



**Money
Smart**

for Grades 6-8



Educator Guide



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WELCOME TO MONEY SMART

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 21st-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.

GETTING STARTED

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 JumpStartStandards
- 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 21st-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
11 Risky Business	Financial Risk	<p>Identify methods to protect oneself from unwanted financial risk</p> <ul style="list-style-type: none">• Create a risk management plan for a purchase	<p>60 min</p> <p>Session 1 (20 min)</p> <ul style="list-style-type: none">• There's a Little Risk in Everything (10 min)• Introducing Risk Management and Insurance (10 min) <p>Session 2 (40 min)</p> <ul style="list-style-type: none">• Making Insurance Decisions (30min)• Financial Risk Exit Options (10min)



LESSON 11: RISKY BUSINESS

GRADES
6-8

LESSON OVERVIEW

This lesson will explore the basic principles of financial risk, engaging students in initial **risk-management** debates about **insurance** and emergency **savings**.

TOPIC: Financial Risk

TIME REQUIRED: 60 minutes
(excluding **Extended Exploration** activities)

LEARNING OBJECTIVES:

Students will be able to...

- Identify methods to protect themselves from unwanted financial risk
- Create a risk management plan for a purchase

SUPPLIES:

- Access to the Internet (**optional**)

PREPARATION:

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

Group Handouts 15
 Answer Key 17
 Glossary with key vocabulary 18

STUDENT HANDOUT:

(found in **Student Guide**)

- **Insure Yourself**

GROUP HANDOUTS:

- **Purchasing a Car** (1 per group)
- **Insurance Scenarios** (1 per group)

ESSENTIAL QUESTIONS:

- *What is risk management?*
- *How does risk management change based on different situations?*

ASSESSMENT ACTIVITIES:

Pre-Assessment:

- **There's a Little Risk in Everything** activity

Post-Assessment:

- **Insure Yourself** student handout
- **Financial Risk Exit Options**



INSTRUCTION STEPS

WARM UP

THERE'S A LITTLE RISK IN EVERYTHING [10 MINUTES]

Explain to students that, although they may seem fairly routine, activities such as riding a bike, skateboarding, or driving a car could be classified as **risky** behaviors. In fact, some might say that there's a risk in almost everything we do, from walking to school to sitting down at the dinner table to eat. Consider some everyday activities. Ask: *What are the risks involved with those activities?* (Possible answers: you can fall off of your bike or skateboard, you can choke while you're eating, you can accidentally cut yourself with scissors)

Next, ask students: *What are some actions that people could take to make those activities less risky?* (Possible answers: wearing a helmet, cutting up food or chewing slowly, holding the pencil in a safe way) Ask students to consider: *Could some of these events happen even if you took action to try to avoid them?* (Yes)

Ask students: *What are the costs of some of these bad things happening?* (Possible answers: having to go to the doctor or the hospital) Explain that that is one reason why we purchase insurance. If those risks end up becoming a reality, the cost of taking care of yourself is not too high.

INTRODUCING RISK MANAGEMENT AND INSURANCE [10 MINUTES]

Link to the Warm Up by introducing the vocabulary: **risk management** and **insurance**. Explain to students that what they just did was a type of risk management. True risk management is "the process of calculating risk and devising methods to minimize or manage loss." For example: when you buy a car, you are purchasing something valuable.

What are some of the financial risks of owning a car? Possible answers: getting into an accident, car repairs, flood damage, theft. In order to minimize the financial risk of owning a car, car owners purchase insurance. Insurance is "a risk management tool that protects individuals from specific financial losses under specific terms and premium payments, as described in a written policy document"—for example: covering property damage during a car accident, or protecting dependents if someone passes away and those dependents lose their income.

Check for understanding by discussing with students:

- *What are some purchases that have financial risk?* (Possible answers: house, car, big vacation, your business)
- *What are those risks?* (Possible answers: accident or weather-related damage, loss, or theft)
- *Why is it a good idea to buy insurance for your purchases?* (Possible answer: It makes potential damage or loss less severe because the insurance company helps you recover. For example, if you get into a car accident, having vehicle insurance means that you won't have to pay for all of the repairs yourself.)



MONEY SMART TIP!

What are the health insurance laws in your state? How does having health insurance reduce financial risk? Find resources at <https://www.healthcare.gov/families/>.

GROUP EXPLORATION

MAKING INSURANCE DECISIONS [30 MINUTES]

Split students into groups of three or four. Distribute the *Insure Yourself* student handout and the *Purchasing a Car* and *Insurance Scenarios* group handouts.

Grade-Level Modification:

Advanced: Allow students to search for additional insurance options online to see if they can find more coverage, more appropriate insurance, or a better deal.

Guide students to read through the teacher presentation slide about their purchase, the cost of the purchase, and the options for insuring their purchase. Students should use the *Insure Yourself* worksheet to record information and make their decision.

As groups move through the scenario activity, see whether their choice of insurance matches the *Insurance Scenarios* group handout. Have students copy or paraphrase the scenario onto their *Insure Yourself* student handouts, then determine how much they pay with and without the insurance based on the scenario. (Note: Decide in advance which student groups get Scenario 1, which groups get Scenario 2, and so on.) See the Answer Key for a sample answer of the *Insure Yourself* student handout.

When all groups have finished, allow each group a few minutes to present their purchase and explain why they chose one insurance plan over the other.

Check for understanding and review questions:

- What types of insurance exist? Do you know of any others?
- Why is insurance a good investment?
- Do you need to insure everything you own? Why or why not?

WRAP UP

FINANCIAL RISK EXIT OPTIONS [10 MINUTES]

Present students with three options for their closing activity:

- Create a fictional financial risk superhero cartoon. Based on what you have learned today, create a superhero that can make possible damages or losses less severe for the public.
- Quick-write: Consider your own family situation. What risks does your family have? What actions can be taken to protect your family from risk? Why?
- Write a letter to your future self, explaining why it's important to protect yourself against unwanted financial situations and how you can protect yourself.



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:**
 - Describe a different scenario in which you would need to buy insurance (for example: purchasing a house, or buying life insurance). Explain the financial risk involved and how insurance could lessen that financial risk.
- **Additional Readings/Resources:**
 - *Protect Your Belongings* by the U.S. government: Helpful tips on homeowner's and renter's insurance. <http://www.usa.gov/topics/family-homes/insurance.shtml>
 - *The World Is a Risky Place* by BizKids: A short video clip on the risks involved in business and protections available. (Time of video: 1:20 minutes) <http://bizkids.com/episode/the-world-is-a-risky-place>

MATH

- **Activity/Project Ideas:**
 - Explore the real-world cost of insurance. Research types of insurance, the cost of each type of insurance, and the protections afforded by the insurance. Evaluate to determine the best types of insurance for different scenarios.

SOCIAL STUDIES AND ECONOMICS

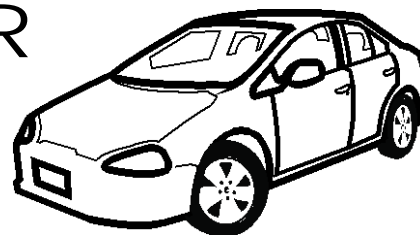
- **Activity/Project Ideas:**
 - Most states have specific laws about the required types of car insurance. Research your state's laws and compare them to the activity from this lesson.

TECHNOLOGY

- **Online Games/Tools:**
 - *Risk and Insurance* by Junior Achievement: An online activity to help students understand the concepts and terms associated with risk and insurance. <http://games-juniorachievement-org.s3-website-us-west-2.amazonaws.com/courseware/final/index.html>



PURCHASING A CAR



Directions: Use with **Making Insurance Decisions** activity.

Make one copy per group of students.

Our purchase: Doesn't everyone love the smell of a new car? You've been driving for several years without a single accident, but your state requires that at the very least you buy liability insurance. That means that, if you get into an accident, your insurance will pay the costs of repair and injury for the other person if it was your fault. Now you have a choice: what else do you want to cover?

Vehicle Cost: \$18,000

Option 1: Collision Coverage

Buying collision coverage is protection for when your car is involved in a crash with another vehicle or a stationary object. Most accidents fall under this kind of insurance policy. Damage includes your vehicle crashing into another vehicle, another vehicle colliding with yours, or ramming into a streetlight, pole, or some other stationary object.

If you use collision coverage, you pay a \$750 deductible to repair your car, and the insurance company pays the rest.

Monthly cost: \$100

Option 2: Collision and Comprehensive Coverage

Collision coverage offers the same protections as Option 1. Comprehensive coverage includes most damage other than collisions. Generally speaking, comprehensive coverage includes any accidents where you as the driver do not have control of your vehicle. This might include natural disasters, vandalism or theft, or falling objects.

If you use collision coverage, you pay a \$750 deductible to repair your car, and the insurance company pays the rest.

If you use comprehensive coverage, you pay a \$750 deductible to repair your car, and the insurance company pays the rest.

Monthly cost: \$120



INSURANCE SCENARIOS

Directions: Use with **Making Insurance Decisions** activity. Make one copy per group of students.

Scenario 1

Oh no! You've mostly enjoyed living next to the beautiful river, but this past weekend something awful happened! It rained and rained until the river flooded. You thought you were lucky because the floodwaters didn't reach the house, but in your relief, you forgot about your car. You always park it out back and it didn't take long before you realized that your car was flooded. The repairman quoted the cost of repairs at \$7,500.

Scenario 2

Oh no! You've been in an accident! Luckily, no one was hurt, but your car is pretty messed up. You were in the busy grocery store parking lot trying to pull out so that you could head home and make a delicious dinner. You were thinking so much about dinner that you didn't even notice that another car was pulling out at the same time. On impact, your bumper fell off the back of the car. The repairperson quoted the cost of repairs at \$800.

Scenario 3

Oh no! Your car window is smashed and there's glass everywhere! You'd heard about a recent spate of burglaries in the neighborhood, but you never thought it would happen to you. It probably didn't help that you left your electronic music player out on the car seat. After you called the police to report the burglary, you took the car to the repair shop. The repairperson quoted the cost of repairs at \$350.

Scenario 4

Ho hum. No big news here. No flooding, no accidents, no burglaries, nothing. You don't owe anything on anything! But you are wondering whether it's worth all that money to keep paying for your car insurance. What do you think?

ANSWER KEY

for Student Handouts

LESSON 11: INSURE YOURSELF

Answers will vary. Completed sample:

My Group's Purchase: **Car** Value of Purchase: **\$18,000**

Brainstorm the risks associated with this purchase. What could happen to this purchase?

Car accident, theft, weather-related damage, vandalism

Consider the two insurance options. Which option will your group buy? Why?

Collision Coverage—We chose collision coverage because the description says the most accidents fall under this kind of insurance policy.

PUT YOUR INSURANCE TO THE TEST:

Scenario Description:

Scenario #1—Car is flooded

Cost without insurance: **\$7,500** Cost with insurance: **\$700**

Did your group make the right choice? Explain.

We did not make the right decision. Because collision coverage does not cover flood damage, we owe the full cost of repairs instead of the \$750 deductible.

GLOSSARY

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).

Insurance: A contractual relationship that exists when one party (the Insurer), for a fee (the

GLOSSARY (continued)

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.





INSURE YOURSELF

Name: _____

My group's purchase: _____ Value of purchase: _____

Brainstorm the risks associated with this purchase. What could happen to this purchase?

Consider the two insurance options. Which option will your group buy? Why?

PUT YOUR INSURANCE TO THE TEST:

Scenario description:

Cost without insurance: _____ Cost with insurance: _____

Did your group make the right choice? Explain.

