

# Better Spending Decisions

Notes:

## Learner Outcomes

Outcome #1: Participants will be able to compare prices for the same item at two different stores.

Outcome #2: Participants will be able to list the steps to deciding whether or not to buy something.

Outcome #3: Participants will be able to explain how peer pressure can affect spending decisions.

## Target Audience

Elementary-age kids (grades 3 to 6)

## Materials

1. Flip chart and markers or a dry-erase board and dry-erase markers
2. Name tags (downloaded for free from the Bank It Web site), one for each participant
3. A pen or pencil for each participant
4. A kitchen timer, clock, or watch to track time
5. Evaluation Pretest #2-SP-E for each participant
6. Evaluation Posttest #2-SP-E for each participant
7. Take-Home Notes #2-SP-E for each participant
8. Optional: PowerPoint Presentation PDF #2-SP-E
9. Optional: Handout #2-SP-E for each participant

## Timing

1 hour

**Want more background and training tips?** See the free, downloadable Bank It Elementary Quick Start Leader's Guide at [www.bankit.com](http://www.bankit.com).

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## 1. Welcome and Overview (5 minutes)

Arrive early. Highly consider using the optional PowerPoint Presentation PDF and the optional Handout. Both will greatly enhance your session. If you're using the PowerPoint Presentation PDF, show the "Welcome to Bank It" slide as participants enter the room.

Greet each participant individually and learn their names as they arrive. Have them create a name tag with their first name only.

Give participants either a pen or pencil. Have them sit in clusters of about four people. If possible, have them sit at tables. Then welcome the whole group to the session.

*Say: Welcome to Bank It. Bank It delivers real-world financial topics and tools for kids and parents that make it easier to understand, talk about, and manage your money. Bank It was developed by Capital One and Search Institute. I'm glad each one of you is here.*

*Today we will focus on the basics of making better spending decisions, and we plan on meeting three goals. One: By the end of this session, you will be able to compare prices for the same item at two different stores. Two: You will be able to list the steps to deciding whether or not to buy something. Three: You will be able to explain how peer pressure can affect spending decisions.*

If this session is not the first session you're presenting to this group, consider briefly discussing the optional challenge that you may have given participants at the end of your previous session.

## 2. Pretest and Activity (15 minutes)

*Say: The first activity we'll do is a short pretest. The pretest has only six questions, and I don't want you to worry about how well you'll do on this test. We'll take this exact test again at the end of our session after we have learned about the money concepts on this test.*

*What matters most is how much you learn and how well you do on the test at the end of our session, not on how well you do on this test.*

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Distribute the Evaluation Pretest #2-SP-E to each participant. Give them time to complete the pretest. Then collect the pretests when they have finished. The Evaluation Key #2-SP-E has all the answers for your information.

*Ask: How many of you have ever compared the price of the same item at two different stores?* Ask participants to raise their hands. If young people live in families who comparison-shop, they're more likely to know about comparison-shopping. Those who don't will be learning about comparison-shopping for the first time.

On a flip chart write: Store A: \$3.25. Store B: \$3.35. (If you have third or fourth graders, write Store A: 25¢ and Store B: 35¢.) Say: *These two stores sell the exact same item. At which store is it cheaper to buy the item?* Give participants time to respond.

The correct answer is Store A: \$3.25 (Or Store A: 25¢ if you have third or fourth graders). If you wish, ask participants how much cheaper the item is at Store A compared to Store B. The correct answer is 10 cents.

Give another example. On a flip chart write: Store A: \$4.87. Store B: \$4.68. (If you have third or fourth graders, write Store A: 87¢ and Store B: 68¢.) Say: *These two stores sell the exact same item. At which store is it cheaper to buy the item?* Give participants time to respond.

The correct answer is Store B: \$4.78 (Or Store B: 78¢ if you have third or fourth graders). If you wish, ask participants how much cheaper the item is at Store B compared to Store A. The correct answer is 19 cents.

Say: *When we compare the same item at two different stores, it's important to make sure that we're really comparing similar items.* On a flip chart write: Same item. Same brand. Same weight.

Say: *When you compare prices, it's important to compare the same item, the same brand, and the same weight. For example, if you are comparing a can of corn, you may discover that one can weighs 10 ounces and another weighs 12 ounces. Make sure you compare the cost for the item that is the same weight.*

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Ask: *What doesn't matter when you compare items?* Give participants time to respond. Say: *The color doesn't matter. Something that comes in blue or red will be the same price. Comparing prices can help us to become better shoppers.*

On a flip chart, write: *Want or Need.* Say: *Knowing the difference between whether we "need" to buy an item rather than we "want" to buy an item is also important. What's the difference between a want and a need?* Give participants time to respond.

Explain that a need is something that we need and can't live without. Examples would be healthy food, a jacket to wear when it's cold, and a place to live. A want is something that we can live without but we just want. Examples would be candy, a professional football team licensed jacket, and a mansion to live in.

Once participants understand the difference between wants and needs, say that you're going to do a quick activity called "Want or Need?" Point to one side of the room and say that it represents "Want." Point to the opposite side of the room and say that it represents "Need."

Say: *I'm going to name an item. If you think it is a "want," walk to the side of the room that represents "want."* (Point in the correct direction.) *If you think it is a "need," walk to the opposite side of the room.* (Point in that direction.)

Say: *A bed.* Give participants time to move. Most (if not all) young people should move to the "need" area of the room. Ask: *Why is this a need?*

Give other examples one at a time that are clear-cut, such as: shoes, soda pop, fruit, water, a racecar, and underwear.

Then give examples that will vary by person. Say: *Soccer cleats.* Give participants time to move. It's okay that some will be on one side of the room and others will be on the other side of the room. Ask questions so that young people see that soccer players will view soccer cleats as a need and non-soccer players will see soccer cleats as a want. Both are correct answers.

Consider giving other examples one at a time that will vary according to each young person, such as: a video game console, a musical instrument, a pet, your own bedroom, and a basketball.

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Explain that your interests will often determine if something is a need instead of a want. An artist, for example, needs paints and paintbrushes. A football player needs a football. To anyone else, these are wants.

Have young people take a seat. On a flip chart, make two columns. Label the left-hand column “want.” Label the right-hand column “need.” Ask: *If you want clothing that’s the same as your best friend, is that a want or a need?* Give participants time to respond. The correct answer is “want.” Write that under the “want” column.

Ask: *If you want clothing that you need, is that a want or a need?* Give participants time to respond. The correct answer is “need.” Write that under the “need” column.

Ask: *If you want clothing that’s on sale, is that a want or a need?* Give participants time to respond. The correct answer is “want.” Write that under the “want” column. Explain that sometimes we may need some clothing and can find it on sale, which saves us money. However, if we buy clothing just because it’s on sale, then it’s clearly a want.

Ask: *If you want clothing you don’t need but you like, is that a want or a need?* Give participants time to respond. The correct answer is “want.” Write that under the “want” column.

Ask: *If you want clothing that your favorite hero or celebrity wears, is that a want or a need?* Give participants time to respond. The correct answer is “want.” Write that under the “want” column. Explain that wants are much more common than needs. That’s why it’s important to know the difference so that we can make better spending choices.

### 3. Present (15 minutes)

Explain that there are two important steps to decide whether or not to buy something. On a flip chart, write 1. Know how much money you have to spend. 2. Know whether you’re buying something that’s a want or a need.

Ask: *What do you need to do to know how much money you have to spend?* Give participants time to respond. Answers could include: Count your money. Know where you keep you money so that you can total up everything you have.

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*Ask: If your best friend has an item you like, is that a step to decide whether or not to buy something?* Give participants time to respond. The answer is no. Explain, however, that our friends influence all the time with the way we spend our money.

*Say: Experts often talk about how peer pressure can affect your spending. What is peer pressure?* Give participants time to respond. *Ask: Who are your peers?* Give participants time to respond. Correct answers are kids who are your age and your best friends.

*Ask: How do your friends or people your age influence the way you spend money?* Give participants time to respond. Write their answers on a flip chart. Answers could include: A friend shows you something new he or she bought. A friend tells you about a commercial. You notice someone in your class with something cool that you would like.

Explain that when you buy something, there often is another cost added to the item. *Ask: What is that added cost?* Give participants time to answer. The correct answer is a tax. *Ask: What kind of tax is added to the item?* Give participants time to answer. The correct answer is a sales tax. If you wish, point out the sales tax rate for your area.

If you plan to distribute the optional handout, use it at this time. If you want participants to become more active in the learning process, consider doing the Shopping Activity listed under Optional Activities at the end of this session.

Have young people get into groups of three to four. Ask each group to discuss ways they've learned how to cut their spending from other people. Give groups a few minutes to talk.

Then have each group report one idea to the entire group. After each group has finished, write this title on a flip chart: Cut your spending. Under the title, write three points. 1. Buy a cheaper brand. 2. Wait longer before you buy something. 3. Save money until you have enough to spend.

*Ask: What can happen if you wait longer before you buy something?* Give participants time to respond. Answers could include: You could decide not to buy the item. You could decide to buy something else. You could decide to save your money instead.

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If you want participants to become more active in the learning process, consider doing the Spending Activity listed under Optional Activities at the end of this session.

*Say: When we slow down our spending, we can make better spending choices. When we give ourselves time to think about what we want or need, we can make better spending decisions.*

## 4. Discuss (5 minutes)

*Say: Take some time to talk to the people near you. Talk to about two or three people. Take turns. I want you to do two things: 1. Say your first name. 2. Name a person you look up to who is good at spending money well and not spending too much. How does this person make positive shopping decisions? Start with the person who went shopping the most recently. Then have each person take a turn.*

## 5. Review and Evaluate (15 minutes)

Review what was accomplished during this session. Ask: *What is important to look at when you're comparing prices?* (Answer: 1. The same item. 2. The same brand of the item. 3. The same weight of the item.)

Ask: *What is an example of a need?* (Answer: Clothing that you need, such as a warm jacket when it's cold.)

Ask: *Which steps are important to deciding whether or not to buy something?* (Answer: 1. Know how much money you have to spend. 2. Know whether you're buying something that's a want or a need.)

Ask: *Since peer pressure can affect your spending, who are your peers?* (Answer: 1. Other kids who are your age. 2. Your best friend.) Ask: *What are other costs that may get added to something you want to buy?* (Answer: Sales tax.)

Ask: *How can you cut your spending?* (Answer: 1. Buy a cheaper brand. 2. Wait longer before you buy something. 3. Save money until you have enough to spend.)

At the end of the review, distribute Evaluation Posttest #2-SP-E to each participant. Give participants time to fill out the posttest. Collect all the posttest



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after participants finish so you can find out the measurable outcomes for the session. The Evaluation Key #2-SP-E has all the answers for your information.

## 6. Close (5 minutes)

Do a short activity for the closing. Have participants stand and form a circle. Explain that you're going to go around the circle. Each person will say (one at a time). I'm \_\_\_\_\_ (first name) and I can make positive shopping choices. Start with one person and go around the circle until everyone has spoken.

Say: *It's true! We can each make positive shopping choices.* Distribute the Take-Home Notes #2-SP-E. Challenge participants to talk to family members about this topic, which is listed under the Talk about It section of their Take-Home Notes. Thank participants for coming and for being involved.

## Optional Activities

**1. Distribute Handout #2-SP-E: The Correct Change.** Give participants the handout to complete. Afterward, discuss their answers. Handout Key #2-SP-E has the correct answers for your information.

**2. Show the PowerPoint Presentation PDF #2-SP-E.** Use the presentation to accompany the one-hour session.

**3. Do the Shopping Activity.** Use a toy cash register and play money. Have young people create prices (from \$5 and less) to place next to items in your room. (You can bring in toys or items for this activity or use items in your room.)

Ask for two volunteers who enjoy math to run the cash register. Give each person \$10 worth in play money. Have the shoppers form groups of two. Have each pair choose items they could buy with their combined money and go shopping. After awhile, ask for two other volunteers to run the cash register.

If you wish, consider purchasing toy grocery food from a toy store. (These usually are inexpensive.) Set up a grocery store with grocery bags. Have young people create a grocery list, use play money, and go grocery shopping in your grocery store.



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**4. Do the Spending Activity.** Create six signs using 8½–inch by 11–inch paper and a marker. Make these seven signs: About every other day. Weekly. Every other week. Monthly. Yearly. More than a year. Never. Hang up a sign in seven different places in your room about an equal distance apart.

Have participants line up along the wall on one side of the room. Explain that you’re going to play the Spending Activity. Point out the seven signs so that young people know what they are and where they are.

Explain that when you name a spending activity, young people should move to the sign that best represents how often their family goes shopping to spend money to buy these items. Do a test run first.

Ask: *How often do your parents buy a cup of coffee or tea at a coffee shop?* Have young people move. Then have young people notice how many people are at each sign and which sign is most common.

Then name each of these items one at a time, giving young people time to find the sign that best represents the answer for their family. Name these items: groceries, clothes, school supplies, gas for the car, a refrigerator, soda pop, a bus or subway pass, toys or games, pet food, and movie tickets. Feel free to adapt this list to best fit the socioeconomic status of your group.

**5. Give Participants a Challenge.** Encourage participants to use the next week to ask their parents how they make positive spending choices without spending too much money. (If you wish, follow up during your next session to find out how the challenge went.)

Questions? Looking for more ideas? Visit [www.bankit.com](http://www.bankit.com) for answers and more resources.

### For More Information

*National Standards in K–12 Personal Finance Education* (Washington, D.C., Jump\$tart Coalition for Personal Financial Literacy, 2007), standard 4 in the area of Planning and Money Management.

*An Asset Builder’s Guide to Youth and Money* by Jolene Roehlkepartain (Minneapolis: Search Institute, 1999).