

lesson one

allowances and spending plans



teacher's guide



WWW. web sites for allowances and spending plans

The Internet is probably the most extensive and dynamic source of information in our society. The following Web sites can provide students and others with current information, assistance, and data related to this lesson. Web addresses ending in “.com” are commercial; “.org” are nonprofit; and “.gov” are government.

Big Change Allowance	www.bigchange.com
Personal Budget	www.plan.ml.com/family/parents/personal.html
YoungBiz	www.youngbiz.com

Note: Addresses and content of Web sites change, and new sites are created daily. Use search engines such as Yahoo, AltaVista, Infoseek, Lycos, or Hotbot, to update and locate Web sites related to this topic.

allowances and spending plans lesson outline

lesson 1 overview

Children in grades three through six are capable of managing small amounts of money. They can divide their money into several categories, including "spend," "save," and "give." At the same time, they can spend their money and keep a record of what was spent.

This lesson provides an introduction to allowances for third through sixth graders. Allowances are the first step to understanding written spending plans or budgets. With guidance managing allowances in childhood, children can become financially responsible adults. Adults with effective budget skills create healthier family relationships and contribute to building a stronger economy.

Teachers and parents can encourage children to keep track of the money that they spend for their needs and wants.

lesson 1 goals

Provide practice developing effective spending plans and following where money goes.

lesson 1 objectives

- Recognize how to divide an allowance into a spending plan.
- Learn how to balance income and expenses.
- Gain confidence in preparing spending plans.

lesson 1 activities

1-1 Allowance Allocation Game

Related Worksheet: Allowance Allocation

- Play a simulation game to help students practice making choices about where to place allowance money.

1-2 Reading

- Read about allowances and spending money to help students learn more.

1-3 Spending Diary

Related Worksheet: Spending Diary

- Use a diary technique to help students track how they spend their money.

1-4 Make A Spending Plan

Related Worksheet: Spending Plans

- Assist students in making a sample spending plan during math time.

1-5 Lesson One Quiz - Answer Key

allowances and spending plans teaching notes

allowance allocation

This activity helps students learn that money is a limited resource.

- Give each student a set of expenditure cards and 15 beans (or similar small objects).
- Explain that the beans represent their allowance (income).
- Ask the students to allocate their allowance to the expenditure categories on the cards by placing beans on squares.
- There are more squares than beans, so students must make choices of where to spend their allowance.
- Each card offers different amounts of spending choices. This helps students consider alternatives within each spending category.
- Discuss the choices they made.
- **Optional:** After students have allocated their allowance, take away four beans.
- This represents loss of income.
- It forces students to further refine their spending choices.

discussion



student activity 1-1



reading

Reading skills can be practiced through this activity while students are learning about allowances and spending plans.

- Provide books that focus on allowances and spending for the students to read.
 - Borrow books from the school or public library.
 - Here are some recommended titles:
 - Aldo Ice Cream, by Johana Hurwitz, New York: Puffic Books, 1989. Nine-year-old Aldo discovers the pleasures of doing volunteer work to help the older citizens of the community. He also discovers the satisfaction of earning money on his own.
 - The Kids' Allowance Book, by Nathan, Amy, New York: Walker and Company, 1998. A guide to all aspects of allowances, including how to get one, how to save it, and how to use it wisely.

reading



discussion



reading [continued]

- Benjy in Business, by Jean Van Leeuwen, New York: Dial Books for Young Readers, 1983. Eight-year-old Benjy tries various schemes to earn money to buy a baseball glove.
- Boys at Work, by Gary Soto, New York: Bantam Doubleday Dell Books for Young Readers, 1995. Companion to The Pool Party. When 10-year-old Rudy breaks an older boy's Discman at a baseball game, he and his friend Alex come up with a variety of ways to make money to pay for a new one.
- Budgeting, by Christina J. Moose, Vero Beach, FL: Rourke Publications, c1997. Explains the concept of a budget and how individuals, groups, and even governments need to plan to make the best use of their money.
- The Bunnysitters, by Kate Banks, New York: Random House, 1991. Hoping to make enough money so they can finish building a derby car, two boys offer to take care of a neighbor's rabbit.
- Do the Bright Thing, by Bill Myers, Wheaton, IL: Tyndale House, 1990. Eleven-year-old Nicholas and his best friend McGee, a cartoon character that has come to life, learn about the process and pay-off of making right and wrong decisions about spending his money.

spending diary

This activity helps students track how they spend their money.

- Ask students to keep a spending diary for one week.
- Give each student a diary form.
- After one week, use class time to look at expenses.
- Group similar expenses together.
- Decide on names for expense categories (for example: food, transportation, clothes, entertainment).

student activity 1-3



allowances and spending plans teaching notes

spending plans

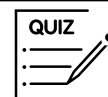
Students focus on their own spending patterns and integrate them into a written plan.

- Use the information from the spending diary in Activity 1-3.
- Have each student total the amount spent in each category.
- Ask students to compare their income (allowance) to outgo (expenses).
- Subtract outgo from income.
- Is the answer positive or negative?
- What adjustments need to be made to keep the net balance positive?
- Discuss decreasing expenses or increasing income.
- Now ask students to put 10 percent of their income into a savings category and 10 percent into donations.
- Students will need to reallocate their expense plans.
- Discuss making changes in allowances as needs change.
- Give each student a spending plan form to put a personal spending plan in writing.
- Ask students to keep track of their spending for a month.
- Encourage them to continue working with a spending plan.
- Remind students that no two spending plans are exactly the same.

student activity 1-4



lesson one quiz



quiz 1-5 | key