

THE PIGGY BANK PRIMER



Saving and Budgeting

A workbook series from the Federal Reserve Bank of St. Louis

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THE PIGGY BANK

PRIMER

Hi! My name is Pig E. Bank. I am the fellow
on your dresser who helps you save
money for things that you want.

I am usually a bank shaped like a pig,
but even a can, a jar or an old box
can be used as a bank.

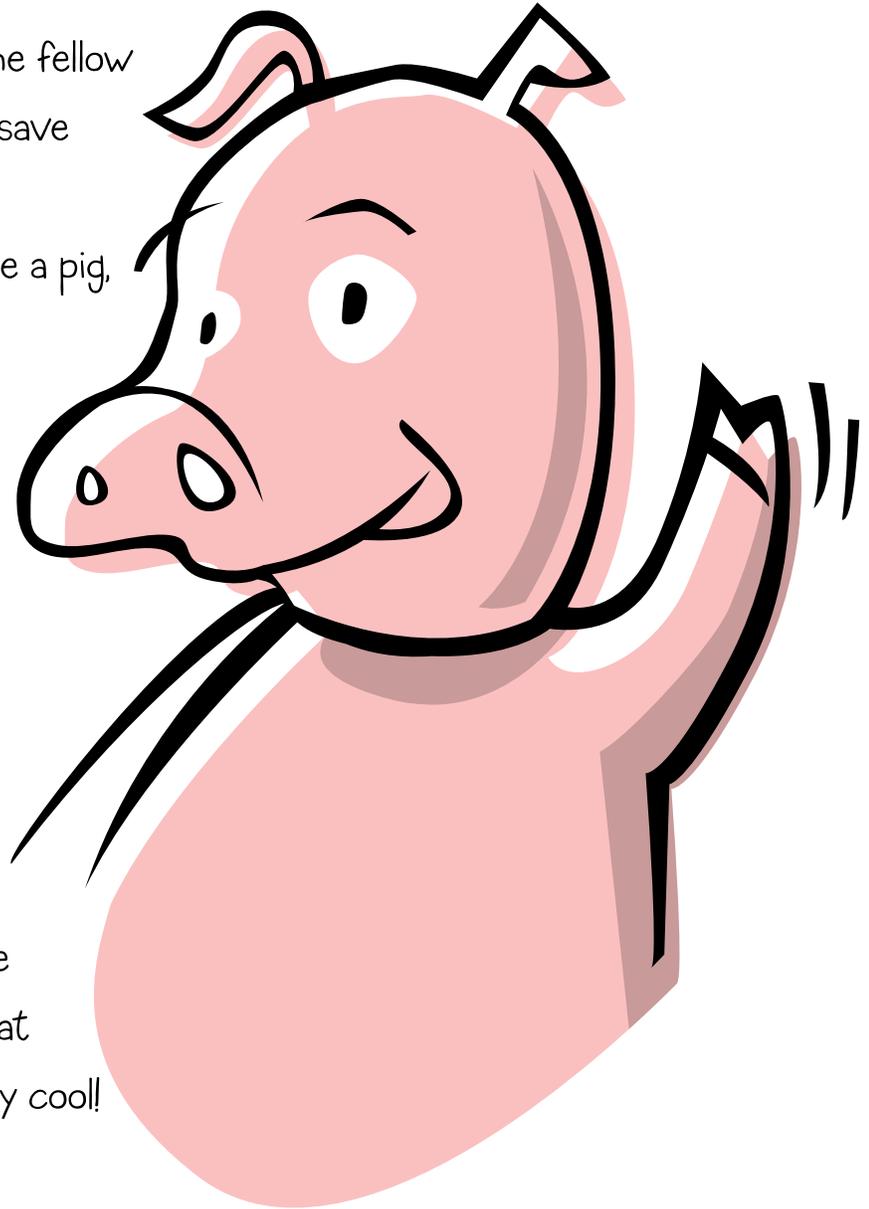
A favorite saying of mine is,
"Spend a part, save a part
and maybe share a part!"

Two friends of mine learned this
lesson not too long ago.

Greg Hopper and his friend Ann Tee
both had a want. They saw a great
MP3 player at the mall. It was really cool!

It was the MP3 player
that everyone wanted.

They made plans to buy the MP3 player.



Activity 1: MY WANTS



Piggy Bank Primer definitions

Wants – Desires or wishes that can be satisfied by consuming goods or services.

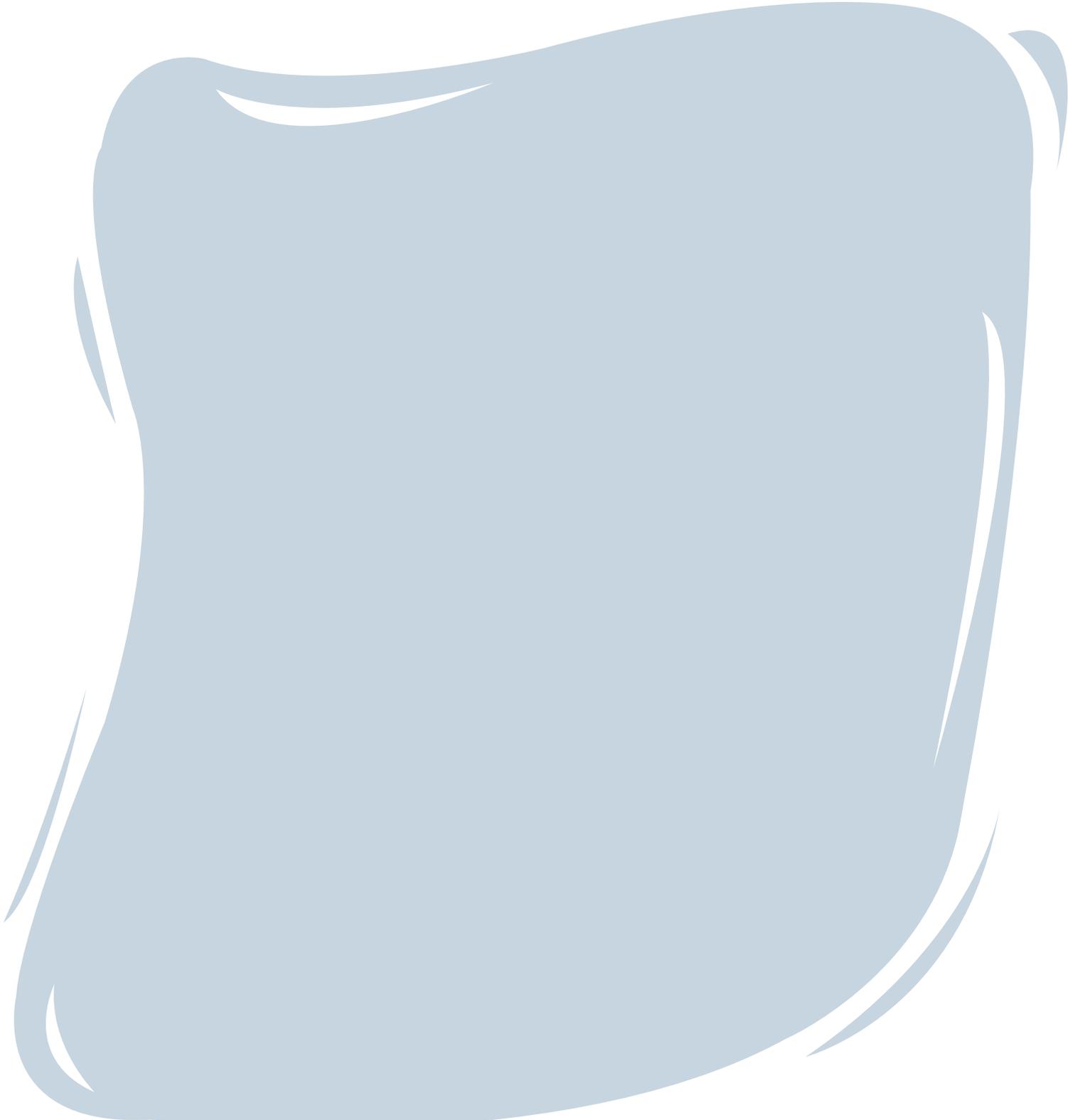
Goods – Objects that can satisfy people's wants.

Services – Activities that can satisfy people's wants.

Income – Earnings received for work (providing human resources or labor).



Greg and Ann have unlimited wants for goods and services. What are some goods or services that you want? Either paste pictures, draw pictures or write a list of things on this page.



Greg went to his mother and asked her to buy the MP3 player for him. His mother told him he could earn income by working around the house, and then he could use that money to buy the MP3 player. She said that she would pay him to clean his room, mow the yard and take out the trash during summer break.

Greg was so happy that he jumped up and down, yelling, "I am getting my MP3 player!"

At first, Greg worked hard to earn the income for his MP3 player. When his mother paid him, he put money into a pickle jar. He was well on his way to saving enough for his MP3 player.



Activity 2: NOW OR LATER?

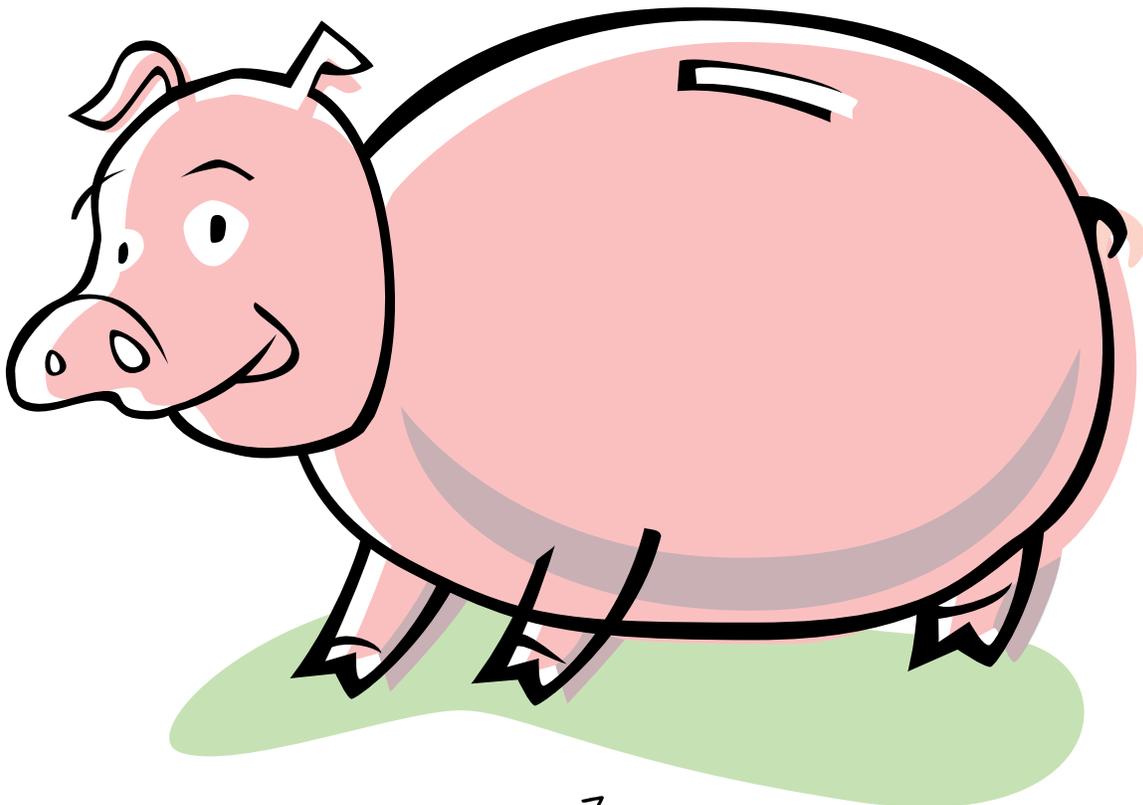


Piggy Bank Primer definitions

Saving – Putting aside income or gift money for future use.

Look at your pictures or your list of wants in Activity 1. Which goods or services can you buy right now, and which goods or services must you save for? You decide.

On the next two pages, use pictures or lists to describe your choices in each category.



Wants I Can Buy Now

Wants I Must Save To Buy

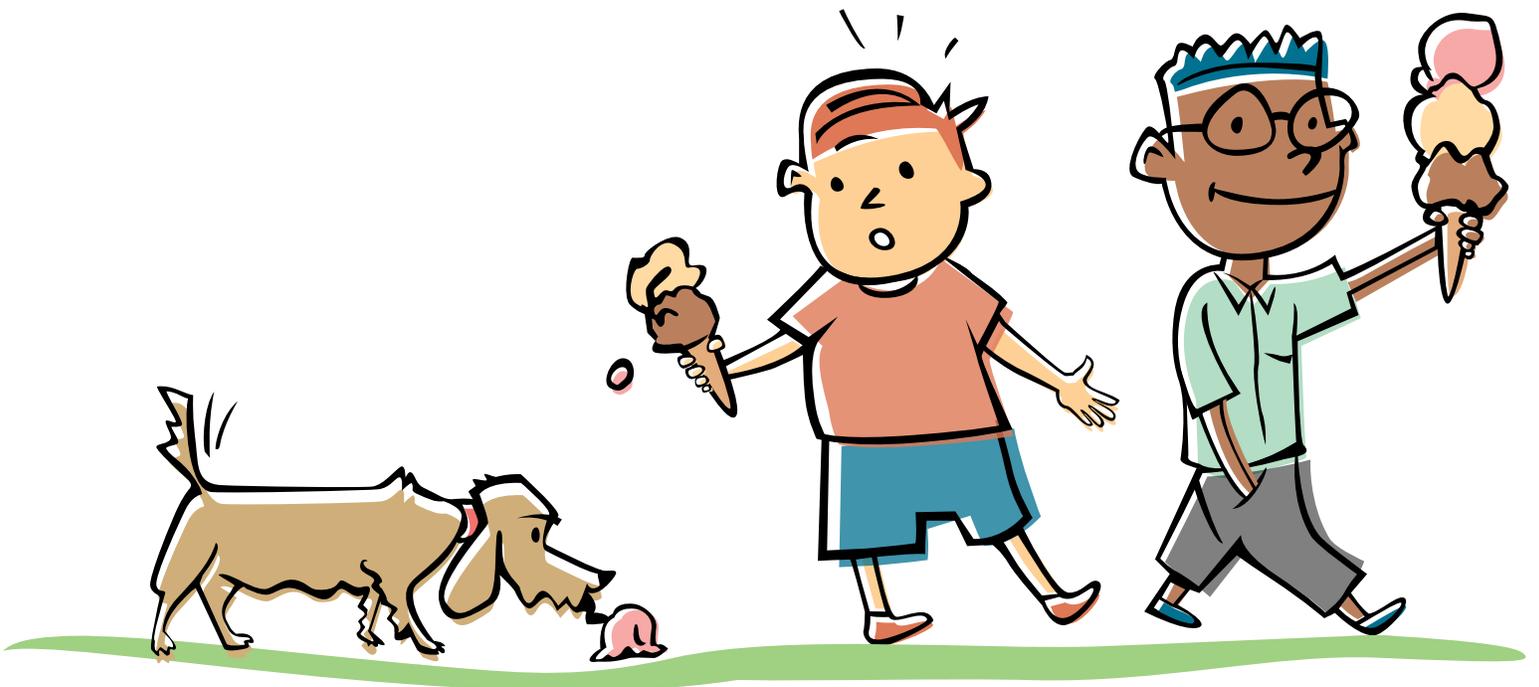
One day Greg's friends asked him to go to the park to ride bikes. When Greg told them about all the money he had in his pickle jar, they begged him to buy ice cream for them. After all, Greg had plenty of money to spend. Greg had a choice to make.

"I can buy ice cream for everyone, or save for my MP3 player," he thought to himself.

"Maybe it won't hurt this one time to treat my friends."

Greg went back to the house to get money from the jar to pay for the ice cream. He took a little extra, just in case. He had less savings in his jar.

After the ice cream, Greg and his friends passed the video arcade. "Buy us tokens for video games," his friends begged. Greg, being a good-hearted person, bought the tokens.



Giving to charity was important to Greg.

When he was at the zoo, he learned that the zoo was collecting money for a new panda bear exhibit.

He decided he wanted to help; so, he also gave some money for the exhibit. Every day, more interesting things—like going to the movies,

going to an amusement park or just buying new CDs—kept Greg spending his money. Soon, he had little savings.

Greg had a super time with his friends.

But he wasn't saving for the MP3 player. When he spent his money for things now, he gave up saving for the MP3 player.



Activity 3: MY FAVORITE THINGS



Piggy Bank Primer definitions

Opportunity cost – The highest-valued choice that is given up when a decision is made.

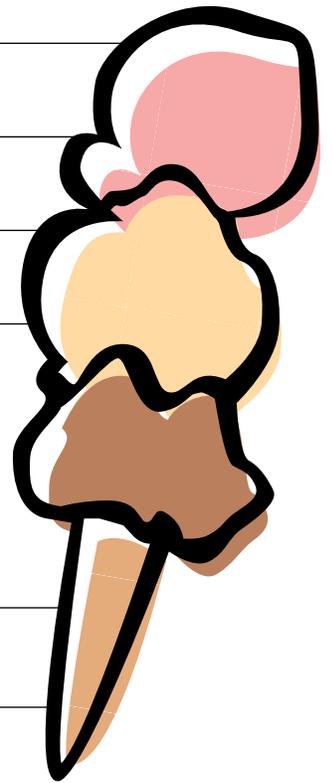
Greg and Ann had to make choices when they were saving for the MP3 player. When Greg chose to buy ice cream cones and video game tokens for his friends and to buy other things for himself, his opportunity cost was saving for his MP3 player. As you'll see, Ann chose to save most of her income, and her opportunity cost was buying other things such as candy bars, ice cream cones and video game tokens. Now look again at your list in Activity 2. What two things from the "Wants I Must Save to Buy" column do you want the most?

CHOICE ONE

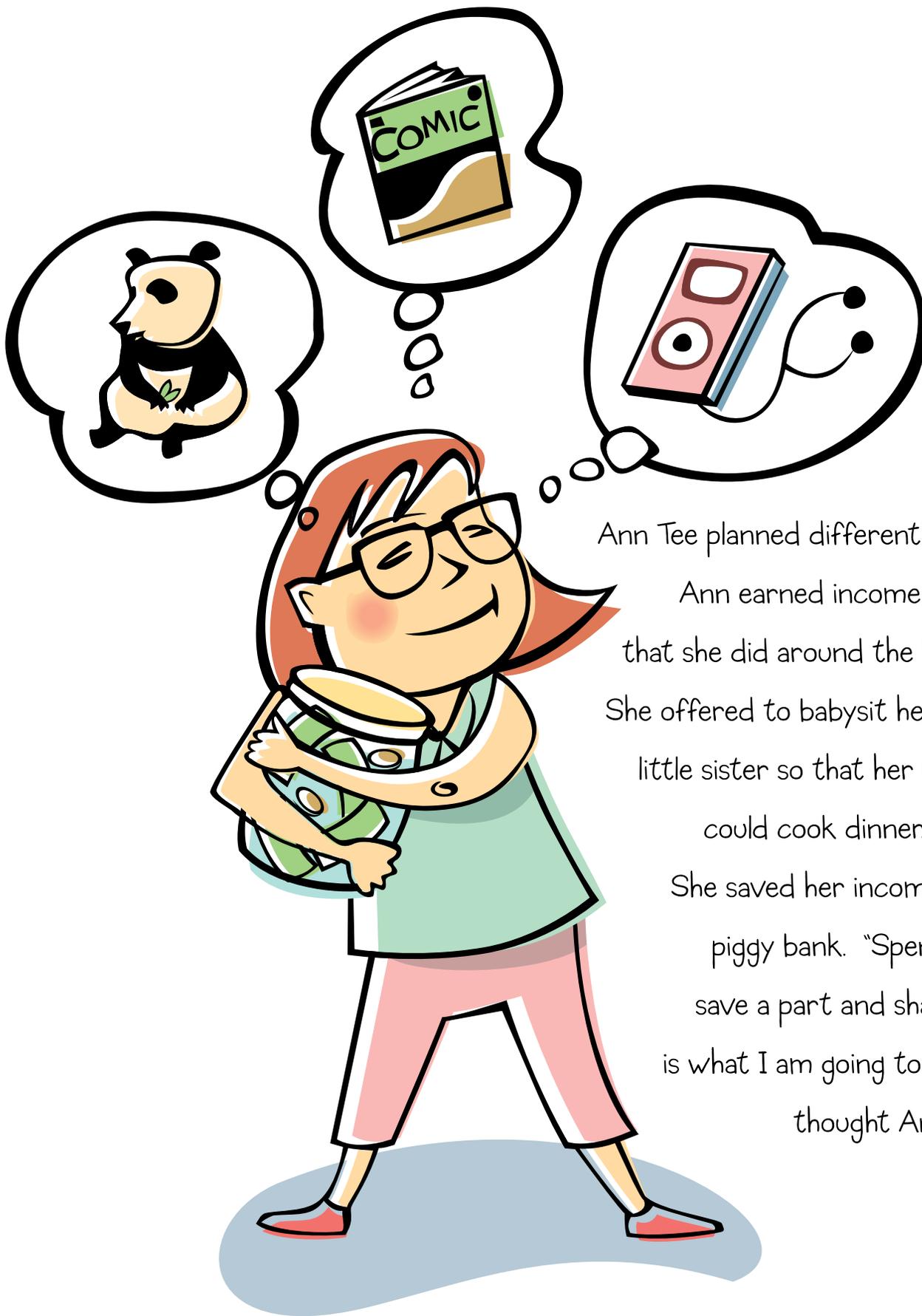
CHOICE TWO

Write sentences that explain why you want these two things the most.

CHOICE ONE



CHOICE TWO



Ann Tee planned differently.

Ann earned income from tasks that she did around the house, too. She offered to babysit her little sister so that her mother could cook dinner.

She saved her income in her piggy bank. "Spend a part, save a part and share a part is what I am going to do," thought Ann.

She saved for the MP3 player and bought a
new comic book. She thought the new panda bear exhibit
for the zoo was important, too. So she made a contribution.
“I have a birthday coming up soon,” she thought.

“I think I will use some of the money I receive
as birthday gifts to buy that new game that I want,
but I will save the rest of my birthday money
in my piggy bank for the MP3 player.”

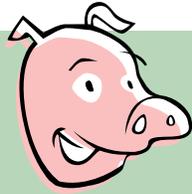
Ann and her friends had some good times
during the summer, but Ann always did the jobs
that she said she would do before
she went off to play.

When her friends begged her to buy them ice cream
or candy bars, she would tell them
that she was saving for an MP3 player.

As a special treat for a birthday, she would
buy her friends an ice cream cone.

At the end of summer, Ann had saved,
spent and shared her money wisely.

Activity 4: CHOICES HAVE COSTS AND BENEFITS



Piggy Bank Primer definitions

Choices – Decisions made or a course of action taken.

Benefits – Things that are favorable to the decision-maker.

Costs – Things that are unfavorable to the decision-maker.

When you make a decision,
you have to look at all of the benefits and costs
that go along with each choice. You want to select
the choice that gives you
the most benefits for the fewest costs.

Now is your chance to satisfy your wants.

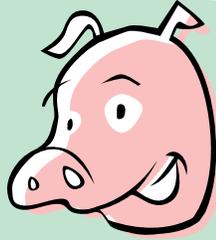
Write your two choices from Activity 3 on the lines
above the chart on page 17. List all of the benefits
and the costs for each of the items.

See which one will satisfy your wants
in the best possible way.

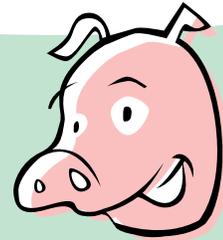
CHOICE ONE

CHOICE TWO

CHOICE ONE
BENEFITS



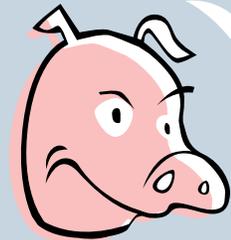
CHOICE TWO
BENEFITS



CHOICE ONE
COSTS



CHOICE TWO
COSTS



Activity 5: CHOICE AND OPPORTUNITY COST



Piggy Bank Primer definitions

Goals – Something a person plans to achieve in the future.

Plan – A process developed in advance of doing something to achieve a goal.

Budget – A plan for managing income, saving and spending.

How Do I Start Saving?

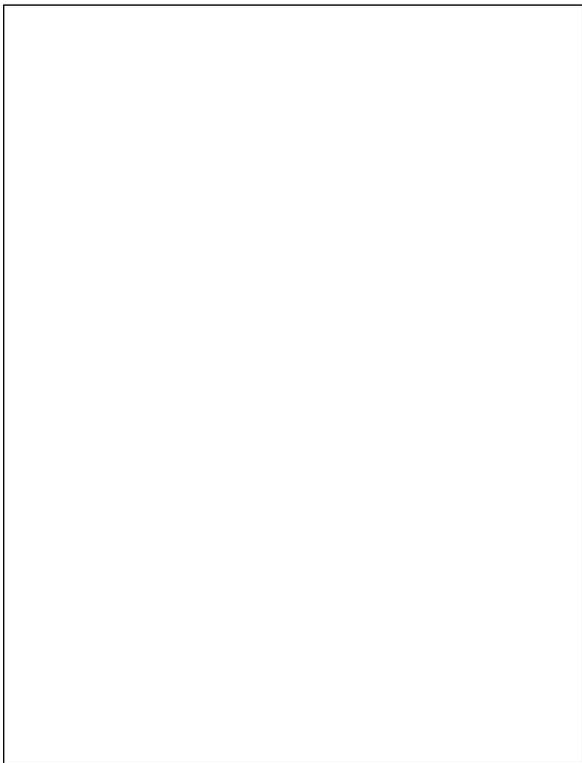
Ann Tee wanted her MP3 player. She knew she would have to save money she received as gifts or income she earned doing jobs for others. Her mother helped Ann make a budget to help meet her goals. The first thing Ann decided was how much to save.

Then, Ann searched for ways she could earn income to save for her MP3 player. She started by offering to watch her little sister while her mother cooked dinner. Sweeping the sidewalk was hard work, but it was another way for Ann to earn income to save. Wisely, Ann put the money she received as gifts into her plan. Any money Ann was given, or income she earned, was included in her budget.

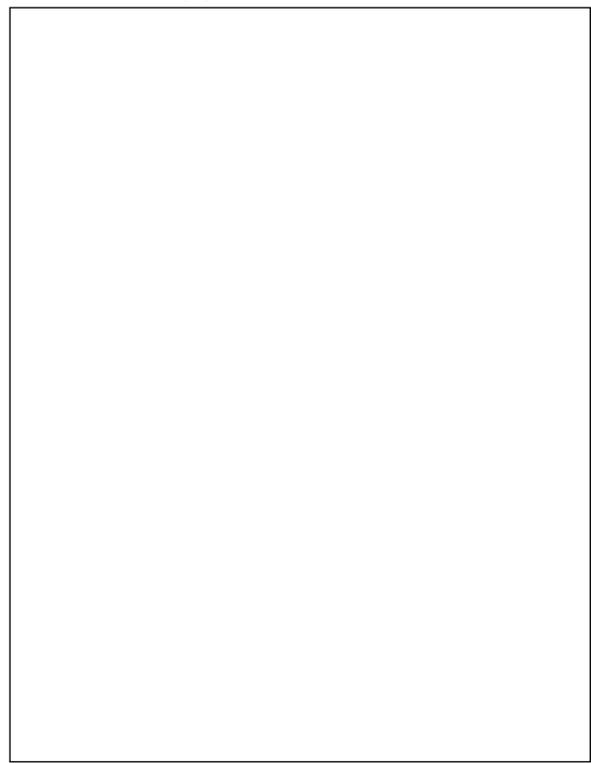
Ann's mother told Ann to include other things for which she wanted to save in her budget, too. Ann wanted a new game to play with her friends, so she included that in her budget. Ann liked to help others. From her visit to the zoo, she remembered that the zoo was collecting money for the new panda exhibit. Ann decided to include giving money to the zoo in her budget. Planning a budget helped Ann to spend, save and share her money wisely.

After looking at the benefits and costs for your choices from Activity 4, which of your favorite things has the most benefits and the fewest costs?

Draw a picture of your choice.



Draw a picture of your opportunity cost.

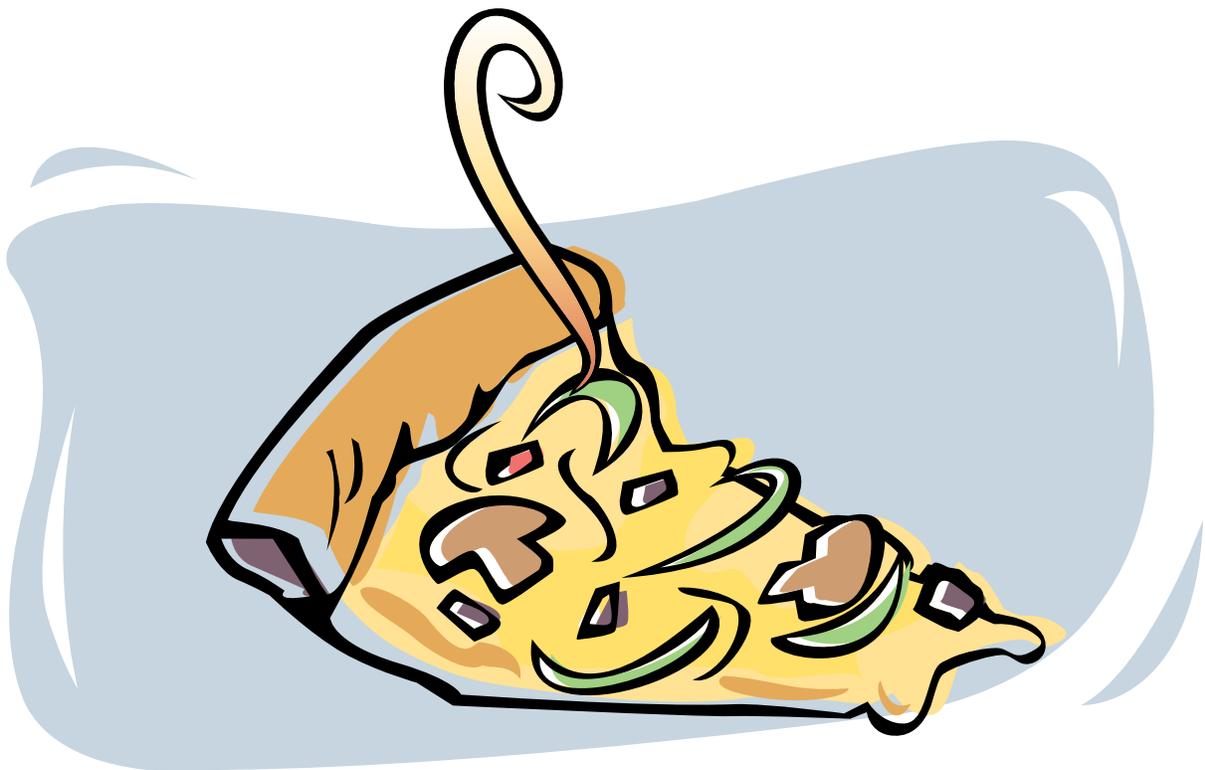


Write a sentence explaining why this is your opportunity cost.

A week before school started, Greg and Ann planned to go to the mall to buy their MP3 players. Greg went to his mother to ask about buying his MP3 player. His mother asked him for the money that he had saved from the income he earned working and from the money he had received as birthday presents. He shook his head sadly.

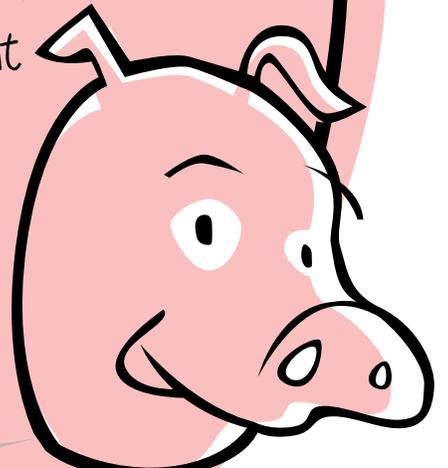
He had spent much of his money; so, he did not have enough saved to buy the MP3 player.

Ann asked her mother to take her to the store to buy her MP3 player. She not only had money for the MP3 player, but she also had money for a pizza, which she shared with her friend Greg.



PIGGY BANK MORAL:

When you work hard to earn income, **remember to spend a part, save a part and maybe share a part.** Spending, saving and sharing mean that you can have some of the things you want now, you must plan for things you want in the future and you can still help others. Have fun buying some things when you want them, but stick to your plan to save for the big things you want in the future. By planning, you will know how much you can spend on your friends when you are doing fun things with them.



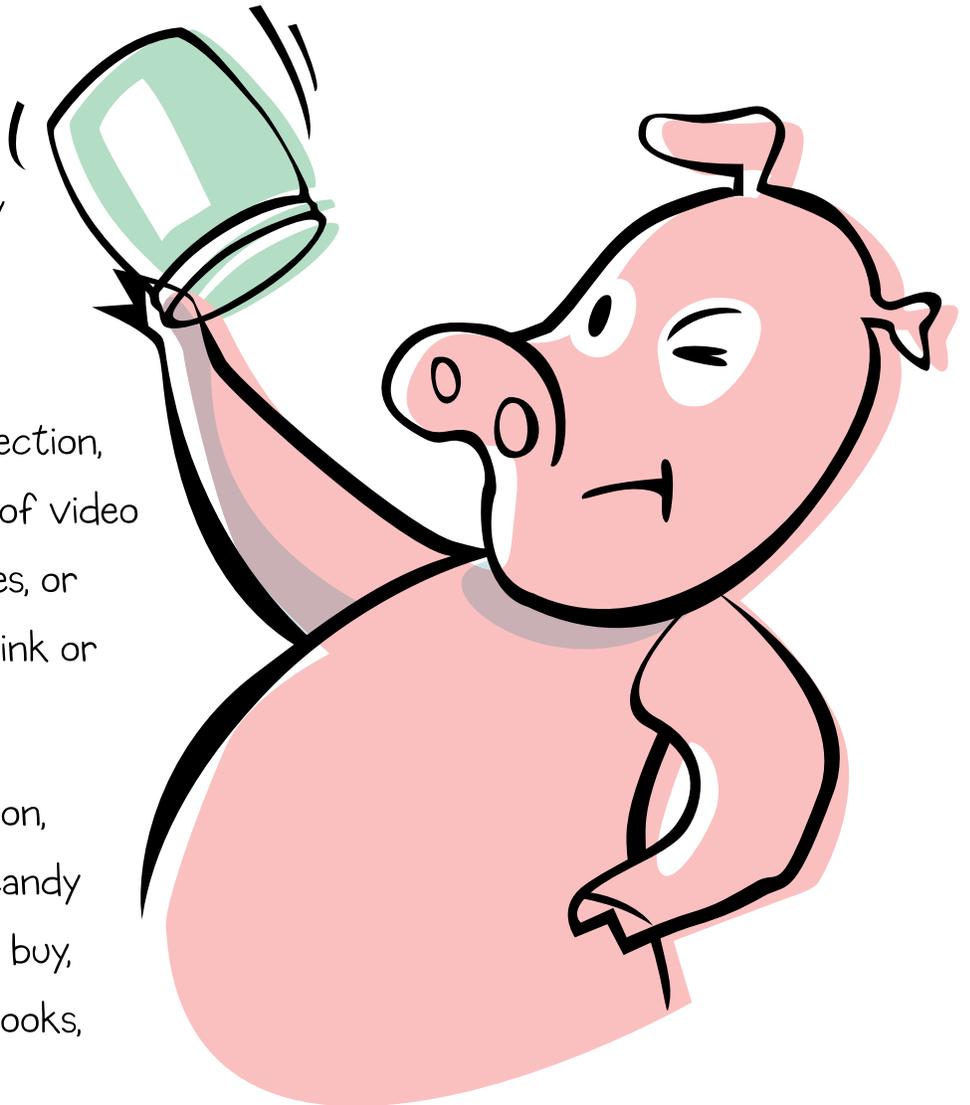
Activity 6: TRACKING MY SPENDING

Where Does My Money Go?

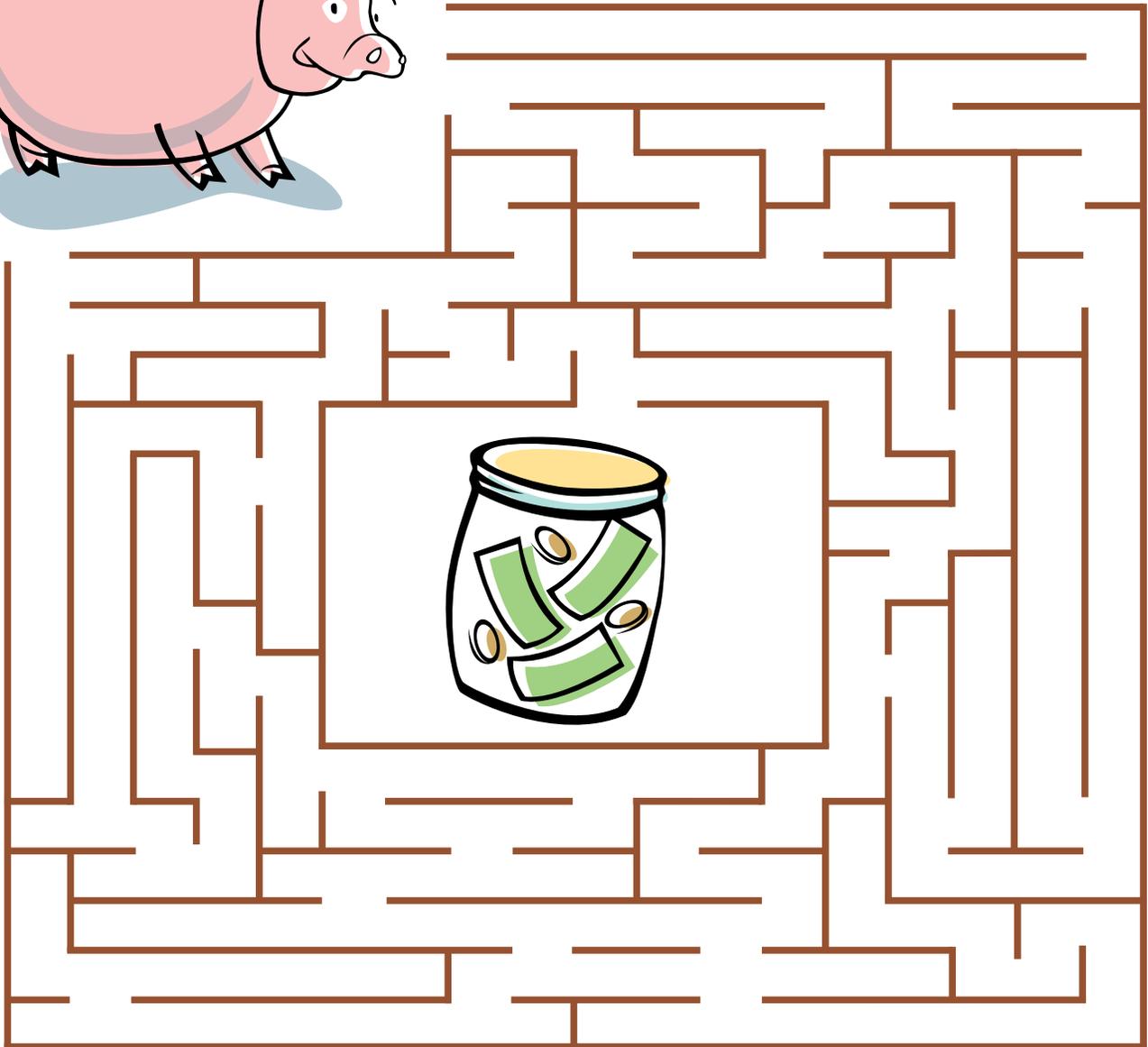
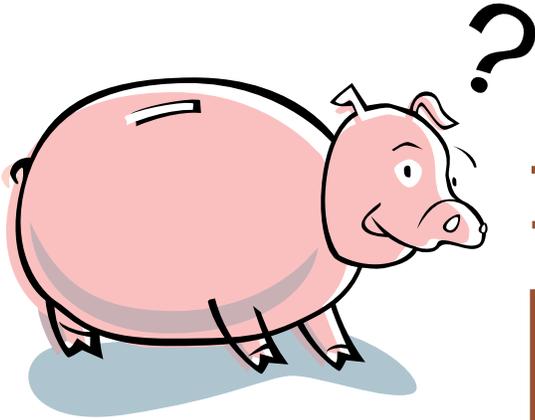
Ever wonder where your allowance, money from grandparents or birthday money goes? Try using the Pocket Tracker on the inside back cover of this book to keep track of how you spend your money for a week.

You will be amazed at how much you spend because small amounts add up quickly!

- In the "Savings" section, list the amount of money you are putting aside for savings.
- In the "Entertainment" section, list items such as rentals of video games, trips to the movies, or visits to the ice skating rink or video arcade.
- In the "Food/Other" section, list items such as sodas, candy bars and snacks that you buy, as well as items such as books, school supplies or gifts.



Pig E. Bank needs your help
to find the right path to his savings.



Activity 7: DESCRIBING MY SAVINGS PLAN

You have learned how to make saving and spending choices.

Write a paragraph telling others about your savings plan.

Answer these questions:

- What is your savings goal?
- How will you earn income to help you reach your goal?
- How much will you save each week?
- How long will it take you to reach your goal?
- How do you feel about your savings plan?



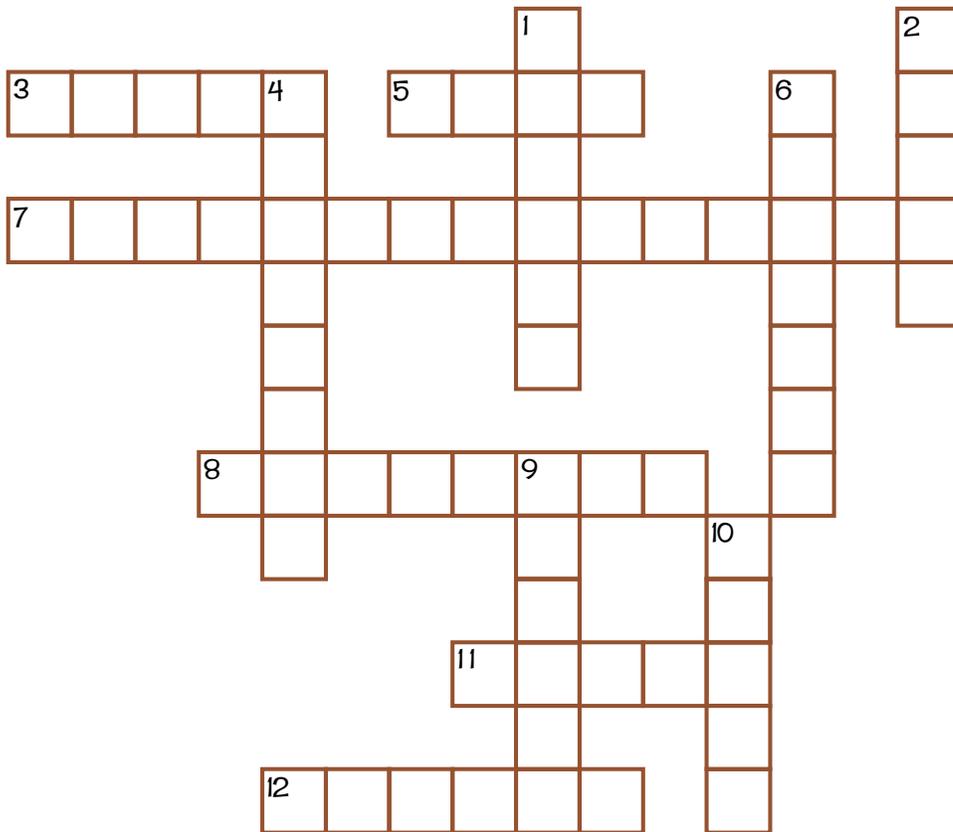
Handwriting practice lines consisting of 15 horizontal lines.



Activity 8: CROSSWORD PUZZLE

Use the words and clues below to complete the crossword puzzle.

Budget Income Benefits Costs Goals Opportunity Cost
 Services Saving Choices Plan Wants Goods



Across

3. Something a person plans to achieve in the future
5. A process developed in advance of doing something to achieve a goal
7. The highest-valued choice that is given up when a decision is made
8. Things that are favorable to the decision-maker
11. Objects that can satisfy people's wants
12. A plan for managing income, saving and spending

Down

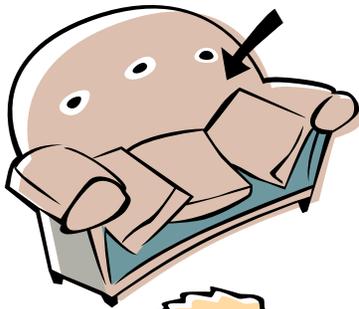
1. Putting aside income or gift money for future use
2. Desires or wishes that can be satisfied by consuming goods and services
4. Activities that can satisfy people's wants
6. Decisions made or a course of action taken
9. Earnings received for work
10. Things that are unfavorable to the decision-maker

Activity 9: **SCAVENGER HUNT**

With your parent's permission, go on a scavenger hunt around your home to see how much money your family has "lying around."

Hint: Look for coins and paper money in the following places.

How Much Did You Find?



Under sofa and chair cushions
(Make mom proud and ask if you can vacuum while you are in there!) \$_____



In winter coat pockets (Be sure to ask before you look here. Make sure that you hang up the coats when you are finished searching.) \$_____



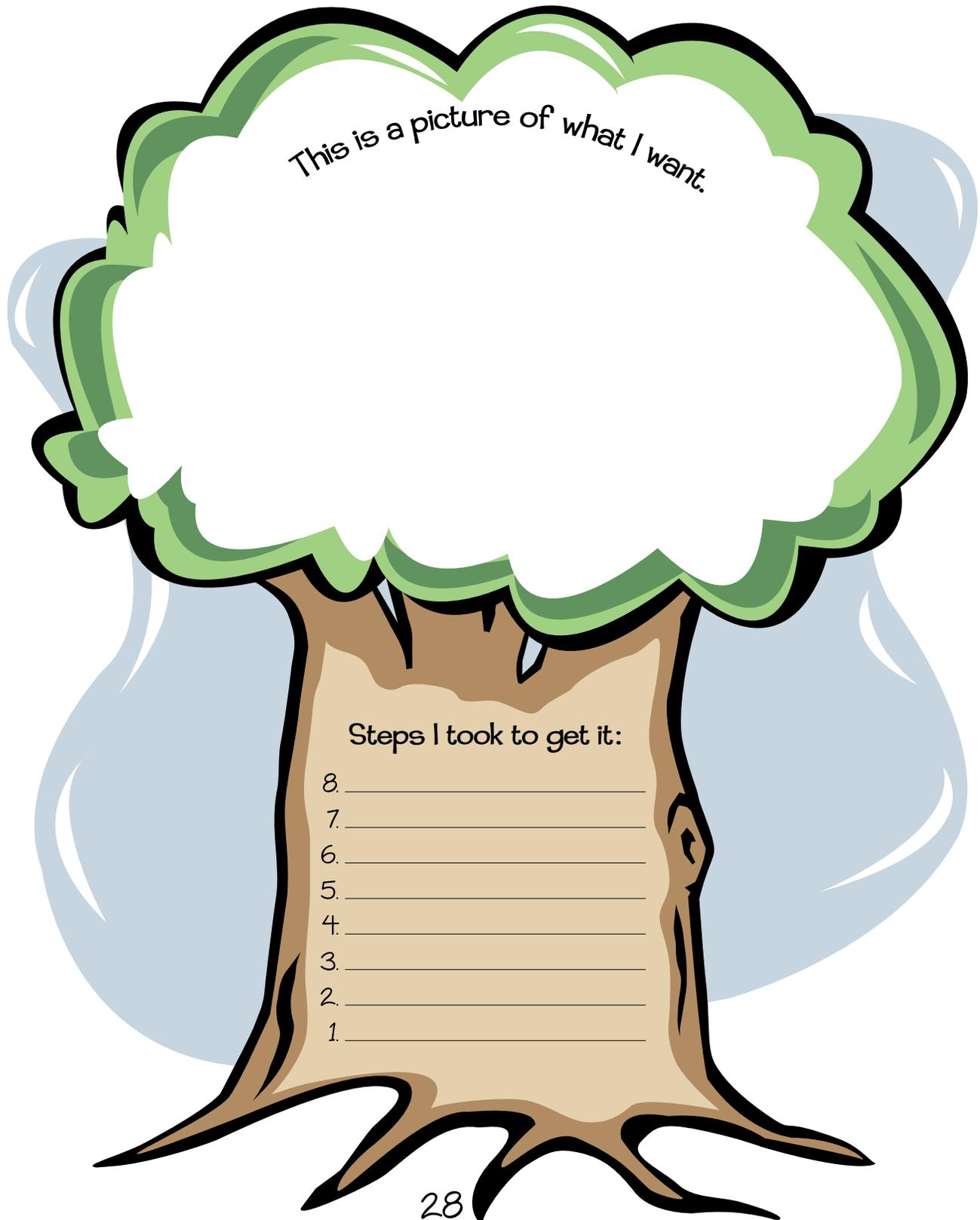
Inside the car in between seats, under floor mats and in glove boxes (Do not, repeat, do not do this while the car is moving!) \$_____



In and around the washing machine and dryer (Make sure that it is okay for you to keep any money you find!) \$_____

Your Grand Total is ... (drum roll) \$_____

Activity 10: CLIMB THE TREE TO REACH YOUR GOAL



This is a picture of what I want.

Steps I took to get it:

8. _____
7. _____
6. _____
5. _____
4. _____
3. _____
2. _____
1. _____

GLOSSARY

Benefits – Things that are favorable to the decision-maker.

Budget – A plan for managing income, saving and spending.

Choices – Decisions made or a course of action taken.

Costs – Things that are unfavorable to the decision-maker.

Goals – Something a person plans to achieve in the future.

Goods – Objects that can satisfy people's wants.

Income – Earnings received for work (providing human resources or labor).

Opportunity cost – The highest-valued choice that is given up when a decision is made.

Plan – A process developed in advance of doing something to achieve a goal.

Saving – Putting aside income or gift money for future use.

Services – Activities that can satisfy people's wants.

Wants – Desires or wishes that can be satisfied by consuming goods or services.

