

Teachers Guide Grades 6-8



The Moolah Report: Cents-ible News



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Learning Standards

[National Economics Standards](#)

[National Personal Finance Standards](#)

[Math Standards](#)

[Communication Arts Standards](#)

CORRELATIONS: Economics/Personal Finance/Math/Language Arts

[GLOSSARY](#)



Grade 6: Program 1 – The Budget Balancing Act

Episode 1 – Budgeting, Trade-offs, and Opportunity Costs

06 01 01

Synopsis: The kids are delivering a news report on trade-offs and opportunity cost. Sloane is interviewing Jeremy regarding his decision to save part of his income for a mountain bike, even though he would really like to spend it on an electric guitar. They determine that the guitar is Jeremy’s opportunity cost.

Interactive Exercises: Students define trade-offs and identify the opportunity cost of a decision.

Standards/Concepts:

Economics: S1 B3 Grade 8

opportunity cost, trade-offs

Social Studies: none

Personal Finance:

saving, financial decision making, budgeting

Mathematics:

equations, problem solving

Learning Objective: Students will explain that budgeting requires trade-offs in managing income and spending, and identify the opportunity costs that result from these trade-offs

Time Required: 70 minutes (25 minutes for the computer program and 45 minutes for the activity)

Activity: Use “The Mint” lesson, Scarcity, Choice and Decisions, found online at: <http://www.themint.org/teachers/scarcity.php>. In this lesson, students are faced with scarcity in planning a prom and, then, in planning a budget. They must face trade-offs as they make their choices.

Glossary:

Budget	Income	Interest
Trade-off	Spending	Profit
Opportunity cost	Wages	Saving
Choice	Rent	Money
Want		

Teacher Notes:



Grade 6: Program 1 – The Budget Balancing Act

Episode 2 – Spending Less, Saving the Rest

06 01 02

Synopsis: Sloane interviews Polly regarding Polly’s spending and saving decisions. Polly wants to go on a ski trip, but must pay for part of the expenses. She has no money for the trip, but continues to buy things she wants with her babysitting income and allowance. Sloane tries to explain the concept of saving to Polly.

Interactive Exercises: Students state that financial well-being can be gained by spending less than you earn and saving the difference. They identify ways they could buy some things they want and save the rest.

Standards/Concepts:

Economics:	S11 B1 Grade 8	spending, saving, income
Social Studies:	none	
Personal Finance:		saving, financial decision making
Mathematics:		number sense

Learning Objective: Students will state that a key to financial well-being is to *spend* less than you earn and *save* the difference.

Time Required: 65 minutes (25 for the computer program and 40 minutes for the activity)

Activity: A Penny Saved is a Penny at 4.7% Earned There are lots of ways to receive income, and lots of ways to spend it. In this lesson you will develop two budgets, or plans, to help you decide how to allocate your income. Assuming you do not love making dollar bill rings.

<http://www.econedlink.org/lessons/index.cfm?lesson=EM157&page=teacher>

Glossary:

Spending	Income	
Saving	Price	
Interest	Trade-off	
	Opportunity cost	

Teacher Notes:



Grade 6: Program 1 – The Budget Balancing Act

Episode 3 – Income Management and Payment Methods

06 01 03

Synopsis: Sloane interviews a banker about different methods of payment. Then, Seymour goes on to instruct on the maintenance of a checking account.

Interactive Exercises: Students identify the function of a debit card and describe checking account transactions.

Standards/Concepts:

Economics:	none	costs, benefits
Social Studies:	none	
Personal Finance:		payment methods, consumer credit
Mathematics:		number sense, computation

Learning Objective: Students will explain the basic financial tasks people use to manage income. Students will explain why some payment methods cost more than others.

Time Required: 25 minutes for the computer program

Activity: Ask the students to discuss the differences between using a checking account and a debit card. Use the [Checking Account Instructions and Forms](#) to practice writing checks and balancing the check register.

Glossary:

Income	Borrow	
Money	Goods	
Bank	Services	
Credit		

Teacher Notes:



Grade 6: Program 1 – The Budget Balancing Act

Episode 4 – To Spend, Save, or Borrow? That is the Question!

06 01 04

Synopsis: Seymour and Sloane debate the costs and benefits of spending, saving or borrowing decisions.

Interactive Exercises: Students define cost, benefit, spending, and saving and identify the costs and benefits of spending, saving and borrowing.

Standards/Concepts:

Economics: [S11 B1 Grade 8](#) spending, saving, costs and benefits
Social Studies: none
Personal Finance: [S3 B1 8th Grade K3](#), [S3 B4 8th Grade K5](#) spending, consumer credit, borrowing, financial decision making
Mathematics: number sense, problem solving

Learning Objective: Students will determine the costs and benefits of a spending, saving, or borrowing decision.

Time Required: 65 minutes (25 minutes for the computer program and 40 minutes for the activity)

Activity: Use *Climbing the Savings Mountain*, an online lesson from the NCEE found at <http://www.econedlink.org/lessons/index.cfm?lesson=EM515&page=teacher>. In this lesson, students learn about different saving methods.

Glossary:

Costs	Price	Opportunity cost
Benefits	Money	Bank
Spending	Goods	Want
Borrowing	Services	Interest
Saving	Choice	

Teacher Notes:



Grade 6: Program 2 – The Specs on Specialization

Episode 1 – The Importance of Specialization

06 02 01

Synopsis: Sloane interviews Wes Wiseman, the Theatre and Drama teacher at her school. Mr. Wiseman explains that by specializing in teaching theatre and drama, he is a better teacher than if he taught all subjects.

Interactive Exercises: Students define specialization and match professions with the good or service provided

Standards/Concepts:

Economics: S6 B1 Grade 4

Social Studies: S7 K5 Grade 6-8

Economics: [5th Grade B1 K3 & K4](#)

Mathematics:

specialization, human resources:

geometric concepts, problem solving

Learning Objective: Students will identify careers that require specialized skills and discuss why *specialization* is desirable.

Time Required: 70 minutes (25 minutes for the computer program and 45 minutes for the activity)

Activity: Use the NCEE lesson, *Frontier Specialists*, found online at <http://www.econedlink.org/lessons/index.cfm?lesson=EM57&page=teacher>. In this lesson, students discover that the level of output in an economy can be increased through specialization.

Glossary:

Specialization	Producer	
Choice	Consumer	
Goods	Wants	
Services		
Production		

Teacher Notes:



Grade 6: Program 2 – The Specs on Specialization

Episode 2 – The Effect of Productivity on Income

06 02 02

Synopsis: Sloane, who is investigating the link between worker productivity and income, interviews Marty McLoan. As chief foreman at Zoom, Inc., McLoan is aware of efforts the company makes to help its employees become more productive.

Interactive Exercises: Students identify which employee is likely to get a raise based on the employees' productivity.

Standards/Concepts:

Economics:	S13 B4 Grade 8	productivity, income, specialization
Social Studies:	none	
Personal Finance:	<u>S1 B2 8th Grade K5</u>	income, careers
Mathematics:		pattern recognition, problem solving

Learning Objective: Students will explain why increases in a worker's productivity can result in higher income.

Time Required: 90 minutes (25 for the computer program and 65 minutes for the activity)

Activity: WIDGET PRODUCTION: Producing More, Using Less In the first part of the lesson students take a quiz to review the major concepts taught in Lesson 7, "Widget Production," from Master Curriculum Guide in Economics: Teaching Strategies 5-6. Students then search the web for examples of the many ways in which productivity has been increased over the years. Finally, they identify a situation where an increase in productivity could alleviate a problem and create a way to solve this problem. They also analyze the costs and benefits of implementing their solutions.

<http://www.econedlink.org/lessons/index.cfm?lesson=EM539&page=teacher>

Glossary:

Income	Producer	Revenue
Productivity	Consumer	Wages/salary
Wages	Capital resources	Specialization
Rent	Human resources	Positive incentive
Interest	Natural resources	Negative incentive
Profit	Resources	

Teacher Notes:



Grade 6: Program 2 – The Specs on Specialization

Episode 3 – Improving Productivity Through Specialization

06 02 03

Synopsis: Sloane interviews Kip Kipling, a high school student who has moved through several employment positions at the golf course. Sloane explains how Kip’s increase in human capital made him more productive and, therefore, more attractive to his employer.

Interactive Exercises: Students identify actions that someone can take to increase human capital, as well as identify how the supply and demand for people with certain skill levels can influence income.

Standards/Concepts:

Economics:	S15 B1 Grade 4	human capital, productivity
Social Studies:	S7 K5 Grade 6-8	
Personal Finance:	<u>S1 B2 4th Grade K3</u>	income, human capital
Mathematics:		algebraic equations

Learning Objective: Students will give examples of how workers can improve their productivity by gaining new knowledge, skills, and experiences through specialization. Students will analyze how supply of and demand for workers in various careers affect income.

Time Required: 70 minutes (25 minutes for the computer program and 45 for the activity)

Activity: Use the NCEE online lesson, Human Capital for Money, found at <http://www.econedlink.org/lessons/index.cfm?lesson=EM231&page=teacher>
 In this lesson, students look at various careers and the human capital required.

Glossary:

Specialization	Human capital	
Supply	Wages/salary	
Demand	Price	
Income	Money	
Productivity		

Teacher Notes:



Grade 7: Program 1 – Personal and Public Benefits

Episode 1 – Inflation and Deflation

07 01 01

Synopsis: Seymour explains how inflation is measured. Later, Sloane interviews an architect about how a concern about prospective inflation affects contract negotiations for long-term architect services, as well as how inflation concerns affects the method in which the architect saves.

Interactive Exercises: Given a circumstance where prices increased from one year to the next, students determine whether there has been an increase or decrease in purchasing power. They apply their knowledge of inflation to determine whether the return they would get from various financial instruments would be sufficient to maintain their purchasing power.

Standards/Concepts:

Economics:	S19 B1 Grade 4; S19 B3, S 19 B4 Grade 8	inflation, deflation
Social Studies:	none	
Personal Finance:	S4 B5 8th Grade K5	inflation, purchasing power, deflation, spending and investing decisions
Mathematics:		computation, problem solving

Learning Objective: Students will explain the impact of inflation or deflation on the value of money and people’s purchasing power.

Time Required: 75 minutes (25 minutes for the computer program and 45 minutes for the activity)

Activity: One is Silver and the Other's Gold Students learn about the money supply and that it can affect the value of money. Students investigate this in the 1896 presidential election (Bryan vs. McKinley, Free Silver vs. Gold Standard) and examine a political cartoon that depicts how some people felt about this issue. Students answer questions about what they would do with more money and what might happen if the money supply increases.

<http://www.econedlink.org/lessons/index.cfm?lesson=EM395&page=teacher>

Glossary:

Inflation	CPI	
Deflation	Saving	
Money	Financial investment	
Prices	Risk	
Wages/salary	Benefit	
Goods		
Services		

Teacher Notes:

Codes: S = Standard; B = Benchmark; K = Knowledge Indicator

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Grade 7: Program 1 – Personal and Public Benefits

Episode 2 – Positive and Negative Incentives

07 01 02

Synopsis: Sloane interviews Polly’s sister Patience about the great deal on popular T-shirts going on at Trendy World. Sloane refers to the “Buy 2, Get 1 Free” offer as a positive incentive that customers respond to in pursuing their self-interest. Seymour continues the report by discussing how people respond to negative incentives.

Interactive Exercises: Students identify the positive incentive in an offer, as well as identify positive incentives that are monetary and non-monetary.

Standards/Concepts:

Economics:	S4 B1, S4 B3 Grade 8	self-interest, positive and negative incentives
Social Studies:	none	
Personal Finance:	S3 B1 8th Grade K2	spending decisions
Mathematics:		number sense, computation, equations

Learning Objective: Students will explain how positive and negative incentives affect the way people behave. Students will recognize that responses to incentives are predictable because people usually pursue their self-interest.

Time Required: 65 minutes (25 minutes for the computer program and 40 minutes for the activity)

Activity: Use the NCEE online lesson, *The Best Deal*, found at <http://www.econedlink.org/lessons/index.cfm?lesson=EM530&page=teacher>. In this lesson, students learn how to determine the “price per unit” when comparing products.

Glossary:

Positive incentive	Supply	
Negative incentive	Demand	
Market	Self-interest	
Price		

Teacher Notes:



Grade 7: Program 1 – Personal and Public Benefits

Episode 3 – Types of Employee Benefits

07 01 03

Synopsis: Seymour reports on the various types of employee benefits. In a later interview, Sloane interviews Buck Bargain, owner of Bargain Building, to see how offering benefits to employees actually benefits the employer too.

Interactive Exercises: Students identify different types of employee benefits and state that employee benefits can help to increase employee productivity.

Standards/Concepts:

Economics:	S4 B1 Grade 8	employee benefits, wages and salaries
Social Studies:	none	
Personal Finance:	S1 B3 4th Grade K4	employee benefits, disposable income
Mathematics:		algebraic equations, problem solving

Learning Objective: Students will give examples of employee benefits that workers may receive in addition to their pay.

Time Required: 45 minutes (25 minutes for the computer program and 20 minutes for the activity, add 30-45 minutes for the report from students)

Activity: Have students brainstorm questions they could ask adults about the employee benefits they receive from their employer and how the offering of these benefits affects the employees' productivity. Later, have each student conduct an interview of an adult with which he or she is familiar and report the results to the class.

Glossary:

Wages/salary Employee benefits Money Income	Positive incentive Negative incentive Productivity	
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Teacher Notes:



Grade 7: Program 1 – Personal and Public Benefits

Episode 4 – Government Goods and Services

07 01 04

Synopsis: Seymour explains the difference between public goods and private goods, and why it is necessary for governments to provide certain goods to their citizens.

Interactive Exercises: Students identify the characteristics of a public good, and then choose the public goods from a list of various goods, both public and private.

Standards/Concepts:

Economics: S16 B1 Grade 4 public goods and services, free rider
 Social Studies: S7 K1, K3 Grade 6-8
 Personal Finance: [S1 B3 8th Grade K4](#) government transfer payments, income
 Mathematics: statistics, problem solving
 Comm. Arts: vocabulary

Learning Objective: Students will give examples of identify goods and services provided by local, state, and national governments.

Time Required: 75 minutes (25 minutes for the computer program and 50 for the activity)

Activity: Use the NCEE EconomicsInternational® lesson, *Public Goods and Services*, found online at <http://ncee.net/ei/lessons/OldMac/lesson6/>. In this lesson, students compare and define private and public goods. They receive money and must make a decision about paying for the heating in the classroom. This activity reinforces the concept of public goods and helps students identify and explain the free-rider problem.

Glossary:

Public (government) goods & services		
Non-exclusion		
Profit		
Taxes		

Teacher Notes:



Grade 7: Program 2 – Investing in Your Future

Episode 1 – Human Capital Supply and Demand

07 02 01

Synopsis: Seymour discusses how human capital development can help people gain skills that will make them valuable in the labor market.

Interactive Exercises: Students define human capital, and identify factors that affect an individual’s income.

Standards/Concepts:

Economics:	S13 B5 Grade 8	human capital, income, demand and supply of labor
Social Studies:	S7 K2 Grade 6-8	
Personal Finance:	S1 B2 8th Grade K1	careers, income
Mathematics:	7th Grade S1 B1, S2 B3 K1, K2	computation, graphing

Learning Objective: Students will explain how an individual’s income will differ in the labor market depending on supply of and demand for his/her human capital.

Time Required: 60 minutes (25 minutes for the computer program and 35 minutes for the activity)

Activity: Use the NCEE lesson, *It Pays to Stay in School*, found online at <http://www.econedlink.org/lessons/index.cfm?lesson=EM349&page=teacher>. In this lesson, students look at the private and public benefits of a well-educated society as well as the earning potential associated with levels of education.

Glossary:

Income	Human capital	
Market	Choice	
Supply	Wage	
Demand		

Teacher Notes:



Grade 7: Program 2 – Investing in Your Future

Episode 2 – What is Compound Interest?

07 02 02

Synopsis: Seymour demonstrates calculating compound interest, and then Sydney Goodcents (from the 3-5 programs) is interviewed by Sloane as they examine Polly’s bank statement.

Interactive Exercises: Students define compound interest, and identify the factors that determine the interest earned on savings – time, amount and interest rate.

Standards/Concepts:

Economics:	S12 B1 Grade 12	interest, principal, compound interest
Social Studies:	none	
Personal Finance:	S4 B5 8th Grade K4	saving, financial decision making
Mathematics:		equations, estimation

Learning Objective: Students will explain that compound interest is interest earned on both principal and previously earned interest. The interest earned depends on time, interest rate, and the amount saved.

Time Required: 65 minutes (25 minutes for the computer program and 35 minutes for the activity)

Activity: Use a lesson based on the children’s book, *The Hundred Penny Box*, found on the Wisepockets site at <http://www.umsl.edu/~wpockets/schoolhouse/lessons/100penny/100penny.html>. In this lesson, students work through an exercise on compound interest.

Glossary:

Savings & Loan association	Money	
Interest	Savings	
Principal	Bank	

Teacher Notes:



Grade 7: Program 2 – Investing in Your Future

Episode 3 – Return, Liquidity, and Risk

07 02 03

Synopsis: Sloane holds a panel discussion on the risk associated with various types of financial investments. She investigates instruments such as Certificates of Deposit, government bonds, corporate bonds, and stocks, assessing the type of risk associated with each.

Interactive Exercises: Students define return, liquidity and risk. Then, they assess various financial instruments for their level of risk and possible return.

Standards/Concepts:

Economics:	none	risk, return, financial instruments
Social Studies:	none	
Personal Finance:	S4 B3 8th Grade K3	financial investment products, saving, investing
Mathematics:		equations, measurement, estimation

Learning Objective: Students will explain that financial investment products differ in their potential rate of return, liquidity, and level of risk.

Time Required: 70 minutes (25 minutes for the computer program and 45 minutes for the activity)

Activity: [Collecting for Fun . . . and Profit?](#) Art, baseball cards, coins, comic books, dolls, jewelry and stamps are just a few examples of the many things people collect. While some people collect for fun – others hope to profit. In this lesson, students explore how supply and demand influence the price of collectibles. They also evaluate speculation in collectibles as an investment option. They learn that collectibles are one of the riskiest ways people can invest their money.

<http://www.econedlink.org/lessons/index.cfm?lesson=EM553&page=teacher>

Glossary:

Financial investment	Return	
Money	Liquidity	
Interest	Savings	
Risk		

Teacher Notes:



Grade 7: Program 2 – Investing in Your Future

Episode 4 – Costs and Benefits of Spending, Saving, or Borrowing

07 02 04

Synopsis: Seymour explains the costs and benefits of saving, spending and borrowing decisions. Later, Sloane interviews Libby Lewellen, a college-bound student who has taken out a student loan. Libby explains the costs and benefits of this borrowing decision.

Interactive Exercises: Students identify the costs and benefits of saving, spending and borrowing decisions. Later, students identify sensible reasons to borrow, considering costs and benefits.

Standards/Concepts:

Economics:	S1 B1 Grade 12	saving, spending, costs and benefits
Social Studies:	none	
Personal Finance:	S3 B4 8th Grade K5	saving, spending, payment methods, interest, consumer credit
Mathematics:		statistics, algebraic equations

Learning Objective: Students will compare the costs and benefits of spending, saving, or borrowing decisions based on information about products and services.

Time Required: 75 minutes (25 minutes for the computer program and 50 minutes for the activity)

Activity: Ask students to identify a 2 year or 4 year college or university. Have students go to the Internet site for the school of their choice. Look up the costs of attending each school (ignore scholarship/financial aid). Ask the students to compare the costs and benefits (ie., number of majors, location) of each school. Ask each student to report their findings back to the class. Ask each student to pick a school based on the information presented. Have students include a list of factors (benefits & costs) that influenced their decision.

Glossary:

Costs	Choice	Interest
Benefits	Spending	Income
Saving	Goods	Money
Borrowing	Services	

Teacher Notes:



Grade 8: Program 1 – Income, Incentives, and Institutions

Episode 1 – Types of Earned Income

08 01 01

Synopsis: Seymour explains the different types of earned income. Later, Sloane interviews Sam Sheepman, owner of a sheep ranch, who explains how he earns profit, rent and interest from his various activities, and how his employees earn wages.

Interactive Exercises: Students identify the basic types of income and then match the income to the resource for which the income is payment. Students match activities and the income generated by the activities.

Standards/Concepts:

Economics:	S13 B3 Grade 12	salary and wages, interest income, rental income, profit
Social Studies:	S7 K2 Grade 6-8	
Personal Finance:	S1 B2 8th Grade K1	income sources, careers,
Mathematics:		problem solving, computation

Learning Objective: Students will describe the four basic types of earned income.

Time Required: 75 minutes (25 minutes for the computer program and 50 minutes for the activity.)

Activity: The Economics of Income If You're So Smart, Why Aren't You Rich? The purpose of this lesson is to help you explore the relationship between education and income. Income is earned from one's resources. Those resources might be natural resources (oil field, farm land), capital resources (man-made resources that are used in the production of goods and services: computers, factories, sewing machines), entrepreneurship (the ability to organize the other factors to produce goods or services or labor.) Most people earn their income by selling their labor. The lesson will focus on the following question: "Why do some people earn more income from their labor than others?" <http://www.econedlink.org/lessons/index.cfm?lesson=NN130&page=teacher>

Glossary:

Income	Credit	Lending
Rent	Money	Entrepreneur
Interest	Savings	Natural resources
Profit	Bank	Capital resources
Wages/salary	Borrowing	Human resources

Teacher Notes:



Grade 8: Program 1 – Income, Incentives, and Institutions

Episode 2 – Employee Responses to Positive and Negative Incentives 08 01 02

Synopsis:

Seymour explains the positive and negative incentives to which employees respond. Sloane interviews Ben Bargain who is picketing in front of his house, specifically, in front of Brett Bargain’s room, demanding that Brett offer benefits to the employee of his grass-cutting business, Ben.

Interactive Exercises: Students differentiate between positive and negative incentives. Students state that employees who receive positive incentives are likely to be more productive.

Standards/Concepts:

Economics:	S4 B1 Grade 12	positive and negative incentives, employee benefits
Social Studies:	S7 K2 Grade 6-8	
Personal Finance:	S1 B2 4th Grade K4	employee benefits
Mathematics:		statistics, central tendency

Learning Objective: Students will give examples of positive and negative incentives to which employees respond.

Time Required: 70 minutes (25 minutes for the computer program and 45 minutes for the activity.)

Activity: [It Pays to Stay in School](#). This lesson examines some of the incentive programs being offered to keep students in school.

<http://www.econedlink.org/lessons/index.cfm?lesson=EM349&page=teacher>

Glossary:

Positive incentive	Costs	
Negative incentive	Benefits	
Employee benefits	Money	

Teacher Notes:



Grade 8: Program 1 – Income, Incentives, and Institutions

Episode 3 – Specialized Economic Institutions

08 01 03

Synopsis: Seymour explains the various types of financial institutions. Later, Sloane interviews Preston Quarantino, the president of the AV Club. Preston describes his new movie featuring the FDIC ninjas, and then explains the AV Club’s decision to save their fundraising proceeds in a bank savings account.

Interactive Exercises: Students define the following financial institutions: banks, credit unions, savings and loan associations, stock market and bond market. Then, students decide on the correct institution in which to save their money, given their risk and time preferences.

Standards/Concepts:

Economics: [S10 B1 Grade 8](#); [S10 B1 Grade 12](#) financial institutions, savings, interest
 Social Studies: S7 K4 Grade 6-8
 Personal Finance: [S4 B1 8th Grade K1](#) financial institutions, saving, investment information, money management
 Mathematics: algebraic equations, graphing

Learning Objective: Students will give examples of specialized economic institutions found in market economies.

Time Required: 70 minutes (25 minutes for the computer program and 45 minutes for the activity)

Activity: Use “The Mint” lesson, *The Stock Market: Risks and Rewards*, found at <http://www.themint.org/teachers/thestockmarket.php>. In this lesson, students study one of the institutions discussed in the program, the stock market. They engage in several methods for choosing stocks, including a dart board.

Glossary:

Specialization	Principal	Sellers
Market economy	Buyers	Savings
Bank	Money	Spending
FDIC	Interest	

Teacher Notes:



Grade 8: Program 2 – Starting the Savings Snowball

Episode 1 – Saving Accumulation: Amount Saved, Rate of Return, and Time

08 02 01

Synopsis: Seymour explains how saving accumulation is influenced by the amount saved, the rate of return and time. Sloane interviews Jim of Jim Jam’s Used Cars who explains how a student could save \$1,500 in five years for a car.

Interactive Exercises: Students identify the factors that influence savings accumulation. Students define principal, interest, return and time.

Standards/Concepts:

Economics:	S12 B1, Grade 12	savings, interest
Social Studies:	none	
Economics:	8th Grade B5 K1	
Personal Finance:	S4 B3 8th Grade K2	savings, risk, return
Mathematics:		equations, modeling

Learning Objective: Students will explain how saving accumulation is influenced by the amount saved, the rate of return and time.

Time Required: 50 minutes (20 for the computer program and 30 for the activity).

Activity: *Timing Is Everything* In the first part of the lesson students examine the incentives and opportunity costs of spending and saving in a teacher directed lesson. The remainder of the lesson is an interactive web site. Students work through problems that demonstrate the power of compound interest. <http://www.econedlink.org/lessons/index.cfm?lesson=EM570&page=teacher>

Glossary:

Savings	Money	Borrow
Return	Principal	Lending
Interest		Bank

Teacher Notes:



Grade 8: Program 2 – Starting the Savings Snowball

Episode 2 – Products and Services: Spending, Saving, and Borrowing Decisions

08 02 02

Synopsis: Seymour explains that it's important to weigh the costs and benefits of spending, saving, and borrowing decisions based on information about goods and services. Sloane interviews Nick Nicketless who is trying to decide if he should wait to buy a skateboard he wants or borrow the money from his brother to get the skateboard now.

Interactive Exercises: Students state the importance of weighing the costs and benefits of spending, saving, and borrowing decisions. Students compare the costs and benefits of choosing between two bookbags.

Standards/Concepts:

Economics:	S1 B1 Grade 12	costs and benefits, saving, economic wants, opportunity cost
Social Studies:	none	
Personal Finance:	S3 B2 8th Grade K1	consumer credit, financial decision making, spending, saving
Mathematics:		computation

Learning Objective: Students will compare the benefits and costs of spending, saving, or borrowing decisions based on information about products and services.

Time Required: 65 minutes (25 minutes for the computer program and 35 minutes for the activity)

Activity: Use the online lesson, A Penny Saved is a Penny at 4.7% Earned, found at <http://www.econedlink.org/lessons/index.cfm?lesson=EM157&page=teacher>. In this NCEE lesson, students compare two budgets – one with a savings account and one without.

Glossary:

Costs	Bank	Choice
Benefits	Price	Exchange
Spending	Consumer	Positive incentive
Saving	Credit	Negative incentive
Borrowing	Goods	Wants
Interest	Services	

Teacher Notes:



Grade 8: Program 2 – Starting the Savings Snowball

Episode 3 – Calculating Interest and Account Balances

08 02 03

Synopsis: Polly and Seymour present a skit based on Charlotte’s Web, where Wilbur comes to Charlotte for help in understanding his credit card statement and his bank statement. Later, two students from the math club face off to see who can calculate the interest gained and the final account balances on partially complete credit card statement and savings statement.

Interactive Exercises: Students define interest rate. Students calculate their ending balance when given a beginning balance, and interest rate, and the duration of the saving period.

Standards/Concepts:

Economics:	S12 B1 Grade 12	interest expense, credit
Social Studies:	none	
Personal Finance:	S2 B3 8th Grade K3 App 3	consumer credit, savings, interest, money management tools
Mathematics:		computation, problem solving

Learning Objective: Students will calculate interest and account balances for credit purchases and checking and saving accounts.

Time Required: 70 minutes (25 minutes for the computer program and 45 minutes for the activity)

Activity: [Q T Pi Fashions - Learning About Credit Card Use](#) Using credit cards is convenient, user friendly, and at times dangerous. In this lesson students learn the joys and dangers of using credit as they help Credita, the main character in this activity, solve her credit problems.

<http://www.econedlink.org/lessons/index.cfm?lesson=EM346&page=teacher>

Glossary:

Interest		
Credit		
Savings		
Money		

Teacher Notes:



Grade 8: Program 3 – Mastering Your Money

Episode 1 – Opportunity Cost: Decisions for Your Budget

08 03 01

Synopsis: Seymour explains how changes and adjustments within a financial plan results in an opportunity cost. Later, Sloane interviews the sleep deprived, Howard Snooze. Howard was trying to save his income for a computer, but felt deprived of his friends and their activities. So, he asked for more hours at work so that he could earn more income, but now he has time only for work and school.

Interactive Exercises: Students define opportunity cost. Students determine the opportunity cost of a saving decision.

Standards/Concepts:

Economics:	S1 B1 Grade 12	opportunity cost, income, financial decision making
Social Studies:	S7 K6 Grade 6-8	
Personal Finance:	S2 B1, 2, 3, 8TH Grade K4	money management tools
Mathematics:		equations

Learning Objective: Students will determine the opportunity cost of decisions related to a personal finance plan or budget.

Time Required: 70 minutes (25 for the computer program and 45 for the activity)

Activity: Use the interactive lesson, *The Opportunity Cost of a Lifetime*, found at the NCEE site, <http://www.econedlink.org/lessons/index.cfm?lesson=EM51&page=teacher>. In this lesson, students make decisions about a small budget and cite the opportunity cost of their decisions.

Glossary:

Opportunity cost	Saving	
Choice	Consumer	
Budget	Cost	
Spending	Benefit	

Teacher Notes:



Grade 8: Program 3 – Mastering Your Money

Episode 2 – Being an Informed Consumer

08 03 02

Synopsis: Seymour cites examples of ways to be an informed consumer, such as checking your credit report or reading sales contracts carefully. Sloane interviews a rock musician who has taken up the cause of informing people about credit issues.

Interactive Exercises: Students identify ways to protect themselves as consumers.

Standards/Concepts:

Economics: none creditworthiness, consumer protection, credit
Social Studies: S7 K6 Grade 6-8
Personal Finance: [S3 B8 8th Grade K8](#)

Learning Objective: Students will explain the importance of being an informed consumer.

Time Required: 70 minutes (30 minutes for the computer program and 40 minutes for the activity.)

Activity: [Q T Pi Fashions - Learning About Credit Card Use](#) Using credit cards is convenient, user friendly, and at times dangerous. In this lesson students learn the joys and dangers of using credit as they help Credita, the main character in this activity, solve her credit problems.

<http://www.econedlink.org/lessons/index.cfm?lesson=EM346&page=teacher>

Glossary:

Consumer	Borrowing	
Choice	Bank	
Credit	Money	
Lending	Interest	

Teacher Notes:



NCEE Economic Standards

Standard 1: Students will understand that productive resources are limited. Therefore, people can not have all the goods and services they want; as a result, they must choose some things and give up others. Students will be able to use this knowledge to identify what they gain and what they give up when they make choices.

Benchmarks for Grade 4

At the completion of Grade 4, students will know that:
1. People make choices because they can't have everything they want.
2. Economic wants are desires that can be satisfied by consuming a good, service, or leisure activity.
3. Goods are objects that can satisfy people's wants.
4. Services are actions that can satisfy people's wants.
5. People's choices about what goods and services to buy and consume determine how resources will be used.
6. Whenever a choice is made, something is given up.
7. The opportunity cost of a choice is the value of the best alternative given up.
8. People whose wants are satisfied by using goods and services are called consumers.
9. Productive resources are the natural resources, human resources, and capital goods available to make goods and services.
10. Natural resources, such as land, are "gifts of nature;" they are present without human intervention.
11. Human resources are the quantity and quality of human effort directed toward producing goods and services.
12. Capital goods are goods that are produced and used to make other goods and services.
13. Human capital refers to the quality of labor resources, which can be improved through investments in education, training, and health.
14. Entrepreneurs are people who organize other productive resources to make goods and services.
15. People who make goods and provide services are called producers.

Benchmarks for Grade 8

At the completion of Grade 8, students will know the Grade 4 benchmarks for this standard, and also that:
1. Scarcity is the condition of not being able to have all of the goods and services that one wants. It exists because human wants for goods and services exceed the quantity of goods and services that can be produced using all available resources.
2. Like individuals, governments and societies experience scarcity because human wants exceed what can be made from all available resources.
3. Choices involve trading off the expected value of one opportunity against the expected value of its best alternative.
4. The choices people make have both present and future consequences.
5. The evaluation of choices and opportunity costs is subjective; such evaluations differ across individuals and societies.

Benchmarks for Grade 12



At the completion of Grade 12, students will know the Grade 4 and Grade 8 benchmarks for this standard, and also that:

Choices made by individuals, firms, or government officials often have long run unintended consequences that can partially or entirely offset the initial effects of the decision.

Standard 2: Students will understand that effective decision making requires comparing the additional costs of alternatives with the additional benefits. Most choices involve doing a little more or a little less of something: few choices are "all or nothing" decisions. Students will be able to use this knowledge to make effective decisions as consumers, producers, savers, investors, and citizens.

Benchmarks for Grade 4

At the completion of Grade 4, students will know that:

1. Few choices are all-or-nothing decisions; they usually involve getting a little more of one thing by giving up a little of something else.
2. A cost is what you give up when you decide to do something.
3. A benefit is what satisfies your wants.

Benchmarks for Grade 8

At the completion of Grade 8, students will know the Grade 4 benchmarks for this standard, and also that:

1. To determine the best level of consumption of a product, people must compare the additional benefits with the additional costs of consuming a little more or a little less.

Standard 3: Students will understand that different methods can be used to allocate goods and services. People acting individually or collectively through government, must choose which methods to use to allocate different kinds of goods and services. Students will be able to use this knowledge to evaluate different methods of allocating goods and services, by comparing the benefits and costs of each method.

Benchmarks for Grade 4

At the completion of Grade 4, students will know that:

1. No method of distributing goods and services can satisfy all wants.
2. There are different ways to distribute goods and services (by prices, command, majority rule, contests, force, first-come/first-served, sharing equally, lottery, personal characteristics, and others), and there are advantages and disadvantages to each.

Benchmarks for Grade 8

At the completion of Grade 8, students will know the Grade 4 benchmarks for this standard, and also that:

1. Scarcity requires the use of some distribution method, whether the method is selected explicitly or not.



2. There are essential differences between a market economy, in which allocations result from individuals making decisions as buyers and sellers, and a command economy, in which resources are allocated according to central authority.
3. People in all economies must address three questions: What goods and services will be produced? How will these goods and services be produced? Who will consume them?
4. National economies vary in the extent to which they rely on government directives (central planning) and signals from private markets (prices) to allocate scarce goods, services, and productive resources.
5. As consumers, people use resources in different ways to satisfy different wants. Productive resources can be used in different ways to produce different goods and services.

Standard 4: Students will understand that people respond predictably to positive and negative incentives. Students will be able to use this knowledge to identify incentives that affect people's behavior and explain how incentives affect their own behavior.

Benchmarks for Grade 4

At the completion of Grade 4, students will know that:

1. Rewards are positive incentives that make people better off.
2. Penalties are negative incentives that make people worse off.
3. Both positive and negative incentives affect people's choices and behavior.
4. People's views of rewards and penalties differ because people have different values. Therefore, an incentive can influence different individuals in different ways.

Benchmarks for Grade 8

At the completion of Grade 8, students will know the Grade 4 benchmarks for this standard, and also that:

1. Responses to incentives are predictable because people usually pursue their self-interest.
2. Changes in incentives cause people to change their behavior in predictable ways.
3. Incentives can be monetary or non-monetary.

Benchmarks for Grade 12

At the completion of Grade 12, students will know the Grade 4 and Grade 8 benchmarks for this standard, and also that:

1. Acting as consumers, producers, workers, savers, investors, and citizens, people respond to incentives in order to allocate their scarce resources in ways that provide the highest possible returns to them.
2. Small and large firms, labor unions and educational and other not-for-profit organizations have different goals and face different rules and constraints. These goals, rules, and constraints influence the benefits and costs of those who work with or for those organizations, and, therefore, their behavior.

Standard 5: Students will understand that voluntary exchange occurs only when all participating parties expect to gain. This is true for trade among individuals or organizations within a nation, and usually among individuals or organizations in different nations. Students will be able to use this

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knowledge to negotiate exchanges and identify the gains to themselves and others. Compare the benefits and costs of policies that alter trade barriers between nations, such as tariffs and quotas.



Benchmarks for Grade 4

At the completion of Grade 4, students will know that:

1. Exchange is trading goods and services with people for other goods and services or for money.
2. The oldest form of exchange is barter the direct trading of goods and services between people.
3. People voluntarily exchange goods and services because they expect to be better off after the exchange.

Benchmarks for Grade 8

At the completion of Grade 8, students will know the Grade 4 benchmarks for this standard, and also that:

1. When people buy something, they value it more than it costs them; when people sell something, they value it less than the payment they receive.
2. Free trade increases worldwide material standards of living.
3. Despite the mutual benefits from trade among people in different countries, many nations employ trade barriers to restrict free trade for national defense reasons or because some companies and workers are hurt by free trade.
4. Imports are foreign goods and services that are purchased from sellers in other nations.
5. Exports are domestic goods and services that are sold to buyers in other nations.
6. Voluntary exchange among people or organizations in different countries gives people a broader range of choices in buying goods and services.

Standard 6: Students will understand that when individuals, regions, and nations specialize in what they can produce at the lowest cost and then trade with others, both production and consumption increase. Students will be able to use this knowledge to explain how they can benefit themselves and others by developing special skills and strengths.

Benchmarks for Grade 4

At the completion of Grade 4, students will know that:

1. Economic specialization occurs when people concentrate their production on fewer kinds of goods and services than they consume.
2. Division of labor occurs when the production of a good is broken down into numerous separate tasks, with different workers performing each task.
3. Specialization and division of labor usually increase the productivity of workers.
4. Greater specialization leads to increasing interdependence among producers and consumers.

Benchmarks for Grade 8

At the completion of Grade 8, students will know the Grade 4 benchmarks for this standard, and also that:

Codes: S = Standard; B = Benchmark; K = Knowledge Indicator



1. Labor productivity is output per worker.
2. Like trade among individuals within one country, international trade promotes specialization and division of labor and increases output and consumption.
3. As a result of growing international economic interdependence, economic conditions and policies in one nation increasingly affect economic conditions and policies in other nations.

Standard 7: Students will understand that markets exist when buyers and sellers interact. This interaction determines market prices and thereby allocates scarce goods and services. Students will be able to use this knowledge to identify markets in which they have participated as a buyer and as a seller and describe how the interaction of all buyers and sellers influences prices. Also, predict how prices change when there is either a shortage or surplus of the product available.

Benchmarks for Grade 4

At the completion of Grade 4, students will know that:

1. A price is what people pay when they buy a good or service, and what they receive when they sell a good or service.
2. A market exists whenever buyers and sellers exchange goods and services.
3. Most people produce and consume. As producers they make goods and services; as consumers they use goods and services.

Benchmarks for Grade 8

At the completion of Grade 8, students will know the Grade 4 benchmarks for this standard, and also that:

1. Market prices are determined through the buying and selling decisions made by buyers and sellers.
2. Relative prices refers to the price of one good or service compared to the prices of other goods and services. Relative prices are the basic measures of the relative scarcity of products when prices are set by market forces (supply and demand).
3. The market clearing or equilibrium price for a good or service is the one price at which quantity supplied equals quantity demanded.
4. If a price is above the market clearing price, it will fall, causing sellers to produce less and buyers to purchase more; if it is below the market clearing price, it will rise, causing sellers to produce more and buyers to purchase less.
5. An exchange rate is the price of one nation's currency in terms of another nation's currency. Like other prices, exchange rates are determined by the forces of supply and demand. Foreign exchange markets allocate international currencies.

Standard 8: Students will understand that prices send signals and provide incentives to buyers and sellers. When supply or demand changes, market prices adjust, affecting incentives. Students will be able to use this knowledge to predict how prices change when the number of buyers or sellers in a market changes, and explain how the incentives facing individual buyers and sellers are affected.

Benchmarks for Grade 4

At the completion of Grade 4, students will know that:

1. High prices for a good or service provide incentives for buyers to purchase less of that good or service, and for producers to make or sell more of it. Lower prices for a good or service provide incentives for buyers to purchase more of that good or service, and for producers to make or sell less of it.



At the completion of Grade 8, students will know the Grade 4 benchmarks for this standard, and also that:

1. An increase in the price of a good or service encourages people to look for substitutes, causing the quantity demanded to decrease, and vice versa. This relationship between price and quantity demanded, known as the law of demand, exists as long as other factors influencing demand do not change.
2. An increase in the price of a good or service enables producers to cover higher per-unit costs, causing the quantity supplied to increase, and vice versa. This relationship between price and quantity supplied is normally true as long as other factors influencing costs of production and supply do not change.
3. Markets are interrelated; changes in the price of one good or service can lead to changes in prices of many other goods and services.
4. Scarce goods and services are allocated in a market economy through the influence of prices on production and consumption decisions.

Standard 9: Students will understand that competition among sellers lowers costs and prices, and encourages producers to produce more of what consumers are willing and able to buy. Competition among buyers increases prices and allocates goods and services to those people who are willing and able to pay the most for them. Students will be able to use this knowledge to explain how changes in the level of competition in different markets can affect them.

Benchmarks for Grade 4

At the completion of Grade 4, students will know that:

1. Competition takes place when there are many buyers and sellers of similar products.
2. Competition among sellers results in lower costs and prices, higher product quality, and better customer service.

Benchmarks for Grade 8

At the completion of Grade 8, students will know the Grade 4 benchmarks for this standard, and also that:

1. Sellers compete on the basis of price, product quality, customer service, product design and variety, and advertising.
2. Competition among buyers of a product results in higher product prices.
3. The level of competition in a market is influenced by the number of buyers and sellers.

Standard 10: Students will understand that institutions evolve in market economies to help individuals and groups accomplish their goals. Banks, labor unions, corporations, legal systems, and not-for-profit organizations are examples of important institutions. A different kind of institution, clearly defined and enforced property rights, is essential to a market economy. Students will be able to use this knowledge to describe the roles of various economic institutions.

Benchmarks for Grade 4

At the completion of Grade 4, students will know that:

1. Banks are institutions where people save money and earn interest, and where other people borrow money and pay interest.



2. Saving is the part of income not spent on taxes or consumption.

Benchmarks for Grade 8

At the completion of Grade 8, students will know the Grade 4 benchmarks for this standard, and also that:

1. Banks and other financial institutions channel funds from savers to borrowers and investors.
2. Through the process of collective bargaining with employers, labor unions represent some workers in negotiations involving wages, fringe benefits, and work rules.
3. Not-for-profit organizations are established primarily for religious, health, educational, civic, or social purposes and are exempt from certain taxes.

Benchmarks for Grade 12

At the completion of Grade 12, students will know the Grade 4 and Grade 8 benchmarks for this standard, and also that:

1. Property rights, contract enforcement, standards for weights and measures, and liability rules affect incentives for people to produce and exchange goods and services.
2. Incorporation allows firms to accumulate sufficient financial capital to make large-scale investments and achieve economies of scale. Incorporation also reduces the risk to investors by limiting stockholders' liability to their share of ownership of the corporation.

Standard 11: Students will understand that money makes it easier to trade, borrow, save, invest, and compare the value of goods and services. Students will be able to use this knowledge to explain how their lives would be more difficult in a world with no money, or in a world where money sharply lost its value.

Benchmarks for Grade 4

At the completion of Grade 4, students will know that:

1. Money is anything widely accepted as final payment for goods and services.
2. Money makes trading easier by replacing barter with transactions involving currency, coins, or checks.
3. People consume goods and services, not money; money is useful primarily because it can be used to buy goods and services.
4. Producers use natural resources, human resources, and capital goods, (not money) to make goods and services.
5. Most countries create their own currency for use as money.

Benchmarks for Grade 8

At the completion of Grade 8, students will know the Grade 4 benchmarks for this standard, and also that:

1. As a store of value, money makes it easier for people to save and defer consumption until the future.



2. As a unit of account, money is used to compare the market value of different goods and services.
3. Money encourages specialization by decreasing the costs for exchange.

Standard 12: Students will understand that interest rates, adjusted for inflation, rise and fall to balance the amount saved with the amount borrowed, which affects the allocation of scarce resources between present and future uses. Students will be able to use this knowledge to explain situations in which they pay or receive interest, and explain how they would react to changes in interest rates if they were making or receiving interest payments.

Benchmarks for Grades 4 & 8 – None

Benchmarks for Grade 12

At the completion of Grade 12, students will know that:

1. An interest rate is a price of money that is borrowed or saved.
2. Like other prices, interest rates are determined by the forces of supply and demand.
3. The real interest rate is the nominal or current market interest rate minus the expected rate of inflation.
4. Higher real interest rates provide incentives for people to save more and borrow less. Lower real interest rates provide incentives for people to save less and borrow more.
5. Real interest rates normally are positive because people must be compensated for deferring the use of resources from the present into the future.
6. Riskier loans command higher interest rates than safer loans because of the greater chance of default on the repayment of the risky loan.
7. Higher interest rates reduce business investment spending and consumer spending on housing, cars, and other major purchases. Policies that raise interest rates can be used to reduce these kinds of spending, while policies that decrease interest rates can be used to increase these kinds of spending.

Standard 13: Students will understand that income for most people is determined by the market value of the productive resources they sell. What workers earn depends, primarily, on the market value of what they produce and how productive they are. Students will be able to use this knowledge to predict future earnings based on their current plans for education, training, and career options.

Benchmarks for Grade 4

At the completion of Grade 4, students will know that:

1. Labor is a human resource that is used to produce goods and services.
2. People can earn income by exchanging their human resources (physical or mental work) for wages or salaries.

Benchmarks for Grade 8



At the completion of Grade 8, students will know the Grade 4 benchmarks for this standard, and also that:

1. Employers are willing to pay wages and salaries to workers because they expect to be able to sell the goods and services that those workers produce at prices high enough to cover the wages and salaries and all other costs of production.
2. To earn income people sell productive resources. These include their labor, capital, natural resources, and entrepreneurial talents.
3. A wage or salary is the price of labor; it usually is determined by the supply of and demand for labor.
4. More productive workers are likely to be of greater value to employers and earn higher wages than less productive workers.
5. People's incomes, in part, reflect choices they have made about education, training, skill development, and careers. People with few skills are more likely to be poor.

Benchmarks for Grade 12

At the completion of Grade 12, students will know the Grade 4 and Grade 8 benchmarks for this standard, and also that:

1. Changes in the structure of the economy, the level of gross domestic product, technology, government policies, and discrimination can influence personal income.
2. In a labor market, in the absence of other changes, if wage or salary payments increase, workers will increase the quantity of labor they supply and firms will decrease the quantity of labor they demand.
3. Changes in the prices for productive resources affect the incomes of the owners of those productive resources and the combination of those resources used by firms.
4. Changes in demand for specific goods and services often affect the incomes of the workers who make those goods and services.
5. Two methods for classifying how income is distributed in a nation the personal distribution of income and the functional distribution reflect, respectively, the distribution of income among different groups of households and the distribution of income among different businesses and occupations in the economy.

Standard 14: Students will understand that entrepreneurs are people who take the risks of organizing productive resources to make goods and services. Profit is an important incentive that leads entrepreneurs to accept the risks of business failure. Students will be able to use this knowledge to identify the risks, returns, and other characteristics of entrepreneurship that bear on its attractiveness as a career.

Benchmarks for Grade 4

At the completion of Grade 4, students will know that:

1. Entrepreneurs are individuals who are willing to take risks, to develop new products, and start new businesses. They recognize opportunities, like working for themselves, and accept challenges.
2. An invention is a new product. Innovation is the introduction of an invention into a use that has economic value.
3. Entrepreneurs often are innovative. They attempt to solve problems by developing and marketing new or improved products.



At the completion of Grade 8, students will know the Grade 4 benchmarks for this standard, and also that:

1. Entrepreneurs compare the expected benefits of entering a new enterprise with the expected costs.
2. Entrepreneurs accept the risks in organizing resources to produce goods and services because they hope to earn profits.
3. Entrepreneurs and other sellers earn profits when buyers purchase the product they sell at prices high enough to cover the costs of production.
4. Entrepreneurs and other sellers incur losses when buyers do not purchase the products they sell at prices high enough to cover costs of production.
5. In addition to profits, entrepreneurs respond to other incentives including the opportunity to be their own boss, the chance to achieve recognition, and the satisfaction of creating new products or improving existing ones. In addition to financial losses, other disincentives to which entrepreneurs respond include the responsibility, long hours, and stress of running a business.

Standard 15: Students will understand that investment in factories, machinery, new technology, and in the health, education, and training of people can raise future standards of living. Students will be able to use this knowledge to predict the consequences of investment decisions made by individuals, businesses, and governments.

Benchmarks for Grade 4

At the completion of Grade 4, students will know that:

1. When workers learn and practice new skills they are improving their human capital.
2. Workers can improve their productivity by improving their human capital.
3. Workers can improve their productivity by using physical capital such as tools and machinery.

Benchmarks Grade 8

At the completion of Grade 8, students will know the Grade 4 benchmarks for this standard, and also that:

1. Standards of living increase as the productivity of labor improves.
2. Productivity is measured by dividing output (goods and services) by the number of inputs used to produce the output. A change in productivity is a change in output relative to input.
3. Technological change is an advance in knowledge leading to new and improved goods and services and better ways of producing them.
4. Increases in productivity result from advances in technology and other sources.

Standard 16: Students will understand that there is an economic role for government in a market economy whenever the benefits of a government policy outweigh its costs. Governments often provide for national defense, address environmental concerns, define and protect property rights, and attempt to make markets more competitive. Most government policies also redistribute income. Students will be able to use this knowledge to identify and evaluate the benefits and costs of alternative public policies, and assess who enjoys the benefits and who bears the costs.

Benchmarks for Grade 4



At the completion of Grade 4, students will know that:

1. Governments provide certain kinds of goods and services in a market economy.
2. Governments pay for the goods and services they use or provide by taxing or borrowing from people.

Benchmarks for Grade 8

At the completion of Grade 8, students will know the Grade 4 benchmarks for this standard, and also that:

1. Public goods and services provide benefits to more than one person at a time, and their use can not be restricted to only those people who have paid to use them.
2. If a good or service cannot be withheld from those who do not pay for it, providers expect to be unable to sell it and, therefore, will not produce it. In market economies, governments provide some of these goods and services.
3. In the United States, the federal government enforces antitrust laws and regulations to try to maintain effective levels of competition in as many markets as possible; frequently, however, laws and regulations also have unintended effects for example reducing competition.
4. Most federal government tax revenue comes from personal income and payroll taxes. Payments to social security recipients, the costs of national defense, medical expenditures, and interest payments on the national debt constitute the bulk of federal government spending.
5. Most state and local government revenues come from sales taxes, grants from the federal government, personal income taxes, and property taxes. The bulk of state and local government revenue is spent is for education, public welfare, road construction and repair, and public safety.

Standard 17: Students will understand that costs of government policies sometimes exceed benefits. This may occur because of incentives facing voters, government officials, and government employees, because of actions by special interest groups that can impose costs on the general public, or because social goals other than economic efficiency are being pursued. Students will be able to use this knowledge to identify some public policies that may cost more than the benefits they generate, and assess who enjoys the benefits and who bears the costs. Explain why the policies exist.

Benchmarks for Grades 4 & 8 - NA

Standard 18: Students will understand that a nation's overall levels of income, employment, and prices are determined by the interaction of spending and production decisions made by all households, firms, government agencies, and others in the economy. Students will be able to use this knowledge to interpret media reports about current economic conditions and explain how these conditions can influence decisions made by consumers, producers, and government policy makers.

Benchmarks for Grade 8

At the completion of Grade 8, students will know the Grade 4 benchmarks for this standard, and also that:

1. Gross Domestic Product (GDP) is a basic measure of a nation's economic output and income. It is the total market value, measured in dollars, of all final goods and services produced in the economy in one year.
2. Per capita GDP is GDP divided by the number of people living in a country.
3. When consumers make purchases, goods and services are transferred from businesses to households in exchange for money payments. That money is used in turn by businesses to pay for productive resources (natural, human, and capital), and to pay taxes.

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Standard 19: Students will understand that unemployment imposes costs on individuals and nations. Unexpected inflation imposes costs on many people and benefits some others because it arbitrarily redistributes purchasing power. Inflation can reduce the rate of growth of national living standards because individuals and organizations use resources to protect themselves against the uncertainty of future prices. Students will be able to use this knowledge to make informed decisions by anticipating the consequences of inflation and unemployment.

Benchmarks for Grade 4

At the completion of Grade 4, students will know that:

1. Inflation is an increase in most prices; deflation is a decrease in most prices.
2. Unemployment exists when people who are willing and able to work do not have jobs.

Benchmarks for Grade 8

At the completion of Grade 8, students will know the Grade 4 benchmarks for this standard, and also that:

1. When unemployment exists, an economy's production is less than potential GDP and some labor resources are not used.
2. The labor force consists of people age 16 and over who are employed or actively seeking work.
3. Inflation reduces the value of money.
4. When people's incomes increase more slowly than the inflation rate, their purchasing power declines.

Standard 20: Students will understand that federal government budgetary policy and the Federal Reserve System's monetary policy influence the overall levels of employment, output, and prices. Students will be able to use this knowledge to anticipate the impact of federal government and Federal Reserve System macroeconomic policy decisions on themselves and others.

Benchmarks for Grades 4 & 8 - NA



PERSONAL FINANCIAL STANDARDS (National)

Standard 1 - INCOME STANDARDS

K-8 BENCHMARKS

Students will be able to:

1. Identify sources of income.
2. Analyze how career choice, education, skills, and economic conditions affect income.
3. Explain how taxes, government transfer payments, and employee benefits relate to disposable income.

4th Grade Knowledge indicators

Students will know that:

1. People can get income by earning wages and salaries or by receiving money gifts.
2. Income can be earned or unearned.
3. Workers can improve their ability to earn income by gaining new knowledge, skills, and experiences.
4. Many workers receive employee benefits in addition to their pay.
5. Entrepreneurs, who work for themselves by starting new businesses, hope to earn a profit, but accept the risk of a loss.
6. People are required to pay taxes, for which they receive government services.

8th Grade Knowledge indicators

(Students will know the grade 4 benchmarks and also that):

1. People can earn income from rent and interest.
2. Wages/salaries minus payroll deductions equals take-home pay.
3. Inflation reduces the purchasing power of income.
4. Government transfer payments provide unearned income to some households.
5. Generally, people earn higher incomes with higher levels of education.

Standard 2 - MONEY MANAGEMENT STANDARDS

K-8 BENCHMARKS

Students will be able to:

1. Explain how limited personal financial resources affect the choices people make.
2. Identify the opportunity cost of financial decisions.
3. Discuss the importance of taking responsibility for personal financial decisions.
4. Apply a decision-making process to personal financial choices.
5. Explain how inflation affects spending and investing decisions.
6. Describe how insurance and other risk-management strategies protect against financial loss.
7. Design a plan for earning, spending, saving, and investing.
8. Explain how to use money-management tools available from financial institutions.



4th Grade Knowledge indicators

Students will know that:

1. People make choices because they have limited financial resources and cannot have everything they want.
2. A first step toward reaching financial goals is to identify needs and wants and rank them in order of importance.
3. A decision-making process can help people make money decisions.
4. A budget is a plan for spending and saving income.

8th Grade Knowledge indicators

(Students will know the grade 4 benchmarks and also that):

1. Financial choices that people make have benefits, costs, and future consequences.
2. A key to financial well-being is to spend less than you earn and save the difference.
3. People perform basic financial tasks to manage money.
4. A budget identifies expected income and expenses, including saving, and serves as a guide to help people live within their income.
5. Risk management strategies include risk avoidance, risk control, and risk transfer through insurance.

Standard 3 - SPENDING AND CREDIT STANDARDS

K-8 BENCHMARKS

Students will be able to:

1. Compare the benefits and costs of spending decisions.
2. Evaluate information about products and services.
3. Compare the advantages and disadvantages of different payment methods.
4. Analyze the benefits and costs of consumer credit.
5. Compare sources of consumer credit.
6. Explain factors that affect creditworthiness and the purpose of credit records.
7. Identify ways to avoid or correct credit problems.
8. Describe the rights and responsibilities of buyers and sellers under consumer protection laws.

4th Grade Knowledge indicators

Students will know that:

1. To make a decision, careful consumers compare the benefits and costs of spending alternatives.
2. Information about goods and services comes from many sources.
3. Every spending decision has an opportunity cost.
4. People pay for goods and services in different ways.
5. Credit is a basic financial tool.
6. Borrowing money to buy something usually costs more than paying cash because there is a fee for credit.
7. Responsible borrowers repay as promised, showing that they are worthy of getting credit in the future.



8th Grade Knowledge indicators

(Students will know the grade 4 benchmarks and also that):

1. A consumer should not rely on advertising claims as the sole source of information about goods and services.
2. Comparison shopping helps consumers get the best value for their money.
3. Some payment methods are more expensive than others.
4. Online transactions can make consumers vulnerable to privacy infringement and identity theft.
5. Comparing the costs and benefits of buying on credit is key to making a good purchase decision.
6. For any given loan amount and interest rate, the longer the loan period, the smaller the monthly payment and the larger the total cost of credit.
7. Consumers can choose from a variety of credit sources.
8. Credit bureaus maintain credit reports, which record borrowers' histories of repaying loans.
9. Sometimes people borrow more money than they can repay.
10. Laws and regulations exist to protect consumers from a variety of seller and lender abuses.

Standard 4 - SAVING AND INVESTING STANDARDS

K-8 BENCHMARKS

Students will be able to:

1. Explain the relationship between saving and investing.
2. Describe reasons for saving and reasons for investing.
3. Compare the risk, return, and liquidity of investment alternatives.
4. Describe how to buy and sell investments.
5. Explain how different factors affect the rate of return of investments.
6. Evaluate sources of investment information.
7. Explain how agencies that regulate financial markets protect investors.

4th Grade Knowledge indicators

Students will know that:

1. People save for future financial goals.
2. Every saving decision has an opportunity cost.
3. Banks, savings and loan associations, and credit unions are places people can save money and earn interest.
4. Piggy banks, savings accounts, and savings bonds are alternatives for savings.

8th Grade Knowledge indicators

(Students will know the grade 4 benchmarks and also that):

1. Saving is for emergencies and short-term goals, and investing is for long-term goals. Funds for investing often come from savings.

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2. Savings and investing products differ in their potential rate of return, liquidity, and level of risk.
3. There is usually a positive relationship between the average annual return on an investment and its risk.
4. Compound interest is earned on both principal and previously earned interest.
5. Inflation reduces the return on an investment.
6. The Rule of 72 is a tool for estimating the time or rate of return required to double a sum of money.
7. Investors can get information from many sources.
8. People can buy and sell investments in different ways.



Glossary

(not all terms are relevant to 6-8 standards)

Banks

Corporations chartered by state or federal government to offer financial services such as checking and savings accounts, loans, and safe deposit boxes

Barter

Trading goods or services without the use of money

Benefit

Something that satisfies one's wants; something that is favorable to the decision maker

Borrow

To obtain or receive something on loan with the promise to return it or something that's equal to it

Borrowing

Promising to repay a given amount of money, often with added interest

Budget

A sum of money allocated for a particular use; a plan for saving and spending money

Buyers

People who purchase goods and services

Choice

Decision

Capital Resources

Resources made and used to produce and distribute goods and services; examples include tools, machinery and buildings.

Community

Any group living in the same area or having interests, work, etc. in common

Consequences

The logical or natural result of an action or condition. Consequences can affect the decision maker or someone who is uninvolved.

Consumer

A person who buys goods or services to satisfy wants



Consumer Price Index (CPI)

A price index that measures the cost of a fixed basket of consumer goods and services and compares the cost of this basket in one time period with its cost in some base period. Changes in the CPI are used to measure inflation.

Cost

What is given up to satisfy your wants; an amount that must be paid or spent to buy or obtain something; the effort, loss or sacrifice necessary to achieve or obtain something; something unfavorable to the decision maker

Credit

An arrangement for deferred payment of a loan or purchase

Credit unions

Not-for-profit cooperatives of members with some type of common bond like the same employer. Credit unions provide many financial services, often at a lower cost than banks.

Currency

Paper money

Decision Making

Reaching a conclusion after considering alternatives and their results.

Deflation

A sustained decrease in the average price level of all the goods and services produced in the economy.

Demand

The quantity of goods and services that buyers are willing and able to purchase at various prices at a particular time.

Denomination

Value of coins and currency

Disposable income

Income remaining after taxes have been paid

Distribution

The arrangement of items over a specified area

Economic system

Establishes how a country produces and distributes goods and services

Employee benefits

Something of value that an employee receives in addition to a wage or salary.



Entrepreneur

A person who organizes productive resources to take the risk to start a business.

Exchange

Trading a good or service for another good or service, or for money.

Federal Deposit Insurance Corporation (FDIC)

Insures accounts in some, but not all, federally chartered banks and savings associations

Financial investment

Money set aside to increase wealth over time and accumulate funds for long-term financial goals such as retirement

Goods

Something that you can touch or hold that satisfy people's wants

Government

Institutions and procedures through which a territory and its people are ruled.

Human Capital

The knowledge, skills and experience that make a worker more productive.

Human Resources

The health, education, experience, training, skills and values of people. Also known as human capital.

Incentives

Something, such as the fear of punishment or the expectation of reward, which induces action or motivates effort

Incentives

Something, such as the fear of punishment or the expectation of reward, which induces action or motivates effort

Income

Financial gain received as wages/salaries, rent interest, and/or profit

Inflation

A rise in the general or average price level of all the goods and services produced in an economy. Can be caused by pressure from the demand side of the market (demand-pull inflation) or pressure from the supply side of the market (cost-push inflation).



Interest

A charge for a loan, usually a percentage of the amount loaned

Interest rate

The price of using credit that relates to the amount owed

Job

A piece of work usually done on order at an agreed-upon rate. Also a paid position of regular employment.

Lending

To give for temporary use on condition that the same or its equivalent will be returned

Loan

A sum of money borrowed for temporary use on condition that the same or its equivalent will be returned.

Liquidity

The quality of an asset that makes it possible to sell it quickly in exchange for cash without the asset losing value

Market economy

A system in which buyers and sellers make major decisions about production and distribution, based on supply and demand

Market economy

A system in which buyers and sellers make major decisions about production and distribution, based on supply and demand

Market

A group of buyers and sellers of a particular good or service

Money

Anything that is generally accepted as final payment for goods and services; serves as a medium of exchange, a store of value and a standard of value. Characteristics of money are portability, stability in value, uniformity, durability and acceptance.

Natural Resources

"Gifts of nature" that can be used to produce goods and services; for example, oceans, air, mineral deposits, virgin forests and actual fields of land. When investments are made to improve fields of land or other natural resources, those resources become, in part, capital resources. Also known as land.

Needs

Necessities (food, clothing, shelter)



Negative incentives

Costs that discourage certain behaviors

Non-exclusion

The ability to use a good or service without paying for it.

Opportunity cost

In making a decision, the most valuable alternative not chosen

Positive incentives

Benefits that encourage certain behaviors

Price

The amount of money that people pay when they buy a good or service; the amount they receive when they sell a good or service.

Principal

The original amount of money invested, does not include interest and dividends

Producer

One that produces, especially a person or organization that produces goods or services for sale

Production

The creation of value or wealth by producing goods or services

Productivity

The amount a worker produces in a certain amount of time.

Profit

Total revenue from the sale of goods or services minus the total cost.

Public Goods & Services

Goods and services that cannot be sold effectively in the marketplace; these goods are characterized by shared consumption and non-exclusion.

Resources

The basic kinds of resources used to produce goods and services. The kinds of resources are: human resources (people), capital resources (tools, buildings, computers, etc.) and natural resources (trees, land).

Rent

A payment for the temporary use of a resource.

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Return



A payment for making a financial investment expressed as a percentage of the total invested amount of money you invest.

Revenue

Receipts from sales of goods and services

Risk

The chance of losing money

Save/Saving

To keep money for future use; to divert money from current spending to a savings account or another form of investment; the act of saving

Savings

Income not spent on goods and services and not paid in taxes

Savings

Money set aside for a future use that is held in easily-accessed accounts, such as savings accounts and certificates of deposit (CDs).

Savings and loan associations

Financial institutions that provide loans and interest-bearing accounts

Scarcity

Not being able to have everything wanted making choices necessary; when supply is less than demand

Self-interest

Acting to achieve a desired outcome to the acting individual

Sellers

People who provide or sell goods and services

Services

Something that one person does for someone else that satisfy people's wants

Skills (Work or Job Skills)

Ability to do things demanded in particular jobs.

Specialization

A situation in which people produce a narrower range of goods and services than they consume. Specialization increases productivity; it also requires trade and increases interdependence.



Spending

The use of money to buy goods and services

Supply

The quantity of resources, goods, or services that sellers offer at various prices at a particular time

Taxes

Required government fees on business and individual income and on goods and services, or products

Trade

The exchange of goods or services for other goods and services or money

Trade-off

The giving up of one benefit or advantage in order to gain another regarded as more favorable.

Wage

Payments for labor services that are directly tied to time worked, or to the number of units of output produced.

Wants

Desires that can be satisfied by consuming or using a good or service. Economists do not differentiate between wants and needs.