



Money Smart Kids!

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Cha- Ching Family Activity Spend Your Money Wisely, My Friend

Overview: "I want...!" and "Can I get...?" are phrases often heard from children. Of course, it's okay to want things – we all do! But, there are important lessons to be learned about wants and it is sometimes difficult for children to learn them. In this activity, you and your child tackle these lessons together.

- Lesson 1: The more things we want, the more we need to earn to pay for those things.
- Lesson 2: When there is not enough money to buy everything we want, we have to prioritize to decide which purchases are most important.
- Lesson 3: Differentiating between wants and needs is a daily challenge and we must spend money on needs before we spend it on wants.

Activity Duration: Varies

Outcomes

- Students will understand the importance of waiting and thinking about all alternatives before spending their money
- Students will participate in planning a family budget

Materials

- Computer or tablet with internet access
- Copy of *Family Budget Manager*
- Bank statements, monthly bills, receipts

Procedure

1. DISCUSS the strategies you use for saving money for things that you had not planned on.
 - Ask, "How much do you think about what you spend your are spending on? Why? How does this impact what other things you can and can't buy? How much do you keep in savings? Does it impact if you take a family vacation? How?"
2. WATCH the video [Spend Your Money Wisely My Friend](#) with your child.
3. DISCUSS what happened to the band and how they solved their problem.
 - What happened to the band? What did they do to solve their problem?
 - How did the characters make sure they got the best price on their purchases?
 - Discuss comparison shopping
 - What is the difference between a want and a need?
 - What are some things you want that cost money?
 - What are some things you need that cost money?



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- Have you ever seen advertisements for things? Do they make you want to buy things? Even things you don't need? Do ads help you spend your money wisely? Why or why not?
4. TOGETHER, talk about ways the family makes sure they have everything they need.
 - How does our family handle needs and wants?
 - What are some ways we can work together as a family to spend money wisely?
 5. CREATE a family budget. Discuss with your child the challenges that can accompany a budget. For example, you can't always buy the things you want because they are not in the budget. (*Note to families: If you are not comfortable sharing family finances with your child, consider creating a sample budget or limiting your budget to one area.*)
 - The *Family Budget Manager* can help the family learn how much money is coming in and how much money is coming out to better plan and save for the future.
 - Depending on how much information you would like to share with your child, gather a sampling of bills and expenses from the previous month.
 - With your child, enter each expense on the *Family Budget Manager*. Explain the difference between planned spending and actual spending.
 - Go through each expense with your child, identifying which are needs and which are wants.
 6. When your budget is complete, discuss the following three concepts with your child:
 - Lesson 1: The more things we want, the more we need to earn to pay for things.
 - Lesson 2: When there is not enough money to buy everything we want, we have to prioritize to decide which purchases are most important.
 - Lesson 3: Differentiating between wants and needs is a daily challenge and we must spend money on needs before we spend it on wants.
 - Together, work through your family budget and label each item as a "need" or a "want".
 - Ask, "What happens if we want to spend more on our wants? What do we have to do in order to be able to do that?" For example, when you go to the grocery store and you are hungry, you tend to buy things that are not on your "needs" list. What happens? What could that do to our budget?
 - Ask, "Look at all of the things our family spends money on each month. Discuss what they are. How do you think we decide which things to spend money on first?"
 - Discuss the meaning of the word *priorities*.
 - Discuss the importance of balancing needs and wants each month and how that can affect how the family spends and saves money.
 7. TOGETHER, think about ways the family can save money next month. Discuss what you could do with the extra money. (You will have more money for your wants and needs and/or to save and donate)
 - Look at the electricity bill: Turn off lights and other electronics when not in use to save electricity.



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- Look at the heating or cooling bill: Quickly close the door when going outside to save on the heating or cooling bill.
 - Know what you want before you open the refrigerator or freezer door. Don't let it hang open!
 - Look at a grocery receipt: Drink water from the faucet instead of buying bottled water or other drinks.
 - Look at a restaurant bill and total grocery bill: Cook meals together at home instead of going out to eat.
 - Create a grocery list before you go to the store. Shop smart:
 - Shop as a family. Assign your child the job of List Manager to help you stick to your list.
 - Compare unit prices for items. For example, a 5-oz. bag of chips costs \$3, while a 10-oz. bag costs \$5. If your child does the math, they'll find that the \$5 bag is the better bargain at \$0.50 per ounce (as opposed to the \$0.60 per ounce on the \$3 bag). Make sure to look at the ingredients and think about taste – do they both taste the same (often people think that things taste better when they are more expensive. There are no right or wrong choices, only choices.
 - Look at local ads and online shopping sites and search engines to compare prices. Think about the quality, how long you need it for, how long it will last, etc.
 - What other ideas can you think of?
8. For one month, track family spending with your child. Each time a bill comes in, enter it together on the family budget. At the end of the month, total each category and analyze what you have spent. Did you save more money this month than last month? What spending choices did you have to make? How did you decide? What will you do with the money you didn't spend? What strategies worked to help you stick to your budget? What will sticking to your budget or going under budget do for the family?



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Family Budget Manager

Expenses	Month
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House Expenses	Last Month	Planned This Month	Actual This Month	Planned vs Actual
Rent/Mortgage				
Electricity				
Gas				
Phone				
Internet				
Subtotal				

Shopping Expenses	Last Month	Planned This Month	Actual This Month	Planned vs Actual
Groceries				
Pet Care				
Clothes				
Subtotal				

Entertainment Expenses	Last Month	Planned This Month	Actual This Month	Planned vs Actual
Meals out				
Movies				
Toys & Electronic Games				
Activities				
Holidays				
Subtotal				



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Personal Expenses	Last Month	Planned This Month	Actual This Month	Planned vs Actual
School fees				
Medical bills				
Medications				
Personal care				
Subtotal				

Transportation Expenses	Last Month	Planned This Month	Actual This Month	Planned vs Actual
Car maintenance				
Car insurance				
Gas				
Subtotal				

Other Expenses	Last Month	Planned This Month	Actual This Month	Planned vs Actual
Gifts				
Donations				
Subtotal				

Total Expenses				
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Monthly Budget	Last Month	Planned This Month	Actual This Month	Planned vs Actual
Income				
Other sources				
Total Budget				

Summary	Last Month	Planned This Month	Actual This Month	Planned vs Actual
Total Budget				
- Total Expenses				
= Savings				