

# FINANCIAL LITERACY LESSON PLAN

**GRADE:** 6-8  
**SUBJECT:** Making better financial decisions Part 2\*  
**UNIT/LESSON TOPIC:** Broke: How to avoid the plight of professional athletes' poor financial management  
\* **Extension: Making Informed Financial Decisions**

**Brief Description:** This lesson plan should be used to extend the lesson on making better financial decisions entitled: "Broke: How to avoid the plight of professional athletes' poor financial management." In this lesson, students will look at how ordinary people can do the same thing. Students will watch a video about planning before spending. They will play a game, Dollars & Sense, and discuss their choices and outcomes. Lastly, they will collaboratively make posters to show they understand what each financial literacy standard entails.

## College- and Career Readiness Standards —

Grades 6-8 Social Studies Indicators:

- **Economics**
  - Explain how economic decisions affect the well-being of individuals, businesses, and society.
- **History and Literacy**
  - Conduct short research projects to answer a question (including a self-generated question), drawing on several sources and generating additional related, focused questions that allow for multiple avenues of exploration.
  - Evaluate sources and use evidence

## Financial Literacy Content Objective: (what aspect of financial literacy does your lesson address? For example: <http://councilforeconed.org/resource/national-standards-for-financial-literacy/>)

- **Earning income** - Income for most people is determined by the market value of their labor, paid as wages and salaries. People can increase their income and job opportunities by choosing to acquire more education, work experience, and job skills. The decision to undertake an activity that increases income or job opportunities is affected by the expected benefits and costs of such an activity. Income also is obtained from other sources such as interest, rents, capital gains, dividends, and profits.
- **Buying goods and services** - People cannot buy or make all the goods and services they want; as a result, people choose to buy some goods and services and not buy others. People can improve their economic well-being by making informed spending decisions, which entails collecting information, planning, and budgeting.

## 1. Engage:

- In our last lesson we watched Broke and learned how professional athletes mismanage their money and end up bankrupt. Today we are going to look at how ordinary people can do the same thing.
- Show the Meet Joe video clip: This video encourages people to plan before they spend, rather than spend before they plan. (you will have to choose this clip from a playlist) [https://www.richmondfed.org/education/for\\_teachers/academic\\_competitions/share\\_the\\_wealth/](https://www.richmondfed.org/education/for_teachers/academic_competitions/share_the_wealth/)
- Discuss the video using the following questions. What are some of the choices Joe made? What solutions were presented to Joe? If you were Joe, what would you do differently? How would you keep track of your spending?  
\*\*You can give the discussion questions to students to begin writing down talking points during the video to discuss afterward.

## 2. Explore:

- Distribute and complete the Dollars & Sense activity. a. Select lifestyle spending options. b. Flip a coin for each Chance occurrence. c. Choose a career aligned with your interests, and gather income and education information. d. Complete the Bills section, including any student loan repayment amounts. e. Finish the activity by filling in the Chance items. (See Dollars & Sense Teacher Guide-attachment 1 and activity attachment 2)
- Have students share choices and discuss outcomes.

## 3. Explain: Collaborative small group posters about the financial literacy standards.

- To make sure students understand what making informed financial decisions means split the class into small, collaborative groups of 3 or 4 students in 6 groups. Assign each group a financial literacy standard to research and make a poster to illustrate what that standard entails.
- Summary of Standards
  - I. **Earning Income** for most people is determined by the market value of their labor, paid as wages and salaries. People can increase their income and job opportunities by choosing to acquire more education, work experience, and job skills. The decision to undertake an activity that increases income or job opportunities is affected by the expected benefits and costs of such an activity. Income also is obtained from other sources such as interest, rents, capital gains, dividends, and profits.
  - II. **Buying Goods and Services** People cannot buy or make all the goods and services they want; as a result, people choose to buy some goods and services and not buy others. People can improve their economic well-being by making informed spending decisions, which entails collecting information, planning, and budgeting.
  - III. **Saving** is the part of income that people choose to set aside for future uses. People save for different reasons during the course of their lives. People make different choices about how they save and how much they save. Time, interest rates, and inflation affect the value of savings.
  - IV. **Using Credit** allows people to purchase goods and services that they can use today and pay for those goods and services in the future with interest. People choose among different credit options that have different costs. Lenders approve or deny applications for loans based on an evaluation of the borrower's past credit history and expected ability to pay in the future. Higher-risk borrowers are charged higher interest rates; lower-risk borrowers are charged lower interest rates.
  - V. **Financial Investing** is the purchase of financial assets to increase income or wealth in the future. Investors must choose among investments that have different risks and expected rates of return. Investments with higher expected rates of return tend to have greater risk. Diversification of investment among a number of choices can lower investment risk.
  - VI. **Protecting and Insuring** People make choices to protect themselves from the financial risk of lost income, assets, health, or identity. They can choose to accept risk, reduce risk, or transfer the risk to others. Insurance allows people to transfer risk by paying a fee now to avoid the possibility of a larger loss later. The price of insurance is influenced by an individual's behavior.
- Provide students with the web address for the National Standards for Financial Literacy <http://www.councilforeconed.org/wp/wp-content/uploads/2013/02/national-standards-for-financial-literacy.pdf> or provide a printout of the standards and benchmarks (attachment 3). This will give the students a good idea of what they need to illustrate for their topic.
- Provide poster board or poster paper, markers, colored pencils, computers, etc.--what they need to create a poster. Also, provide a poster rubric so students know what is expected (attached). Give students an appropriate amount of time to complete posters.
- Show this YouTube video on how to do a Gallery Walk: <https://www.youtube.com/watch?v=pSt5echeRrM>
- Provide the attached graphic organizer and conduct the Gallery Walk.
- Post the attached Poster Rubric so students know what is expected on the poster.

**4. Elaborate/Extension:**

- Writing: Ask students to write a brief essay about which topic they think is most important when making informed financial decisions.
- Career exploration: Students can research what careers are available in the different topics.
- Students can create a budget for themselves after they research the salary of the career.

**5. Evaluate:**

- Discussion questions from the video
- Observation of participation in discussions and Dollars & Sense activity
- Poster Grade (See attached poster rubric)
- Graphic Organizer filled in during the gallery walk

**Resources:**

[https://www.treasury.gov/resource-center/financial-](https://www.treasury.gov/resource-center/financial-education/Documents/National%20Strategy%20for%20Financial%20Literacy%202016%20Update.pdf)

[education/Documents/National%20Strategy%20for%20Financial%20Literacy%202016%20Update.pdf](https://www.treasury.gov/resource-center/financial-education/Documents/National%20Strategy%20for%20Financial%20Literacy%202016%20Update.pdf)

<https://www.richmondfed.org/publications/education/dollarsandsense>

<http://www.councilforeconed.org/wp/wp-content/uploads/2013/02/national-standards-for-financial-literacy.pdf>