

The Case of the Shrunken Allowance

By Joanne Rocklin/ISBN: 0-590-12006-9

Lesson by

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Lesson Description

In this lesson, students listen to a story about P.B. who thinks money is missing from the peanut butter jar on his window ledge. In addition to basic concepts of saving and spending, students learn currency equivalency and some measurement concepts.

Age Level

Grades 1-3

Content Standards

National Standards in Economics

- **Standard 10:** Students will understand that: Institutions evolve and are created to help individuals and groups accomplish their goals. Banks, labor unions, markets, 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.
 - Benchmark 1, Grade 4: Banks are institutions where people save money and earn interest and where other people borrow money and pay interest.
 - Benchmark 2, Grade 4: Saving is the part of income not spent on taxes or consumption.
- **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.
 - Benchmark 1, Grade 8: An interest rate is a price of money that is borrowed or saved.
- **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 primarily depends on the market value of what they produce.
 - Benchmark 2, Grade 4: People can earn income by exchanging the use of their labor (physical or mental work) for wages or salaries.

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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 4, Grade 4: Piggy banks are places to hold savings. Savings accounts and savings bonds are ways to earn money from income not spent.

Economic Concepts

Bank
Income
Interest
Saving
Spending

Mathematics Concepts

Counting
Counting coins
Coin and currency equivalency

Objectives

Students will:

- Define bank, income, interest, saving, and spending.
- Give examples of times they have earned income.
- Explain that interest helps savers reach goals more quickly.
- Explain that saving means giving up spending now, and spending now means giving up saving to spend in the future.
- Explain that banks are safe places to save.

Time Required

60 minutes

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Materials

- *The Case of the Shrunken Allowance* by Joanne Rocklin
- Two 12-ounce jars
- Two 18-ounce jars
- Two 12-ounce bags of small wrapped candy (Place an equal amount of candy in one 12-ounce jar and one 18-ounce jar)
- \$10.05 in coins, being sure to include at least two shiny pennies
- Permanent marker
- Some extra coins
- Two \$1 dollar bills
- Two old pennies
- Visual 1
- One copy of Visual 1 for each student
- One copy of Handout 1 for each student

Procedures

1. Introduce the lesson by displaying one 12-ounce and one 18-ounce jar of candy and asking students which jar they think contains more candy and why. Do not tell them that both jars contain the same amount.
2. Explain that students will listen to a story about a boy who saves his allowance in jars like the candy jars. Discuss the following:
 - What is an allowance? (*It is the money received from a parent or other adult in the family. It can be payment for work that kids do at home.*)
 - How many of you receive an allowance? (*Answers will vary.*)
 - Where do you keep your allowance? (*Answers will vary.*)
3. Read the book *The Case of the Shrunken Allowance*. Stop at the end of Chapter 4. Discuss the following:
 - How much allowance did P.B. receive each week? (*50 cents*)
 - Do you think P.B. received his allowance for work he did at home? (*Answers will vary.*)

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4. Explain that the money people receive for work that they do is called **income**, and people can use some or all of their income to buy the things they want now. This is called **spending**. Discuss the following:
 - How does P.B. earn extra income? (*He does extra chores and jobs around the house.*)
 - Has P.B. been spending his income? (*No.*)
 - What has he been doing with his income? (*keeping it in a jar*)

5. Explain that **saving** is income not spent to buy things now. People save so they can buy things in the future. By not spending his income now, P.B. will have it to buy things sometime in the future. Discuss the following:
 - By saving, what does P.B. give up? (*The things that he could buy now.*)
 - If P.B. spent his allowance and extra income now, what would he give up? (*The things that he could buy in the future.*)
 - Why do you think that P.B. is saving? (*Answers will vary, but might include that he wants to buy games, toys, books, and so on.*)
 - Are there jobs that you do at home for which you are able to earn income? (*Answers will vary.*)
 - Do you save some of your allowance, income you earn, or money you receive as gifts? (*Answers will vary.*)
 - For what are you saving? (*Answers will vary, but may include games, toys, books, and so on.*)
 - Where do you keep your savings? (*in a jar, a piggy bank, a drawer, a bank*)

6. Display the empty 12-ounce jar, the \$10.05 in coins, and *Visual 1: P.B.'s Allowance*. Distribute a copy of Visual 1 to each student. Explain that the class will complete the worksheet together.

7. Choose a student to come to the front of the room. Ask the class how much allowance P.B. received the first week of June (*50 cents*). Instruct the student to count coins equaling 50 cents and put them in the 12-ounce jar.

8. Choose a student to come to the front of the room. Ask the class how much income P. B. earned for doing extra chores the first week of June (*25 cents*). Instruct the student to count coins equaling 25 cents and add them to the jar.

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9. Ask the class how much P.B. had saved at the end of the first week of June ($50 \text{ cents} + 25 \text{ cents} = 75 \text{ cents}$). Instruct students to write the total on the handout in the box for June, Week 1, as you model using the transparency.
10. Choose a student to come to the front of the room. Ask the class how much allowance P.B. received in the second week of June. (50 cents) Instruct the student to count coins equaling 50 cents and add them to the jar.
11. Choose a student to come to the front of the room. Ask the class how much income P.B. earned for extra chores the second week of June (15 cents). Instruct the student to count coins equaling 15 cents and add them to the jar.
12. Ask the class how much P.B. had saved the second week of June ($50 \text{ cents} + 15 \text{ cents} = 65 \text{ cents}$). Instruct students to write the total on the handout in the box for June, Week 2, as you model using the transparency.
13. Continue this process for Week 3 and Week 4.
14. Instruct students to enter weekly totals into the "Monthly Total" column and add, as you model ($75 \text{ cents} + 65 \text{ cents} + 80 \text{ cents} + 65 \text{ cents} = \2.85).
15. Continue this process for July and August until all the money has been added to the jar. Use extra change you have on hand, in case the students run out of the coins they need and must "trade" coins.
16. Instruct students to enter the monthly totals and add, writing the amount next to "Grand Total," as you model using the transparency ($\$2.85 + \$4.05 + \$3.15 = \10.05).
17. Hold the jar up so that the class can see it. Take a permanent marker and draw a line to show how high the coins reach in the jar.
18. Now show the class the 18-ounce jar. Take out all of the money from the 12-ounce jar and put it into the larger jar. Again, draw a line to show how high the coins reach in the 18-ounce jar. Compare the lines on both jars. Discuss the following:
 - Looking at the marks on the jar, which jar appears to have more money? (*Most students will suggest the smaller jar.*)
 - How much money was in the 12-ounce jar? ($\$10.05$)
 - How much money was in the 18-ounce jar? ($\$10.05$)
 - Why does one jar look as though it has more or less money? (*Answers will vary.*)

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- Why did P.B. think his sister had taken some of his money? (*because the height of the money in the jar was lower*)
 - What money did Jill take from P.B.'s jar? (*six quarters, three dimes, four nickels, and two shiny pennies*)
19. Remove six quarters, three dimes, four nickels and two shiny pennies from the jar. Instruct the class to count as you remove the money. Discuss the following:
- How much money did Jill take out of P.B.'s jar? (*\$2.02*)
 - What did Jill put into P.B.'s jar? (*two one-dollar bills and two old pennies*)
20. Choose a student to put two \$1 dollar bills and two old pennies in the jar. Discuss the following:
- How much money did Jill put into P.B.'s jar? (*\$2.02*)
 - What is the difference between what Jill took out and what she put into the jar? (*There is no difference in the amount of money Jill took out and put in. The only difference is that she took out all coins and replaced most of the coins with paper money.*)
 - Why did it look as though there was less money in the jar? (*Paper money takes up less space than coins.*)
 - Does this solve P.B.'s mystery? (*No.*)
21. Finish reading the story, and discuss the following:
- What was P.B.'s problem? (*Yesterday the money filled the jar to the top of the big "P," but this morning it didn't.*)
 - What did P.B.'s cat do? (*It knocked the jar off the window ledge.*)
 - What happened to the jar? (*Maria caught it before it broke.*)
 - What did Jill say? (*"This time it didn't break."*)
 - Why did this surprise P.B.? (*He didn't know that the jar had broken before.*)
 - What happened when the jar had broken before? (*Jill had found another peanut butter jar and put the money in it.*)
 - How did the cat knocking the jar off the window ledge this time solve P.B.'s mystery? (*He now knew that his allowance hadn't shrunk. It was just in a bigger jar, so it didn't take up as much space as it did in the smaller jar.*)
 - How did P.B. prove this to his friends? (*First, he showed them by pouring the same amount of juice into two different sized jars. Then he had them count the money. They found that all of his money was in the jar.*)

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22. Display the two jars of candy again. Ask the students if they think that one jar has more, less, or the same amount of candy as the other jar. (*Answers may vary, but students are likely to say the same amount of candy.*) As a class or working in small groups, instruct students to count the candy in each jar.
23. After verifying that each jar has the same amount, ask students why one jar looks as if it has more than the other. (*The jars are different sizes.*) Ask the students where P.B. could keep his money that would be safer than keeping it in a jar on the window ledge? (*in a piggy bank, in a drawer, at a bank*)
24. Explain that **banks** are businesses in the community that accept people's deposits and keep them safe and make loans to people who want to borrow money using savers' money. Explain that banks often pay savers interest. **Interest** is the price of using someone else's money. When people save in a bank, the bank pays savers interest—extra money—so that the bank can use the money to make loans to other customers. Those customers repay the loaned amount with interest for using the savers' money. Discuss the following:
 - Do you or a family member have a bank account? (*Answers will vary.*)
 - Have you visited a bank in the community? (*Answers will vary.*)
25. Point out that if P.B. saved his money in a bank, he wouldn't have to worry about someone taking money or knocking the jar off the ledge, and each month the bank would add some extra money—interest—to P.B.'s account. Regardless of why he is saving, he will reach his goal faster as a result of receiving that extra money—interest each month.
26. (Optional) Allow the students to have several pieces of candy.

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Closure

27. Review the key ideas in the lesson by asking the following questions.
- What is an allowance? (*money received from a parent or another adult or family member*)
 - What is money earned for work called? (*income*)
 - Give an example of a time when you have earned income. (*for helping a family member or neighbor in the yard, for walking the family dog or a neighbor's dog, for caring for the neighbor's dog*)
 - Give an example of a time when an older brother or sister or neighbor has earned income. (*for babysitting, for mowing a lawn, for shoveling snow*)
 - What is saving? (*money not spent to buy things right now*)
 - Give an example of something you, a family member or a friend has saved for. (*a new game, toy, vacation, present*)
 - What is spending? (*buying things now*)
 - If you spend, what do you give up? (*saving to buy things in the future*)
 - If you save, what do you give up? (*buying things now*)
 - What is a bank? (*A business in the community that accepts money from people and keeps it safe and makes loans to other people who want to borrow.*)
 - What is interest? (*Interest is extra money that banks pay savers in exchange for lending the savers' money to those who want to borrow.*)
 - Why are banks good places to save? (*Banks pay interest and keep savers' money safe.*)

Assessment

28. Distribute a copy of *Handout 1: A Saving Story* to each student. Read the directions with the students and have them complete the activity.

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Visual 1: P.B.'s Allowance

Month	Week 1	Week 2	Week 3	Week 4	Week 5	Monthly Total
June	50¢	50¢	50¢	50¢	-	Week 1 _____ Week 2 _____
Extra chores	25¢	15¢	30¢	15¢	-	Week 3 _____ Week 4 _____
Total						Week 5 _____ Total _____
July	50¢	50¢	50¢	50¢	50¢	Week 1 _____ Week 2 _____
Extra chores	15¢	25¢	5¢	10¢	\$1.00	Week 3 _____ Week 4 _____
Total						Week 5 _____ Total _____
August	50¢	50¢	50¢	50¢	50¢	Week 1 _____ Week 2 _____
Extra chores	-	10¢	90¢	15¢	-	Week 3 _____ Week 4 _____
Total						Week 5 _____ Total _____
Grand Total						June \$ _____ July \$ _____ Aug. \$ _____ Total \$ _____

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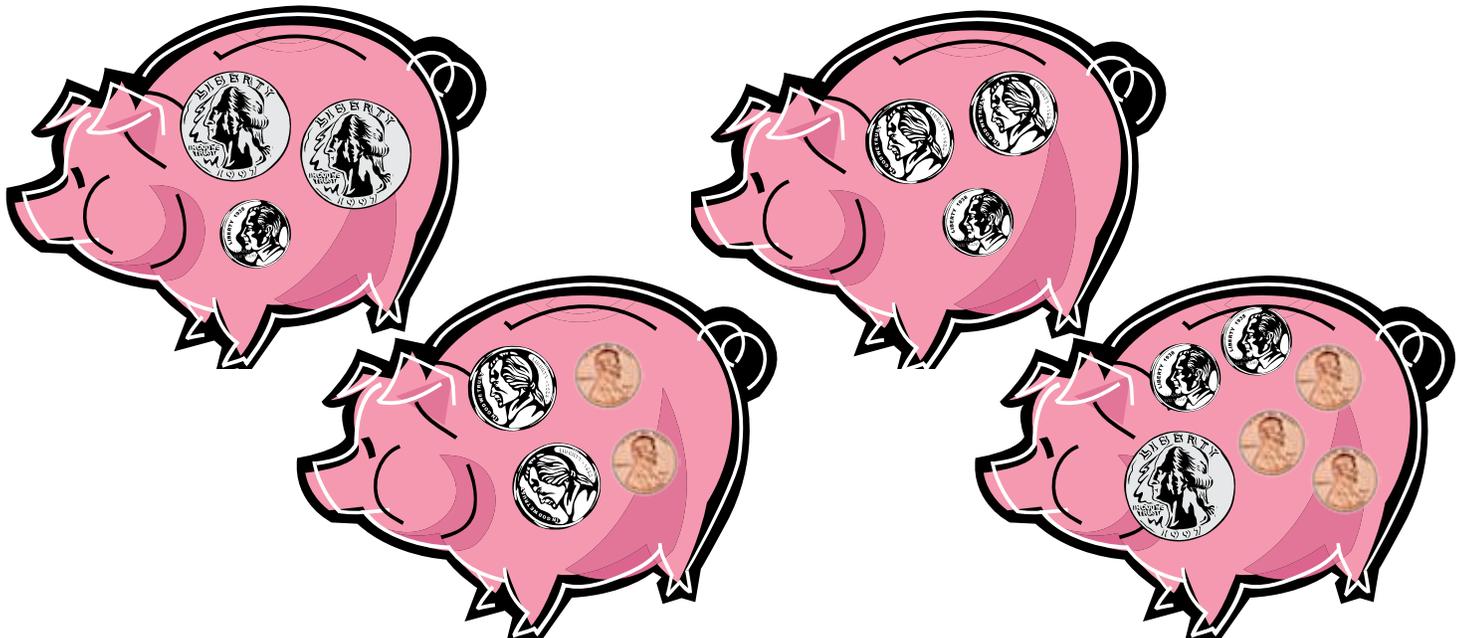
Handout 1: A Savings Story

Directions: Read the following story. Use the words in the word bank below to complete the sentences.

interest	bank	saving	income	spending
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Alisha is _____ to buy a present for her grandmother for her birthday. Alisha has her money in a piggy bank. Her piggy bank is full, and she still needs to save \$6.00 more. Alisha's sister, Tanya, will pay Alisha \$1.00 to clean Tanya's room. The money Alisha earns for cleaning Tanya's room is called _____. Alisha's mother said she will take Alisha to open a savings account at the _____. The bank will pay Alisha _____ on her saving.

Directions: Count the money in each bank. Draw a line to match it with the correct amount of money in the boxes below.



\$.20

\$.48

\$.60

\$.12