R U 4 REAL? THAT
COSTS WHAT????

6th and 7th Grade
Patty Ormson
West Junior High, Hopkins, MN
Introduction

School District Demographics
Our school district is comprised of 6 elementary schools and 2 junior high schools which feed into Hopkins High School which has a student population of 1680. Our classes are 88 minute block periods.

Students in our district come from a wide range of socio-economic areas, ranging from wealthy suburbs to low cost housing projects in Minneapolis and surrounding area. In addition to Hopkins, the student population hails from Minnetonka, Golden Valley, Eden Prairie, St. Louis Park and Minneapolis. Our school welcomes students through “The Choice Is Yours” program.

Housing
Housing varies for students and includes single family dwellings, townhomes, condominiums, apartments, and living with extended family members.

Students
An estimated _____% of our student population choose to further their education in pursuit of post-secondary options. Our graduation rate is ____% and ____% of that population choose to take advanced placement classes.

The ability level of students in my class ranges from very low academic or poor social skills to high ability students. Within that section, there will be students that vary greatly in their knowledge base, ability to retain information, and skill set.

Literature Choice
I selected Alexander, Who Used to Be Rich Last Sunday by Judith Viorst to use in a financial literacy lesson for middle school students. It complements our curriculum by helping the student understand how their choices affect the bigger picture of cost of living, saving, and decision making.
Lesson Description
Students will read the story, *Alexander, Who Used to Be Rich Last Sunday* by Judith Viorst and will participate in a simulation examining the costs of living independently as decisions are made for a spending plan. Middle school age students have many “wants” that they consider to be “needs”, and they are oblivious to the fact that the cost for these can be expensive. Students want to be given adult opportunities of how to spend their money, and this will help them see the costs involved for living on their own and not depending on anyone to make decisions for them. Saving goals that are planned and adhered to help students make wise choices.

Content Standards and Benchmarks
6.2.1.1.1 Create a budget based on a given monthly income, real-world expenses, and personal preferences, including enough savings enough to meet an identified future savings goal.

*Prior knowledge of the following terms is required: needs, wans, goods, services, goals, expenses, spending, allocate, compromise, mandatory, simulation

Economic Concepts
Goods
Services
Decision-Making
Budget/Spending Plan
Trade-offs

Learning Objectives
Student will be able to:
1. Make decisions of how to allocate money in major spending categories related to living on their own so that their total expenses balance.
2. Examine how trade-offs affect their ability to manage money and explain how these choices impacted their spending plan.
3. Respond to situations that get in the way of their spending choices and describe what adjustments needed to be made.

Time Required
One 88 minute block period

Materials Needed
**Optional** pre-test/post-test for each student
*Pocket of money* activity sheet for each student
Copy of Budget Activity for each student
One set of *R U 4 Real* cards per group of 4 students
___ M & M’s for each student ___ ziploc bags
Pencil and paper for each student
Procedure

1. Present the following statements/questions to class and wait for responses:
   “Stand up if you ever had money you planned to save for one thing but ended up spending it on another.”
   (Ask for a volunteer)
   “Describe your original spending goal, and share with us what interfered with it.”
   “Why did that happen?” (Listen to answer and provide follow-up questions if clarification is needed)
   Students can be seated, then ask; “Who has heard of the phrase ‘that money must be burning a hole in your pocket!’? How does this relate to saving and spending?” (Any money a person has gets spent quickly)
   “Do you think this is common with middle school students?”
   “Do you think this happens to kids in high school?...college?...parents?
   “What do we remember about needs vs. wants?” (Needs are a necessary condition or state of being for survival, wants are something we desire to make us happy.)
   “How can wants get in the way of our goals?” (urgency of getting something now can affect decisions and make us forget our plan.) **Optional pre-test**

2. Tell students that you’re going to read the story, Alexander, Who Used to Be Rich Last Sunday by Judith Viorst and they’ll hear about a boy whose money was apparently burning a hole in his pocket, and he struggled with sticking to his plan of saving his money.

3. Explain that students are to keep track of where his money went on an activity sheet.

4. Pass out activity sheet Pocket of money to all students.

5. Remind students that goods are material items that provide satisfaction. Services are activities or actions that provide satisfaction.

6. Explain that they will be identifying and writing the goods and services that he spent his money in the appropriate column deciding if it was actually a need or a want by placing an (n) or (w) beside the item.

7. Tell students there is also a column called “other” which will refer to expenses or unplanned situations that were neither a good or a service.

8. Begin reading Alexander, Who Used to Be Rich Last Sunday aloud and ask students to pay attention to and record the items in the appropriate column that Alexander spent his money on. Stop reading at the end of the page where he makes his first purchase at Pearson’s Drug Store.

9. Help students identify the first item that Alexander purchased. (Bubble gum)

10. Ask which column it goes in. (Goods)

11. Ask if it is a need or a want and have them put an (n) or (w) after it. (w)

12. Read the remainder of the story, reminding students to continue completing their sheet on their own.

13. Discuss what some of the goods and services were that he got for his $1.00. (Goods: deck of cards, one-eyed bear, melted candle, chocolate candy bar and bubble gum. Services: magic trick, rent a snake, made 3 bets. Other: lost in sidewalk and toilet, fined.)

14. Ask how many of the items he spent money on actually ended up being needs for him. (None of them)
15. Ask if they think Alexander made good use of his dollar. *(Opinions will vary)* “What was his original plan to do with his money after he bought the gum and made the bets? *(Save the rest of his money)*

16. Tell students there’s a term that refers to a plan of how to allocate our money each month and ask if they’ve ever heard of the word **budget** or **spending plan**.

17. Describe how a person decides ahead of time the amount of money they can afford to spend each month so they don’t run out of money at the end of the month. They look at their past **spending** habits to **make a decision** of what is affordable, or within their **budget**.

   “How can this help us stick to our goals?” *(It helps us know where our money goes in advance so we won't be tempted to spend money on other items)*

18. Tell students they are going to simulate a real-life experience imagining this is the first year of living on their own. They will be creating a **budget** for themselves using a pre-determined amount of money, represented by M & M’s and will make choices of how to allocate their M & M’s-(money).

19. Explain that some of these choices will involve a **trade-off** because they can’t afford the best of everything. “What do I mean when I say **trade-off**?” *(Getting more of one thing usually means getting less of something else)*

20. Hand out the budget activity sheet to each student.

21. Describe how their spending money is represented by M & M’s and each student will receive ____ M & M’s as their allowance for the year.

22. Explain that all categories are **mandatory** with at least one item selected. **More than one item can be selected in certain categories.** Each square corresponding to the item is worth one M & M. All squares next to the item must be filled in to select that item. All M & M’s must be used, so if there are extras, students may want to put it in the savings category or re-evaluate the **trade-offs** they made.

23. Divide class into groups of 4 in anticipation of the second part of this activity.

24. Hand out a bag of M & M’s to each student.

25. Have each student complete their own activity sheet independently. *(Allow about 5 minutes to complete)*

26. Discuss how they have just created a **budget** or **spending plan** for their first year living on their own and have them share with their small group of 4 what choices and **trade-offs** they made and the **decision-making** that went into their plan.

27. Announce that real life situations have entered the picture that might compromise their choices and they will need to make adjustments to their budget in order to accommodate these things that interfere with their spending plan. This will be determined for each individual by taking turns drawing a card from the pile.

28. Demonstrate how to use the cards by asking for a volunteer from the group and read the R U 4 Real card about “losing a bean for lost ipad” aloud.

29. Remind students that the cards apply to their remaining choices of how they filled out their budget sheet, not their **real personal life**. For instance if this volunteer marked on their budget sheet that they own an ipad, but don’t in **real life**, the card still applies to them.

30. Ask how the volunteer will adjust the M & M’s in their personal spending plan by following the direction on the card. *(lose 1 M & M) They have the choice to take a bead from anywhere in their spending plan to accommodate their situation. Going in a
clockwise direction, each person will draw their own card and follow the directions until all cards are gone. *Respond to any questions*

31. Give each group one set of R U 4 Real cards to share.
32. Invite groups to start by having one person select the top card from the stack of cards. They will continue this process by rotating clockwise around the group with each person drawing a card and following directions until all cards are gone.
33. Allow about 10 minutes for groups to go through their stack of cards making adjustments.
34. Ask for a couple volunteers to describe what adjustments they had to make to their spending plan and how it affected their decision-making.

**Closure**

Discuss the following:

1. What is a budget? *(A plan of how to allocate our money each month)*
2. What’s another name for a budget? *(Spending plan)*
3. Ask if they know someone who has created a budget or spending plan. *(Real life application)*
4. Why do we use a budget? *(It helps us plan where our money goes in advance so we won’t be tempted to spend money on other items)*
5. What makes it hard when planning a budget? *(sticking to your plan because of seeing other things that are available and affordable to buy now)*
6. How many of you were tempted to eat your M & M’s instead of spending them?
7. How does the use of M & M’s in our activity relate to decision making? *(The temptation of eating them now rather than saving and using all of them to complete the activity)*
8. What is a trade off? *(Getting more of one thing usually means getting less of something else)*
9. What were some of the trade-offs you had to make in your budget? *(Answers will vary)*
10. Why do you think we had R U 4 Real cards to impact your spending plan? *(In the real world, sometimes unforeseen expenses pop up and we have to make adjustments to our plan)*
11. What can you do to anticipate these unforeseeable situations? *(Set money aside in anticipation of them...saving money)*
12. What is a good? *(material or physical items that provide satisfaction)*
13. What’s a service? *(activities or actions that provide satisfaction)*
14. What did Alexander have from the start and at the end of the story? *(Bus tokens)*
15. Is there a way that Alexander could have traded the bus tokens for money? *(If someone was willing to exchange money for them)*
16. What does the following phrase mean to you? “a fool and his money are soon parted” *(If your foolish with spending or using your money, it will be gone before you know it.)*
17. What comes to your mind when I say, “plan your work, work your plan”? *(When you set goals, you set yourself up for success)*
18. Which statement would you rather have reflect your use of money?
Assessment

Using complete sentences, 12 size font and double spaced, type a one page reflection including all of the following information:

- What decisions did you have to make to originally plan your budget?
- What trade-offs did you make with college choice? clothing choice? choice of transportation?
- How did the R U 4 Real cards change your original plans?
  ➢ What happened?
  ➢ What did you give up?
- What could have been some other unforeseeable expenses for a college student?
- How will you use the information from today’s lesson?

**OPTIONAL PRE-TEST BEFORE LESSON IS EXPLAINED-** Administer the pre-test telling students that you want to collect information before and after today’s lesson to find out what they already know about the terms we’ll cover. Can administer post-test after lesson.

Pre-test/Post-test

Write the term to match the following statement.

1. ___________ A plan of how to allocate our money each month

2. ___________ Getting more of one thing which usually means getting less of something else

3. ___________ Material or physical items that provide satisfaction

4. ___________ Activities or actions that provide satisfaction

5. ___________ The process of making one choice over another choice

**ANSWER KEY**

Pre-test/Post-test

Write the term to match the following statement.

1. **BUDGET/SPENDING PLAN** A plan of how to allocate our money each month

2. **TRADE-OFF** Getting more of one thing which usually means getting less of something else

3. **GOODS** Material or physical items that provide satisfaction

4. **SERVICE(S)** Activities or actions that provide satisfaction

5. **DECISION-** What is the process of making one choice over another choice called? **MAKING**
<table>
<thead>
<tr>
<th>TUITION FOR COLLEGE/VO TECH</th>
<th>TRANSPORTATION</th>
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</thead>
<tbody>
<tr>
<td>Vocational Technical School</td>
<td>Walk FREE</td>
</tr>
<tr>
<td>or 2 Year College</td>
<td>Bike</td>
</tr>
<tr>
<td>MN or WI public 4 year college</td>
<td>Bus/Ride share</td>
</tr>
<tr>
<td>MN private college or</td>
<td>Drive your own used vehicle</td>
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<tr>
<td>Out-of-state college</td>
<td>Drive your own fancy vehicle</td>
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</tbody>
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<table>
<thead>
<tr>
<th>CLOTHING</th>
<th>FOOD AND ENTERTAINMENT</th>
</tr>
</thead>
<tbody>
<tr>
<td>Buy clothes at thrift shops</td>
<td>Basic school food plan (3 meals/day)</td>
</tr>
<tr>
<td>Buy clothes at discount retail stores</td>
<td>Same as above + pop and snacks</td>
</tr>
<tr>
<td>Buy clothes at department stores</td>
<td>Same as above + pizza/subway once a week</td>
</tr>
<tr>
<td>Buy designer clothes</td>
<td>Same as above &amp; coffee latte or DQ 5 x a week</td>
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</tbody>
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<table>
<thead>
<tr>
<th>ENTERTAINMENT (Choose 1 or more)</th>
<th>PERSONAL (Choose 1 or more)</th>
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<tbody>
<tr>
<td>Movie Theater, Itunes, Netflix</td>
<td>Basic Hygiene Supplies</td>
</tr>
<tr>
<td>Dancing/Clubs/Parties</td>
<td>Laundry 1 x per week</td>
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<tr>
<td>Sporting events/Health Club</td>
<td>Cell Phone</td>
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<tr>
<td>Spring Break Vacation</td>
<td>Personal Computer</td>
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</tbody>
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<tr>
<th>GIFTS/CHARITY (Choose 1 or more)</th>
<th>SAVINGS (Choose 1)</th>
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<tbody>
<tr>
<td>Bday Cards</td>
<td>&lt;$10 per month</td>
</tr>
<tr>
<td>Birthday gifts for BF/GF</td>
<td>$10-$30 per month</td>
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<tr>
<td>Bday gifts for family</td>
<td>$30-$50 per month</td>
</tr>
<tr>
<td></td>
<td>&gt;$50 per month</td>
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</table>
BUDGET SHEET
Each square corresponding to the item is worth one M & M. All squares next to the item must be filled in to select that item. It is mandatory to select at least 1 item from each category. Some categories offer the option of several selections. All M & M's must be “spent”
<table>
<thead>
<tr>
<th>YOU HAD TO BUY BOOKS FOR CLASS</th>
<th>NEED TO REPLACE A CAR BATTERY</th>
<th>LOST IPAD AND FOUND A CHEAP ONE ON EBAY</th>
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<tbody>
<tr>
<td>(Lose 3 M &amp; M’s)</td>
<td>(Lose 2 M &amp; M’s if u own a car)</td>
<td>(Lose 2 M &amp; M’s if u own an ipad)</td>
</tr>
<tr>
<td><strong>SUPPORTED PARTY FUND FOR RESIDENTIAL HALL</strong></td>
<td><strong>BOUGHT A COLLEGE SWEATSHIRT TO WEAR TO HOMECOMING GAME</strong></td>
<td><strong>MATERIALS FEE FOR LAB/ART CLASS</strong></td>
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<tr>
<td>(Lose 1 M &amp; M only if u attend a 4 year college)</td>
<td>(Lose 1 M &amp; M)</td>
<td>(Lose 1 M &amp; M)</td>
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<tr>
<td><strong>UNDERAGE DRINKING—GOT A FINE</strong></td>
<td><strong>BOUGHT A POSTER, STUFFED ANIMAL, ART DECO</strong></td>
<td><strong>GAS/REPAIRS/INSURANCE FOR CAR</strong></td>
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<tr>
<td>(Lose 4 M &amp; M’s)</td>
<td>(Lose 2 M &amp; M)</td>
<td>(Lose 4 M &amp; M’s only if u own a car)</td>
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<tr>
<td><strong>NEEDED CLEANING SUPPLIES FOR FILTHY ROOM</strong></td>
<td><strong>GOT A COMPUTER UPGRADE</strong></td>
<td><strong>MIDNIGHT SNACK ATTACK!</strong></td>
</tr>
<tr>
<td>(Lose 1 M &amp; M)</td>
<td>(Lose 2 M &amp; M’s only if u own a computer)</td>
<td>(Lose 1 M &amp; M)</td>
</tr>
<tr>
<td>GOODS</td>
<td>SERVICES</td>
<td>OTHER</td>
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