. These activities are more independent than the Guided and Group Exploration activities and may also be used as homework assignments or independent study.
- **Wrap Up** provides a reflection question or activity to review lesson concepts and allow students to demonstrate their understanding.
- **Extended Exploration** provides teachers with additional opportunities to extend financial literacy concepts throughout the school year within core content areas including English Language Arts and Math. Activities can be completed as a class, in small groups, or by students individually. Useful resources (such as books, web links, games, or videos) are also included to promote even more student engagement. The books and online resources suggested in this guide are just a few of the many available resources that explore these topics, and are not endorsed by the FDIC.
- **Student Handouts** (found in the **Student Guide**), **Group Handouts** (found in this guide), and **Teacher Presentation Slides** provide dynamic instructional support. Student and group handouts create an opportunity for students to apply their knowledge and for teachers to assess their understanding. Teacher presentation slides offer visuals and interactive activities corresponding with lessons.
- The **Answer Key**, **Glossary**, and **Standards Chart** house all of the information needed to check for understanding, define key terms, and check which activities meet specific education standards. Vocabulary words are **bolded** in each lesson as they are introduced. It may be helpful to distribute copies of the entire glossary to students as a reference.

## MONEY SMART AT HOME

The *Money Smart* curriculum includes a helpful **Parent/Caregiver Guide** that corresponds to the classroom materials. Families may also use it independently of the curriculum. It contains resources, activities, games, and conversation starters on financial literacy topics covered in each lesson. Use the following ideas to encourage parents to use the guide at home:

- Introduce parents to the *Money Smart* program and share the **Parent/Caregiver Guide** at the start of the school year.
- Discuss the *Money Smart* program during parent-teacher conferences or in monthly parent newsletters home, and emphasize the importance of building healthy financial habits from an early age.
- Hold a *Money Smart* family night. Play games and have students share short skits about financial concepts they have learned.
- Send student handouts from each lesson home in homework folders for parents to review and sign.

## INTERDISCIPLINARY PROJECTS

Interdisciplinary project-based learning provides the connectedness that many middle school students need as they make the transition from single classroom instruction in elementary school to subject-specific classrooms at the secondary levels. This section provides a few ideas for connecting financial literacy across disciplines into single projects.

### 1. Financial Literacy Assembly or Community Awareness Campaign

Use arts-integration to allow students a creative outlet to demonstrate their learning from one, some, or all *Money Smart* lessons. Some options include:

- **Drama:** Write and perform a play, a video advertisement, or a news broadcast. For example: students could combine their learning from **Lesson 1: *The Path to Success*** and **Lesson 2: *Bread and Butter*** to write a play about how to select a career field, how to get a job, and what happens once you get a job.
- **Visual Art:** Study and develop public service announcement (PSA) posters for the school or the community. For example: students could use their learning from **Lesson 10: *Protecting Yourself*** to develop PSA posters on what identity theft looks like, how to avoid it, and what you should do if you suspect that you are a victim of it.
- **Music/Choir:** Write and perform a song or rap. For example: students can demonstrate their learning from **Lesson 12: *Spend, Save, or Give?*** By writing a song that helps other students identify the various ways that they can spend, save, or give their money. The song can be played on the school PA system, posted on the school website or performed at an assembly.
- **Technology:** Create PSAs using PowerPoint, Prezi, Microsoft Publisher, online cartoon creators like <http://www.abcya.com/animate.htm> or <http://scratch.mit.edu/>, or other design programs. For example: students could create an online cartoon to share with others that demonstrates their understanding of **Lesson 7: *How to Stash Your Cash***.

## 2. Managing a Budget

Planning a field trip, an assembly, or a school party? Develop an interdisciplinary project to allow students to create and manage the budget. Some options include:

- **Social Studies:** Assess the needs and wants of the event. Prioritize necessary items and then wanted items. Students can use their learning from **Lesson 4: *Being a Savvy Shopper*** to research to identify and evaluate costs.
- **Math:** Develop a suggested budget based on assessing needs and wants for the event. If and when the budget is accepted, manage the spending to ensure that the event does not go over budget. Students can use their learning from **Lesson 3: *Designing Dreams*** and **Lesson 5: *Go with the Flow***.
- **English:** Write a persuasive letter to the school administration explaining the needs and wants of the event, analyzing the suggested budget, and requesting the funds to execute the event. Students can use their learning from **Lesson 3: *Designing Dreams*** and **Lesson 5: *Go with the Flow***.

## 3. School Store

Whether your school has a school store, or it is something that the students might be interested in starting, consider developing a project to provide students with ownership, while allowing them to learn more about financial literacy. Some options include:

- **Social Studies:** In coordination with other students and staff in the building, develop an inventory of needs and wants that can be supplied in the school store. Use research to identify and evaluate costs. Students can use their learning from **Lesson 4: *Being a Savvy Shopper***.
- **Math:** Develop a budget for purchasing bulk items. Consider options for and create sale prices for each item. Create a cash flow statement to determine the amount of product that must be sold in order to turn a profit. Students can use their learning from **Lesson 3: *Designing Dreams*** and **Lesson 5: *Go with the Flow***.
- **Art/Design:** Use advertising techniques to advertise and sell the school store products. Students can use their learning from **Lesson 4: *Being a Savvy Shopper***.
- **English:** Write a persuasive argument to open a school savings account to keep school store profits in a safe place and earn interest. Alternately, write a persuasive argument to invest the profits in an investment vehicle like stocks or bonds. Students can use their learning from **Lesson 7: *How to Stash Your Cash*** and **Lesson 8: *Money Doesn't Grow on Trees***.

## 4. Create and Use Financial Literacy Games

Playing games is a great way to engage students in learning. Even better, is to allow students to create their own games to play. Students can demonstrate their learning from one, some, or all **Money Smart** lessons. These games can be created and played in several subject areas including Social Studies, English, Math, and Art. Some options include:

- **The Path to Success:** Create a game where you must make choices about your education, your career, the jobs you get and the associated income, the taxes you pay on your income, and the insurance purchases that you can make. **Money Smart** connections: **Lesson 1: *The Path to Success***, **Lesson 2: *Bread and Butter***, **Lesson 11: *Risky Business***.



- **Charge It!** Create a game where you can make choices about which credit card to apply for, make purchases with credit versus cash, and build credit. **Money Smart** connection: **Lesson 9: Credit and Debt.**
- **Money, Money, Money:** Create a game where you can make choices about how to earn and spend money, factoring in cash flow, saving, and charitable giving. **Money Smart** connections: **Lesson 5: Go with the Flow, Lesson 12: Spend, Save, or Give?**

## 5. Solve a Community Problem

The intersection of problem-solving and real-life application is important for middle school students. What better way to combine the two than to solve a community-wide problem? Start by considering problems in your community. Problems could be split along content lines, for example:

- **Science:** Does your community recycle? How “green” is your community? Investigate science career fields and discover how students might make a career of solving these community problems, using **Lesson 1: The Path to Success.**
- **Technology:** Who has access to technology in your community? Inform your community about online threats after covering **Lesson 10: Protecting Yourself.**
- **Arts:** Does any part of your community need beautifying? Determine a method to raise and spend money on community beautification using **Lesson 5: Go with the Flow.**
- **Foreign Language:** Do non–English speaking members of your community need access to resources? Consider developing a foreign-language PSA that ties to student learning from **Lesson 4: Being a Savvy Shopper.**

Encourage students to use the financial literacy topics learned in **Money Smart** lessons to identify a community problem and develop and maintain a budget for solving the problem.

## FINANCIAL LITERACY ALL YEAR LONG

Highlight financial literacy at your school all year long, especially in April, during National Financial Literacy and School Library Month.

- Create bulletin boards or posters with students about financial literacy themes learned in **Money Smart.**
- Develop interdisciplinary projects that incorporate financial literacy topics.
- Create a class or school newsletter with students to distribute to the school community about money skills and financial concepts covered in class.
- Integrate real-world applications of financial literacy into content area classes.

The more students are exposed to financial literacy, and the more opportunity they have to practice applying their new knowledge and understanding of concepts, at school and at home, the more prepared they will be to live **Money Smart** lives.

# LESSON AT-A-GLANCE

Lesson Title	Topic	Learning Objectives	Time Required
4 Being a Savvy Shopper	Smart Shopping	<p>Consider the role of needs and wants in decision making</p> <ul style="list-style-type: none"><li>• Evaluate the credibility and motivation of marketing and advertising</li><li>• Distinguish the best value of goods and services</li><li>• Define and apply opportunity cost to purchases</li></ul>	<p><b>45 min</b></p> <p><b>Session 1 (25 min)</b></p> <ul style="list-style-type: none"><li>• Dissecting an Ad (5 min)</li><li>• Becoming a Savvy Shopper (part 1)<ul style="list-style-type: none"><li>◦ Cell Phones #1–3 Research (20 min)</li></ul></li></ul> <p><b>Session 2 (20 min)</b></p> <ul style="list-style-type: none"><li>• Becoming a Savvy Shopper (part 2)<ul style="list-style-type: none"><li>◦ Opportunity Cost (5 min)</li><li>◦ Discussion (5 min)</li></ul></li><li>• Student Choice (10 min)</li></ul>



# LESSON 4: BEING A SAVVY SHOPPER

GRADES  
6 – 8

## LESSON OVERVIEW

Building on prior buying decision knowledge, the shopping smart lesson will use research to help learners explore how to find the best value for goods and services. Using examples relevant to their lives, students will also explore the impact of advertising on their shopping decisions.

**TOPIC:** Smart Shopping

**TIME REQUIRED:** 45 minutes  
(excluding **Extended Exploration** activities)

**LEARNING OBJECTIVES:**

*Students will be able to...*

- Consider the role of needs and wants in decision making
- Evaluate the credibility and motivation of marketing and advertising
- Distinguish the best value of goods and services
- Define and apply opportunity cost to purchases

**SUPPLIES:**

- Projector (for teacher presentation slides)
- Loose-leaf paper for Wrap Up activity
- Access to the Internet (**optional**)

**PREPARATION:**

- Make copies of student handouts and group handouts
- Set up projector with presentation slides
- Set up individual or group computers with access to the Internet (**optional**)

Group Handouts ..... 16  
 Answer Key ..... 19  
 Glossary with key vocabulary ..... 20

**STUDENT HANDOUT:**

(found in **Student Guide**)

- **Savvy Shopper**

**GROUP HANDOUTS:**

- **Cell Phone #1**
- **Cell Phone #2**
- **Cell Phone #3**

**TEACHER PRESENTATION SLIDE:**

- **Cereal Advertisement**

**ESSENTIAL QUESTIONS:**

- *What tactics do advertisers use to entice consumers? How can I overcome these tactics?*
- *How do I navigate the marketplace to be a smart shopper?*
- *What are needs and wants? Are they the same for everyone?*
- *What is an opportunity cost?*

**ASSESSMENT ACTIVITIES:**

**Pre-Assessment:**

- **Dissecting an Advertisement** activity

**Post-Assessment:**

- **Savvy Shopper** activity
- **Student Choice Wrap Up** activity



## INSTRUCTION STEPS

### WARM UP

#### DISSECTING AN AD [5 MINUTES]

Display the **Cereal Advertisement** slide. Ask students to study the advertisement carefully, and consider:

- *Is cereal a need or a want? How do our needs and wants impact our spending?*
- *Is this a product that you would purchase? Why or why not? (Ask students to consider both needs and wants as they discuss their answers.)*
- *What is the purpose of advertisements?*
- *What tactics does this advertisement take to try to convince you to purchase the product? Do you think these advertising tactics will work? Why or why not?*
- *As a consumer, is there any way that you can fend off those tactics?*

Students should recognize such strategies as:

- *Bright colors* – make the product eye-catching
- *Cartoon character* – appeals to kids
- *Eye contact from character* – establishes trust between the consumer and the brand
- *Celebrity endorsement* – increases the brand's visibility

### MONEY SMART TIP!

**Today's kids have a buying power in the range of \$1.2 trillion. That buying power includes the money that kids spend, the money that parents spend on their kids, and the influence that kids have on the purchases that their parents make. For example: 60 percent of kids have influenced their parents' decision on purchasing a new car.** <http://www.democraticmedia.org/kids-spending-and-influencing-power-12-trillion-says-leading-ad-firm>

### GUIDED AND INDEPENDENT EXPLORATION

#### BECOMING A SAVVY SHOPPER [30 MINUTES]

Explain that today they will be making a decision about purchasing a new cell phone. They will have to navigate the marketplace in order to make their decisions, but you won't be helping them navigate the marketplace before they make their decision. They might be misled along the way, they might miss some information along the way, or they might prove themselves to be savvy shoppers despite those tricks.

Have students work in small groups, and provide each group with one of the following group handouts: **Cell Phone #1**, **Cell Phone #2**, or **Cell Phone #3**. Give students a short amount of time to look at the three cell phone options. Then ask them to select one. This first round is meant to function as a "snap decision."



Distribute the **Savvy Shopping** student handout. Explain to students that, now that they've made a snap decision about their cell phone purchase, they need to reevaluate their decision more carefully. Ask students to work through the handout step by step, looking at each of the cell phone profiles again in more depth.

### Grade-Level Modifications:

**Beginner:** Model reviewing one of the group handouts. Create a process chart to help students review the remaining handouts on their own.

**Advanced:** Allow students to do online research to see if they can find another cell phone that they would prefer to purchase instead of the three options listed on the group handouts.

After students complete their handout, ask and discuss:

- *Which cell phone did you decide on? What led you to make that decision? How did needs and wants play a role?*
- *Was it the same phone that you picked in your snap decision, before you started the **Savvy Shopper** handout? If not, what changed? If so, what reinforced your decision?*

Introduce to students the concept of an **opportunity cost**, which is the value of possible alternatives that a person gives up when making one choice instead of another, also known as a "trade-off." Provide students with an example of opportunity cost: *The opportunity cost of buying a car is the money I would have saved by taking the bus to work instead. On the one hand, the bus is a cheaper method of transportation and I would have saved some money. On the other hand, having a car means that I can move from point A to point B more quickly.*

Ask students to determine an opportunity cost for their cell phone in pairs or small groups. Have students weigh the benefits of both decisions. Next, have student groups share their opportunity costs and benefits. (Possible answers: *The opportunity cost of buying this cell phone is the money I would have saved by purchasing the cheaper cell phone. On the one hand, I would have saved money by purchasing the cheaper cell phone. On the other hand, having the more expensive cell phone means that I can save money on other technology because this cell phone can search the Internet.*)

## WRAP UP

### STUDENT CHOICE [10 MINUTES]

Give students two choices for their Wrap Up activity:

1. Create an advertisement to market a product to other students your age. The advertisement should demonstrate an understanding of the advertising tactics that we talked about in class today.
2. In a quick-write prompt, ask students to reflect on a time when they experienced an opportunity cost. Students should write about the decision they made and the opportunity cost. Similar to their classwork earlier, students should also weigh the benefits of each option.



### EXTENDED EXPLORATION

**Note:** Use the following ideas to extend financial literacy concepts throughout the school year within core content areas through English Language Arts, Math, Social Studies and Economics, and Technology activities, projects, and discussions. Duration of activities will vary.

#### ENGLISH LANGUAGE ARTS

- **Writing Prompts:**
  - Create a script for a public service announcement (PSA), giving tips to your peers about smart shopping strategies. If resources allow, film the PSAs and broadcast to the school or local community.
- **Additional Readings/Resources:**
  - *Spending Smarts: 10 Super Shopping Tips* by PBS: An article written for kids about smart shopping techniques, including being patient and being informed.  
<http://pbskids.org/itsmylife/money/spendingsmarts/article8.html>
  - *Smart Grocery Shopping* by the U.S. government: Tips for smart shopping at the grocery store. <http://www.usa.gov/topics/health/food/smart-grocery-shopping.shtml>

#### MATH

- **Activity/Project Ideas:**
  - Ask students to track their spending for a period of time. Once students have completed their tracking, they should analyze their spending. Were their purchases primarily for needs or wants? How much did they spend overall? Were there any spending trends – specific stores, specific products?

#### SOCIAL STUDIES AND ECONOMICS

- **Activity/Project Ideas:**
  - Allow students to study some of the government's advertising regulations. What do the regulations say? Why do these regulations exist? Do you think the government should have additional regulations? Check out a few lists of regulations at <http://business.ftc.gov/advertising-and-marketing> and <http://www.business.ftc.gov/documents/bus28-advertising-and-marketing-internet-rules-road>.
  - Study the changes in advertising over the past 100 years. What has changed? Why has it changed? How does the change in advertising affect you? What do you think advertising will look like in the future?  
<http://blog.designcrowd.com/article/269/the-100-year-evolution-of-print-ads>



### TECHNOLOGY

- **Online Games/Tools:**
  - Ad Mongo: Dissect advertisements and recognize the techniques advertisers use to sell products. <http://www.admongo.gov/>
  - *You Are Here: Where Kids Learn to Be Smarter Consumers* by the Federal Trade Commission: Play consumer-oriented games, design advertisements, and learn to protect yourself and your finances.  
<http://www.consumer.ftc.gov/sites/default/files/games/off-site/you-are-here/index.html>



# CELL PHONE #1: THE C1000

**Directions:** Use with **Becoming a Savvy Shopper** activity. Make one copy per group of students.

## THE C1000 OFFERS THE FOLLOWING FEATURES:

- 3 speakers
- An 8-megapixel camera
- Fingerprint sensors
- 1,080p HD video recording
- GPS with navigation
- 12-hour battery life\*

*\*Maximum based on consumer trials*

## LOOKING TO PURCHASE THE C1000?

Try these two stores:

### **The Cell Phone Warehouse**

**\$699.99\***

*\*Does not include the cost of the cell phone battery, estimated at \$45.*

### **Electronics and More**

**\$649.99\*\*†**

*\*\*Does not include the cost of the cell phone battery, estimated at \$45.*

*†Cost is only with the trade-in of another phone.*







# CELL PHONE #2: THE PRIME

**Directions:** Use with **Becoming a Savvy Shopper** activity. Make one copy per group of students.

## THE PRIME OFFERS THE FOLLOWING FEATURES:

- Button keyboard
- Calculator
- Bluetooth capability
- Text and picture messaging
- Alarm clock
- E-mail

## LOOKING TO PURCHASE THE PRIME?

Try these two stores:

**The Cell Phone Warehouse \$49.99\***

**Electronics and More \$49.99\***

*\*Activation fee: \$12*



## ONLY THE FEATURES YOU NEED!

- Button keyboard
- Text and picture messaging
- Calculator
- Alarm clock
- Bluetooth capability
- E-mail

**ONLY \$49.99!**



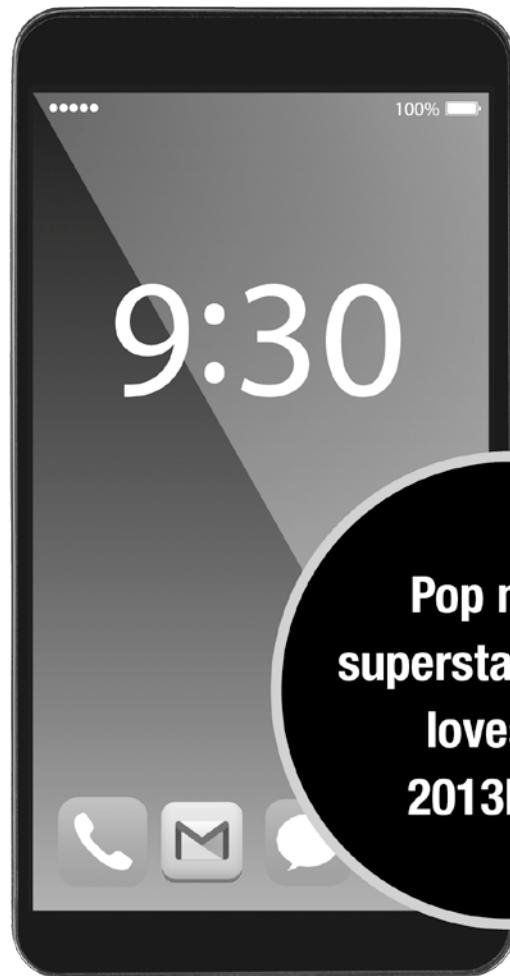
# CELL PHONE #3: 2013BLAST

**Directions:** Use with **Becoming a Savvy Shopper** activity. Make one copy per group of students.

THE 2013BLAST OFFERS THE FOLLOWING FEATURES:

- A speaker
- 5-megapixel camera with video recording capability
- GPS with navigation
- 10-hour battery life
- Audio jack to listen to your music anywhere
- Web-browsing capabilities

LOOKING TO PURCHASE THE 2013BLAST?



**Pop music superstar Phillipe loves his 2013Blast!**

# ANSWER KEY

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for Student Handouts

## **LESSON 4: SAVVY SHOPPER**

Answers will vary.

# GLOSSARY

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**Annual Percentage Rate (APR):** The cost of borrowing money on a yearly basis, expressed as a percentage rate.

**Bank:** A financial institution and business that accepts deposits, makes loans, and handles other financial transactions.

**Budget:** A plan that outlines what money you expect to earn or receive (your income) and how you will save it or spend it (your expenses) for a given period of time.

**Career:** The type of work a person pursues for the majority of their life that may involve formal education, special training, or be within a specific industry.

**Cash Flow:** Income and expenses over a given period of time.

**Credit:** The ability to borrow money and pay it back later.

**Credit Card:** A plastic card that can be used to obtain credit (such as to purchase goods and services).

**Debit:** An amount of money taken out of a deposit account to pay for something.

**Debit Card:** A plastic card that can be used to deposit or withdraw cash from a checking or other bank deposit account, such as at automated teller machines or at retail locations that accept cards.

**Debt:** Money that is owed.

**Discretionary Expenses:** Money that is not essential to spend; money spent on wants.

**Diversification:** The approach of spreading your money among various investments with the hope that if one investment loses money, the others will make up for those losses; also referred to by the phrase "don't put all your eggs in one basket".

**Earned Income:** Money you get from working, such as wages, commissions and tips.

**Expense:** The cost of goods and services; the amount of money that is spent.

**Federal Deposit Insurance Corporation (FDIC):** Preserves and promotes public confidence in the U.S. financial system by insuring deposits in banks and thrift institutions for at least \$250,000. An independent agency of the federal government, the FDIC was created in 1933.

**Financial Institution:** A bank or credit union.

**Fixed Expense:** An expense that does not change from month to month.

**Goal:** Something you wish to achieve or accomplish in a specific amount of time.

**Identity Theft:** When someone steals another person's identity to commit fraud, such as by using his or her name or Social Security number to get something. Identity theft is a crime.

**Income:** Money that you receive from jobs, allowances, gifts, interest, dividends, and other sources.

**Income Tax:** Taxes on income, both earned (salaries, wages, tips, commissions) and unearned (interest, dividends). Income taxes can be levied on both individuals (personal income taxes) and businesses (business and corporate income taxes).

## GLOSSARY (continued)

**Insurance:** A contractual relationship that exists when one party (the Insurer), for a fee (the premium) agrees to reimburse another party (the Insured or third party on behalf of the Insured) for a specific loss.

**Interest:** Money that a bank or other financial institution pays you for keeping money on deposit with them, or the amount of money you pay a bank as a fee when you borrow money.

**Invest:** To put money at risk with the goal of making a profit in the future.

**Investment Vehicles:** The methods that a person (or business) can use to invest money.

**Job:** A specific duty, task, or activity someone completes using his or her time, skills, and energy to earn money.

**Mutual Fund:** An investment tool that pools the money of many investors and invests it in stocks, bonds, and money market assets, or other securities.

**Need:** Something you must have to survive, such as clothes, shelter, or food.

**Opportunity Cost:** The next best thing that you give up in order to do something else; a trade-off of a decision you make.

**Payroll Deduction:** Money that an employer withholds from earnings.

**Phishing:** When fraudsters impersonate a business or government agency to try to get you to give them personal information, such as through an email or text message. Can also be thought of as “fishing for confidential information”.

**Profit:** The money gained or left over after money spent (expense) is subtracted from money earned (income).

**Return:** Money made (profit) from an investment.

**Risk:** The possibility that something unplanned or unintended may happen (such as losing money). Uncertainty about outcomes that are not equally desirable. In finance, it refers to the degree of uncertainty about the rate of return and the potential harm that could arise when financial returns are not what the investor expected.

**Risk Management:** The process of calculating risk and choosing approaches to minimize or manage loss.

**Save:** Setting something, like money, aside to use in the future.

**Savings Account:** A bank account that you can use to set aside money, and that pays you interest.

**Savings Bond:** People lend money to the Government so it can pay its bills. Over time, the Government gives that money, plus a bit extra (interest), back to those people as payment for using the borrowed money.

**Stock:** An investment that represents a share of ownership in a company.

**Tax:** Money that has to be paid to a government to provide public goods and services.

**Variable Expense:** Money that a person spends or gives away that varies from month to month.

**Want:** Something that you would like to have but that you could live without, such as a TV or tickets to a baseball game.



Money  
Smart

for Grades 6-8  
Student Guide



A fun way to help kids get  
smart about money.





# SAVVY SHOPPER

Name: \_\_\_\_\_

What was your snap-decision purchase? \_\_\_\_\_

## STEP 1

Do you *need* or *want* a new phone? Explain. How do you think the answer to this question? will affect your spending?

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## STEP 2

Consider: Why do you need or want a new phone? List three reasons.

1) \_\_\_\_\_

2) \_\_\_\_\_

3) \_\_\_\_\_

## STEP 3

Look closely at the features of each phone. Compare the features to the reasons you listed in Step 2. Which phone is the closest match? \_\_\_\_\_

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## SAVVY SHOPPER (CONTINUED)

### STEP 4

Compare the advertisements for each cell phone. What advertising tactics are used? Are the advertising tactics influencing you toward purchasing one particular phone?

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### STEP 5

Look at the two price options for each cell phone. How are you deciding from which store to make your purchase? (Be sure to look carefully at all of the information with the price.)

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Now that you've gone through five steps of savvy shopping, which cell phone will you purchase? How do you think the answer to this question will affect your spending?

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