



The Case of the Shrunken Allowance



Use these questions with children 8 to 10 years old to discuss the following economic concepts in *The Case of the Shrunken Allowance* by Joanne Rocklin (ISBN: 978-0590120067): **bank, income, interest, saving, and spending.**

1. Saving is keeping some income to buy things in the future. Where did P.B. put his savings?

P.B. put his savings in a peanut butter jar.

2. Instead of in a peanut butter jar, where else could P.B. have placed his money? Why would this be a better choice?

A bank would be a place where P.B. could keep his money. Banks are a safe place to keep money. P.B. wouldn't have to worry about his money being lost or stolen if it were in a bank. Also, his money could have grown over time because he would be paid interest. Interest is money paid to customers for keeping their money at the bank.

3. Income is payment people earn for the work they do. How much allowance did P.B. receive each week as income? How was he able to earn more income?

P.B. received 50 cents as allowance every week. He could earn more income by doing extra chores.

4. Did P.B. earn interest on the allowance money he saved?

No. P.B. saved his money in a peanut butter jar and not a bank; so, he earned no interest on his income.

5. Spending is using some or all of your income to buy things you want now. What did P.B.'s sister, Jill, spend money on?

Jill spent money on video games and gum.

6. What do you spend money on?

Answers will vary.

7. When you spend, what do you give up?

When you spend now, you give up saving to buy things in the future.

8. When you save, what do you give up?

When you save, you give up buying things now.