

Lesson | Money in Our Community



How, and why, is money circulated within our community?

Objective

- Classify everyday merchandise and activities as wants or needs.
- Learn about an economy (the activities and transactions related to the production and distribution of goods and services in a particular geographic region. This includes the costs of raw goods, manufacturing, labor, transportation, and distribution. An economy also includes the trade of monetary resources in exchange for the purchase of such goods and services).

Time

90 Minutes

Materials

- See “Prep” section.
- Optional: Piggy Bank Quiz.

BONUS

- Encourage students to take the Piggy Bank Quiz to examine how they use their money. Are they Squirrel-Away Squirrels, Do-Good Dolphins, or Spendy Spiders?
- If they took the quiz in the previous lesson, invite them to see if their results have changed.

PREP

- Teacher-created picture and/or word cards of various items and activities that can be purchased, such as: shoes, snacks, toys, T-shirts, an amusement park ticket, balloons, a pet, a plate of food, milk, and/or a house. One set of cards for each group of three to four students.
- Advertising circulars from newspapers, an ad from a magazine or coupon book. Several ads from any of these sources for each group of three to four students.
- Crayons or markers.
- Teacher-created name cards for each student with the name of a business (e.g., “Jacob’s Jewelry Store”) or charitable organization (like the Animal Welfare Society). Businesses should include a variety of small-town businesses, such as: grocery store, bakery, ice cream shop, amusement park, bowling alley, movie theater, clothing store, sporting goods store, candy shop, doctor’s office, dentist, toy store, computer store, or cell phone store. Name tags can be made out of construction paper or tagboard with a string attached so that students can wear them around their necks.
- A paper cup for each student. This will be their “cash register.”
- Approximately 20 tokens for each student. These will represent the merchandise or service for each business or receipt for each charitable donation. Tokens can be simple pieces of colored construction paper or more elaborate shapes to represent the products being sold by the business. Important: Use three different color tokens; one color for businesses that are generally considered wants, a different color for businesses that are generally considered needs, and a third color for charitable organizations that would be under the heading share.
- Five pennies for each student. This is their starting cash.
- A small plastic bag for each student to hold the pennies; these are the students’ “wallets.”

PART 1–Wants Vs. Needs (a lesson of discovery)

On the board write: “Things That We Need” and

“Things That We Want.”

Brainstorm: Without discussing the merit of any ideas, ask the students to explain the differences between things that we need and things that we want.

Then divide the class into small groups of three to four students. Give each group a set of the picture/word cards that identify items and activities that can be purchased.

Tell the groups that together they must sort the items/activities into two lists: one list should include things that we need to live and the other list should include things that we may want, but don’t necessarily need to live. Encourage them to discuss why each item falls under one list or the other.

After the groups have had sufficient time to sort the cards, together as a class, identify the items/activities that belong on either the need or want list. Ask the students to justify their reasoning for the classification of each item. List the items on the board under the appropriate heading.

Next give each small group product ads gathered from any of the above sources (store circular, magazine, or coupon book). Also give each group a crayon or marker. Tell the students that it is the goal of each group to select three or four items in the advertising circular or from the other ad sources that people may want to buy but don’t really need to live. Each member of the group should circle one item in the advertising circular and/or select one product ad from a magazine or coupon book, but all members of the group should agree that the product selected is a want rather than a need.

After the groups have had sufficient time to circle and select the items, ask them to name the items that they have selected. Add the items to the want list on the board. Discuss any differences of opinion that students may have with the choices that have been made.

Follow-up Questions:

- How did your group decide if the product



- selected was a want or a need?
- What is the same about all of the items in each group that is listed on the board?
 - If you were hungry, would it be wise to spend your money on food or a ticket to the movies with no money left over?
 - If you needed new shoes, do you think it would be a good decision to buy shoes or buy a new toy?
 - If you had money left over after you bought your lunch at school, would it be a good choice to spend that money on a piece of fruit as an after-school snack?
 - Can you name ways that your parents spend money on things that your family needs?
 - Can you name ways that your parents spend money on things that your family wants, but may not need to live?

PART 2–The Money Cycle

Explain to the students that you will be setting up a make-believe business community in the classroom. In this pretend business community, people exchange money to buy goods and services. Remind them that some goods and services are wants and others are needs, as they learned in the previous lesson.

Let students know that they will each have the chance to pretend to be a local business or charitable organization owner as well as a spender.

After distributing the materials, guide them through the steps of the simulation.

1 Have each business or organization owner tell the rest of the class if their business or organization represents a want or a need.

2 Have five students at a time become the “spenders.” These students will go around to the other businesses and organizations and spend, share (donate), or decide to save their pennies. For each penny that a spender deposits into the business “cash register” (cup), the business owner will give the spender one token. The spenders should put the tokens into their plastic bag “wallets.”

3 Students may spend or share all of their pennies or they may choose to spend

some, share some, or save some. However, tell students that the pennies that they spend, share, or save for future or larger purchases must include wants and needs. This will be indicated by the two different color tokens that the businesses give to the spenders.

4 Repeat steps 2 and 3 with five other students until all students have become spenders. Encourage the savers to spend some of their pennies on purchases or donate their pennies to a charitable organization. Encourage all students to consider saving some of their pennies.

5 After all of the students have had a chance to be a spender, they may take the pennies from their “cash registers” and add them to their plastic bags to spend in the next round. This represents the money that they earned from their businesses. (It is a possibility that a business receives no income. If that student did not save any pennies from the previous spending round, they will not have anything to spend in the next round. If this happens, use this as an opportunity to discuss with students the benefits of saving.)

6 Repeat steps 2 to 5 for an additional two rounds of the simulation.

7 After completing three rounds of the simulation, tell the business owners to count how much money they have earned or received for their organization. (The total number of pennies they have in their cash registers and their wallets.)

Follow-up Questions:

- How many pennies do you have in all?
- Count the tokens in your wallets. Did you buy more wants or more needs?
- Which businesses made the most money?
- Why do you think this happened?
- Which businesses made the least money?
- Why do you think this happened?
- If you saved some pennies, why did you save them?
- If you saved some pennies, how did that help you as a local business owner or spender?
- Which businesses did you like the best? Why?