Bunny Money

By Rosemary Wells / ISBN: 978-0-14-056750-2

Lesson by

Michele Wulff, Federal Reserve Bank of Kansas City

Lesson Description

In this lesson, students listen to the story of Ruby and Max, two bunnies that go shopping and make many spending decisions. They are introduced to short-term and long-term savings goals to help them save for the goods they want in the future. After a goal-sorting activity, students choose and illustrate their own savings goal.

Age Level

5-7 year olds

Content Standards

National Standards in Economics

- **Standard 1:** Students will understand that productive resources are limited. Therefore, people cannot have all the goods and services they want; as a result, they must choose some things and give up other things.
  - Benchmark 3, Grade 4: Goods are objects that can satisfy people's wants.
- **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.
  - Benchmark 2, Grade 4: Saving is the part of income not spent on taxes or consumption.

National Standards in Personal Finance

Saving and Investing Overall Competency: Implement a diversified strategy that is compatible with personal goals.

- **Standard 1:** Discuss how saving contributes to financial well-being.
  - Benchmark 1, Grade 4: People save for future financial goals.
  - Benchmark 4, Grade 4: Piggy banks are places to hold savings. Savings accounts and savings bonds are ways to earn money from income not spent.

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Concepts

Goods
Interest
Long-term goals
Saving
Savings goal
Short-term goals
Spending

Objectives

Students will:

1. Define goods, spending, saving, and interest.
2. Name two types of savings goals.
3. Give examples of short-term and long-term savings goals.
4. Explain why a bank is a good place to save money.

Time Required

40 minutes

Materials

- A copy of *Bunny Money* by Rosemary Wells (ISBN978-0-14-056750-2)
- Visuals 1 and 3
- A copy of Handouts 1, 3, 4, and 5 for each student
- A copy of Handout 2, cut apart and made into name tags
- Safety pins for attaching signs to students' shirts
- Two pocket folders or portfolios, labeled "Short-Term Goals" and "Long-Term Goals"
- A copy of Handout 2, with pictures cut apart
- Crayons

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Procedures

1. Ask students if they have ever bought a birthday gift for a friend or family member. Have several volunteers share what was purchased and for whom. *(Answers will vary.)* Explain that the items purchased were **goods**, which are objects that satisfy people's wants. Ask the students for other examples of goods that they have and use. *(books, toys, food, clothes)* Note: It is possible but unlikely that students could have bought a service. If a service is mentioned, point out that it is a service, but for this activity we are only listing goods on the board.

2. Ask if anyone bought the gift using his or her own money. Tell the students who bought gifts that they were **spending**, which is exchanging money for items that someone wants now. Explain that they could also **save**, which is keeping money to spend in the future. Ask who has saved money that they've received from allowances or gifts. *(Answers will vary.)*

3. Explain that you will read *Bunny Money*, a story about two bunnies, Ruby and Max, who went shopping for a gift for their grandma's birthday. Ask the students to listen for the spending decisions that the bunnies made during their trip.

4. Distribute a copy of *Handout 1: Ruby and Max's Shopping Trip* to each student. Tell the students to use it to keep track of how money was spent on the shopping trip. *Display Visual 1: Ruby and Max's Shopping Trip*. Explain that each time the bunnies make a spending decision in the story, you will cross out the number of dollars spent from Ruby's wallet, and the students should do the same on their handout. In addition, they can quickly color in the item purchased with the dollars on the sheet.

5. Read the story *Bunny Money*. Stop after each item is purchased and cross out the dollars spent. Give students time to do the same. *(Items include bus fare, $1; cherry vampire teeth, $2; soap, $1; washer, $1; dryer, $1; lunch, $4; bluebird earrings, $4; glow-in-the-dark vampire teeth, $1; quarter for phone call to grandma.)* Stop after the laundromat trip to ask the students to count how many dollars the bunnies had left. *($9)* Stop again after the purchase of lunch to ask the students to count how many dollars remain. *($5)* Stop a third time after the purchase of the earrings to have students count how many dollars are left. *($1)*

6. When the story is finished, ask the following questions:

    - How many dollars had Ruby saved and put in her wallet for the shopping trip? ($15 — Students may need to count all the dollars crossed out to get this total.)

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- What did Ruby plan to purchase? *(a music box with skating ballerinas)*
- Why didn't Ruby buy the music box? *(It cost $100; she didn't have enough money.)*
- How did Max spend some of Ruby's money? *(He bought cherry and glow-in-the-dark vampire teeth; he went to the Laundromat to clean cherry syrup off his clothes; he ate a peanut butter and jelly sandwich, two coconut cupcakes, and a banana shake for lunch.)*
- Why was Ruby upset with Max? *(His mess from the cherry vampire teeth cost her $3 at the Laundromat, and he spent her last dollar on glow-in-the-dark vampire teeth.)*
- How did Ruby and Max get home from the shopping trip? *(Ruby used Max's lucky quarter to call Grandma to pick them up.)*
- Do you think Max made smart spending decisions? Why or why not? *(Answers will vary.)*

7. Remind students that Ruby didn't buy the music box for Grandma because she hadn't saved enough money. Tell them that it is helpful to have a goal in order to save. Describe a **savings goal** as a good or service that people want in the future. When you work toward a savings goal, it keeps you from spending your money now, so you will have enough saved to purchase your goal item in the future.

8. Ask students if they think Ruby could save enough money to purchase the music box in a short amount of time (soon) or a longer amount of time (later). *(Since the music box cost $100, it would probably take a longer amount of time to save the money.)* Explain that they can set two types of savings goals: **short-term goals** for goods you want to buy in the next few months or **long-term goals** for goods you want to buy in a year or longer. Tell them that long-term goals can be set for many years later, when they are a teenager or even a grown-up.

9. Tell students that you need their help in deciding whether certain savings goals would be short-term or long-term goals. Choose two students to wear the name tags from *Handout 2: Name Tags,* "Susie Short-Term" and "Larry Long-Term." Both students should stand in front of the room facing the class. Hand each one the appropriate pocket folder or portfolio, labeled either "Short-Term Goals" or "Long-Term Goals."

10. Explain that you will hand out pictures of goods that students can "save for" to volunteers. Each volunteer will take turns delivering his or her picture to either "Susie Short-Term" or "Larry Long-Term" to put in the proper short-term or long-term goal folder. Before the picture can be placed in the folder, the student who brings it up will show it to the class for a vote on whether it is a short-term or long-term goal item.

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11. Hand out pictures from *Handout 3: Short-Term and Long-Term Goals* to volunteers. Ask each volunteer to come to the front of the class and show his or her picture and name or describe the good to the students. Remind the students that goods that are short-term goals could be saved for in the next few months, while goods that are long-term goals may take a year or longer to reach. As each volunteer shares their good, ask students to vote for "Susie" or "Larry." Direct the volunteer to deliver the picture to the highest vote-getter. *(short-term goals: ball, book, boardgame; long-term goals: computer, game system; Note: If the winner is the wrong choice, stop and explain why to the students and then direct the picture to the correct folder.)*

12. After this activity is completed, ask the students if any of the short- or long-term goals were goods that they also want for themselves. *(Answers will vary.)* Display *Visual 2: What to Save for?* and ask them to brainstorm two lists of savings goal items, short-term and long-term, that they might choose to save for. Record their ideas on Visual 2.

13. Distribute a copy of *Handout 4: Choosing My Savings Goals* to each student. Tell the students to complete the handout by choosing one item for their short-term goal and one item for their long-term goal from the lists. They should write each goal word and draw a picture of each goal. Ask the students to share their completed goals with the class.

14. Ask students if they have ever been to a bank or seen a bank. Explain that a bank is a safe place for people to keep their money until they have met their savings goals. Students can start with a piggy bank or jar at home, and later they can go with a family member to start a savings account at a real bank. These banks not only keep their money safe, but also pay interest. **Interest** is the money paid to customers for keeping their money at the bank.

15. Distribute a copy of *Handout 5: Going to the Bank*. Tell students to imagine that they have saved enough money to fill their piggy banks. Ask them to draw a picture of themselves taking their piggy banks to a real bank to start a savings account. At the bottom of the sheet, they should complete the sentence: "When I save money at a bank, the bank pays me_____. *(interest)*

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Closure

16. Review the key concepts of this lesson by asking the following questions:

- What are goods? *(Goods are objects that can satisfy people's wants.)*
- What does it mean to spend money? *(To exchange money for items you want now.)*
- What does it mean to save money? *(To keep money to spend in the future.)*
- Name the two types of savings goals. *(Short-term and long-term goals.)*
- Give an example of a short-term savings goal. *(Answers will vary but might include a book, a toy, or a ticket to a movie.)*
- Give an example of a long-term savings goal. *(Answers will vary but might include a video game, a bicycle, or a ticket to Disney World.)*
- Why is a bank a good place to save money? *(A bank is a safe place to keep money, and it will pay interest on the money you save.)*
- What is interest? *(Interest is the money paid to customers for keeping their money at the bank.)*

Assessment

17. Distribute a copy of *Handout 6: Max's Savings Plan/Assessment* to each student. Tell them there is another chapter to the "Bunny Money" story that they will help write. In this new section, Max decides to save his money for a glow-in-the-dark necklace to wear with his vampire teeth. The necklace costs $5. Ask them to help Max reach his goal by completing the savings plan.

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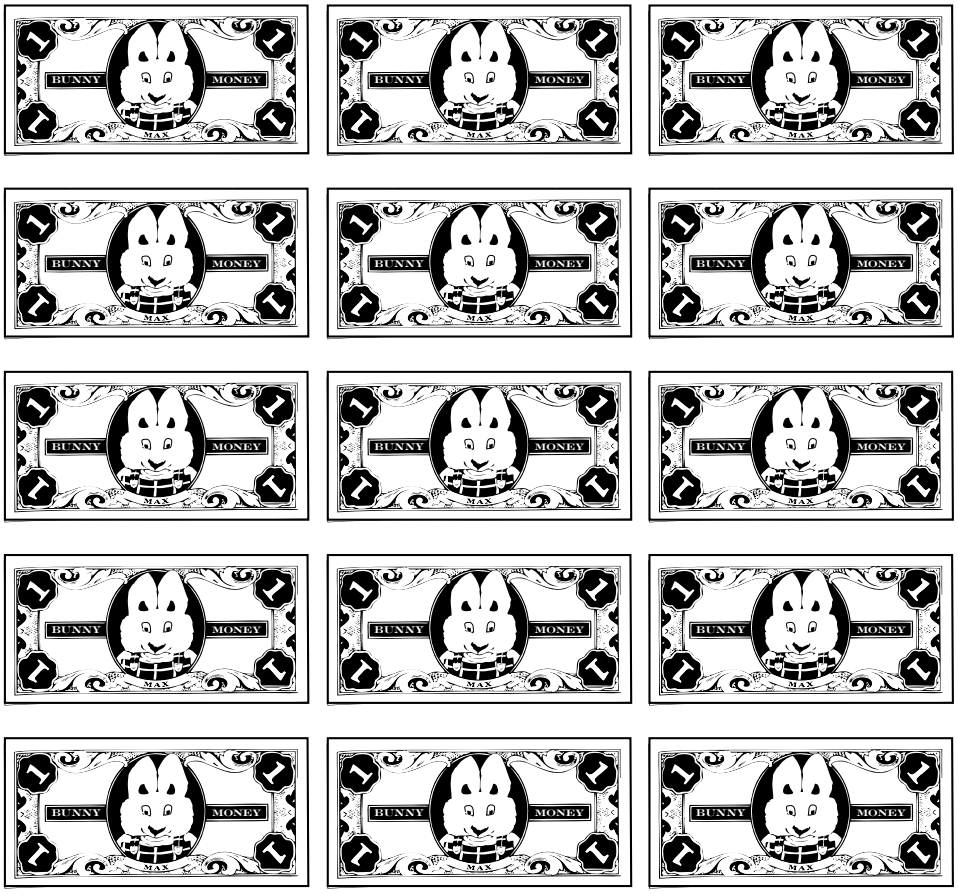
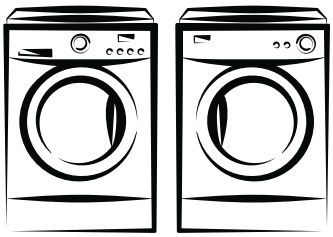
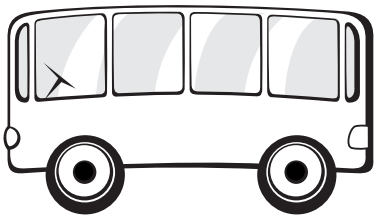
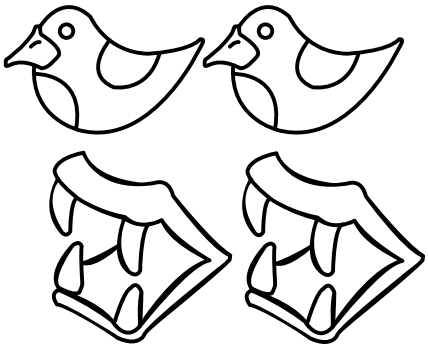
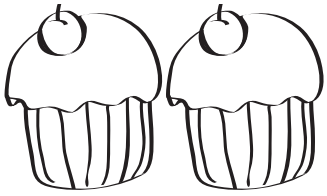
Visual 1: Ruby and Max's Shopping Trip

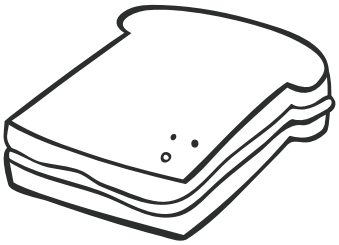












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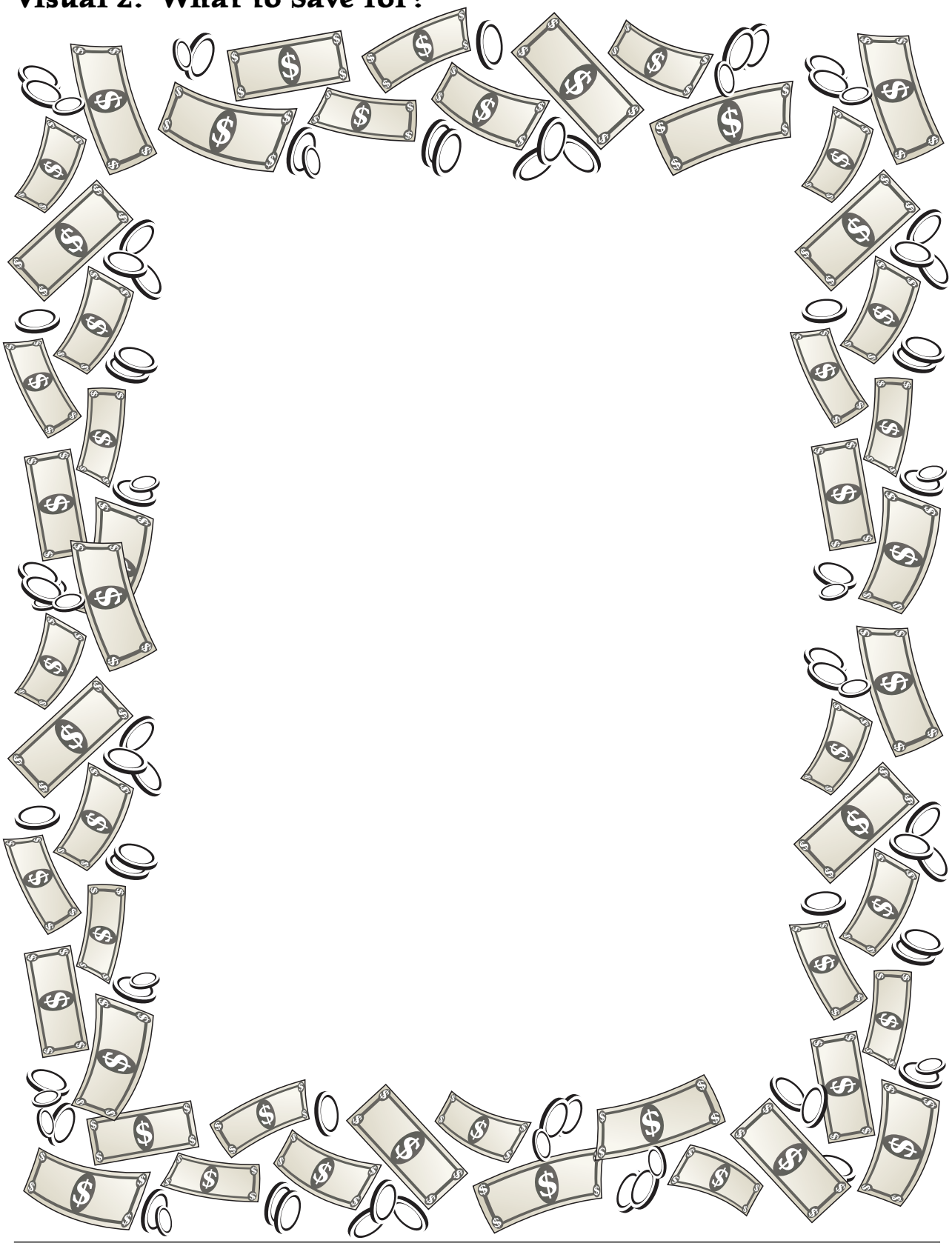
Visual 2: What to Save for?



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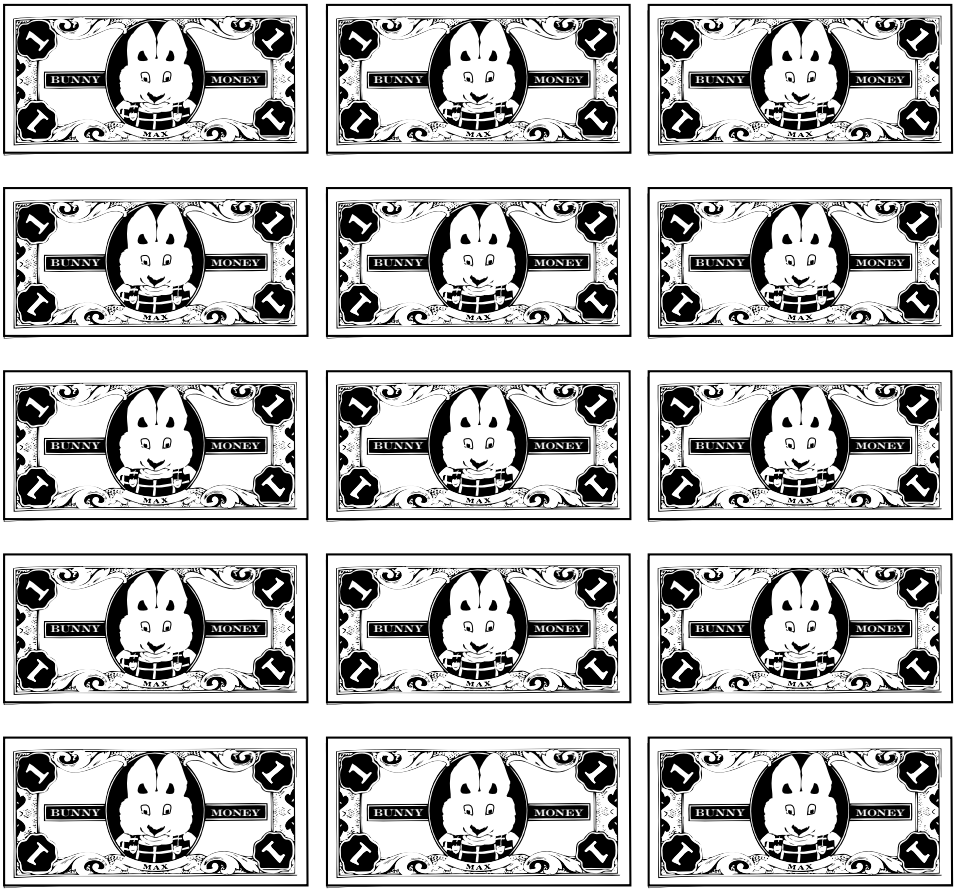
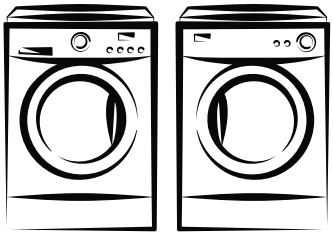
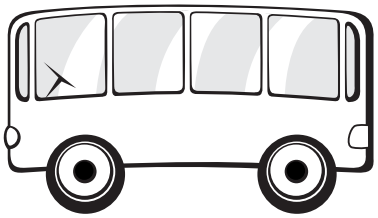
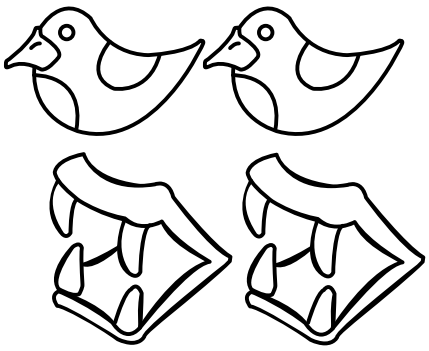
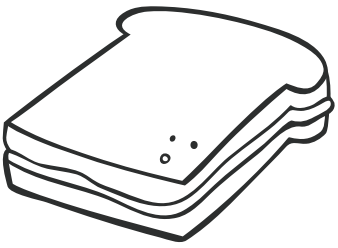
Handout 1: Ruby and Max's Shopping Trip











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Handout 2: Name Tags

Susie Short-Term

Larry Long-Term

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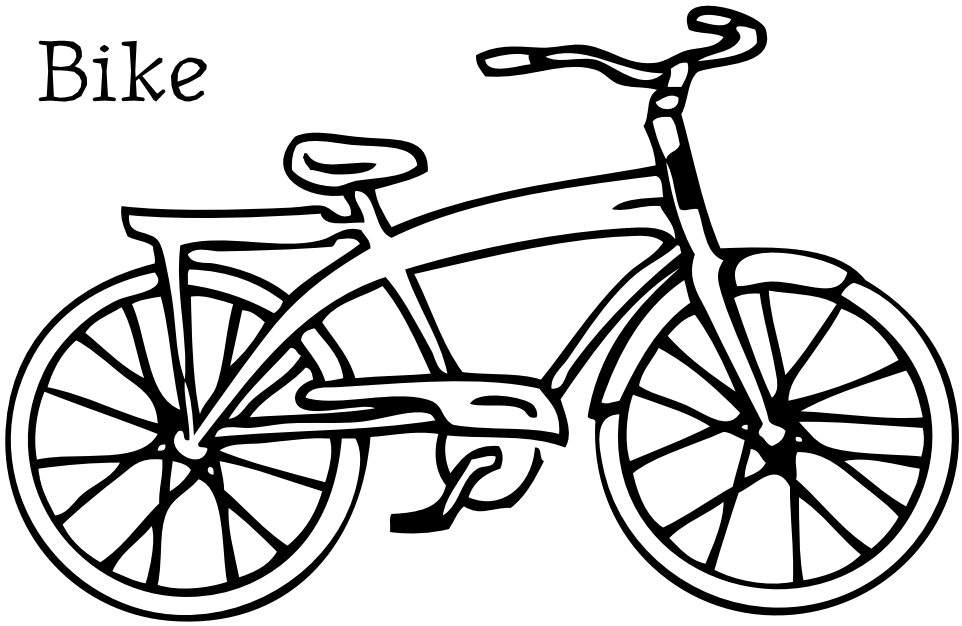
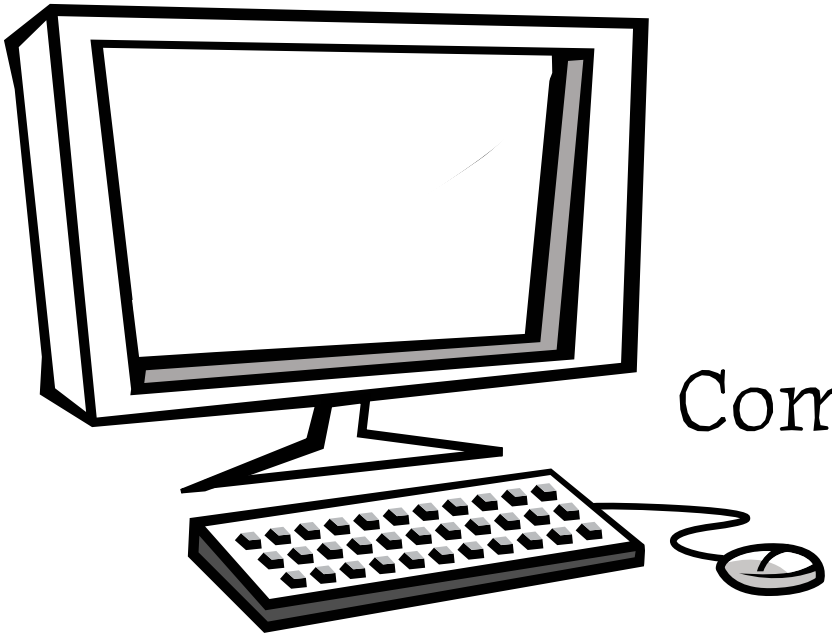
Handout 3 : Short- or Long-Term Goals?

Bike





Computer

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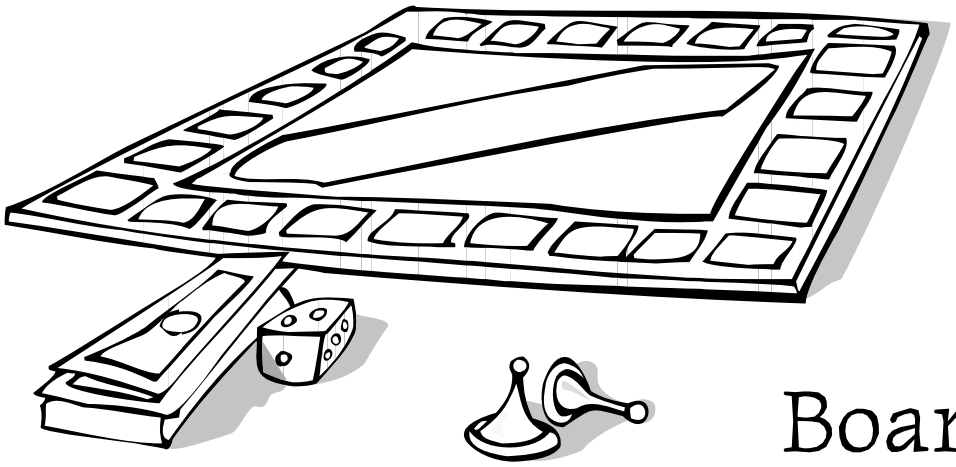
Handout 3: Short- or Long-Term Goals? Page 2

Game system



Board game

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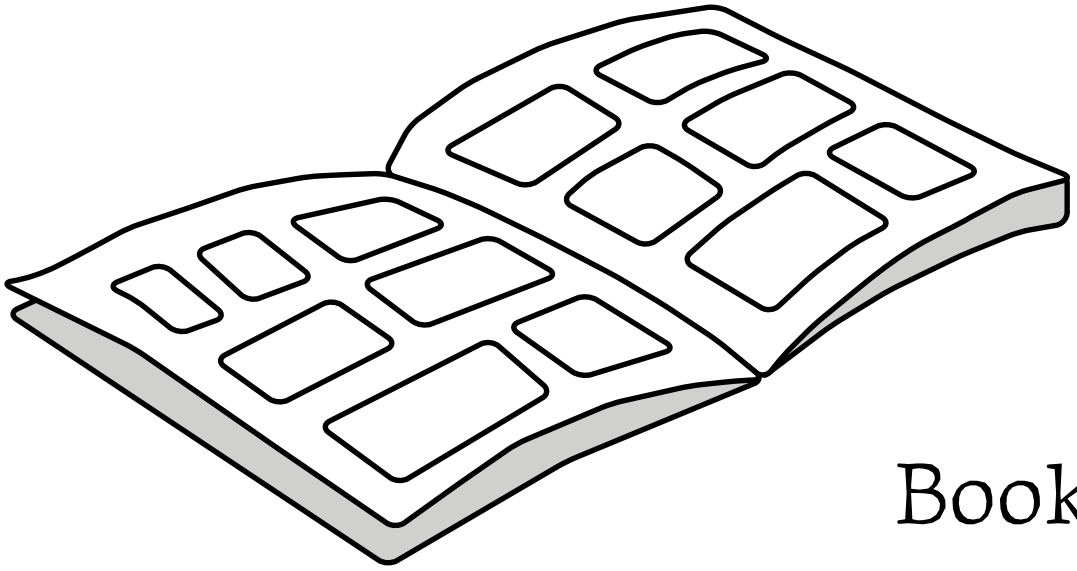
Handout 3: Short- or Long-Term Goals? Page 3

Ball



Book

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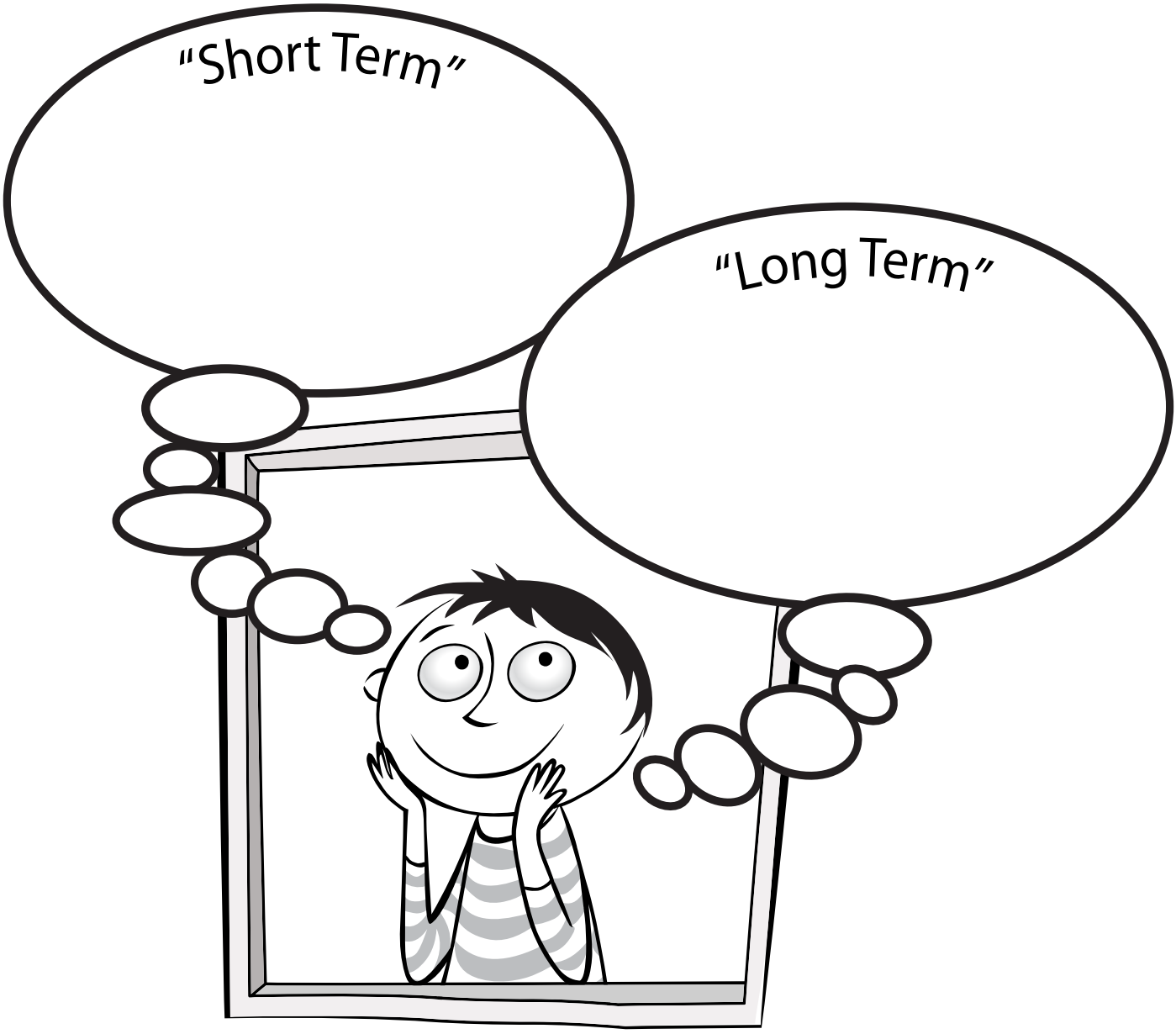
Handout 4: Choosing My Savings Goals



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Handout 5: Going to the Bank

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Handout 6: Max's Savings Plan/Assessment

Max wants to buy a glow-in-the-dark necklace. The necklace costs $5. Help Max reach his goal.

What good is Max saving for?_____

_____

How much will Max spend on this good?_____

Is Max's savings goal a short-term or long-term goal?

_____

Max earns $1 a week by helping around the house. How many weeks will it take to earn $5?_____

Extra: Draw Max's necklace below!

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