

**Preschool Financial Literacy Education:**  
**Lesson Models and Evaluation Framework**

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(Phase 2.1 Report)

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<sup>1</sup> This research was financed by a grant from the National Credit Union Foundation with the support of the Credit Union National Association (CUNA). We acknowledge with gratitude the encouragement for this work from Philip Heckman, Director at CUNA of Youth Programs, Center for Personal Finance. The conclusions drawn and program suggestions are those of the authors alone and do not represent those of CUNA or any of its employees or representatives.

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## **I. Background**

This document is a preliminary report on Phase 2 activities.

Our contract described two major activities with three deliverables. We quote from our contracts the expected activities and deliverables and describe the progress made during this phase.

### **Phase 2.0**

*Activity:* Develop a list of preschool financial literacy programs and associated activities. One list will identify programs most consistent with the goals and concepts identified as important in the Phase I review. The list will identify the cognitive skills and financial literacy abilities addressed in each program. A second list will identify specific activities identified as the most promising for improving the cognitive skills and financial literacy abilities identified in the Phase I report. For each activity will have a brief description (what it consists of, the materials involved, duration, etc.) and a link to a complete description (either in an Appendix or a hyperlink). The specific skill or ability addressed by each activity (perhaps more than one per activity will also be identified).

*Deliverable:* A report containing Phase 2.0 findings: delivered October 2009.

*Phase 2.1 Work accomplished.* Phase 2.1 activities were, as expected, based on insights gained from the Phase 2.0. The Phase 2.1 work led to revisions in that report, as we discussed the relevant merits of particular program features. Thus, part of Phase 2.1 work was a revision of that report. *The revised report is attached.*

### **Phase 2.1**

*Activity:* Identify the most promising programs and, within programs, a set activities from the list developed in 2.0. The PIs will select a set of activities and develop programmatic goals and outcome measures for them. In this phase, the PIs will also deliver a review of the designs used in evaluating young children's educational activities and their relative merits. One set of evaluation criteria is expected to be at the program level; whether the program is comprehensive, cost effective, and practical to implement. The program evaluation will also consider the appropriate audience. A second level of evaluation will be at the activity level. What are children expected to learn from engaging in the activity and when is that learning expected to be observed? The development of the evaluation outcomes and measurement approaches will be the task accomplished under Phase 2.1

*Deliverable:* A report containing preliminary Phase 2.1 findings.

*Phase 2.1 Work Accomplished:* This document is our report on activities towards this goal. We have reviewed design components of effect early financial literacy programs, and present an evaluation framework.

Additional Activity and deliverable in contract: Publications as may be appropriate.

Phase 2.1 Work Accomplished: Time was spent at this phase preparing for publication an article based on Phase 1 work, which has been accepted for publication: Laura Scheinholtz, Karen Holden and Charles Kalish, “Cognitive Development and Children’s Understanding of Personal Finance” In Doug Lambdin (ed). Financial Decisions Across the Lifespan, New York: Springer. We are very pleased that this part of our work will receive broader distribution. Indeed, the editor and anonymous reviewer were both excited about a chapter that was a clear contribution beyond the more traditional “financial literacy” chapters.

## **II. Overview of Report**

This document provides the basis for developing a set of evaluable financial literacy activities for preschool-aged children. This document describes two model activities that illustrate the feasibility of conducting financial literacy education with preschool children and presents an evaluation framework that is appropriate for assessing the effectiveness of these activities for this age group.

The original intent of Phase 2.1 of the project was to select a small set of activities from existing financial literacy programs that would be implemented, even if in modified form, and evaluated at the next stage. Our Phase 2.0 efforts implied a modification of this approach. In our review of existing financial literacy programs for young children, it became clear that there were few programs other than Thrive by Five™ that were targeted specifically on preschool-aged children. Nevertheless, by conducting a comparative review of Thrive by Five™ and programs for K-2 children, and drawing on our review of the relationship between child cognitive development theories and financial literacy curricula we identified characteristics of these programs that we believe are important to effective early financial literacy education lessons (Scheinoltz, Holden and Kalish, forthcoming). These include:

- Clearly stated educational goals,
- Description of activities in sufficient detail to provide a clear basis for evaluating effectiveness of the implementation,
- Activities linked to everyday activities of children and parents/teachers
- A strong motivation for these financial literacy activities in contrast to activities parents and teachers might engage in without that specific focus,
- Description of prerequisite knowledge assumed for effective understanding of the lesson,
- Statement of the financial literacy concepts that are expected to be developed by each lesson,
- Discussion of ways to ascertain children’s initially held theories and prior experiences, and

- Measureable learning outcomes that might be used to identify the benefits of engaging in the activities.

No program we reviewed nor the component lessons included all these characteristics although *Money on the Bookshelf*, developed by University of Nebraska Extension, was exceptional in the clearly stated goals of each lesson as well as in instructing parents to explore children’s prior knowledge and what children understood from the children’s stories used in each lesson. Because we found no existing model lesson, we developed two lessons that would encompass the full set of characteristics.

We first report on the approach we took in developing these evaluable activities, describe the model activities, and present an evaluation framework. An evaluation assesses the degree to which learning takes place that would otherwise have not occurred without the program. This requires articulation of expected goals and the period over which those outcomes are expected to be observed. For this reason, our discussion begins with the laying out of goals and expected gains for having proposed literacy activities.

### **III. Why A Financial Literacy Activity?**

The initial focus of our efforts, documented in this report, was to develop a rationale for selecting a preschool financial literacy (PFL) activity. The key question we sought to answer was:

- What are the specific and key concepts that PFL programs can teach that are important to attaining financial literacy?
- How should PFL programs be structured so they “add value” to the lessons children may already be learning from parents and teachers?

Only with a clear statement of a program goal would we be able to determine effective activities for a preschool financial literacy program. In addition, it is important to understand what else a PFL program is teaching children beyond what they are expected to gain from non-PFL focused activities they would engage in with parents and teachers. That is, what is the “value added” of these programs that would otherwise not be gained by these children at that time? This section lays out the goals of financial literacy programs organizing those goals around fundamental financial literacy concepts.

Drawing on our Phase 2.0 work we identified three umbrella concepts--Security, Prioritizing, and Exchanging—that underlie more specific areas of financial literacy focus. Children (and adults) who do not internalize these concepts, are unlikely to be able to understand more sophisticated financial concepts or be good financial managers. We use these umbrella concepts to organize our approach to what is to be conveyed through specific PFL lessons and to develop our model activities. We refer to these three core areas in describing how specific activities of a PFL program contribute to children’s developing understanding of financial issues.

In developing our two model activities, using these three core concepts, we turned first to the *Thrive by Five<sup>TM</sup>*, a preschool financial literacy program offered by the Credit Union National Association (CUNA).<sup>2</sup>

The next section (IV) explains why we chose this program and shows our mapping between *Thrive by Five* activities and our three core areas. It then describes a broader application of these three core concepts: how they may be used to guide developing lessons focused on core financial concepts while drawing on the known experience and knowledge of the child.

This exercise led to our developing two model activities that would exhibit the characteristics listed above. These model activities are briefly described in Section V. The final section presents our evaluation framework.

The report includes two addendums. The first is the more detailed outlines of activities described in Section IV. The second addendum presents the two model activities (described in Section V) in detail sufficient enough to allow for implementation. We identify learning goals for the activities and provide explicit guidance for the content to be addressed in each step of the activities.

The evaluation framework lays out the several “outcomes,” both long and short-term (what might a child learn from engaging in the activity) as well as implementation criteria (how can we tell whether the activity was conducted appropriately). Although we do not provide full evaluation plans for the activities, we do lay out the elements that such a plan would address. The activities are ready to be pilot tested and we plan in the next stage to develop a pilot test with measures of implementation success and short-term outcomes built into that planning.

### ***Statement of program goals:***

The goal of financial education is to provide individuals with the knowledge and tools that will enable them to achieve a more secure financial future.<sup>3</sup> This goal involves both understanding and action (decision). We expect that improving understanding will lead to better decisions, but the links between knowing and acting are not always direct. Individuals often fail to act on their knowledge. For example, being able to calculate the cost of the 20% interest charged by a credit card does not stop people from taking on ruinous debt. In cognitive science and education it is commonly recognized that knowledge may be necessary for good decision-making but that it is not sufficient. In particular, people often have difficulty applying their knowledge or integrating formal concepts into their everyday behaviors. It is this integration of knowledge and action that forms the focus of our proposal for preschool financial literacy education.

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<sup>2</sup> <http://www.creditunion.coop/thriveby5/>

<sup>3</sup> The National Endowment for Financial Education states this well: “to help individual Americans acquire the knowledge and skills necessary to take control of their financial destiny. NEFE’s mission is grounded in the belief that regardless of background or income level, financially informed individuals are better able to: Take control of their circumstances, Improve their quality of life, and Ensure a stable future for themselves and their families (<http://www.nefe.org/AboutUs/tabid/56/Default.aspx>).

Preschool education focused on financial concept may advance financial literacy in two ways: by adding knowledge children would otherwise not have acquired and by speeding the acquisition and application of knowledge. PFL education may teach children concepts they would not be likely to acquire through other means.<sup>4</sup> The complexity of financial transactions and growing individual responsibility for financial decisions may make it more important for individuals to internalize concepts and behavior that were less important for previous generations. For example, developing early a sense of trust in financial institutions outside one's own community may not have been an economic advantage when banks were local and retirement savings occurred primarily through employer-provided pension plans. Previous generations could have become financially secure without an intricate knowledge of national financial institutions and economic developments. Now, knowledge of and trust in financial institutions may be a concept important to instill in even young children, many who are now unlikely to know a "friendly" local banker, know their parents' employer, or buy goods from a self-employed shop owner neighbor.

PFL may also speed the acquisition and use of knowledge by children who can then more quickly assimilate more advanced financial concepts and more quickly, effectively and confidently interact with the financial world. In this case PFL education does not teach children anything they would not have learned otherwise, but does it in a more directed, effective and timely manner. In a financial world where early savings matters a lot to later well-being, timing of knowledge acquisition and habit formation can be extremely important. In a world where young children and their parents are bombarded by advertisements and their parents solicited by credit card companies, early and more effective education about product choice, budgeting and the value of saving for future purchases may be more critical to future well-being.

In either case it is important to get children used to thinking about financial matters, and comfortable thinking in a financial way. By providing a firm foundation in preschool, we may be able to instill habits of good financial decision-making for the future.

The key to our vision of preschool financial literacy is the recognition that basic financial concepts that underlie wise financial behavior is not too complex even for preschool children. Financial concepts and behaviors are not distinct from everyday commonsense experience. Children exchange with each other and accompany parents to stores where they see them exchange money for goods. Children must reason about scarce resources, set priorities, evaluate costs and benefits, and make consumption choices. However, they most often do these things without realizing they are making financial decisions and without their parents and teachers seeing these decisions as a "moment of opportunity" to link them to broader financial concepts. The goal of preschool financial literacy education is to provide young children with some cognitive tools for thinking about familiar, everyday situations. If children get used to thinking about their experiences in financial terms, they will be better prepared to see financial decisions as simply matters related to everyday decisions and be able and eager to incorporate more

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<sup>4</sup> The evidence for this would be that current financial behavior of adults, their consumption choices and debt levels, implies unacquired habits and knowledge.

sophisticated financial concepts into their decision making as they face more complex economic decisions during middle-childhood, adolescence, and adulthood.

### ***Core Areas of Focus***

With this vision of early financial education, we identified three core concepts that are fundamental to financial behavior: *Security*, *Exchange*, and *Prioritizing*. We see these as umbrella concepts of those we identified in Phase 2.0 (Appendix A in the attached Phase 2.0 report). Without a sense of security, an understanding of exchange, and the ability to prioritize, children (as well as adolescents and adults) are not likely budget, understand what roles financial institutions can play in their lives, or save for the future. These general and familiar concepts are closely tied to financial behavior but are not restricted to formal or specialized financial contexts. Children engage with issues of security, exchange, and prioritizing almost constantly and, effectively, from birth. These concepts are both the basic content of financial literacy and the link between financial concepts and lived experience.

### **A Test of Core Concepts: Thrive by Five™**

We turned to this program to test the applicability of these core concepts in part because this project was initially conceived as an evaluation of *Thrive by Five™*, one of the few widely available programs designed explicitly for preschoolers. In addition, in our Phase 2.0 report we conclude this is a well-organized series of lessons that addresses each of the specific concepts we identified in that report (Appendix A). It provided an excellent program to test the applicability of our own conceptualization of the “first principles” of evaluable PFL activity development.

*Thrive by Five™* presents eight PFL activities (posed as questions). We added a ninth question we thought was important for current financial decision making and identified the primary core area(s) addressed by each question. We present this here in part as an example of the exercise that should be undertaken in assessing or developing new PFL activities: answering the questions “what are the core concepts being addressed?” Our ability to fairly easily categorize this quite comprehensive set of lessons under these three concepts affirmed the usefulness of this “umbrella concept” approach in developing PFL activities.<sup>5</sup>

### **SECURITY**

**Activity 2:** *How can I teach my preschooler not to lose money?*

**Activity 6:** *How can I teach my preschooler that when money is spent, it is gone?*

Money is a limited resource. Like other physical objects and resources, it is not infinite and is not automatically replaced. Money must be secured and available when needed.

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<sup>5</sup> These may not be the only core concepts under which each lesson can be categorized. Indeed lessons are likely more effective if teaching several core concepts. However, a PFL should always be able to be categorized as emphasizing at least one core concept.

## **PRIORITIZING**

**Activity 1:** *How can I teach my preschooler to wait to spend money?*

**Activity 3:** *How can I teach my preschooler to help with the shopping?*

**Activities 7 & 8:** *How can I teach my preschooler that having fun (giving gifts) does not have to cost money?*

One cannot have everything all the time. Making one choice often precludes another. It is wise to be thoughtful and consider pros and cons when making a choice. Shopping is one context in which choices are made, but certainly not the only one. The decision is not simply what to buy, but whether to buy something. There are reasons to choose things that must be purchased, but also reasons to choose things that do not require purchasing.

## **EXCHANGE**

**Activity 4:** *How can I teach my preschooler about earning money?*

**Activity 5:** *How can I teach my preschooler about using money to buy something?*

**Activities 7 & 8:** *How can I teach my preschooler that having fun (giving gifts) does not have to cost money?*

People give and receive all the time. There are many different ways to acquire resources, and many different reasons people have for providing them. Sometimes, resources are exchanged or traded. People often want to get something in return for giving, but not always. Money is a very convenient and common way of effecting exchanges. Often, money is exchanged for a service, not just a physical good. Some advanced concepts: People will exchange when they get more than they give. Different people may value things differently.

(new) **Activity 9:** *How can I teach my preschooler that advertisements are attempts to get people to buy things?*

An additional concept not directly addressed by *Thrive by Five™*, but is central to both everyday and formal financial experience of exchange concerns advertising or the way in which information may be persuasive. People have motives when they exchange. Part of exchanging involves informing or convincing another person to take part in the exchange. Sometimes, it is wise to be skeptical of another person's claims when they have an interest in a purchase. On the other hand, it is important to understand how to assess information from any source, including advertisements.

## IV Application of Core Concepts to Activity Development

The next step in our PFL activity development process was to use these core concepts as organizing principles for defining the more specific financial concepts to be conveyed by a set of activities. This was an exercise for the research team in how to go about developing activities that addressed each of the core areas and were grounded in “financial” concepts with clear outcome goals while being accessible to young children because they were tightly tied to their own experiences. We wanted to have a framework for developing program activities that were clearly personal finance and would have “added value” by focusing on the personal finance implications of the activities with which children were already familiar. The product of this step, a listing of core areas, lesson units and activities is in Addendum A. The table here shows what we label the “program content” of each core concept area.

The addendum provides several potential activities for each core area. The link between preschoolers’ everyday knowledge and financial content are made explicit with these activities. This explicit linkage between everyday knowledge and financial content derives from our constantly asking whether the activities suggested effectively draw on everyday knowledge and introduce and develop the financial concepts specified. By classifying each activity under a core area we were also compelled to whether the activity was closely linked to the core concept and if the set of activities provides sufficient support or exposure to achieve the stated goals.

**Table 1: Concepts and Program Content**  
(see Addendum A for complete exercise)

### **CORE CONCEPT: SECURITY**

*Program Content:* Unit 1: Importance of Keeping Track of Possessions

*Program Content:* Unit 2: Having Things when you Need Them

*Program Content:* Unit 3: Forms of Money and Access vs. Security

### **CORE CONCEPT: PRIORITIZING**

*Program Content:* Unit 1: Importance of Balancing One’s Lifestyle

*Program Content:* Unit 2: Delay of Gratification

*Program Content:* Unit 3: Wants and Needs

### **CORE CONCEPT: EXCHANGE**

*Program Content:* Unit 1: Possession and Ownership and Use

*Program Content:* Unit 2: Exchange and Price

*Program Content:* Unit 3: Profits and Exchange Motives

## Model Activities and Evaluation Framework

The next step in the process was to develop model activities that arose from our conceptual approach to PFL education and apply that to a basic evaluation approach. Addendum B contains two detailed activities. These derive from our earlier exploration of financial education targeted towards young children, and especially from *Thrive by Five<sup>TM</sup>*. They are not identical to those lessons because we are testing the validity of our approach to program development and evaluation. For each of the model activities we describe the activity, materials required, learning objectives, and discussion points for parents to use in order to ascertain the child's ideas prior to the activity and then during the learning activity.

The next two tables outline each of the two model activities, based in part on *Thrive by Five<sup>TM</sup>* activities. Because shopping is an activity in almost every early childhood financial literacy curriculum we reviewed (Phase 2.0) and is consistent with or adaptable to children's cognitive development level, we chose to model a shopping-based learning activity. Shopping, also, is a universal activity, adaptable to culture and income level, allowing for a parent-child discussion of consumer choice. This grounds our PFL lesson in a frequently experienced activity. It is also an activity about which children may have preconceived notions about the role of "money" in purchases, the way in which value is determined (e.g., by size, display characteristics).

Many of the activities included in the *Thrive by Five<sup>TM</sup>* program incorporate aspects of exchange: purchasing an item, giving a gift that doesn't cost money, having fun that doesn't require cash outlays. The second model activity focuses on the concept of exchange and how there are different types of exchange. It uses a device present in several other programs we had reviewed: a story with which the child may be familiar. Here a story is created, but we will explore other stories, including from the published children's literature to use in the actual pilot. This illustrates how PFL lessons can be grounded in reading. We chose this activity as a model because it may be adapted to small groups, including in a preschool classroom setting.

Tables 2 and 3 outline the model lessons' main components. We include the "reflection" questions of the model lesson 2 to illustrate how one can incorporate exploring children's existing theories and prior experience with exchange.

Finally we applied these lessons to an evaluation framework. The evaluation framework (Tables 4 and 5) makes clear the various stages of program implementation, output measures and outcomes. This is a framework used by Holden in teaching evaluation. The first column of the table indicates the necessary materials for the activities, including parent input and physical place for the activities. Without these there can be no activity as defined by the model lessons. The activity must be implemented. It is well known that program "failure" is often due to lack of implementation or poor implementation, rather than due to an unsuccessful program. The next column makes explicit what is necessary for implementation. If parents do not regularly take their children with them on shopping trips, or read to them, these activities are unlikely to be implemented even if parents are provided with the materials and lesson plans. The implementation must be monitored in any program evaluation.

There is a distinction in evaluation between “outputs” and “outcomes.” The former are the consequences of a lesson (or program) having been implemented and activities followed. Outputs do not necessarily indicate learning. Here outputs are what the lessons instruct parents and children to do or produce. These are the number of trips to the grocery store taken, an indication of whether the story was read. The output is necessary for the activity to be an effective educational tool, but output does not indicate effectiveness in learning.

Outcome is what the activity aims to accomplish in terms of PFL education. These are what we would hope children (and parents, in some cases<sup>6</sup>) learn. These can be short-term or long-term learning objectives. Children may in the short term learn about exchange and be able to prioritize grocery items, but it is the long-term goals that are the ultimate outcomes hoped for, perhaps children’s better math performance in the early grades because they worked on simple budgets, or their better credit scores and less credit card use in high school. These longer term measures are to be a conversation at the next stage of the project. While we will not measure these in the pilot, they must be kept in mind in the process of activity definition and evaluation design.

The potential items in each table category and possible measures are listed.

## V. Next Phase

We have a sound beginning in understanding how to construct PFL activities that are firmly grounded in cognitive development theory and linked to key financial concepts. We have not firmly defined a set of pilot activities; this stage of the project was spent discussing *how* to identify a PFL that gave “added value” to other parent-child activities. In the next stage we intend to again review *Thrive by Five<sup>TM</sup>* activities in the context of the recommended modifications we suggest in our Phase 2.0 report to that series of lessons and our model activities. During the first month of the next phase we expect to define the activities we will pilot test. We have an evaluation framework that appears applicable to the evaluation of PFL and will complete this grid for all evaluation activities and associated measures. While pilot stage testing of activities will not allow us to draw conclusions about outcomes, we will test potential outcomes measures at the pilot stage. Most important is that our pilot clearly be able to tell whether materials were available to children and parents, whether activities were implemented, and whether the expected outputs were produced. We can only observe children (and parents) in the short-run, but pretest measures and observations will inform us about the ability to collect measures of gains in financial literacy over the longer term.

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<sup>6</sup> At this point we are not addressing how PFL activities will be delivered (e.g., parent vs. preschool-based). Thus we do not consider possible parent outcomes in this report.

**Table 2: Model Activity #1: Shopping List Activity  
(Core Concept: Prioritizing)**

**Materials**

**Outline of Activity**

- Getting acquainted with grocery items (described in Section 1)
- What kinds of things they have in grocery stores?
- How the items vary?
- Prioritizing grocery items in a list (described in Section 2)
- Different reasons for shopping
- Tradeoffs and selection decisions
- Use of money and its different forms
- Planning a shopping trip
- Behavior in a store

**Learning Objectives**

- Understanding the ways that goods differ (price, quality, quantity, etc.)
- Recognizing that different people value different attributes
- Appreciating that different attributes may be valuable in different situations
- Understand the idea of trade-off, weighing pros and cons in shopping decisions
- Match shopping goals with purchasing decisions
- Understanding shop workers roles in store and pricing.
- Recognize that deciding not to buy is an option.

**At the end of this Activity a child should be able to understand**

- That making a shopping list involves making choices
- The importance of balancing wants and needs when deciding what to buy
- That prioritizing items and making a shopping list will make a purchase most successful for the following reasons
  - Help you to avoid spending more money than you plan
  - Help you remember what you want to buy
  - Help you to buy items that you need, before you buy the items that you want
  - Help you to align your values with the items you buy
  - Help save time

### **Table 3: Model Activity #2: Exchange**

#### **Materials Needed:**

Including story of “Fiona Makes a Trade”

#### **Outline of Activity:**

- Section 1: Discuss what exchange means.
- Section 2: Identify types of exchange
- Section 3: Demonstrate types of exchange

#### **Learning Objectives:**

- Know that people make exchanges every day.
- Recognize different types of exchange
  - Goods vs. Services
  - Money based exchanges vs. non-money exchanges:
    - Trade of goods
    - Gifts
    - Charity
      - Explain why people exchange
      - Understand that exchange involves ownership
      - Demonstrate difference between giving and getting.
      - Demonstrate difference between trading/bartering and purchasing
      - Understand that exchange requires mutual acceptance, as does nullification of the exchange

#### **Reflection Questions:**

- Did you make exchanges?
- What exchanges did you make?
- After the child gives an example of an exchange they made, ask the following questions. (Note: For each example the child provide, ask the follow-up reflection questions)
  - “Why is that an exchange?”
  - “Why did you make that exchange?”
  - “Were you happy with that exchange?”
  - Was that exchange a purchase or a barter?”
- What if I wasn’t looking and you took a sticker from the Supply Box, would that be an exchange?”

#### **At the end of this Activity a child should be able to understand**

- That people make exchanges everyday.
- That there are different types of exchange
  - Goods vs. Services
  - Money based exchanges vs. non-money exchanges:
    - Trade of goods & services (labor)
    - Gifts
    - Charity
- Various reasons why people exchange
- That exchange involves ownership
- The difference between giving and getting.
- The difference between trading/bartering and purchasing

## Report Addendum A: Concepts and Program Activities

### **CORE CONCEPT: SECURITY**

#### ***Everyday concepts: Responsibility for physical possessions***

- When things are lost or used-up they are gone
- You have to be responsible for your own things
- You have to be able to find things when you want them
- You can't carry everything around all the time

#### **Program Content: Unit 1: Importance of Keeping Track of Possessions**

##### ***Prior Knowledge and Experiences***

- Kids may have already have some responsibilities in which they need to keep track of their belongings
  - Find out if they have a special place where they store their favorite toy, warm weather clothes etc.
  - Ask them how they feel when they can't find what they are looking for? Why is it important to have a special place for belongings?
  - When you loose your mittens, your parents have to pay for them.
  - Make link to Environment (especially if it is a family value): endangered species; wasting water; cutting down trees in the rainforest

***Resources:*** Books about losing/taking care of possessions, including natural resources

##### ***Financial Content:***

- Money must be secured, not lost
- Example Activity: Make a money holder (wallet/purse) for money

#### **Program Content: Unit 2: Having Things when you Need Them**

##### ***Prior Knowledge and Experiences***

- Need for ready access: Finding rain boots when it rains
- Storage: Do you always keep rain boots in your backpack?
- Can't carry around everything that you need
- Importance of storage and keeping track
- Don't need to store water: it's there when you need it (though people carry water bottles)
- Playground always there
- Food/toys/friends? Need to keep track

- Hiding activity (put things in novel locations, try to remember/find)

***Financial Content:***

- Keeping track of money
- Example Activity: Discuss using wallet made in first activity; Give child 10 loose pennies every day for 20 days at random times/places; periodically check to see how many pennies are lost; make a bank to hold the pennies.

**Program Content: Unit 3: Forms of Money and Access vs. Security**

***Prior Knowledge and Experiences***

- Packing for a trip (camping/to beach)
- What to bring? Enough but not too much
- If you bring it, you might lose it
- A treasure hunt game where each cache requires some number of objects as “keys”
- Use multi-colored ping pong balls (even bigger would be better)
- Children accumulate balls, but cannot carry around all they need
- Discuss the need for a central, accessible, safe place to store balls until needed
- Discuss problem of carrying around too many (or not enough)

***Financial Content.***

- Forms of money: denominations and credit; risks of carrying money: logic of credit
- Example Activities: Go to (a friendly) store with the pennies; Do you bring all 200 or not? Difficulty in using pennies to pay with: logic of bigger denominations; Exchange pennies for quarters

***At the end of this set of activities a child should be able to:***

- Explain why people carry wallets
- Explain why people put money in banks
- Appreciate how a bank is unlike a store (and more like a toybox)
- Explain why there are different denominations of money
- Understand why people do not carry all their money around with them,
- Appreciate the logic of checks (& credit/debit cards).

**CORE CONCEPT: PRIORITIZING**

***Everyday Concept(s): Making choices***

- You can't have or do everything (balancing lifestyle choices)
- Some things are more fun/better than others
- Some things are more difficult or less likely to achieve than others

- Sometimes a choice now precludes a preferred choice later

**Program Content:** Unit 1: Importance of Balancing One's Lifestyle

***Prior Knowledge and Experiences***

- Personal (non-monetary) activity choices
- Playing in a park with a friend
- Making forts, snowmen
- Using recyclables as toys, for art projects/science experiments
- Going to library to read books (opportunity to talk about tax money)
- Charity (it's not all about me! Doing nice things for others can be just as fun, if not more fun, than doing things for myself)
- Volunteering a certain amount of time for an organization
- Doing a favor for a neighbor
- Donating old clothes/ toys
- Doing household chores
- Choosing different activities for different reasons.

***Financial Content:***

- As one must prioritize other choices, it is important to prioritize how one spends money (and to consider activities that do not cost money)
- Example Activity: As in the *Thrive by Five<sup>TM</sup>* activity, children and parents make buckets where they can allocate their money (Personal, Savings, and Charity).

**Program Content:** Unit 2: Delay of Gratification

***Prior Knowledge and Experiences***

- It takes time for a cake to bake. Plus the cake needs to cool before you can frost it. One must be patient and wait in order to reach the desired outcome.
- If you pick up your toys, we can go outside to play; if you help set the table we can eat sooner; if you help clear the table, we can play a game; If you take your bath we can read a book
- Parents went to school: Parents went to school to be educated so they would have a better job now.
- Making healthy choices: Choosing healthy over junk food or outdoor playing over video games will make one healthier later in life.

### ***Financial Content***

- Not spending allows more choice later (Prioritizing Savings)
- Saving-up, price (cheap vs. expensive goods)
- Example Activity:
  - \* *Savings Chart*-- provides a concrete visual summary of child's progress.
  - \* *Savings Puzzle*: Find an ad showing the desired item. Cut out the picture and glue it on cereal box cardboard. Cut the picture into jigsaw puzzle pieces for the coins or dollars needed to reach each goal. Give the child one puzzle piece for each coin or dollar saved until the puzzle is complete.

### **Program Content: Unit 3: Wants and Needs**

#### ***Current Knowledge and Experiences***

- Food/shelter/clothing: differences across friends and family members in what they purchase and use.
- What do you need to function each day? How that changes with seasons and is different across ages and family types.
- Charity activity: donating to a food pantry/goodwill. Why?
- Experiences with other cultures/times (e.g., books about frontier life)

#### ***Financial content:***

- Saving money in case or because priorities will change over time, as the child grows.
- Why one can be proud of saving and being ready for something new.
- Example activities:
  - *Grocery List Making*: Parent and child make a grocery list together and identifying needs and wants and discussion how parents purchase things they can afford and “need.” Parent and child can look for and use coupons as a way to introducing budgeting and ways to save money on goods that one intends to purchase. Reduction in costs from coupons can spur a conversation about saving and how the left over money can be put toward future purchases or can be saved.
  - *Grocery Store Trip*: Take the child to the grocery store. The purpose of the activity is to incorporate lessons about making choices, not only of what to buy, but also the sizes of the packages and the money to spend; deciding to buy things at a later date; mechanisms to prevent from overspending; and shopping as an activity with many benefits to the family. While at the store, this may be the opportunity to revisit the concept of complements and substitutes as well as why there are multiple producers of the same good and why they price at different values. Parents can point out different ways of advertising—explicit ads or attractive packages—and why that is done and if they provide useful information.
  - *Play Store*: Create a play store. This activity requires the parent and child to choose items for sale in the store and decide penny prices.

This activity can incorporate the same ideas about buying something means exchanging money for it, concepts of price, the different values of different currency, and making choices.

***At the end of these activities children should be able to:***

- Understand that some goods cost more than others
- Discuss tradeoffs in consuming (now vs. later, quality vs. quantity)
- Explain different reasons people have for buying things
- Match need/wants with purchasing choices

## **CORE CONCEPT: EXCHANGE**

***Everyday Experience(s): Giving and Getting***

- Sharing among friends and siblings
- Children having their own possessions but also sharing others'
- Observing how things become "mine" or someone else's.
- Services as well as goods can be exchanged
- Giving things for different reasons (to help, someone doesn't want it, birthday gifts)

**Program Content:** Unit 1: Possession and Ownership and Use

***Prior Knowledge and Experience***

- Identify the child's possessions and contrast with shared family possessions
- Go to a public park/nature trail. Collect some leaves (my leaves, your leaves, nobody's leaves). Who takes care of the park and why?
- Go to a supermarket while they are handing out samples.
- Go to a library and borrow books

***Financial Content***

Purchasing is a way of securing ownership

Ownership gives the opportunity to share and give away.

Example activity: Buying something at a store, include this discussion in prior activities

NOTE: When discussing prior experiences, talk about rights and responsibilities (e.g., asking permission, sharing, taking care of)

**Program Content:** Unit 2: Exchange and Price

***Prior Knowledge and Experience***

- Story books about charity, gift-giving, an helping
- Identify how objects in the house were acquired
- Chores

- Family members work together to do chores, like shopping. These are just like responsibilities in the daycare room or classroom (e.g., assigning weekly jobs like giving the classroom pet food/water).

### ***Financial Content***

- Purchasing goods in stores is an economic, not social, transaction.
- Earning money is an economic decision enabling exchange.
- Money can be exchanged for goods and services.
- There are different means of exchange: cash, credit, barter.
- Example Activities: *Play Store*: See earlier activity. Here the activity extends to emphasizing market versus social exchange. Include a components on “What to Charge?” Different people come to the store and ask for food. They include owner’s family members, neighbors, business owners. Do you charge? How much do you charge? What is the relationship between how you set prices and what you charge each group? *Earning Money in Order to Exchange*: Save aluminum cans and take them to a store or recycling center for a refund. Make sure the child helps with the sorting and carrying. Praise the child efforts and give him a coin. When possible use the term “work.” After giving the child the coin talk to him about saving or spending.

### **Program Content: Unit 3: Profits and Exchange Motives**

#### ***Prior Knowledge and Experience***

- Has child convinced someone to give them something or exchange toys?
- Parents make “comparative advantage” choices on care repair, work, etc.
- Does family have a food garden and share with others or sell the produce?
- What are some of child’s friends better at: music, athletics?
- Parent’s friends who might be in sales, where does their income come from?

#### ***Financial content***

- Seller is trying to earn money by selling goods; price includes salary
- Profit motive in exchange
- Advertising provides information that encourages purchases
- It is worth paying people to do something or make something for you that you would not otherwise be able to make or do or make as well as they can (comparative advantage).
- ***Example Activities: Watching Television Commercials***: Watch television commercials with the child. Discuss what the commercial is trying to do. ***Coupons and Samples***: Have the child clip coupons that you will be using on the next grocery shopping trip. The child earns the “savings” from those coupons that s/he clipped and were used. Why are there coupons? Compare brands with coupons (e.g., name brands) with those without (e.g., store brand). Look for a store giving sample foods. Why are they giving this?

*At the end of this set of activities a child should be able to understand*

- What exchange is.
- What kinds of exchanges people make each day.
- Why people exchange money for goods and goods for money
- Understand what owning something means; how one becomes able to own something
- Knows that people make exchanges everyday
- Recognizes different types of exchange - some exchanges involve money and some do not.
- What other forms of “money” may be involved in exchange
- Understand that goods can be purchased on credit, the opposite of savings

Distinguish between:

- Money-based exchange
- Trade of goods
- Gifts
- Charity
- Explain why companies advertise (including coupons and samples)
- Why cereal companies put toys inside.

## **Addendum B: Model Activities**

### **Model Activity #1: Shopping List Activity (Core Concept: Prioritizing)**

#### **Materials**

- Grocery Store ads, food magazines etc
- Markers/Crayons
- Paper
- Scissors
- Glue
- Notecards

#### **Outline of Activity**

- Getting acquainted with grocery items
- What kinds of things are for sale in grocery stores?
- How the items vary
- Prioritizing grocery items in a list
- Different reasons for shopping
- Tradeoffs and selection decisions
- Use of money and its different forms
- Planning a shopping trip
- Behavior in a store

#### **Learning Objectives**

- Understanding the ways that goods differ (price, quality, quantity, etc.)
- Recognizing that different people value different attributes
- Appreciating that different attributes may be valuable in different situations
- Understand the idea of trade-off, weighing pros and cons in shopping decisions
- Match shopping goals with purchasing decisions
- Understanding shop workers roles in store and pricing.

#### ***Section 1***

At the end of this activity, the child should be able to:

- Name some of the items found in a grocery store
- Describe qualities of items

#### **Getting Acquainted with Grocery Items**

- Get out newspaper ads, magazines

- Help child cut/rip out ads for food items
- Glue pictures of items on notecards
- Ask kids to look at and talk about items (engage in following questions if necessary). Why/When would you buy this item?
- Have you had it before? For breakfast, lunch dinner or a snack?
- Is this a tasty item?
- Is this a healthy item?
- Do you like this item?
- What are different versions (brands) of this item?
- What makes some brands more or less desirable (taste, cost, status)?
- Could you make this or is it only available to you by buying?

### **Sorting Grocery Items**

- Have the children sort the items into different groups
  - Food and other products
  - Food groups
  - Breakfast, lunch, dinner, snack
  - Degree family “needs” those items and why
  - Healthy vs. not as healthy
  - Items for different people (likes/dislikes, age-related)
  - Relative costs
  - Processed or basic ingredient
- Talk to children about products falling into several groups.
  - Discuss how this affects their value to purchaser

### ***Section 2***

At the end of this activity, the child should be able to:

- Explain why a certain item is desirable (or not)
- Match shopping goals to item properties
- Discuss reasons for purchasing vs. making food

### **Prioritizing Grocery Items onto a Grocery List**

*Before creating a grocery list, discuss the reasons one may take a trip to the grocery store (this will help in prioritizing the items on the grocery list)*

- Buying food to cook for the family
- Making a birthday cake for someone
- Making a class treat
- Bringing snack for a soccer game

*Discuss your family values that affect where you shop and what you buy*

- What grocery to shop at and why (neighborhood store, farmers’ market)
- Organic? Low fat foods? Special diet concerns.
- Generic vs. popular brands

- Costs (most expensive doesn't necessarily mean the best).

*Plan to take a shopping trip*

- Discuss the reason for your shopping trip (e.g., to go on a picnic, prepare for guests)
- Discuss the values you take into consideration when shopping for this reason
  - Cost, health, preferences, ease of preparation, portability (picnic)
  - Think about substitutions (if they don't have this we'll get that. Do we need both X and Y or just one?). Use Sorting categories above
  - How much will you make vs. purchase? Time/cost tradeoff.
  - Why not just get takeout from a restaurant/fast-food?
    - *Ideas to keep in mind while creating list (some from Thrive by Five)*
- Children might pick out items that they might like, but may not necessarily need.
  - Tell them it's okay to buy some items that you "want," but it is the first priority to buy items that you actually need.
- Making choices requires careful thought as to why you make that particular choice
- You may take a weekly ad and find out what items are on sale/ cost less
  - Opportunity to discuss advertizing?
- Shopping is a chore for the family
  - Chore is a form of exchange that does not involve getting something in return
- You don't have to buy everything at once
  - Saving allows you to buy more later on or to save it for something else
  - If you buy too much food, you may not be able to eat it all and it could be wasted.
  - You have a limited amount of money in which to buy the food.
    - Lay the ground rules for your shopping trip (Thrive by Five)
  - Your child must not take items off the shelf without your permission
  - You might decide to buy items not on your list, but your child cannot
  - You must stay with your child at all times

**At the end of this Activity a child should be able to understand**

- That making a shopping list involves making choices
- The importance of balancing wants and needs when deciding what to buy
- That prioritizing items and making a shopping list will make a purchase most successful for the following reasons
  - Help you to avoid spending more money than you plan
  - Help you remember what you want to buy
  - Help you to buy items that you need, before you buy the items that you want
  - Help you to align your values with the items you buy

## **Model Activity #2: Adding Value to Reading (Core Concept Area: Exchange)**

### **Materials Needed:**

Story of “Fiona Makes a Trade”

### **Outline of Activity:**

- Section 1: Discuss what exchange means.
- Section 2: Identify types of exchange
- Section 3: Demonstrate types of exchange

### **Learning Objectives:**

- Know that people make exchanges everyday.
- Recognize different types of exchange
  - Goods vs. Services
  - Money based exchanges vs. non-money exchanges:
    - Trade of goods
    - Gifts
    - Charity
  - Explain why people exchange
  - Understand that exchange involves ownership
  - Demonstrate difference between giving and getting.
  - Demonstrate difference between trading/bartering and purchasing

### **Section 1**

At the end of Section 1, the child should:

- Know that people make exchanges everyday
- Explain why people make exchanges
- Give an example of at least two types of exchange

### **What does exchange mean?**

- Ask child: Let’s pretend you want a new box of crayons. How do you get it?
- Ask child: What if Mom/Dad doesn’t have it? (Go to the store and buy it)
- Ask child: With what do you buy it? (Money)

When you buy something, you are making an exchange. An **exchange** means: To give up something for something else in return; to change for something equivalent in return. So, in this situation, you are giving the store money and getting a new box of crayons; you are exchanging money for crayons.

- Ask the child: “What would be another example of an exchange?”
- “What would be another example of giving something to get something in return?” (Chances are good that the child may give many examples of buying something at a store)

- The child might say that a person gives up money to get a toy.
- This is an exchange involving a good.
- A **good** is something that can be touched or held.
- But the child might also say that a person will give up money to get a hair cut.
- This is an exchange involving a service.
- A **service** is something that one person does for another person.

It is true that exchanges take place in stores. But exchanges also take place in the home, often involving friends and family.

- Ask the child: “What would an exchange at home look like?” “At home, what might you give in order to receive?” (This may be a more difficult question for the child to answer.)
- Ask child: “Do you have chores you have to do?” “Do you get money or get to do special activities after you do your chore?”

Sometimes, a good is exchanged for another good or a service. This is called bartering. **Bartering** is trading without money. People voluntarily exchange goods and services because they expect to be better off after the exchange. For example, at snack time, you may trade your crackers for grapes that your friend has. Or sometimes, families will trade babysitting – one weekend you stay at a family friend’s house and the next weekend that friend will stay with you. This is bartering.

- Ask child: “Have you ever traded or bartered with a friend?”

It is important for the child to distinguish monetary exchanges and bartering from the three types of exchanges described below (i.e., gifts, chores/helping, and charity). For example, the sales clerk doesn’t give you candy because it is your birthday; s/he gives you candy because you gave her/him money for it. In some forms of exchange, it is customary for people not to expect a good or service in return. What they do receive in return is a sense of pleasure in making the other person happy. Or they receive praise for helping with a task. Some examples of more social types of exchange include:

- Holidays/Birthdays
- Helping with Household Chores
- Charity

**Review Question:**

Ask child: “Why do people exchange?”

Ask child: “Can you give an example of an exchange?”

Ask child: “Can you give another example of an exchange?”

## ***Section 2***

This lesson uses the story of “Fiona Makes a Trade,” appended at the end of this activity. It is about a woman who owns an orchard. During the season, Fiona makes many different types of exchanges. After hearing the story, children should be able to:

- Identify what is and is not an exchange
- Identify different types of exchanges
- Understand that ownership is part of an exchange

### **Knowledge Questions:**

- What/Identify different types of exchange did Fiona make?
  - Fruit for money
  - Fruit for vegetables
  - Fruit given as a gift
  - Fruit given to charity
- Have you ever made any exchanges like Fiona? What were they?

### **Reflection Questions:**

- We know that Fiona and Zed trade/barter produce – she gives Zed a basket of apples and he gives her a basket of carrots. Does this mean that Zed now owns a basket of apples and Fiona now owns a basket of carrots?
- Fiona sold her apples, peaches, and cherries to people. Can Fiona go to Zed’s garden and sell the sell carrots, green beans, beets and peas? Why/why not?
- Could Fiona sell the carrots that she exchanged for her apples? Why/why not?
- If Fiona went to Zed’s garden and without his permission took carrots and green beans, would that be an exchange?

## ***Section 3***

During the Activity, the child should: be able to demonstrate at least two different types of exchanges

After the Activity, the child should: Be cognizant of the fact that they made exchanges

- Identify when they made an exchange
- Understand the concept of ownership

### **Exchange Activity**

For this activity, the child will be given a container to decorate in order to make a bank. The child is given a set of items (e.g., one marker, one sheet of construction paper, 3 plain stickers, two single color chenille, five (5) pennies, and a coupon that can be exchanged for 2 Supply Box items or 1 Store Box item.) with which to decorate a container. Glue sticks and scissors are provided at no charge and are on the table.

In addition to what is given to the child, there is a Supply Box and a Store Box. The Supply Box contains similar items to what the child is given: markers, plain stickers, and solid color chenille.

The items in this box are an even exchange (i.e., one marker is traded for another marker; one sticker is traded for another sticker). The Store Box has different items than what is in the Supply Box and what the child is given. The Store Box contains specialty stickers (e.g., sparkly stickers or puffy stickers), sparkly chenille, jiggle eyes, and so on. The exchange rate is much higher for items in this box. For example, it will cost two plain stickers for one specialty sticker.

The child may use pennies to pay for items in the Store Box.

In this activity, the child is demonstrating exchanges. The child may use the items s/he was given OR to trade them for other items. The child may use pennies to purchase items or to save the pennies in their bank. The child may also use the coupon to obtain items. Be sure to allow time for the child to finish decorating his/her container.

NOTE: The above activity can be done with more than one child. Each child is given a container and a bag of decorations. In addition to the Supply Box and Store Box, allow the children to exchange with one another. When the children exchange/barter with one another, allow them to set their own price. When children set their own price with one another, they are determining what they believe to be a fair exchange. In addition, allow children to freely give to one another.

### **Reflection Questions:**

- Did you make exchanges?
- What exchanges did you make?
  - After the child gives an example of an exchange they made, ask the following questions. (Note: For each example the child provide, ask the follow-up reflection questions)
  - “Why is that an exchange?”
  - “Why did you make that exchange?”
  - “Were you happy with that exchange?” “Why/Why not?”
  - Was that exchange a purchase or a barter?”
- “What if I wasn’t looking and you took a sticker from the Supply Box, would that be an exchange?” “Why/Why not?”
- “When you were given the bank, was that an exchange?”
  - Why/Why not?”
  - Who owns the bank?

### **At the end of this Activity a child should be able to understand**

- That people make exchanges everyday.

- That there are different types of exchange
  - Goods vs. Services
  - Money based exchanges vs. non-money exchanges:
    - Money based exchange
    - Trade of goods
    - Gifts
    - Charity
- Various reasons why people exchange
- That exchange involves ownership
- The difference between giving and getting.
- The difference between trading/bartering and purchasing

**“Fiona Makes a Trade”**  
by Joyce Hemphill

Fiona lives in the country and has an orchard. In her orchard she has apple trees, peach trees, and cherry trees. Her family enjoys eating the fruit picked fresh right off the tree. Everyone in the area says that Fiona’s apples, peaches and cherries are the best around.

People from the nearby city will drive to Fiona’s orchard and buy her apples, peaches, and cherries. With some of the money she earns by selling her fruit, Fiona buys things she needs. But Fiona doesn’t spend it all; Fiona also saves some of the money.

Because Fiona’s friends like her fruit, she will give them a basket filled with apples, peaches, and cherries for their birthday. Her friends thank her for such a wonderful gift.

Fiona’s neighbor, Zed, has a big vegetable garden. Zed grows carrots, green beans, beets, and peas. Fiona and Zed trade produce with one another. Fiona gives Zed a basket of fruit and Zed gives Fiona a basket of vegetables. Both agree this is a good trade.

Fiona also donates baskets of her fruit to the local food pantry. She feels good giving to help those who cannot afford to purchase food.

[One time Fiona’s peaches all became ripe at the same time. Then Zed helped her pick them. In exchange, Fiona gave Zed two big baskets of peaches.]<sup>7</sup>

At the end of season Fiona thinks about all the exchanges she has made and she is happy. All have been good trades.

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<sup>7</sup> Addition suggested by Phil Heckman