



5th Grade Activity Packet

Free Financial Literacy for Kids



Much like reading with children from a young age can help strengthen literacy, engaging with children about money topics can be a powerful tool to help them better understand money and develop healthy habits. In fact, research shows that many money habits are set by age seven.

The Illinois State Treasurer's Office created the Money Minded Illinois program in 2018. It is a free financial literacy curriculum for teachers and school districts across the state. It was written to meet Illinois State Board of Education (ISBE) standards, and full curriculum booklets are available for download for first grade through middle school at MoneyMindedIllinois.com.

A few activities from each grade booklet were selected to make packets for families and communities to engage with children in conversations about money. There is a variety of individual activities as well as puzzles. We hope you enjoy learning together. Topics covered in this packet include:

1. Taxes
2. Credit cards and debt
3. Savings and choices
4. Financial goals
5. Incentives



You can also enhance your own personal finance knowledge by creating a free account on the Illinois Financial Wellness Hub (FinWell Hub) at IllinoisTreasurer.Enrich.org. The FinWell Hub offers practical tools and courses, as well as free access to Certified Personal Finance Coaches. The FinWell Hub is for adults and high school age students.

Happy learning!

Illinois State Treasurer's Office



Michael W. Frerichs
ILLINOIS STATE TREASURER

Digital Currency Activity

Cryptocurrency transactions are logged or recorded. The space that these transactions are housed is called blockchain. Each transaction that is made using digital money will be housed in its own "block". Codes have been created to read these transactions and store the information. Let's practice cracking these ciphers and then make a cryptic message of your own. The first line of boxes contains the code. The second line is for you to write the letters. Can you figure out what these say?

Key:

A	B	C	D	E	F	G	H	I	J	K	L	M	N	O	P	Q	R	S	T	U	V	W	X	Y	Z

Code #1

Code #2



Key:

A	B	C	D	E	F	G	H	I	J	K	L	M	N	O	P	Q	R	S	T	U	V	W	X	Y	Z

Code #3

Code #4

Now it's your turn! Create a cryptic code using the key above.



Digital Currency Activity

Cryptocurrency transactions are logged or recorded. The space that these transactions are housed is called blockchain. Each transaction that is made using digital money will be housed in its own "block". Codes have been created to read these transactions and store the information. Let's practice cracking these ciphers and then make a cryptic message of your own. The first line of boxes contains the code. The second line is for you to write the letters. Can you figure out what these say?

Key:

A	B	C	D	E	F	G	H	I	J	K	L	M	N	O	P	Q	R	S	T	U	V	W	X	Y	Z

Code #1

B	I	T	C	O	I	N		S	I	D	I	G	I	T	A	L	C	U	R	R	E	N	C	Y	

Code #2

C	R	Y	H	A	R	A	P	H	Y	I	S	T	H	E	A	R	T	O	F	C	O	D	I	N	G				



Key:

A	B	C	D	E	F	G	H	I	J	K	L	M	N	O	P	Q	R	S	T	U	V	W	X	Y	Z

Code #3

D	O	Y	O	U	O	W	A	D	I	G	I	A	L	W	A	L	L	L	E	A	L	L	E	T	

Code #4

I	S	T	H	I	S	T	H	E	E	F	U	T	U	R	E	O	F	O	M	O	N	E	Y		

Now it's your turn! Create a cryptic code using the key above.



Alphabet Challenge



Can you come up with a money-related word for each letter of the alphabet?

A _____ N _____

B _____ O _____

C _____ P _____

D _____ Q _____

E _____ R _____

F _____ S _____

G _____ T _____

H _____ U _____

I _____ V _____

J _____ W _____

K _____ X _____

L _____ Y _____

M _____ Z _____

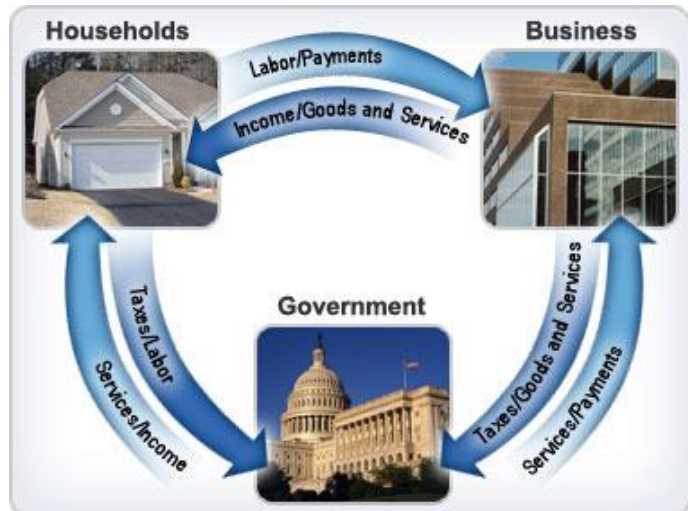
“Alphabet Challenge Puzzles.” *Activity Village*, www.activityvillage.co.uk/alphabet-challenge-puzzles.



What are Taxes?

The United States is a market economy consisting of three main sectors: households, businesses, and the government. The graphic below demonstrates the circular flow that occurs between these sectors.

The chart shows that households (consisting of individuals) provide labor to businesses. In return, the individuals receive goods and services from businesses. Businesses are taxed on the goods and services they produce and receive services from the federal, state, and local governments. Individuals are taxed by the government on their income, which is usually from the labor they provide to businesses. In return, they receive services that the federal, state, and local governments provide.



The government receives a variety of taxes from individuals and businesses. The tax money collected is used to pay for items the government provides at the federal, state, and local level. These items are usually considered public goods, or things that benefit most individuals. Some examples include transportation, education, and health care. For individuals, there are three main types of taxes: transaction (when you purchase something), income, and property taxes.

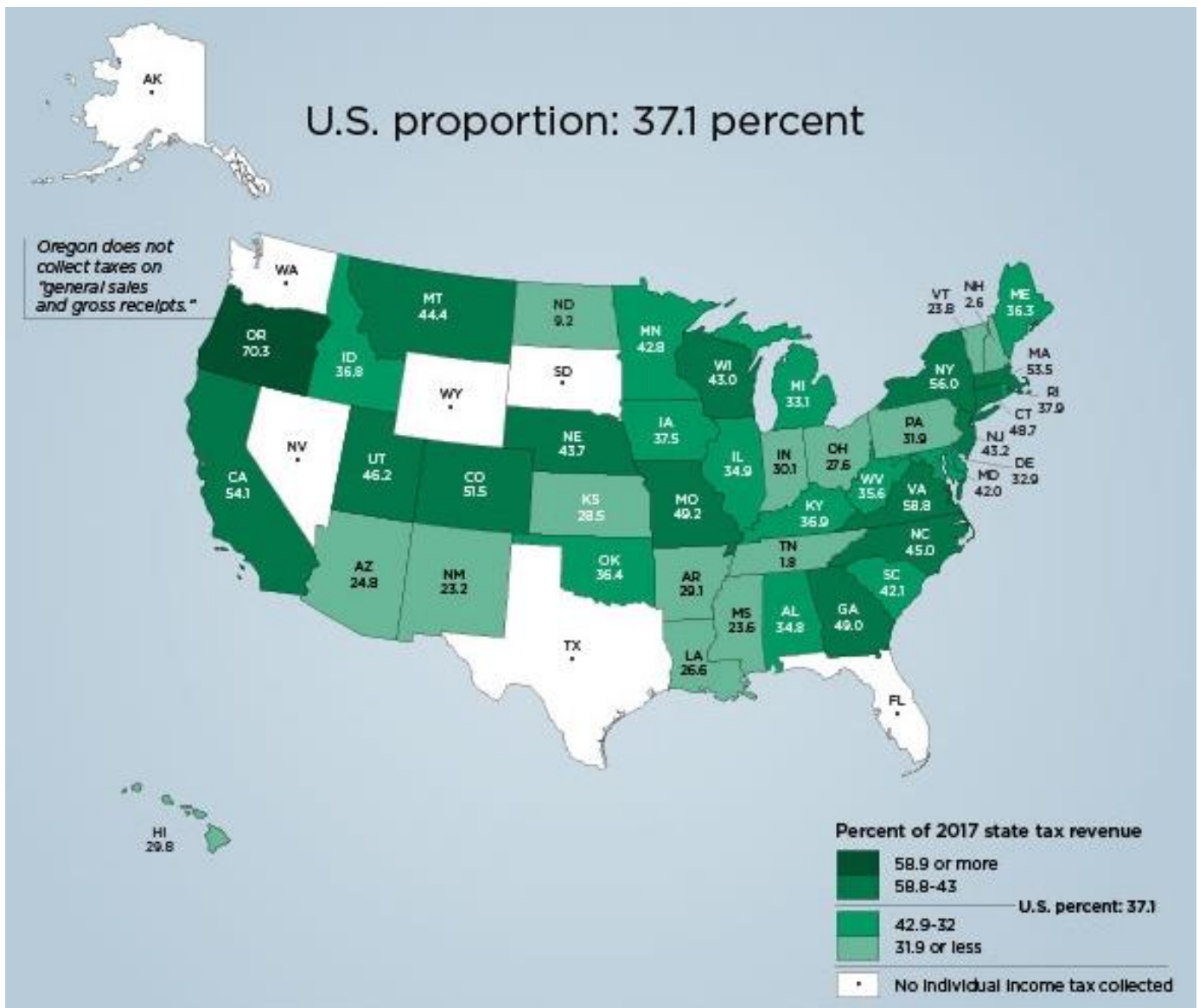
For instance, at the federal and state levels, taxes are collected from income individuals earn. The Internal Revenue Service, also known as the IRS, collects taxes from individuals earning income at the federal level. This means taxes are collected by the IRS from everyone under the age of 65 who earns at least \$10,000. Each state has its own rules for how it taxes individuals within their state. The Illinois Department of Revenue is responsible for collecting taxes for residents. Counties are responsible for collecting taxes on houses and other properties individuals own. Let's look closer at each type of tax:

- **Income Taxes:** Taxes are based on income, both earned (salaries, wages, tips, commissions) and unearned (interest, dividends). Individuals and businesses pay income taxes. For individuals, they are referred to as personal income taxes and businesses pay corporate sales taxes. The federal and state governments usually collect income taxes.
- **Transaction Taxes:** These are taxes on purchased goods, such as what you buy at retail or grocery stores, gas for your cars, or other items. Transaction taxes are also called consumption taxes, meaning items that you consume. A transaction tax is usually based on a set percentage (retail) or by a unit (gasoline). These taxes are usually at the state or local levels and help provide services such as education, healthcare, along with emergency services such as police and fire protection.
- **Property Taxes:** This tax is based on property or real estate that individuals or businesses own. Each county and local municipality has a different tax rate. The county commonly collects property taxes which helps pay for schools, emergency services, libraries, parks, water, and sanitation.

Source: Internal Revenue Service & U.S. Census



Not all states have income taxes. Below is a chart from the U.S. Census indicating which states have income taxes. For those states that do have a state income tax, the chart indicates what proportion of revenue is received from individual income tax.



Next time you use a public good, think about how it was paid for- through citizens' taxes.

Source: Internal Revenue Service & U.S. Census



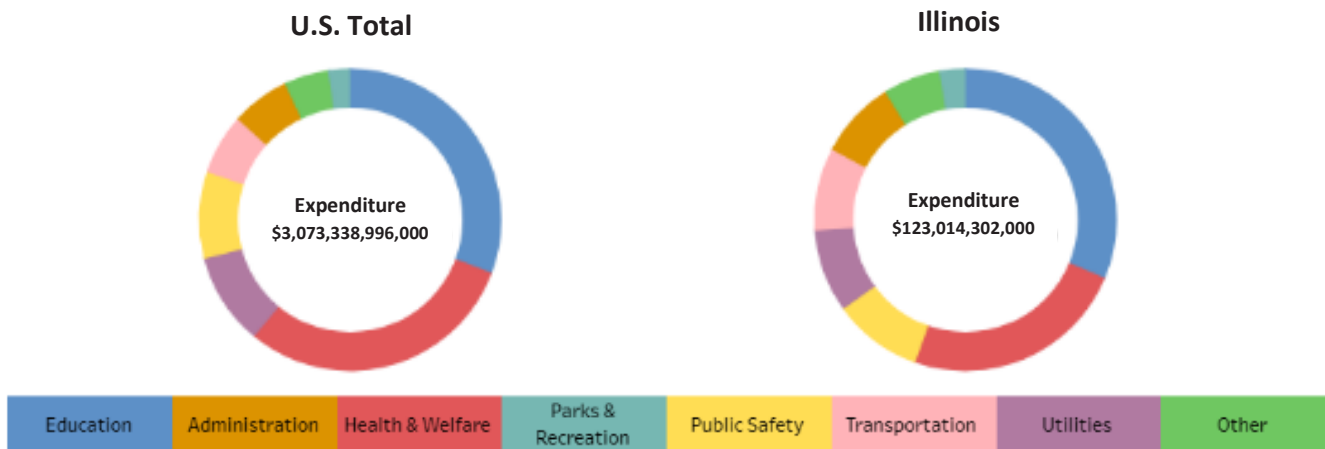
How are Taxes Used?

The government receives a variety of taxes from individuals. The taxes are used to pay for items the government provides at the federal, state, and local level. These items are usually considered public goods that benefit most individuals. The top categories for expenditures, meaning how tax money is used, at both the federal and state levels are:



- **Education** – to pay for public schools from kindergarten through 12th grade, state colleges and universities, and other educational expenses.
- **Administration** – people who oversee finances, public buildings, insurance, and other expenses.
- **Health & Welfare** – expenses for healthcare, hospitals, housing and community development, public welfare, and veterans’ services.
- **Parks & Recreation** – expenses involving natural resources, parks, and recreation.
- **Public Safety** – police and fire protection, judicial and legal, protective inspections and regulations, and jails.
- **Transportation** – highways, mass transit, parking facilities, air, sea, and inland port facilities.
- **Utilities** – Services such as electric power, gas supply, sewerage, garbage, and water.
- **Other** – items that are needed but don’t fit into other categories.

The graphic below is a comparison between how much money the United States and Illinois spends in each of the categories. The federal government collects more in taxes than individual states, so it has a much bigger budget. However, the chart reflects the percent spent in each category.



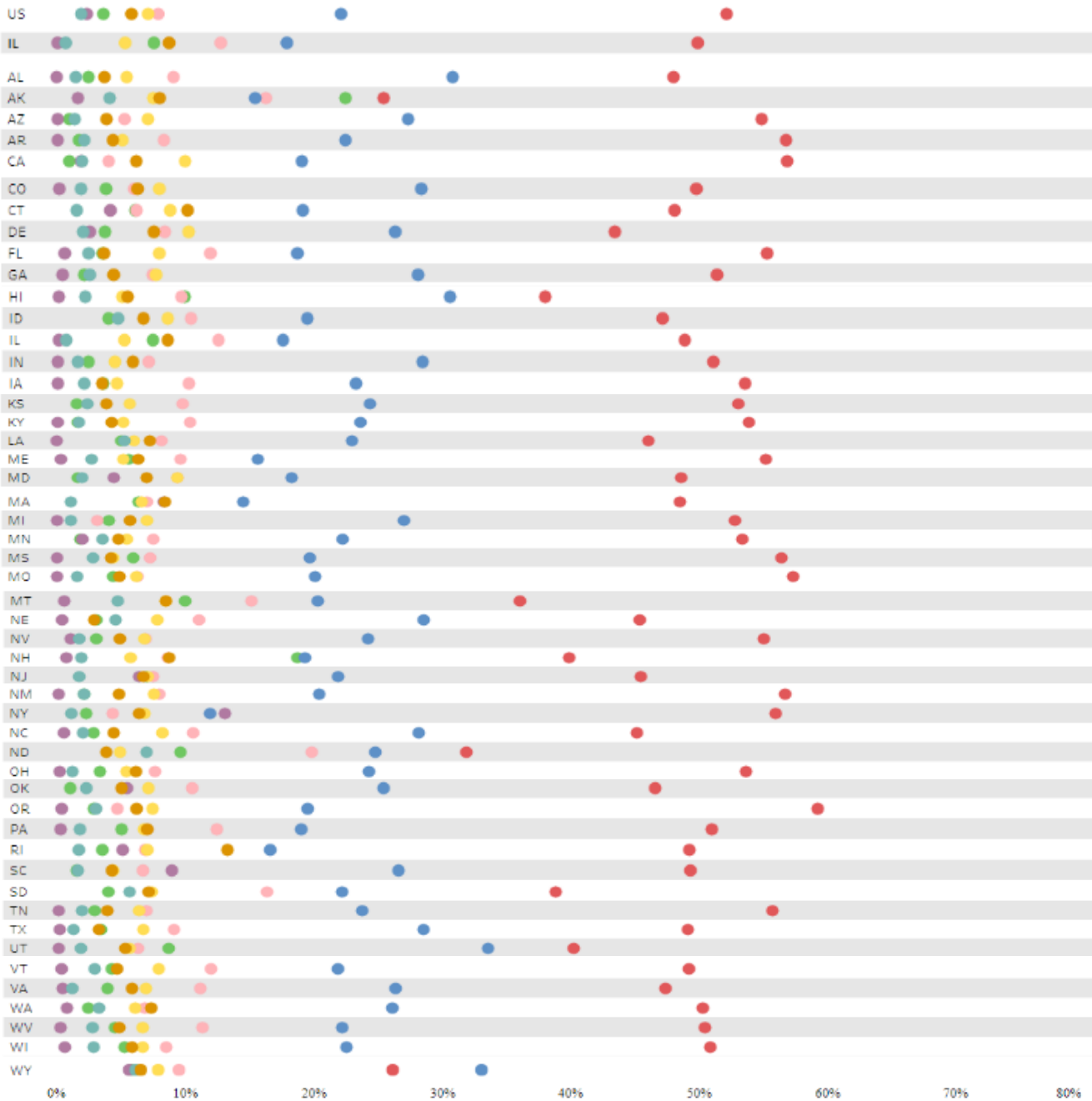
“Who Has to File a Federal Income Tax Return?” *IRS.com*, 18 Jan. 2019, www.irs.com/articles/who-has-file-federal-income-tax-return.

US Census Bureau. “State & Local Government Snapshot.” *State & Local Government Snapshot*, 11 Oct. 2018, www.census.gov/library/visualizations/interactive/state-local-snapshot.html.



Each state has various needs. Some states may spend more on Education or Public Safety and other states spend more money on Parks & Recreation. In the following chart you will notice some fluctuations. The spending is based per capita, which means per person.

Percentage of Expenditures by State



Analyze the states' expenditures to determine any similarities and/or differences.

"Who Has to File a Federal Income Tax Return?" *IRS.com*, 18 Jan. 2019, www.irs.com/articles/who-has-file-federal-income-tax-return.

US Census Bureau. "State & Local Government Snapshot." *State & Local Government Snapshot*, 11 Oct. 2018, www.census.gov/library/visualizations/interactive/state-local-snapshot.html.



Tax Calculations

It's important to know various tax rates before making purchases. Sometimes the tax can dramatically change the cost of an item. Below are a few scenarios for you to calculate what the tax will be.

1. You have been saving your money for months to purchase a drone which costs \$100.00. The county tax is 4% and your city has an additional 2% tax.

Cost of drone	\$	100.00
Tax		_____
Total cost	\$	_____



2. The local property tax was increased by 1.5%. Last year the homeowner paid 3.5% property tax. His home was valued at \$175,000 which amounted to \$6,125 in property taxes. What will the homeowner pay in property taxes each year? _____

3. Esmerelda just purchased a new vehicle and the tax rate is 9.5%. If the vehicle cost \$22,895, how much will Esmerelda pay in taxes?

Cost of vehicle	\$	22,895.00
Tax (9.5%)		_____
Transfer of title and new license plates	\$	221.00
Total cost of vehicle	\$	_____

4. Jerome just won the state lottery and his ticket is worth \$1,000,000! Tax rate on lottery winnings is 25% at the federal level and 5% at the state level. How much will Jerome pay in taxes?

Lottery winnings	\$	1,000,000.00
Federal Tax (25%)		_____
State Tax (5%)		_____



Cost of a Video Game			
Item	State #1	State #2	State #3
Video Game	\$49.00	\$49.00	\$49.00
Tax Rate			
Final Cost			

Cost of a LEGO Set			
Item	State #1	State #2	State #3
LEGO Set	\$65.00	\$65.00	\$65.00
Tax Rate			
Final Cost			

Cost of a Cell Phone			
Item	State #1	State #2	State #3
Cell Phone	\$699.00	\$699.00	\$699.00
Tax Rate			
Final Cost			

Source: How Much <https://howmuch.net>, Internal Revenue Service



Personal Finance and Technology

Personal finance is a term used to describe how individuals manage their money. Technology has had a tremendous influence on how people monitor and track their money. 'Fintech' is the name referencing the combined forces of finance and technology. Some estimates suggest that roughly \$31 billion dollars is being invested into advancing technology in the finance space even further.



For instance, there are apps and other tools making it easier to manage checking and saving accounts and paying bills. Apps can be very helpful for learning about budgets and tracking their income. They are also useful for adults. Common ones include:

- Mortgage calculators – helps individuals estimate what monthly payments and interest will be before purchasing a house. Others will help you determine how quickly you can pay off your mortgage.
- Taxes – apps can help individuals prepare for filing their income taxes.
- Retirement – savings and planning for when individuals stop working later in life.
- Debt – apps to help individuals reduce how much they owe others.
- Budgets – helps individuals see how much money is coming into their accounts and how much they are spending.
- Investments – apps help people create accounts with minimal investments

Not everyone is familiar with these helpful tools. Below is a chart indicating how familiar various age groups in the United States are with personal finance apps.

	18-29 Years Old	30-39 Years Old	40-49 Years Old	50-59 Years Old	60+ Years Old
I am not familiar with it	16%	10%	29%	41%	53%
I am familiar with it, but will not use it	18%	20%	31%	23%	29%
I am familiar with it and will probably use it	41%	40%	30%	26%	14%
I already use such services	24%	29%	10%	11%	5%

The chart indicates that individuals ranging from 18-39 years old are the most familiar with personal finance apps and will likely use them. Roughly one-quarter of the respondents are already using them on their smartphone, tablet, or home computer.

Cyber threats and identity theft continue to increase, so credit monitoring has become a necessity for adults. Thankfully technological advancements make it easier for consumers to monitor their credit to ensure they have not become a victim of theft or fraud.

The crossroads of technology and personal finance can help individuals manage their money and be better users. You can expect to see increased usage in apps along with continued advancements in items, such as mobile wallets, which may further limit consumer's use of cash.

Inc.com <https://www.inc.com>

Statista www.statista.com,

"How to Take Advantage of Financial Technology." *U.S. News & World Report*, U.S. News & World Report, money.usnews.com/money/personal-finance/saving-and-budgeting/articles/2018-05-15/how-to-take-advantage-of-financial-technology.



I WANT IT NOW!!!

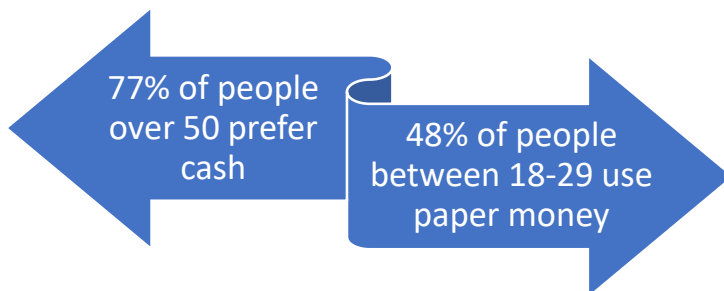
Technology has brought a lot of advancements and positive items to society including computers, smartphones, Google, and online shopping. One of the downsides is a term called ‘instant gratification’. This term means that a lot of consumers around the world have access to almost anything with just a touch of a finger. Additionally, there are numerous customizable options to make our selections almost limitless. People buy what they see and do not think about the impact it will have on their money- just that they want it now.

Years ago, you used to get paid with either cash or a check. It was a payment that you could touch and feel. The same is true with cash. It’s funny how cash is an instant reminder of how much money you really have! As you pay for something, you see the cash leave your wallet and you physically hand it to someone else. It gives you a quick reminder as to whether you *really need* that item you are about to purchase!

One downside of using plastic cards for a method of payment is that purchasing becomes almost effortless. It is convenient to swipe or insert your card into a machine or click a button. It also means you can easily lose track of how much money you actually have.

Even though technology provides us with tools to help us manage money, in many cases it does just the opposite. Studies show teenagers and young adults have the highest overdraft fees.

One of the biggest problems is that the overdraft fees – which sometimes are as high as \$35 – are because of a \$5 purchase. In other words, individuals are not keeping track of their payments and are spending more than they are earning. For banks, overdraft fees amount to a lot of revenue. In recent years, banks have made millions of dollars in both overdraft and insufficient fund fees.



Managing your money is incredibly important. Sometimes it requires discipline and recognizing that instant gratification can cause some problems.

Bloomberg.com, Bloomberg, www.bloomberg.com/news/articles/2017-08-04/bank-overdraft-fees-are-here-to-stay.
Sanicola, Laura. “Millennials, Minorities Crushed by Overdraft Fees.” *CNBC*, CNBC, 5 May 2016, www.cnbc.com/2016/05/03/millennials-minorities-crushed-by-overdraft-fees.html.
Renzulli, Kerri Anne. “Millennials Use Credit and Debit More than Their Parents | Money.” *Time*, Time, 27 Aug. 2014, time.com/money/3182089/millennials-spending-mistakes/.



Personal Debt

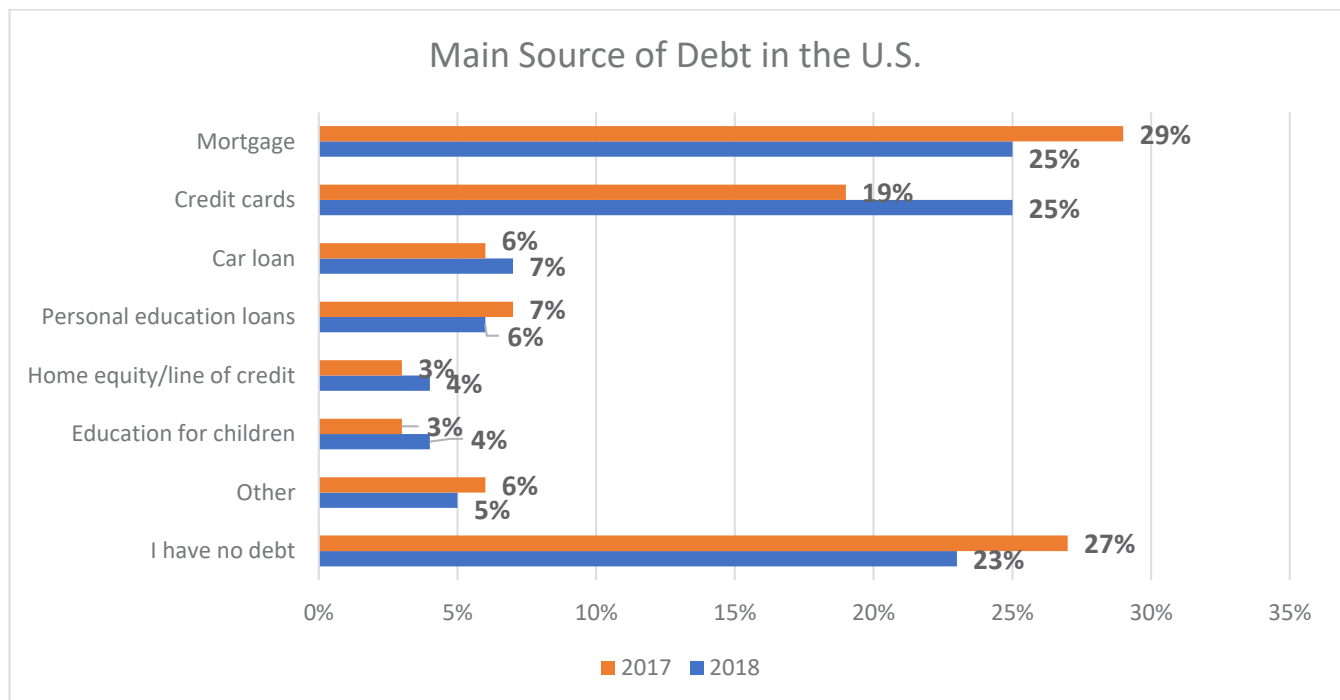


Personal debt is considered the amount of borrowed money an individual owes others. Debt is based on credit given to an individual from a financial institution or store. By law, the individual is required to repay the lender for the money borrowed plus any interest which is added to the debt.

Sometimes people also borrow money from a friend or relative. That form of debt may or may not include any interest.

As the chart below indicates, personal debt can come in many forms. Over two-thirds

of families in the United States have personal debt. The biggest debt for most individuals includes where they live. This type of debt usually involves a **mortgage**, which is a loan that is paid over the course of several years. The most common mortgage loans are for 15 or 30 years. Interest is added on to the original purchase price of the home. The second largest source of debt includes credit cards, followed by car loans.



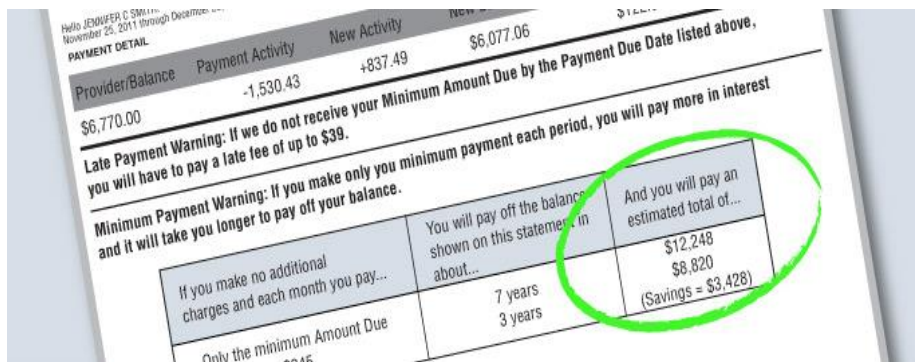
Look at the changes between 2017 and 2018. What do you notice? Are those changes good or bad?



Credit Cards

Many individuals use credit cards on a regular basis. They are both easy and convenient to carry so people regularly use them for expenses throughout the day. However, one of the downsides is that individuals quickly accumulate debt on a credit card. Individuals can purchase items almost effortlessly and without out giving much thought to the transaction.

Here's how a credit card works. You apply to a credit card company. Based on your credit score, you are approved for a certain limit. This means that you can make regular purchases on your credit card, but you need to stay below the amount you are approved for. If you go past the pre-approved amount, the transaction may be declined, or you might be charged a transaction fee.



Individuals who have a balance on their credit card receive monthly statements indicating how much they owe along with payment information. The statement will always include the minimum amount due for that

month. If the minimum is paid and the company receives the payment on time, the individual will not receive any additional charges, other than the interest rate on the balance. It's important to know that there are costs affiliated with credit cards, such as:

- **Annual Fee** – credit card companies can charge you an annual fee just to use their card. This usually falls in the range of \$0-\$50 per year.
- **Annual Percentage Rate (APR)** – this is the percentage rate charged for any monthly balances.
- **Finance Charge** – a dollar amount paid to use credit, including any additional costs of the transactions and interest.
- **Grace Period** – the number of days an individual must pay off new purchases before interest is charged.

Kathleen Elk. "Here's What Happens When You Only Pay the Minimum on Your Credit Card Balance ." *CNBC*, CNBC, 24 July 2018, www.cnbc.com/2018/07/23/what-happens-when-you-only-pay-the-minimum-on-your-credit-card-balance.html.

Nance-Nash, Sheryl. "5 Credit Card Traps." *Forbes*, Forbes Magazine, 19 June 2012, www.forbes.com/sites/sherylNancenash/2012/06/19/5-credit-card-traps/.

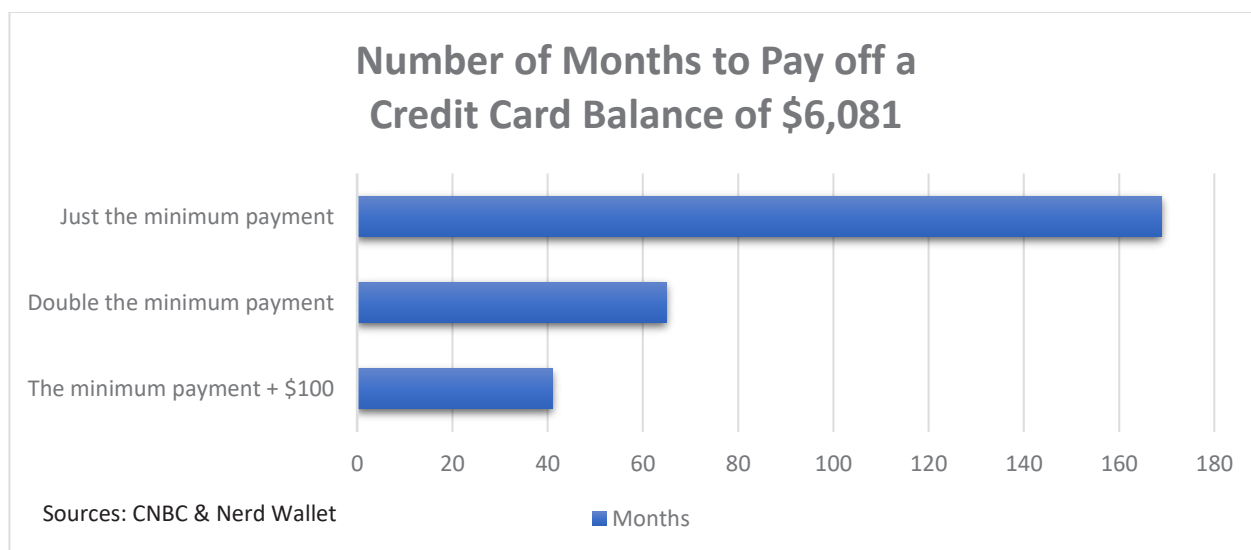
Caldwell, Miriam. "5 Steps You Can Take to Avoid the Credit Card Trap." *The Balance*, The Balance, 9 Dec. 2018, www.thebalance.com/how-to-avoid-the-credit-card-trap-2386313.

"Compareairlinebad Creditbalance Transferbusinesscash Backbonus Offersgaslow Interestyour Recommendedrewardssecuredstudenttravelzero Percentrewardscredit Cardsforexcellent Credit (720-850)Good Credit (690-719)Average Credit (630-689)Poor Credit (350-629)Good CreditGet Your Free Credit Score." *Rewards Credit Cards - Compare 78 Card Offers*, www.nerdwallet.com/rewards-credit-cards?trk=nw_gn2_4.0.



- **Periodic Rate** – the interest rate a credit card company charges your account for any outstanding monthly balances.
- **Transaction Fees** – some credit card companies charge fees for a cash advance, late payments, or if you go past your credit limit.

On average, United States households with credit card debt carries a balance of \$6,081. The chart below shows that if an individual only paid the minimum balance, it would take the individual 169 months to pay off the credit card. However, if the payment was doubled each month, it would take the individual less time to pay off the credit card. If the minimum payment was made, along with an additional \$100, the credit card would be paid off in approximately 40 months.



That’s a big difference! Think of the interest the individual would be paying back over the course of 169 months.

Credit cards are a nice convenience to have, but it is important to be thoughtful when using it. When using a credit card, remember: The cost of the item you are buying is more expensive if you do not pay it off right away. Very quickly, a fun purchase of just \$10 can triple with interest. Try to not carry balances on your credit card, but if you do, make sure you know when your payments are due and how long you have to pay off your purchase.

Kathleen Elk. “Here's What Happens When You Only Pay the Minimum on Your Credit Card Balance .” *CNBC*, CNBC, 24 July 2018, www.cnbc.com/2018/07/23/what-happens-when-you-only-pay-the-minimum-on-your-credit-card-balance.html.

Nance-Nash, Sheryl. “5 Credit Card Traps.” *Forbes*, Forbes Magazine, 19 June 2012, www.forbes.com/sites/sherylNancenash/2012/06/19/5-credit-card-traps/.

Caldwell, Miriam. “5 Steps You Can Take to Avoid the Credit Card Trap.” *The Balance*, The Balance, 9 Dec. 2018, www.thebalance.com/how-to-avoid-the-credit-card-trap-2386313.

“Compareairlinebad Creditbalance Transferbusinesscash Backbonus Offersgaslow Interestyour Recommendedrewardssecuredstudenttravelzero Percentrewardscredit Cardsforexcellent Credit (720-850)Good Credit (690-719)Average Credit (630-689)Poor Credit (350-629)Good CreditGet Your Free Credit Score.” *Rewards Credit Cards - Compare 78 Card Offers*, www.nerdwallet.com/rewards-credit-cards?trk=nw_gn2_4.0.



Name: _____

Credit Cards



Jose wants to buy a cell phone. He has three credit card options and wants to calculate how much each option will cost.

The first option has a lower monthly payment, but it will take him longer to pay off the credit card. The second option starts off with a 0% interest rate but increases to 14.99% after six months. His payments are slightly higher, but it will take him fewer months to pay for the cell phone. In the third option, he has a higher interest rate, higher monthly payments, but he will pay the cell phone off sooner.

Purchase Amount	Credit Card Annual Percentage Rate (APR)	Minimum Monthly Payment	Number of Months to pay off the balance	How much will the total interest be?	Final cost of Cell Phone
\$500.00	18.9%	\$25.00	43 months		
\$500.00	0% for first 6 months, then 14.99%	\$32.00	30 months		
\$500.00	24%	\$40.00	27 months		

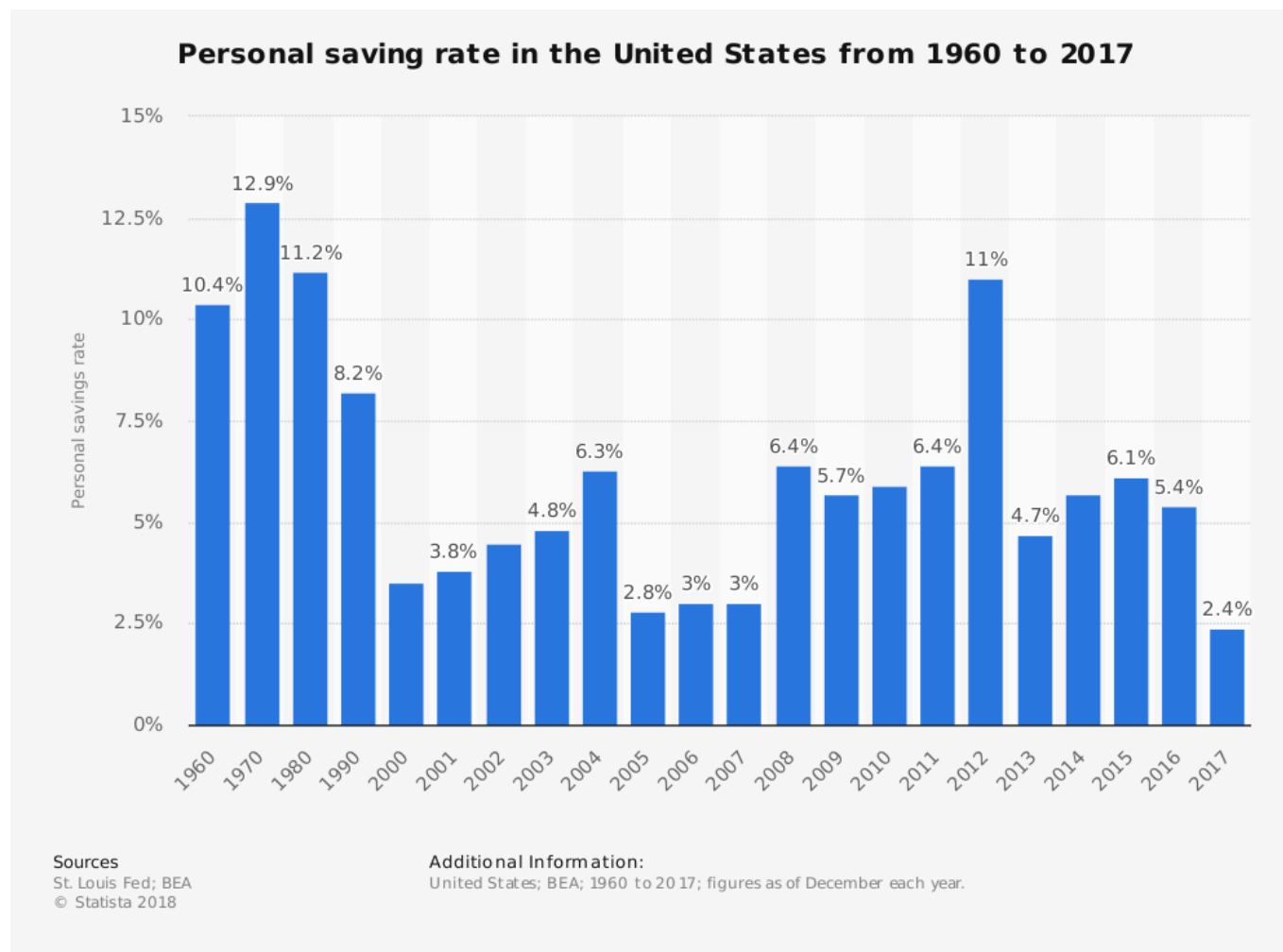
1. What conclusions can you draw from this information?

2. What life lesson have you learned that you will want to remember when you are old enough to have your own credit card?



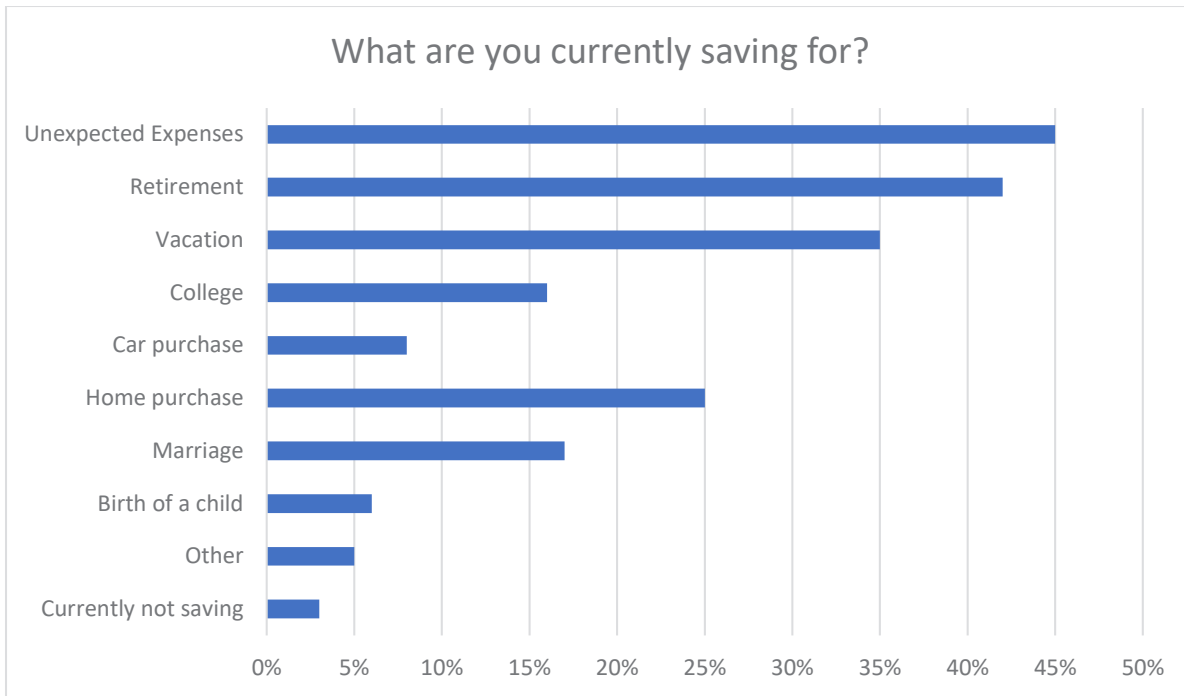
Personal Savings

Personal savings is the amount of money individuals put aside from their earnings. The money is kept in a safe place, such as an account at the bank. The chart below shows personal savings rates from 1960 to 2017. Notice how much savings rates have fluctuated each year. Look at the chart and determine what year(s) people saved the most? What year(s) did people save the least?

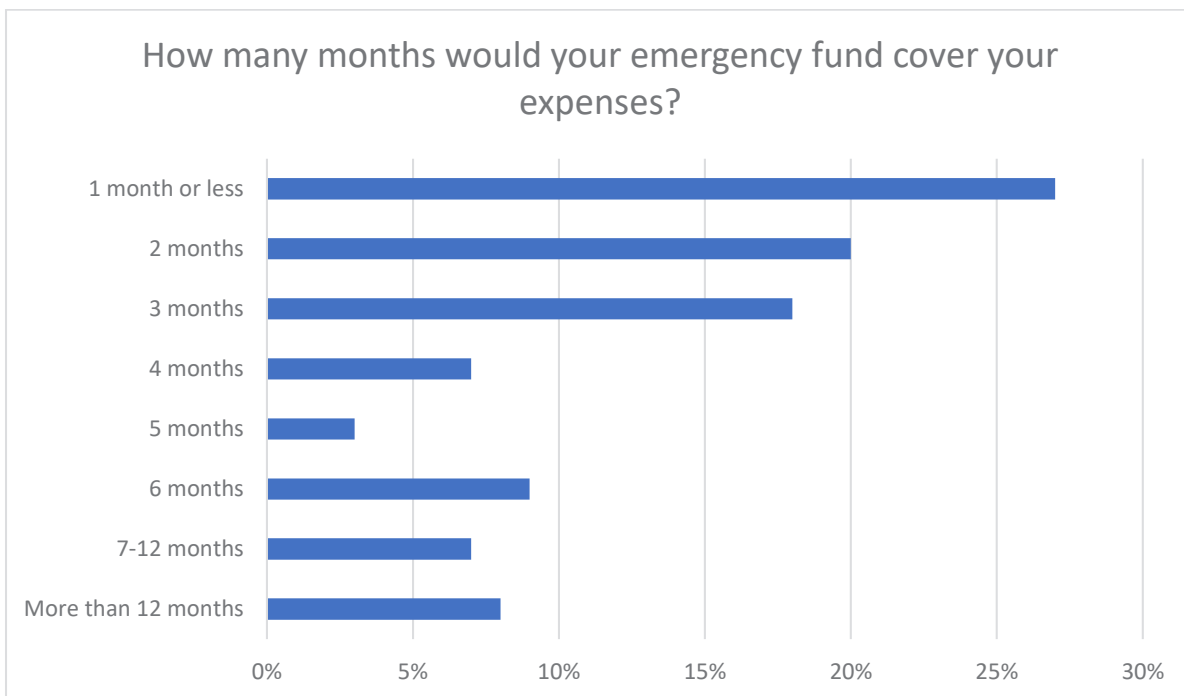


When people save their money, what do you think they save their money for? The chart below shows that most people in the United States are saving for unexpected expenses, also called a 'rainy day' or emergency fund. This is money people set aside for an expense that they normally do not have. This could include car repairs, a doctor's bill, or if their pet must visit a veterinarian. These funds are also used if someone stops working for a period of time. When individuals save money, they can pay for their unexpected expenses without having to borrow money or put it on a credit card. This strategy is helpful because the individual does not have to pay the cost of the item plus interest to anyone else. Take a closer look at the chart. Is there anything that surprises you? If so, what is it and why are you surprised?





The next chart looks at how long savings in an emergency fund would cover a family's expenses. Most individuals only have enough saved to cover their expenses for one month or less. What are your thoughts about this chart? Do you think this is good or bad?



After spending time analyzing the charts and reflecting, discuss your thoughts on personal savings in the United States with your class.

Source: Statista www.statista.com

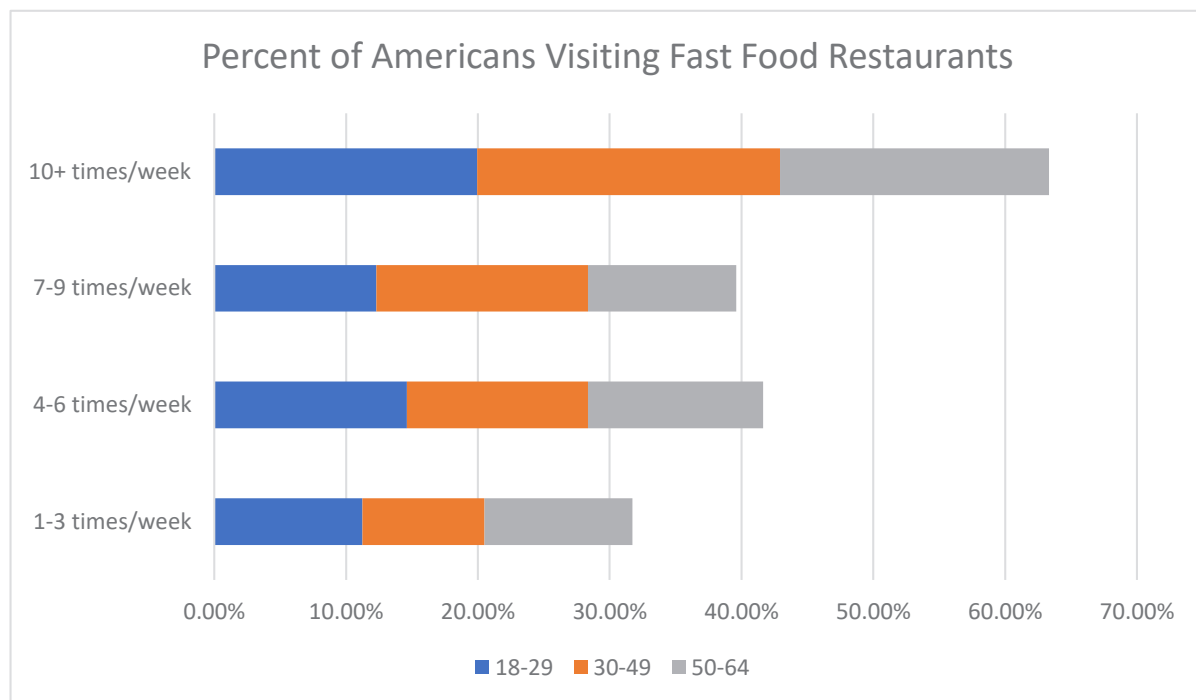


Choices and Money

Technology has helped make it easy for us to purchase items we need and want. Numerous times throughout the day individuals swipe their plastic cards or use mobile devices to pay for items. However, it's easy to lose track of how much money you actually have in an account.

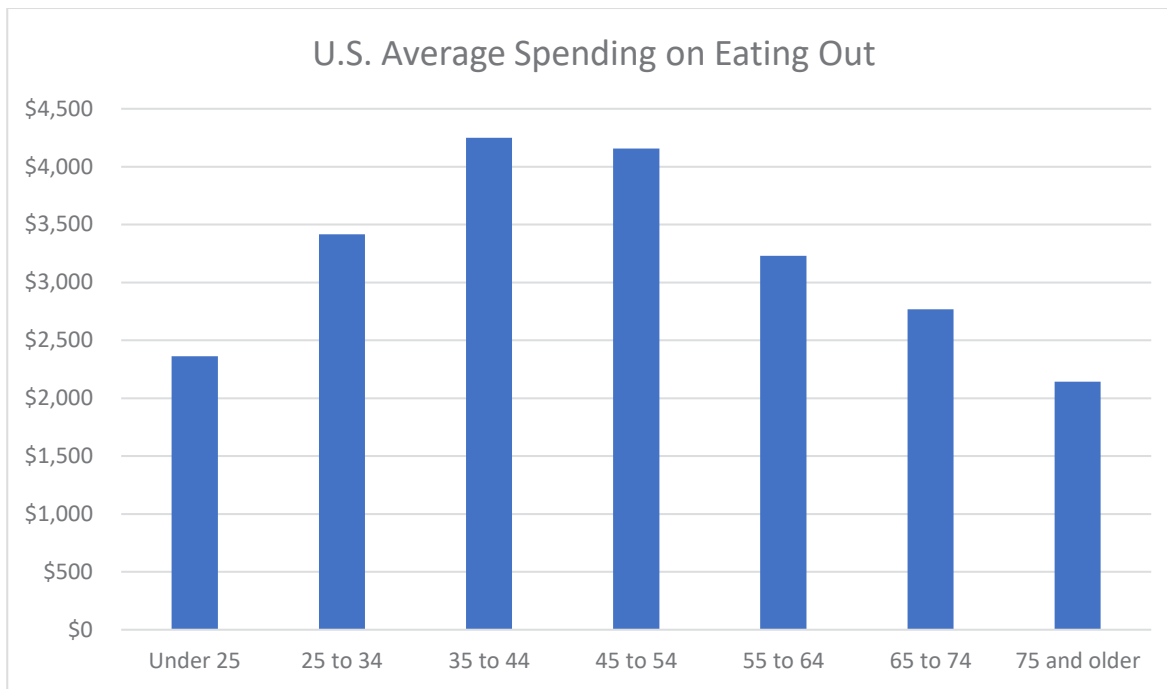
We all have choices to make about our money and how we spend it. For instance, many items are purchased because of their convenience.

The chart below shows how many times people in the United States eat out per week by age group. According to this chart, almost two-thirds of Americans eat out ten times or more per week.

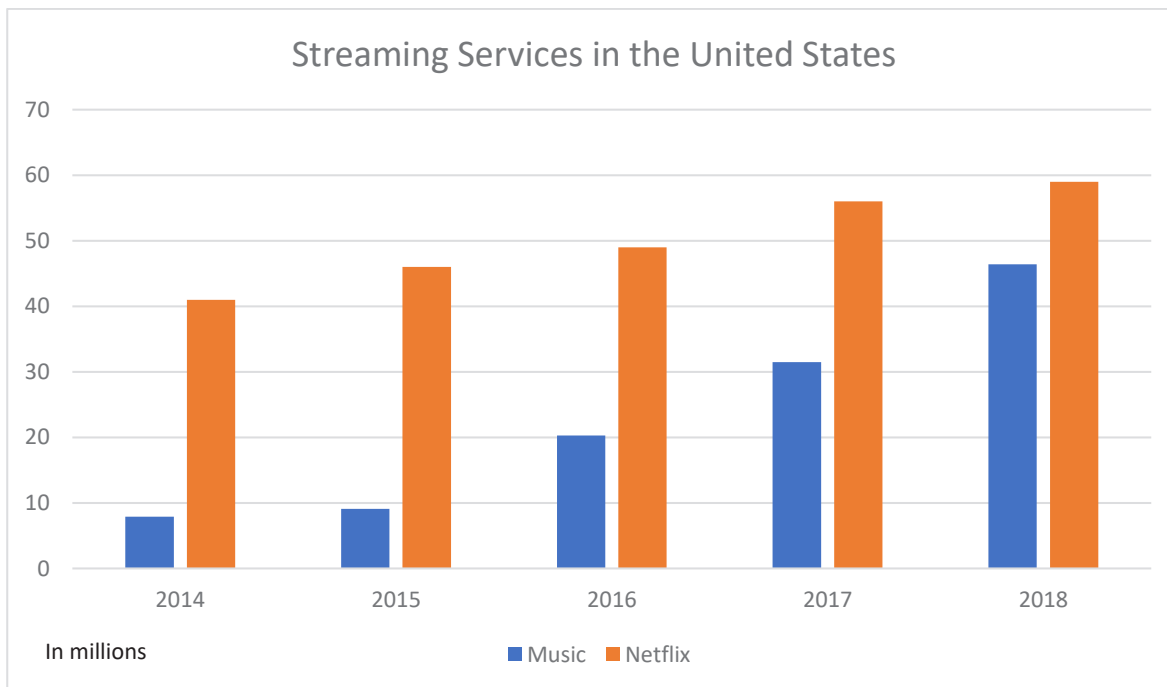


That cost begins to add up very quickly! The next chart shows the average amount of each age group spends annually eating out.





Now let's look at streaming services. There has been a steady increase in the number of Americans paying for streaming services subscriptions. This market is expected to grow over the next several years.



Individuals make decisions everyday about how to spend their money. Sometimes an item doesn't seem very expensive but can quickly add up over the course of the year. Even though technology has made purchasing easier, it is still important to think about if the items is necessary. Perhaps there is a better alternative.

Source: Statista www.statista.com



Name: _____

Card Options

Step 1: Below is a list of the type of cards individuals use regularly. Investigate each type of card, along with what pros and cons are for each type. In the last column, indicate whether interest is paid to a company (an additional cost to the purchaser) or is interest earned by the individual. Be sure and use multiple sources when conducting your research to gain various perspectives.

Type of Card	Pros	Cons	Interest Earned or Paid
Debit			
Credit			



Prepaid				
Store-Issued (such as Best Buy or Walmart)				

Sources Used:

1. _____
2. _____
3. _____
4. _____
5. _____



Step 2: Based on the pros and cons you have identified for each type of card, what questions do you have?

Essential question: _____

Supporting questions:

1. _____

2. _____

3. _____



My Financial Vision Board

There are numerous possibilities for you in the future. One way to start moving towards a bright future is by thinking about and defining goals. Then you can develop strategies to help you reach those goals.



People don't always think about their financial goals. Short-term goals are those items in which you can save money for within the next year. This could be for clothing, shoes, a new game, movie tickets, etc.

Short-term goals: Think about three things you would like to save money for in the next year and list them on the lines below.

1. _____
2. _____
3. _____

Long-term goals: Think about three things you would like to spend money on when you are 16 years old? How about 25 years old? How about 35 years old? It doesn't have to be a type of good (like a car or house). Maybe you want to see Australia by the time you're 50. List them below:

Age	Goal
Goal #1, Age 16	
Goal #2, Age 16	
Goal #3, Age 16	
Goal #1, Age 25	
Goal #2, Age 25	
Goal #3, Age 25	

Source: Kansas City Federal Reserve Bank, Common Cents by Michelle Wulff



Goal #1, Age 35	
Goal #2, Age 35	
Goal #3, Age 35	

Poster Board with Visual Representations: Find and collect pictures that identify both your short- and long-term goals. If you can't find a picture, draw an illustration. Make sure to identify visual representations for each of your goals.

Rank your goals according to which you feel is the highest priority or the most important for you. Those items that are the highest priority should be placed in the top positions on your board. Be sure to label each visual image as "Goal #1, Age 16" or "Goal #2, Age 25".



Source: Kansas City Federal Reserve Bank, Common Cents by Michelle Wulff



Name: _____

Incentives

Incentives are offered to individual with the intention, or hope, that you will react in a certain way. They can have positive or negative effects on an individual's behavior. Both types of incentives are all around us. Here are a few examples:

Positive Incentives

- Do you receive an allowance at home for doing chores, such as shoveling snow or cleaning your room?
- Does a neighbor give you extra money for raking their leaves or taking their dog for a walk?
- Do you receive good grades when you have studied really hard for a test?



Negative Incentives

- If you lose a library book, you probably can't check out new ones.
- A note is sent home if you misbehaved during school.
- You are not able to use your digital devices or watch TV if you're room isn't clean

In the examples above, think about which type of incentive may work better, positive or negative. Why do you think that is so?

What is the best reward you have ever received for doing something? _____

What is the worst consequence or negative incentive you have received? _____



Do rewards or penalties work best with you? What are your thoughts?

Economic incentives are used to try and get you to react in a certain way. Here's a list of common ones:

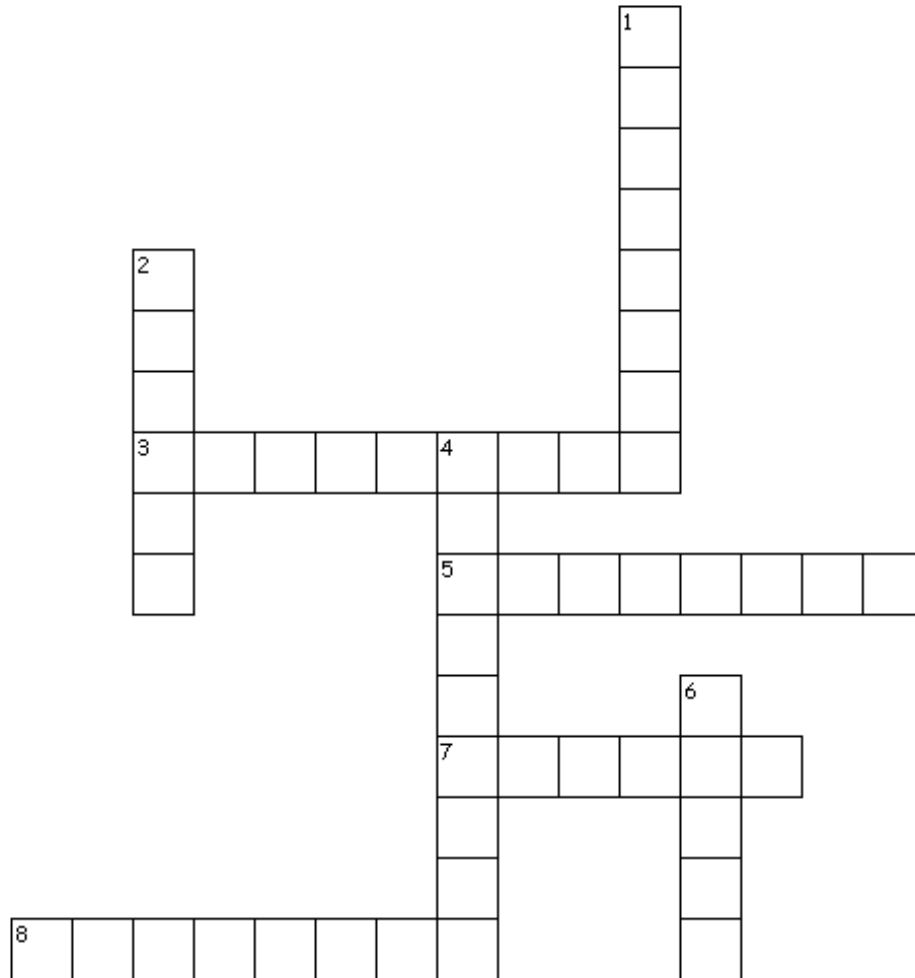
- Encourage you
- Persuade you
- Convince you
- Bribe you
- Punish you
- Reward you
- Penalize you
- Influence you

Companies use incentives all the time in marketing and advertising efforts to try and get individuals to purchase their product. They can even make you feel like you are missing out on a really good offer if you don't immediately purchase a product. When you go shopping at the grocery store, you may only need one can of soup but there is a 'special' that if you buy 5 you get 5 free. That's using an incentive to try and influence your purchase. Another example is when celebrities are featured in advertisements endorsing a product. Look at all of the advertisements involving athletes and gym shoes.

Be a wise consumer and think about the incentives. Thinking about the real benefits of an incentive can help you maximize your money.



Incentives Crossword Puzzle



Across

3. Have an effect
5. Cause someone to firmly believe in something
7. Recognition
8. Form of punishment

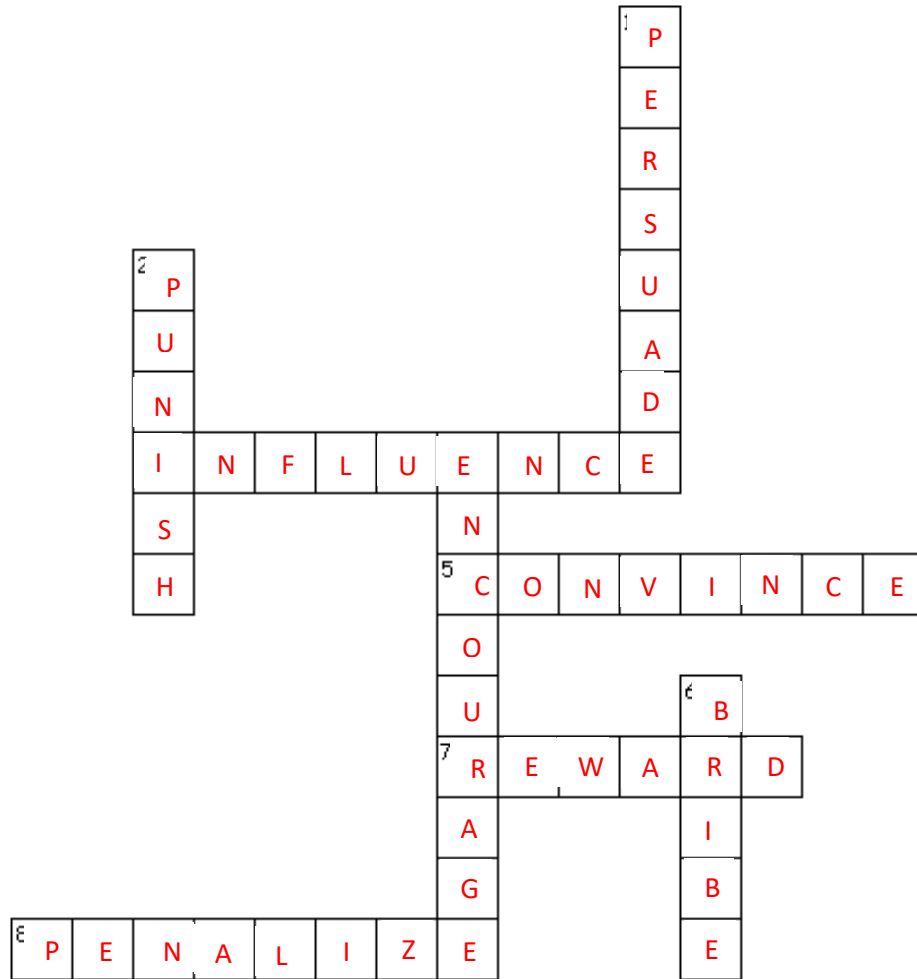
Down

1. Cause someone to do something
2. Penalty
4. Give support
6. Persuade someone to do something dishonest

Source: Puzzlemaker at DiscoveryEducation.com



Incentives Crossword Puzzle



Across

3. Have an effect
5. Cause someone to firmly believe in something
7. Recognition
8. Form of punishment

Down

1. Cause someone to do something
2. Penalty
4. Give support (Encourage)
6. Persuade someone to do something dishonest

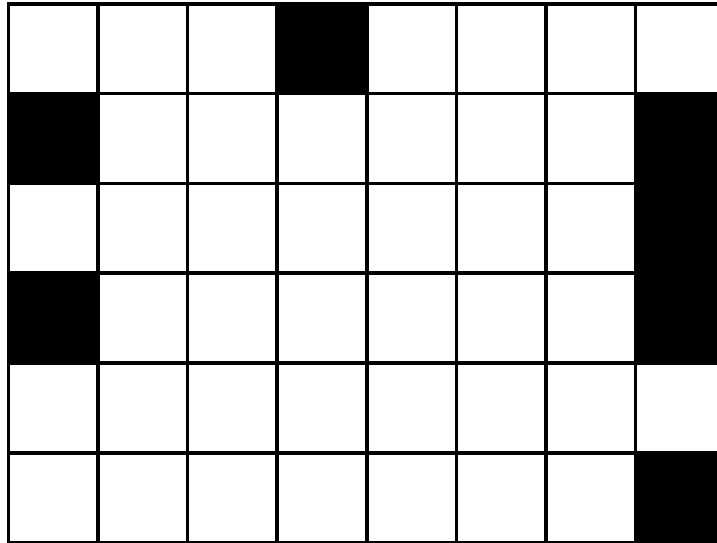
Source: Puzzlemaker at DiscoveryEducation.com



Name: _____

Fallen Phrase Puzzle

Below is a fallen phrase. All of the letters needed to solve the puzzle are located just beneath it. After solving the puzzle, answer the questions below.



O A D E G

I F I O N A

P M O F I C E

F E N A E N T

H A R K C O S S

Source: Discovery Education Puzzle Maker



Take a moment to reflect on what you have learned about money and the question from the fallen puzzle. List five ways answers to the question.

1.

2.

3.

4.

5.

Source: Discovery Education Puzzle Maker



Name: _____

Fallen Phrase Puzzle

Below is a fallen phrase. All of the letters needed to solve the puzzle are located just beneath it. After solving the puzzle, answer the questions below.

H	O	W		D	O	E	S
	M	A	K	I	N	G	
C	H	O	I	C	E	S	
	A	F	F	E	C	T	
P	E	R	S	O	N	A	L
F	I	N	A	N	C	E	

O A D E G

I F I O N A

P M O F I C E

F E N A E N T

H A R K C O S S

Take a moment to reflect on what you have learned about money. List five ways this happens or five things people can modify in their lives.

1.



2.

3.

4.

5.

