Pecuniary Education for Preschooler through Secondary Education in the United States

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1. Introduction

Money has become increasingly more important as the medium of exchange as we have moved from an agrarian to an industrial and finally a service/information economy. It is through the process of spending, saving, investing and/or exchanging that we fully realize the power of money. Since money is a basic tool for meeting needs and wants, it is important for adults to be skilled in money managment. To a great extent, the level of those skills depends upon the ideas, attitudes and habits regarding money that we acquire while growing up. Young people are influenced by radio and television, newspapers, magazines and movies, as well as by parents and friends. In addition, they have more to spend than previous generations and more temptations, opportunities and pressures to do so. Credit, insurance, taxes, investments, retirement plans and inflation are just a few of the challenges awaiting them. It is vital that they be taught how to manage money.

The purpose of this paper is to find how American children learn pecuniary education. The researcher went to the U.S. in May 1998, to do classroom observations and research at several institutions. She observed a class at Winthrop University Kindergarten and Richmond Drive Elementary School. These included kindergarten, first and fifth grade classes in Rock Hill, South Carolina.

2. How They Inform

Children who learn basic money management concepts early are better able to make sound financial decisions later.[1] As these children mature, they are more apt to develop good judgment and accept the consequences of their decision making. Self-esteem increases as they gain experience in solving problems and surmounting obstacles. By teaching children how to manage money, parents and teachers help them develop into capable, responsible and self-reliant adults.[2] It is one of the most important duties of them. It presents many challenges and requires careful planning and creativity, because many factors have to be considered, such as determining whether a child is old enough to understand, adapting practical lessons to individual personalities and looking for practical situations which show that money should be used wisely.[3]

The learning experiences that have proved most helpful in teaching children how to manage money are: shopping, using a spending plan, saving, opening checking and savings accounts working for pay (either around the home or neighborhood or in a regular job), using credit and investing. These are best introduced to children gradually, casually, and in simple forms.

Pecuniary education begins long before a student enters high school. Most often a child's first exposure to the marketplace occurs during preschool years, in the company of a parent, an experience repeated often as the years go on. Children also observe day to day how parents handle money, and the more fortunate among them are taught how to manage it themselves. This kind of informal learning ideally supplements and reinforces the formal training provided in consumer education classes.

To help provide children with the knowledge and skills they will need in money management, many school systems throughout the country have incorporated consumer education programs into their curriculums. This is done in various ways. Some systems teach consumer education as a separate course, while others include it in such subject areas as home economics, social studies, business education, economics or math. School systems also vary as to the grade level in which this course work is introduced — kindergarten, junior high or senior high school.

Also there are many consumer organizations and publications throughout the country to help provide people with the knowledge and skills they will need in money management.

The federal government set up the Office of Consumer Affairs in 1971 to keep the President and consumers informed about consumer issues. This office publishes the *Consumer's Resource Handbook* to help consumers make informed purchasing decisions and avoid problems in today's complex marketplace.

Another government supported source of consumer information is the Consumer Information Center. They print guidelines on nearly everything that consumers want to buy. These buying tips are available free or for a small cost.

Various national nongovernment consumer organizations also work to promote federal registration and consumer education. *Consumers Union* is a nonprofit corporation with laboratories and testing facilities for consumer products. Consumers Union publishes the monthly magazine, *Consumer Reports*, which presents information related to product testing and educates readers in consumer issues. Consumers Union also publishes a *Buying Guide* with summaries of product test results at the end of each year.

The Consumer Federation of America is another prominent national organization that is interested in a wide variety of consumer issues. It supports the consumer through education and registration. This group publishes a directory of all local and state consumer groups.

Consumer's Research Inc. is another nonprofit corporation that tests and rates the efficiency of consumer products and provides a consulting service for technical problems. This group publishes the monthly magazine, *Consumer's Research*, which contains general consumer information and advice as well as product test results. In October, they publish the *Consumer Research Annual Guide*, which contains product test results and comparison shopping advice.

Many other national groups are concerned with specific consumer issues. Action for Children's Television is an example of such a group.

A large number of major businesses have established consumer affairs departments. These departments act as a means of communication between the business and its consumers, including handling consumer complaints. They often produce consumer education newsletters and distribute educational literature related to the product or service they are selling.

Many consumer organizations made up of interested citizens have been formed at the state and local levels. These groups share the belief that only through organized group action will their voices be heard. In addition to promoting consumer registration, these groups have an interest in consumer information and consumer education.

Other local groups are also involved in consumer education. Newspapers and popular magazines print many articles directed to the consumer. Radio and television stations and newspapers often have some type of "action line" that encourages consumers to share their concerns or problems. Public libraries contain volumes of books aimed at helping the consumer.

3. How do They Implement Pecuniary Education

3.1 Preschoolers

Preschoolers have difficulty in understanding concepts of time, space and numbers. A nickel to them, for instance, because of its size, seems more valuable than a dime. Although they realize that money can be exchanged for items in a store, its actual value is not apparent to them until several years after they can count.[1] The frequent use of credit cards, checks and coupons in lieu of cash can be confusing to young children. Because of their inability to grasp abstract concepts, it may be necessary to expose them to simple experiences involving the use of money.

Words are significant to three- and four-year-olds, but facial expressions, tone of voice and actions reveal even more to them. Eye contact is an important factor in communicating with people of all ages, so when talking to small children, it helps to get down to their level. This puts the adult in a less imposing position and encourages openness.

3.1.1 Preschoolers — Education in the Family

Parents and educators often ask when should we begin teaching the process of money management? The response is, when the child becomes aware. Barbanal says this can begin as early as age three or four. Kids become consumers as early as age two, when the average child starts asking for specific items in the grocery store, according to Dr. McNeal. And she knows what she wants long before she knows what it costs, or what "costs" even means.[4]

One- to three-year-olds children begin to form a perspective of the marketplace through unplanned introductions to products owned/shared by others (usually peers or siblings) and occasionally other households. Advertisements, including television marketing, supplement these early experiences and contribute to a growing awareness of goods. Many advertisements are exclusively targeted to children, using child actors and/or heros of gender and age to "sell" numerous products to emerging viewer—consumers.

In addition, children are exposed to varied forums of consumer socialization through play within their natural environments and family interaction where subtle forces underscore fiscal management and financial policy. From early in their lives, children accompany parents and older siblings on shopping excursions and marketing outings.[5] In these contexts, they witness adult financial transactions and become emerging participants by indicating personal product preferences.

Martin Ford, Ph.D., associate dean in the graduate school of education at George Mason University in Fairfax, Virginia, says the lesson for children younger than five is: "Money is something you give in exchange for something you want". To bring home this idea, parents got to demonstrate to children, over and over, what buying and spending are.[4] You might let your three- or four-year-olds pay for something, like lunch at McDonald's or an ice cream cone. "Children need to understand that when they give money to a cashier or put it in a vending machine, they get something in return", says Dr. Mio Fredland, a New York City child psychiatrist. But don't waste your time lecturing three-year-olds on the difference between a nickel and a dime. Until they're about six, children do not understand how to make change or what coins are worth.[3]

Shopping is the most important aspect of money management because it provides learning opportunities even for preschoolers. Their shopping trips should be short and at times when the stores are uncrowded. You might let a child of four begin by handing your money to the clerk; the next time provide a few coins to spend. Point out a few items within the child's price range. Should something more expensive be selected, do not advance more money. The whole purpose behind this shopping exercise, after all, is for the youngster to make choices within spending limits. And don't give in to begging, or you will be rewarding this unhealthy practice![1]

Preschool children learn money management through active, concrete involvement. Play store may be used to initiate the teaching of money management skills. Clean out the cupboard and refrigerator. Inventory what you have and what you need to purchase. Make a list detailing your family's needs. Then decide what you need to buy. Star items you must purchase. Ask your child to suggest one item that you might purchase for him or her and other family members, if you have extra money. Decide on how much money you will take to the store for your purchases. Go to the store with your child. Select the items you need. Total them up on a pocket calculator. Ask your child to help select "additional" items, as your "budget" permits. Pay in cash, not by check or credit card.[5] When you get home, repeat some of what you said in the store ("I'm glad we got the cheaper brand of ice cream because there's more in the container" or "It was worth paying extra for this brand of pasta because we like it best").

The toy box may be used to initiate the teaching of money management skills also. A cursory examination of the drawers and closets of many preschool children will often reveal an abundance of possessions. Many of these items will have outlived their short-term usefulness or attraction. Clearly, young children need to be encouraged to consume less and, perhaps, share more. Encourage young children to periodically place unused items in a toy box. These items can be donated to less fortunate children. New purchases should be limited and only made after sufficient reflection, rather than on impulse.[6]

Preschool children may be encouraged to save their funds in piggy banks. Other ideas that may encourage children to save money include implementing parent coin-matching schemes, using different sized or colored containers for different currency types, offering small monetary rewards when children perform odd jobs around the house and making birthday contributions to the child's savings.

Parents of three- and four-year-olds typically face the "gimmes". Children go through a stage in which no matter where you take them, they ask for something: toys, candies, or balloons. Parents tell their youngsters, "We can't afford it", which is somewhat of a cop-out. If you are to teach your children about money, you must be honest. You can afford a package of bubble gum for 50 cents. The issue is not the price. Instead, you need to set some ground rules. For example, a parent told her children that it's wasteful to buy candy on shopping trips. But if you are going on a special trip to the zoo, for instance, you might tell your children in advance that they can have one treat. Another parent solved the problem by telling her children to pick out one item on a trip to the grocery store. "They can spend most of the trip deciding what it will be." she says. As parents, we must spend more time assessing our children's individual personalities as they emerge, then matching those personalities with appropriate ways to teach about the value of money.[3)]

Once preschoolers have learned to count, explain the relationship between pennies, nickels, dimes and quarters. Parents may wish to give them a few coins to spend when they go shopping. Other learning experiences include swapping and counting games that help children learn more about money and numbers. An adult can also use stories to get important points across.

3.1.2 Kindergarten and Nursery School Education

> In school, knowledge about money is taught cumulatively over the first three years of elementary school. In kindergarten, children are introduced to pennies, nickels and dimes. They are expected to learn the names of these items as well as their numerical values. Pennies, nickels and dimes map very well onto the other mathematical skills taught in kindergarten. Much of the school year is spent on developing children's competency with numbers from 1 to 12--counting collections of objects, reading numerals and writing numerals. These same activities are done with money. In some textbooks pennies are frequently used as an example of an object to be counted. A unit on money often follows shortly after children have covered all the numbers up to 12. A major lesson about money which begins in kindergarten is skill at recognizing textbook representations of money.
>
> (After Brenner, 1989[7)])

In the class observed, the teacher began her lessons about money by using play money that was a good simulation of real money. This play money had an accurate picture, realistic size and thickness and close approximations to the color of real money. The children practiced identifying and counting this play money before doing textbook exercises about money. Textbook exercises include coloring different colors matching coins and numbers and using money stamps and ink pads to create collections of coins.

Teaching Money Concepts

Preschoolers and primary-age children can be introduced to simple concepts through games dealing with the value of money and counting. The best way to teach money concepts is for children to explore them in a variety of meaningful activities. Several ideas about money can be introduced to preschool children, although they should not be expected to master money-counting skills. Counting by 1s, 5s, 10s, and 25s may be difficult until children are eight or nine years of age. Instead, preschoolers and kindergarteners can be introduced to ideas about money such as purchasing potential, coin names and value, and early counting skills.[8]

Making Cents Out of Books

Children are likely to read books that deal with money concepts. Books provide a wealth of information about money.

Children's Books About Money Concepts

26 Letters And 99 Cents (Hoban, 1987). This book is actually two books in one, relating to both letters and numbers. The "99 cents" portion of the book creatively pictures real coins and their numerical values adding up to 99 cents.

Using this book as a resource, create puzzles that show the value of the coins. Puzzles with the same value, *i.e.*, five pennies equal five cents and one nickel equals five cents, have interlocking parts that match (see Figure 1).

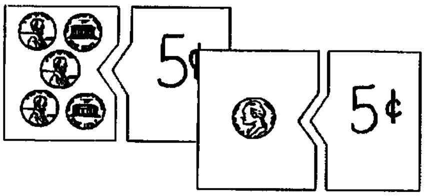

Figure 1. *Puzzle pieces with the same money value fit together.*

A Money Adventure (Godfrey, 1996). Penny Bright and the Green Streets Kids learn that it takes money to make money, and they open a fruit-pop business.

After reading the book, children may want to set up their own frozen-pop or other type of stand. They make the product, plan advertising, and take turns buying and selling.

(After Saul, 1997[9])

Dramatic Play Ideas

The connections between dramatic play and money concepts are endless. Lots of experiences with hands-on play make it possible for children to progress to more formal inquiries and projects, guide children to inherent understandings of money concepts. If the children have plenty of experience pretending, they may be more capable of imagining a better condition and a way out of difficult situations.

Daily Life: Encourage children to create situations where they can pretend to earn and spend money. They might receive play money or pretend checks for salaries earned by working at classroom tasks such as recording the temperature or watering plants. Spending opportunities might include a pizza parlor or gas station. Find or create restaurant menus, laminate newspaper advertisements, take a field trip or find other ways for children to identify real prices. Together, turn a refrigerator box into a phone booth so children can make calls with pretend coins.

Store: Plan with the children and their families to set up a store — grocery, office supply, pets, books, car parts, shoes, or computers, for instance. Collect clean, empty containers, and look up realistic prices. Paper or plastic bags, cash register receipts, a toy, a cash register, coupons, and advertisements help create a realistic atmosphere. Encourage older students to use a calculator to figure up the cost of their purchases.

Bank with Drive-thru Window: Most children are familiar with banks, credit cards, and 24-hour teller machines. But the children sometimes think that adults can simply go to the bank and get all the money want. They don't understand that people can only take out what they have already put in. Find out what they know, then take field trips, if possible, talk about how money is handled. Put a drive-thru window storefront, purchased or made from a box, along the side of a tricycle trail. The banker will need a shelf or box nearby on which to keep the money. "Customers" can drive up to the bank window to get money from the "banker" before their trip to the gas station or the fast food restaurant or to make a deposit. The cashier usually wishes people a nice day as he hands the money to the customer. The children could "earn" play money or give each child a given amount to deposit and later withdraw.

Fast Food Restaurant: Once the stage is set, all the children have to do is act out the various roles. What do the customers do? They bring their families to the restaurant. They stand in line. They place orders, pay (play money) at a cash register, take their tray of food to a table, sit down and eat, spill, use the playground, talk to friends, and throw away trash. They will learn about how money is used.

Science Explorations

Many children are naturally curious about the physical properties of money. Discover together how coins and dollar bills are made, how banks count them, why vending machines accept only certain coins — listen to what children are interested in, and then pursue their ideas.

Metals: Ask children to observe the difference in colors of pennies and other coins. Where else do they see these colors? How can they find out what metals the coins are made of?

Weights and Shapes: Encourage children to use a balance to compare weights of different coins. What do the words and picture mean? Which coin is the largest circle? Check out the edges of coins. How do they differ?

Paper Money: What happens if a dollar bill goes through the laundry? Ask them to think about why paper money is so durable.

Center Activities

Money games and activities help children learn concepts such as sorting and the value of money.

Coin Sorting: Children enjoy sorting change by the size, color, and type of coin. If possible, after children have mastered U.S. coins, obtain coins from other countries. Compare the similarities and differences in denominations, designs, and shapes. Learn more about the countries from which the currency came.

Group Time

Circle or group time is a good opportunity to introduce money concepts.

How Money is Earned: Children can begin to understand that people get paid for jobs, and then use the money they earn to buy food, clothing, and shelter. Encourage children to talk about jobs they know about that people do to earn money — librarian, truck driver, store clerk, and firefighter. Primary children can use newspaper advertisements to research the variety of occupations and salaries in the community.

3.2 Ages Six to Nine

Children of age six are eager to learn but their attention span is short and they soon become restless. They find choice making difficult. Money means more to them now, but they tend to be careless in their handling of it. One of the best learning experiences for six- to seven-year-olds is playing store, utilizing play money or some small change. This is a fun way of reinforcing important skills like recognizing and counting coins and learning to make change. Even by age eight, the concept of time is underdeveloped, but most eight-year-olds probably can begin to plan the use of their allowances. They still are developing an awareness of the relationship between today's decisions and tomorrow's consequences. However, they tend to be unrealistic about what money will buy, and interest in possessions changes rapidly. It is not until about the fourth grade that the mechanisms of exchanging money for goods and services are grasped. Nine-year-olds find decision making easier though, and like making plans they can carry out themselves. They can also postpone satisfaction, *i.e.*, delay making a purchase (though not much longer than a week). They have developed some sense of fairness, and are generally able to use reason and accept blame.[1]

3.2.1 Education in the Family

Children's Sources of Money

There are several basic sources of income for children. These are allowances, handouts, paid jobs at home, cash gifts, rewards and earning outside the home.

How much money kids have...
TOTAL AVERAGE WEEKLY INCOME BY AGE, 1991

AGE 4	$ 3 .87
AGE 5	$ 4 .89
AGE 6	$ 5 .15
AGE 7	$ 6 .88
AGE 8	$ 6 .90
AGE 9	$ 7 .00
AGE 10	$ 7 .91
AGE 11	$ 9 .09
AGE 12	$ 15.04

(after Bowe, 1994[9])

Allowances: An allowance is one of the best tools parents have to teach youngsters the basics of money management. A regular, limited "income" encourages them to make intelligent spending choices and plan ahead. Children are ready to handle an allowance when they .... can tell one coin from another .... have become comfortable with counting and numbers ..... have spending opportunities. An allowance given before age five is not likely to have much training value. In general, it might start when they begin to make regular requests for money for various items — crayons, toys, candies, and ice cream, perhaps five or six. The amount of allowance should match his or her ability to handle it, means the child's level of maturity. It can increase as maturity develops and responsibilities increase. An allowance should be large enough to cover school supplies and money to spend or save as the youngster chooses. If it does not, he or she will be little more than a dispersing agent and will not acquire the valuable experience of making decisions.

Too much allowance may also eliminate decision making and suggests that the money supply is unlimited. To arrive at an optimum amount, have them keep records of what is spent for two or three weeks, on a chart.[1] The amount they give should be based on financial circumstances, but 50 cents to $1.00 a week is average for the six-year-olds. In a study conducted by Consumers Union, 1983, it was found that most children of eight- to 10-year-olds received allowances ranging from $2.00 per week to $5.25 per week. The allowance for the eight- to 11-year-olds is about the same, $2.00 to $2.75. But the 12- to 13-year-olds received from $ 3.75 to $5.75 per week. This same study indicates that three-fourths of the 1,300 children survey rated their allowances generous or fair.[2] A recent survey by Zillions, a consumer magazine for kids, turned up a national average allowance for nine- to 10-year-olds (the youngest age-group surveyed) of $2.00 a week.[4] Most experts agree, it is best not to tie the allowance to chores completed, so it does not become the source of any conflict. Chores and family responsibilities should be talked about separately, and chores, above the norm, can be compensated additionally. Many parents find that bonuses on allowances for special chores help children learn the value of work.

Handouts: Not all parents approve of allowances, preferring to give children money as needs and wants arise. Unfortunately, children are less likely to develop self-reliance if they get "everything" without putting forth any effort. When children have to ask for every penny, they frequently become more adept at managing adults than money! Even when children adapt positively to the situation, parents must make countless spending decisions and keep track of the money given out (which might well exceed a regular allowance).

Paid Jobs at Home: In many ways this is an improvement over the handout system, because it helps children see the relationship between effort and income. It is important that such jobs be handled on a businesslike basis. Post a list of them along with expectations and pay for each (worked out in advance by both parties). What happens if the children do a sloppy job? Will you pay for it? How much? There is another disadvantage to giving youngsters money strictly for work done. They may fail to realize that family members who share benefits should also share responsibilities.

Cash Gifts: Children sometimes receive gifts of money on birthdays and other occasions. They should be allowed to use small amounts as desired, while investing any larger ones in some form of savings for future use. An older child ordinarily would have a major voice in deciding how the money is ultimately to be spent. In the case of a younger child, the money could be kept in savings until he or she is capable of such decision making.

Rewards: Sometimes rewards in the form of money are given to young people in return for good behavior, good grades or good deeds. These are actually a kind of bribery and at best provide only temporary motivation. Cash rewards lead youngsters to believe that all things have a price. Those parents who turn to monetary rewards often feel themselves unable to handle child-rearing problems in any other way but it is best to leave money out of any situation that does not directly involve its use. If you are finding this difficult to do, it would be wise to seek counseling from an independent family counselor or a family service agency. As for recognition, sincere praise and encouragement are still among the best ways ever of conveying love and appreciation; celebrations that include all the family are another. Everyone benefits when triumphs are shared.

Earning Outside the Home: Outside work helps them understand the relationship of money to time, and effort and thus increases their awareness of its value. Working and earning are also important in the development of a youth's self-esteem. Money-making opportunities are available for children as young as nine or ten. There are the conventional jobs — delivering newspapers, watering lawns, washing cars, raking leaves, baby sitting, walking dogs for neighbors, cleaning out garages, tutoring a younger child in arithmetic, *etc.* If your children need help in coming up with ideas, stimulate their thinking by asking: What are some jobs you can handle that people want to have done? Some you would like to try doing? Have them write down every money-making possibility they can think of. Give each idea a fair trial: shooting them down prematurely will discourage creativity. Some prior experience at home, under your watchful eye, may be desirable. If success isn't immediate, encourage them to keep trying. When would they be working? If it is during school months, you could help them determine whether the job will stand in the way of family responsibilities and schoolwork. Do they have time for adequate rest and recreation? Will the work restrict family activities? Familiarize yourself with the work situation so you will understand the responsibilities involved, and be able to head off any possible problems.

Sometimes children tire of their jobs and wish to quit. They often overestimate their abilities and then feel like failures when they can't measure up. It is important that you listen and help at these times.

Children's earnings are meaningful to them and may evoke their first real interest in the business of managing money. The quality of the work experience is more important than the amount of money earned.

Developing a Spending Plan

When a child of eight or nine years old can depend on receiving a minimum amount of "income", it is time to set up a spending plan. Just a simple guide to show where the money is going and how it could be directed to meet needs and wants.

Research by James McNeal, Ph.D., a marketing professor at Texas A & M University, shows that in 1993, American children between the ages of four and 12 spent $ 11 billion of their own money, which they'd been given, received as allowance, or earned doing chores or odd jobs. They also directly influenced another $ 154 billion in purchases made by their parents — from cereal to the family car.[4] By the time an average American child reaches the age of 10, he or she will make 250 purchase visits to community stores each year.[6]

Making a spending plan can also help parents decide what the allowance should be. Work with your child and use the simple chart "My Spending Plan". By keeping a record over a two- or three-week period, it is possible for the two of you to arrive at an estimate of the money needed. Later on it may be necessary to make some adjustments — either in the spending or amount of allowance — if expenses begin to exceed income. In the beginning, the allowance could be allocated by putting it in envelopes intended for different purposes — bus fare, lunch money, fun money, *etc.* If this is done, make sure that your children realize the importance of keeping them in a safe place, and of taking out the money only as needed.[1]

My Spending Plan

	First Week Date ______		Second Week Date ______		Third Week Date ______		Fourth Week Date ______	
	Planned	Spent	Planned	Spent	Planned	Spent	Planned	Spent
Fixed Expenses School lunches Transportation Contributions Savings Other______ ______ ______								
Flexible Expenses Movies Hobbies Snacks Gifts Sports Other______ ______ ______								
Totals								

(After Baran & Tarrant, 1981[1])

Children today have their own television and radio networks, magazines, newspapers, product clubs, banks, bookstores and clothing stores. Several publications, such as Consumer Union's Zillions, are available to help children evaluate new and popular goods in the marketplace. Encourage children to research purchases in advance in order to help them develop effective spending plans.[6]

Shopping: At seven- or eight-year-olds, children are mature enough to run errands, perhaps in the company of an older sibling at first. Provide a change purse for the approximate amount of money required and give praise when the task is satisfactorily completed. Going through these steps builds confidence in youngsters and prepares them for eventual independent shopping excursions.

To develop shopping skills with a child of six- to 12-year-olds, ask your child to help you organize the grocery shopping tasks for the week. Make a list of the family's grocery needs. Using the Sunday newspaper, clip out coupons of products that your family uses. Be sure your child includes the needs of all family members. Examine advertisements from among the different stores in your neighborhood. After discussion of featured items, select the store that you will be shopping in that week. Then ask your child to accompany you to the market. Examine generic brands, unit cost prices, store brands, store coupons, and specials. By talking a moment to explain why you are choosing one thing instead of another, you impart to the child some simple shopping techniques. Discuss strategies for shopping. Consider the cash savings of coupons that allow you to make special purchases or to save for a family outing. Discuss with the entire family your shopping adventure. Ask other members to help in planning future marketing adventures and for suggestions to share in the responsibility for family shopping.

Saving: Research by James McNeal, Ph.D., a marketing professor at Texas A & M University, notes that children from age four to 12 save approximately $0.5 billion a year, a little over 10 percent of their reported expenditures.[5] Children with parental assistance, may acquire savings and investor skills. Such fiscal management skills prepare them early in life to view the marketplace as a forum for learning and lifelong opportunity.

Children first begin thinking about savings when they want something that a week's allowance cannot cover — a baseball bat, new skates, a book or present for a friend. At this point — around nine years old or so — they begin to understand the idea of putting money aside for a few weeks in order to make a purchase. (Children of this age can also understand that taking care of belongings saves money because they don't have to be replaced as frequently.)

When a small amount is to be saved for a special item, for a short time, it should be kept in a readily accessible place — in a toy bank with key, for example. If a youngster impulsively spends all the savings on something else, parents need not be distressed. The child is sure to be disappointed later and that should provide a valuable lesson. Parents are wise to resist setting savings goals for their offspring. They tend to be set too high and take too long to reach, so children get discouraged. In addition, they seldom are motivated to save for other's goals.[1]

A regular savings account at a local savings institution may help school-age children develop appropriate savings practices. Many banks provide information that explains how banks work and describes their role in the financial community and local economy. Depositing monetary gifts from relatives and friends will encourage savings. Children can also learn to comparison shop for a good interest rate among competing savings institutions.

Standard Federal Bank in Chicago, for example, has a passbook savings account for children. Jack Oskvarek, vice president of retail banking, explained that the account is "a means for them to begin to develop savings at an early age and learn to set financial goals, such as saving for a college education." To show your child how money can grow and earn interest, establish a savings account in his or her name. Then the child can deposit his or her saved allowance and gifts in his or her own account. Many financial institutions offer opportunities for children under eighteen to open a savings account with as little as $ 1 without charging service fees or requiring a minimum balance.[3]

Although this is the time to encourage your child to start savings, don't expect him to open a college fund — even holding out for Christmas is a hurdle. "Their time horizon tends to be on the order of hours, maybe days, at the most a week or so," says Dr. Ford. How to encourage longish-term thinking? Try promising a trip to the big toy store three days from now if your child can resist splurging on X-Men cards in the meantime. Pledge to match his savings dollar for dollar. Offer to pay for half of anything he saves his money more than two weeks to buy.[4]

3.2.2 Primary School Education — First to Third Grade

Fairyland Market: A Classroom Store

Economic education projects devised by Marie Olsen, Fort Yukon School, Fort Yukon, Alaska. She used a classroom store, "Fairyland Market", to help children understand economic concepts and the function of money, be aware of effects of advertising and the importance of marketing choices and practice math and language skills.

The goals of this project were:
1. To help children understand selected economic concepts.
2. To help children be aware of the effects of advertising.
3. To help children understand the functions of money.
4. To help children know the importance of making choices.
5. To help children develop an appreciation of the free enterprise system.
6. To provide opportunities for children to practice selected math and language skills which can be related to economic concepts.

How was it performed:

Graphic materials were teacher and student constructed. Diagrams, charts, price lists and ads were appropriate materials. A large picture made with chalk, crayon or paint to represent Fairyland made the store attractive.

Students may wish to choose a different name for their store.

The snacks we used in the market were small in size and not very sweet. These included graham crackers, sugar cookies, gingersnap cookies, Ritz Crackers, *etc.*
The students enjoyed decorating the snacks. The cookies can be made at school or the teacher may prefer to bring them ready for the children to frost and decorate.
(After Olsen, 1983[12])

The "Fairy Money" that was used for buying snacks at the market was printed on onionskin paper which was cut to a size of 2 ½ × 4 inches. Children stamped the pink papers with a penny and a rabbit, the yellow ones with a nickel and a star and the white coupons with squirrel and a dime.

The students needed a special place to keep their money. Envelopes or a homemade billfold are useful.

Students earned money by:
1. Coming to school on time.
2. Keeping neat clothes closets.
3. Working with others to get things ready for selling, working at the market or cleaning after the market closes.
4. Completing math, reading, social studies or other assignments.
5. Good behavior.

Additional activities through the market included:
1. Mail order shopping—to encourage writing clarity and teach price comparison and choices.
2. Fairy basket monopoly—to practice vocabulary words and math facts.
3. Buying without money—to understand barter and market economies.
4. The storekeeper game—to establish correct expressions and teach selling procedures.

After students have practiced buying, selling and working at the Fairyland Market there may be interest and value in setting up a Snack Shop for selling items to make a profit.
The students need guidance in pricing the items to sell in order to gain a profit. They also need advice in ways of measuring and packaging. The class should decide on something useful to buy with the money earned.

The activities should take about two weeks, or longer if not used every day.

Some conditions the students experienced during the project were:

1. On some days everyone bought what they wanted.
2. One day the fancy cookies did not meet demand.
3. On Friday students could buy some leftover items at reduced prices.
4. One day everyone had plenty of money but there was little to buy.
5. On some days the students who saved money from the previous day had enough money for higher priced snacks.
6. On some days students did not have enough money to buy one of each item so they had to make a choice.

Key economic concepts they learned

1. Money is helpful as a medium of exchange and as a measure of the value of things that we sell and buy.
2. Money can be saved for future use.
3. We use money to pay for needs and wants.
4. We use money to pay for goods and services.
5. We usually have to work or make something to get money.
6. We can't always have everything we want.
7. There may be times when we have money but there is little to buy with it.
8. A market is a place where we buy and sell goods.
9. The market value of goods is based on supply and demand.
10. When prices are low people buy more if they need and want the product.
11. Demand is the desire for a product and the willingness to pay and the ability to pay.
12. Long ago people got many of the things they needed or wanted by barter.
13. People use barter to get some of the things they need nowadays.
14. Sometimes people buy things because of advertisement.

(After Olsen, 1983[10])

Money Matters — Exploring Money Concepts with Young Children

Introducing money concepts to young children readily links all five NCTM (National Council of Teachers of Mathematics) goals. Children learn to value mathematics because money connects to the real world. They understand, from a very early age, that money is an important factor to their families, and that adults earn and spend money. Children who learn about money develop the ability to investigate, predict, reason, and use a variety of methods to solve problems.[8] The following activities represent some of the many meaningful things young children can do to understand money.

Making Cents Out of Books

Children are likely to read books and some children may be interested in making their own books about money. Children might make crayon rubbings of the front and back of coins, placing them on the page in a pleasing design. Or they might write and illustrate a story about money. Encourage children to share these books with their peers and families.

Children's Book About Money Concepts

The Five Pennies (Brenner, 1964). Nicky had five shiny new pennies and he really wanted to buy a pet. He visited different stores and spent his pennies one or two at a time untill he had no more. Read the story to see if he finally got a pet !

As a follow-up, play a department store game. Children cut out pictures of clothes, shoes, belts, and other items. Indicate the price for each item. Place a ring of masking tape or a Velcro® piece on the back and place each item on a flannel board department store. Each child picks one item. The child names the item, tells who it is for and how much it costs, and then pays for it with play money.

The Money Tree (Stewart, 1991). A strange tree grew in Mrs. McGillicuddy's yard. The leaves looked like dollar bills ! As Mrs. McGillicuddy went about doing her daily tasks throughout the seasons, more and more people came and asked to "harvest" the tree. Crowds continued to gather both day and night, so Mrs. McGillicuddy decided on a solution.

To follow up, ask students write or draw the answer to "What would you do with a $ 100 bill ? " Children might go through catalogs or newspapers advertisement and pick out toys, books, or groceries they would like to purchase. Show them how to use a calculator so they can see what $ 100 really would buy.

(After Saul, 1997[8])

Dramatic Play Ideas Dramatic play makes it possible for children to progress money concepts.

Tickets: Set up a ticket both for children to sell and buy tickets. The tickets could be for a classroom activity such as to enter circle time, or for a special event connected to a theme, such as going to the circus presented by another classroom. To extend the idea with primary-age children, obtain local bus or train schedules, or airline schedules, so children can write and pay for tickets to any destination they choose.

Planning with Advertisements: Ask children to bring in grocery advertisements. Small groups might work together to plan a meal or snacks for the week and predict how much it would cost. Older students can use a calculator to accurately figure the total and compare it to their predictions. Make the task more difficult for older children by including coupons for various products.

Preparing Snacks: Take a field trip to a grocery store so children can use real money to purchases a snack for the entire class or for an event for their families. Consider the number of servings per package to determine the amount to buy. Children measure the ingredients and prepare the snack. Primary age children could calculate how much the snack cost per serving.

Career Education for Grade K-3 Students

Career education for grade K-3 covers appreciation and attitudes, self-awareness, decision making, educational awareness, career awareness, economic awareness, beginning competency, and employability skills. Educational awareness teaches some of money management. Learn the relationship between academic learning and the world of work. Discuss how money handling is important. What happens when the basic educational skills are not learned for use in the practical world of daily living. Talk to friends and neighbors about the things you learned in school and how learning related to your job.[13]

Economic awareness teaches as follows. Discuss how the economic system really relates to you. Identify what is available, needed, wanted or is a luxury in the home. Categorize these items. What goods and services are available in the community. How are these goods and services exchanged ? Explore the concept of bartering and how it relates to the world of work and home activities that must be done. Develop an idea of the monetary system. Try some simple tasks of money management and planning. Make the economic system relevant to you.[13]

What is Effective in Pecuniary Education

Children initially learn about money in school beginning in kindergarten, and money problems are common throughout the elementary math curriculum. Most of the textbook work on money is a dreary application of other skills such as adding or counting and has little to do with real learning about money. In contrast, dramatic play for example, the classroom store motivated children to really learn about money. Some of them painstaking made themselves study cards with the value of each coin and the sums of some combinations of coins. During their turns as cashier, the children showed amazing skill at the task. While mistakes were not uncommon by the cashiers, the children had much greater success on the job than while doing seemingly simpler worksheets. The children were able to use their knowledge of the buying script, the power of dollars and their school based computational skills in one activity that combined the best attributes of everyday wisdom and school precision.

3.3 Ages Ten to Thirteen

As children enter adolescence, they look to their own peers for leadership and approval. They may be inclined to spend money freely. Running with the crowd is important to preadolescents but it can be costly, and dealing with group pressure is difficult. Youngsters who find themselves left out or on the fringes of the group may try to make up for this loss by spending in odd ways, attempting to buy friendship with treats of compensating by overeating. Understanding concern from parents and other adults will help them through this difficult period.

Preteens are often ready to take on more demanding tasks for pay — both inside and outside the home. This is generally positive. For one thing, their self-esteem often correlates with the amount of money they have, and a lack of it can intensify any existing problems. They also want to make their own spending decisions. In addition, preteens are usually psychologically ready to plan, and therefore ready for longer-term saving.

Many secondary and some elementary schools and club groups have classes or projects in managing money and/or personal finance.

3.3.1 Education in the Family

Savings

According to a Texas A & M University study by James McNeal, children in the U.S. receive $ 9 billion a year from adults, with $ 4.8 billion in allowance and $ 4.2 billion in payment for chores or gifts for special occasions. A Gallup Survey further reported that approximately one-third of parents give their children an allowance of $ 25 a week or more by the time they graduate high school. However, only half of parents require their children to save any of their allowance.

Generally, 10- to 13-year-olds are better able to delay gratification, so some of them save more money for longer periods. Once a substantial amount has been acquired, go with the youngster to deposit it in a regular savings account. Watching the interest grow can give satisfaction, as can a passbook with one's name on it ! Young people should be free to withdraw money when needed.[14] They will soon learn that, if financial goals are to be reached, the savings must be left alone.

What motivates kids to deposit their dollars, dimes and sometimes pennies week after week ? The same thing that motivates adults: "a sense of control", says Roberta Edwards, coordinator of the Dollar Dry Dock program. "If you have your own money, you can do things with it".[15]

Kids actually save about 30% of their income, according to James McNeal, a marketing professor at Texas A & M University who studies children and their finances. McNeal estimates that about half of kids' savings winds up in drawers and the other half in commercial accounts. By the age of 11 or 12, about 10% of children are investing in things like stocks and mutual funds. "Kids are getting plenty of money to spend: what they need is a reason to save", says McNeal. He figures that in the past few years they have found one; big-ticket items, such as designer clothes and video systems, that parents are reluctant to buy.[14]

Introduce the idea of savings account by about the 5th grade. As long as kids can sign their names, First National Bank allows them to open their own savings accounts and make deposits and withdrawals.

Young Americans Bank, in Denver, where all customers are under 22, sets up joint accounts for kids under 18 in the name of both parent and child, with two signatures required for most transactions. "Here, parents need their child's authorization to make a withdrawal", says bank official Candy Culkin.[15]

Policies about opening accounts vary among financial institutions. Your children may be allowed to have accounts in their own names. Often, a minimum amount must be deposited to open the account. Also a social security number is required to open a savings account. Opening an account also requires identification, such as a driver's license or a school identification card. Explain to children that your signatures on the saving account signature cards will serve as models for other forms you sign when using your accounts. Also explain the forms and procedures for savings deposits and withdrawals as well as the information on the statement provides.

Checking Accounts

A checking account can be useful when children begin to manage sizable amounts of money or keep financial records. A social security number and personal identification are requirements for opening a checking account. Some banks may require minimum opening deposit. Requirements and charges vary, depending on the type of checking account, so it's advisable for children to shop around before deciding on a particular type.[16] Teach basic procedures of writing checks, filing out deposit slips, maintaining check registers, and balancing their checkbooks.

Spending

A spending plan is a useful first step to gaining a financial grasp on real monetary transactions. A simple spending plan may involve the record keeping.

Parental strategies for instituting effective spending programs should include helping children to distinguish between need and want when making purchases and to identify products of real and long-term value. Children also need to develop systematic procedures for evaluating their near-term spending habits. Parents and children should watch TV together, discuss advertisements, examine celebrity endorsements and analyze all marketing. During the teen years, this guidance should be supplemented by discussions of peer pressure.[6] Spending plans may be instituted at all ages.

Generally preteens like to shop and are ready to make some clothing purchases. This is a good time for them to learn how to read fabric-care labels, examine the workmanship and ask pertinent question. Later on, encourage them to evaluate the selections in terms of the satisfaction they brought. Teens should be able to make decisions on style, color and fabric, however. By selecting some of their own clothing, young people gain experience in judging quality and making choices.

Allowing her to splurge on junky toys or clothing can still turn into a positive. Unless you find a specific item so offensive that you can't stand to have it in the house, say nothing when your child spends her own money on it: The cost when it falls apart or loses its junior high cachet is small compared with the value of lesson taught.

The single most important move for the parents is to set the example for good money habit. If children see parents being extravagant, children will follow their lead.

Mutual Fund Investments

Another form of savings for school-age children is regular periodic investments in a growth-oriented mutual fund. Many funds will accept a small investment in a custodial account, to which small monthly contributions may be made. Through regular contributions, children may acquire a significant account.[6] By following the fund, children will gain consumer knowledge and valuable insights on how financial markets work. If they examine the portfolio of companies held by a mutual fund, children may see a relationship between specific products that they purchase and use and the growth of their investment.

If the child has accumulated enough money, you can open a money market fund. Twentieth Century and Fidelity are two mutual fund companies that will open small accounts. Usually accounts are set up with the parent as custodian under the Uniform Gift to Minors Act, and you can easily designate this on the application.[14]

It's also worthwhile to note that your child can make up \$600 in investment income in 1992 without having to pay taxes. Income between \$600 and \$1,200 will be taxed at the child's lesser rate (15 percent). However, if your child is under 14, income above \$1,200 will be taxed to you at year rate. Be sure to use the child's social security number in accounts opened, not yours.[14]

One of the more unusual products comes from a Chicago-based brokerage house, Stein Roe & Farnham. In 1994, the firm launched its Young Investor Fund, a mutual fund whose average investor is nine years old. Each child receives a quarterly newsletter, Dollar Digest, which provides information on the stocks held in the fund-companies such as Disney, Coca-Cola and Wrigley, the chewing gum manufacturer. In 1995, its first full year, the fund raised $94 million from investors and achieved a 40 percent return.[17)]

Stock Ownership

Today there are more than a million juvenile stockholders — infants, teens, students, and young jobholders. A gift of stock to a youngster may not only have greater long-term value than more expensive items, and it also can have other advantages. Those who become junior partners in the country's economic system sometimes develop a strong interest in the companies they "own" and carefully follow the daily stock market price changes and earnings ! They are motivated to learn what it takes to run a business successfully.

Invest in stocks or mutual funds, it must be through a custodial arrangement, usually under the Uniform Gifts to Minors Act (UGMA) or Uniform Transfers to Minors Act (UTMA), depending on your states. With a UGMA or UTMA account, you can also give assets to your child.[15)]

A few fund groups offer special deals for small accounts. At the no-load Sit funds, for example, the required initial investment of $2,000 is lowered to $500 for a UGMA or UTMA account if it's accompanied by an automatic-investment plan. Other fund families, including Twentieth Century and Fidelity, have programs geared to college savings.[15)]

Greg Gonzalez diligently squirreled away $10 to $20 a week, and when his bank account topped $1,000, he withdrew most of the money and began diversifying into a mutual fund and stocks. He reinvests all his dividends and continues his weekly saving regimen. Whenever he accumulates enough money, he withdraws it to buy more stock. Greg Gonzalez is 11 years old.[15)]

While other kids of his age are frittering away their allowances on Big Macs, Mickey Mouse, T-shirts and baseball games, Greg is buying shares in McDonald's and the Walt Disney Co. He even owns a unit on the Boston Celtics master limited partnership.[15)]

"I'd tell them to make their kids excited about all the things they can do with the money when they grow up", advises Greg, who lives with his parents in Manhattan. "Tell them when you're a stockholder, you're ahead of everybody. I know what's going to happen at McDonald's, and I just got something from the Celtics telling me they're going to try to have their own hall of fame".[15]

Increased Responsibility

As your children mature, it may be a good idea to examine the kinds of financial decisions they're allowed to make. You may also wish to involve them in your family's financial planning. Whether or not you let them know the specifics of your family's income, introducing young people to the costs of running a household allows them to see how their personal expenses fit into the overall family budget. It also introduces them to financial responsibilities they may face in the future.

Other lessons in these early years should include learning about inflation, giving tips at restaurants and buying items in a cost-efficient way. Regarding inflation, frequently mention what various items used to cost, so children understand the concept of inflation over time. Lessons about buying food in larger amounts or buying clothes on sale will serve children well in buying items cost efficiently.

3.3.2 Primary School and Junior High School Education — Fourth to Seventh Grade

School Saving Program

School saving program sponsored by Dollar Dry Dock Bank in New York, more than 8,000 kids from kindergarten through eighth grade have saved almost $ 1 million since the program started four years ago.[15]

Top in the class is Bay Terrace School, in Bayside, Queens. The school which has a magnet program in business, finance and international trade, has been participating in the Dollar Dry Dock Bank saving program since November 1990. About 475 students — more than two-thirds of the student body — have saved more than $51,000, says Joel Siegerman. They're kids like, Hillary Fingerhut, grade 6, $300.50 saved. "It's a cool thing to do", says Hillary, who has some drastic advice for parents of kids whose allowances burn a hole in their pockets: "Keep part of their allowance. When they ask for more money, don't give it to them".[15]

School-based programs like Dollar Dry Dock, for example, kids can start their accounts with as little as $ 1 — which the bank will supply. Children who open new accounts get painters' hats, and with every deposit they receive rewards such as pencils, lollipops or stickers, which they have taken to pasting on the front of the registers in which their deposits are recorded. "It's almost a competitive thing", says Phyliss Lassin, program coordinator at Bay

Terrace School. "They're so conditioned to save that I've taken in as little as a penny".[15]

Jacqueline, 10-year-olds, has created a game in which both (parent and she) of them clip grocery coupons from the newspapers. After they go to the store, Jacqueline matches any savings and lets her daughter put the money in her account. Offering to match money your kids save on their own is a time-tested way to get them into the habit.

Some kids don't participate in the school banking program because their parents aren't, says Sherrie Avery, marketing director at First National Bank of South Miami. The bank sponsors Twiglet, a school bank that's run by students at David Fiarchild Elementary, in South Miami. "Either the kids don't get an allowance or the parents don't give them money to save".[17]

Dollar Dry Dock is becoming popular as part of the Save for America Campaign under way in 23 states. PTA volunteers collect the kids' coins at school once a week, record the deposits on a computer, then take the disk and the money to the sponsoring bank.

The program gets an enthusiastic response from parents who remember doing the same thing when they were kids (without computers, of course).

Teaching How to Make Bank Transactions in the Classroom

Many schools have successfully linked with local banks to teach children the basics of budgeting and money management. Through simulated and actual banking/school programs nationwide, including projects at following schools.[18]

Hubert Humphrey School

> For the past decade, fourth- and fifth-graders at the Hubert Humphrey School on Staten Island, N.Y., have put their classroom math skills to work in the school's simulated banking. In a joint effort with Citibank, school principal, Lawrence Ambrosino, and his staff, duplicated an authentic banking environment which provides life-size teller windows and life-like credit card machines for the children to practice transactions. Twice a month, students cash in fake kiddie dollars, earned through good grades and good behavior, for prizes of pencils, erasers or other supplies. Students who retain the most "dollars" at the end of the school year win real $ 100 savings bonds.

Dixon Elementary School

> The payoff for students at Chicago's Dixon Elementary School is a rich experience, school principal Joan Crisler says, in a real-to-life banking laboratory. Fifth- and sixth-grade students deal with real cash at the Dixon-Eagle Community Bank, the school's joint effort with Seaway National Bank. To date, the bank, which is primarily staffed by preteens, holds assets which exceed $ 6,500. Students open accounts with $ 10 and make deposits as small as a nickel. "We can't change children's values about money, but we hope that they learn some practical lessons," explains bank consultant Faye Terrell-Perkins. "Kids who put in $ 20 and then take it out, quickly learn that it doesn't make a lot of sense because they haven't allowed their money to work for them." She explains that interest is earned every three months.

E. R. Carter Elementary School

Another school determined to teach children the benefits of saving is Atlanta's E.R. Carter Elementary School. "In some of our inner-city communities, the children live from day to day. It's hard to get someone to delay gratification who has never been gratified," says Clifton Tinsley, Carter School principal. "But that's something we're trying to get across through the banking program." The year-old financial project, operated by parents and teachers once a week, is a partnership with the school, Morehouse Medical School, and Atlanta's Southside and Trust Company banks.

Grassroot Organization

D. Edward Wells Youth Credit Union Program

Schools aren't the only ones reaching out to the youth. Grassroot organizations, such as the D. Edward Wells Youth Credit Union Program in Springfield, Mass., also familiarize Black youths with the banking process. More than 900 young people, ranging from ages 7 to 17, have worked in and contributed to the operation, which boasts assets of \$35,000. Not only do youngsters, most of whom aren't old enough to drive, manage the facility year-round, they also conduct managerial workshops, coordinate their own meetings, and participate in seminars that teach the basics of investing, saving and even the fundamentals of buying a car and apartment hunting.

(After Ann. *Ebony* 49 (1994)[18])

The Make-believe Store (Lesson in Consumer Mathematics and Money Management)

The make-believe store was put up by fifth-grade students at Mayview Elementary School in Mayview, Mo. Students were asked to start saving empty food containers.

Students were told that a grocery store would be set up in the room to present a lesson in consumer mathematics. Each student would be given fake currency by the teacher to gain experience in shopping and learning to work with money. The store was made to look as realistic as possible. Empty canned goods that had been opened from the bottom were placed on the table so they looked unused. Empty plastic bread and candy bags were stuffed with paper, and used cereal boxes and detergent containers were taped shut.

Among the props used were several copies of the Missouri sales-tax sheet, four adding machines, grocery carts, a table for the groceries, calculators, twenty dollars in fake currency for each shopper, and enough fake money for the clerks to make change.

Before the grand opening and any time new items were brought in, students helped price merchandise by using felt-tipped markers to write the price on the box, sack, or can before stocking the table. The teacher helped students price items in comparison to what they would cost in the local grocery store. Pricing gave everyone an opportunity to think about the cost of each item. They had a forty-minute period each day for one month when they could visit the store. Each student started out with twenty dollars in fake currency with which to purchase goods.

(After Harvey, 1994[19])

After several days, the spendthrift students were encouraged to learn more about the value of money. Some students made shopping lists at home and then realized they could not afford everything, so they learned to economize.

The store accomplished several objectives. Students learned the following:

- to appreciate the value of money in relation to purchasing power,
- to use a sales-tax sheet,
- to make change, and
- to become better estimators.

The following list of students' comments reveals their feelings about the store :

- "I like the store because I like estimating."
- "I did not like money; but now I really do, thanks to the store."
- "I just wish it was real food. Even though it isn't, this store is still super fun."
- "I really enjoyed learning about shopping in the store and counting change."
- "I like the store because I learned to add tax and subtract change."
- "I think it shows you what it would be like when you grow up and how to spend your money."

The last comment sums up the real objective of the unit. Frequently money is taken for granted by students who do not comprehend how much money is needed to live. This lesson allowed students the opportunity to use skills of money management that will follow them into adulthood.

(After Harvey, 1994[19])

THE GLADYS WOOD ALUMINUM CAN COMPANY (Gladys Wood Elementary School, Anchorage, Alaska)

The Gladys Wood Aluminum Can Company was launched as a penny-stock company in September, 1982. It was a year-long economics project involving the collection of aluminum cans which would be sold to the Anchorage Recycling Center. The project was an ambitious one, but all that was needed for success was a little initiative, drive and determination. The class was encouraged to participate in the proposed recycling business by purchasing shares with aluminum cans. There would be a "big payday in May" when all shareholders would be paid in cash.

The major goals of the project were:

1. To provide real, true-to-life business experiences.
2. To teach economic concepts through practical, daily business activities.
3. To emphasize the work ethic of the American private enterprise system.
4. To earn money.
5. To promote conservation awareness through the recycling of the aluminum cans.

To handle an anticipated large volume of cans, very specific packaging and delivery details were set forth. (1) Only aluminum cans would be accepted. (2) Cans would have to be crushed to facilitate their storage. (3) Packaging could be in either paper or plastic containers. (4) Shareholders had to label their containers with their names and the number of cans contained therein. (5) Participants' can deliveries to the classroom were to be made only before or after school or during recesses.

In response to the interest and enthusiasm which G.W.A.C. engendered, the company expanded its operation to include anyone in the Gladys Wood School who wished to purchase shares with aluminum cans. The campaign to enlist new stockholders was announced in a schoolwide newsletter. Realizing that additional customers would entail a much heavier workload in processing the influx of cans, the fourth grade class became charter members of the organization. Thereafter, they would be able to earn additional shares as brokers.

Because of popular demand, the G.W.A.C. project will be revived next year. Pupils will be encouraged to continue collecting cans during the summer with the options of accumulating them and bringing them to school in September, or delivering them to the Anchorage Recycling Center and crediting them to the G.W.A.C. account, subsequently receiving share credits by turning in their receipts in September.

1. Alternative economic systems in Alaska are compared.
2. The world of make-believe assists entrepreneurship.
3. Aluminum cans teach business practices and earn profits.
4. Long term investment decisions become real to students.
5. The cost of economic independence is analyzed.
6. A hypothetical crisis becomes a vehicle for decision-making.

Participating in the G.W.A.C. Company and its subsidiary G.W.A.C. Sales Company provided pupils with many practical experiences concerning the realities of operating a business. G.W.A.C. employees learned firsthand about the physical labor, paperwork and public relations efforts involved in a commercial enterprise.

Working in a responsible, cooperative and efficient manner taught them the value of on-the-job teamwork and good interpersonal relationships. The importance of accurate records and accounting practices was demonstrated daily by insistence upon following established company procedures. Stockholders were kept informed by the periodic issuing of individual accounting statements and shareholders' reports. Friendliness and fairness in dealing with all customers were emphasized. Public relations were conducted through the advertising techniques of posters, newsletters and intercom announcements.

Planning and decision-making skills were fostered by G.W.A.C.stockholder referendums and board meetings. Shareholders shaped company policy and set long-range goals. They enlarged upon successful practices and eliminated those that were inadequate.

Parental support and community response to this economics teaching endeavor was very positive. Some parents expressed the viewpoint that their children's experiences in managing and operating the G.W.A.C.Company and the G.W.A.C.Sales Company was just like having a real job. One father even went so far as to say that he believed the work experience for his son was superior to having a paper route or similar type of actual job in the community. Primary teachers reported that a number of their pupils caught the G.W.A.C.fever and seem to have grasped the concept of stock ownership value. The concensus was almost unanimous that the project stimulated a great amount of interest in basic economics.

(After Logan, 1983[20])

3.4 Ages Fourteen to Seventeen

These years mean great changes for youngsters, and they are sometimes marked by turmoil. This is partly the result of teens' inner conflicts — between their desire for freedom and their need for security. As tension increases, it can erupt in the relationship with other family members. Teenager's problems are aggravated by the fact that, while desiring independence, they usually are financially dependent. They often, become critical of their parents personal traits and ways of doing things, their social status and possessions. Because of their insecurities, some of them make demands for items that cannot possibly be provided. The idea is for parents to grant a measure of freedom but still keep control — a difficult balance to maintain.

Many teenagers feel they are capable of taking care of themselves in all respects, including money matters. As a result, they want to make their own decisions. Self-esteem continues to depend on belonging to the crowd, doing what "everyone" else is doing, dressing as "everyone" else dresses, going to the same events, haunting the same shops. Everything seems to require money; school and social life carry high price tags.

In their efforts to go the way of the crowd, teenagers often find themselves in conflict with parents. Emotional outbursts over money are less likely to occur, however, if they have had experience in managing money, can relate their spending to family income, and are able to meet some of their expenses by taking on a part-time job.

3.4.1 Education in the Family and Organizations

Programs in Managing Money

> Tom McCutcheon, 17, decided three years ago that it was time to take control of his finances. Having saved $2,000 from a Vancouver paper route, he approached his parents for advice. His father, a rail traffic controller, gave him a subscription to The Young Investor Report, published by the investment firm Odlun Brown Inc. "I watch the papers, read the newsletter and occasionally invest my money," says McCutcheon. Two years ago, he bought nine shares in Canstar, a hockey equipment maker, and doubled his investment.
> In the past few years, financial seminars, newsletters and mutual funds aimed at children have sprung up across the continent. LaCorte, 38, now runs workshops for children in Burlington, Ont. "Thirty years ago, we had more air time for Betty Crocker than mutual funds." she says. "Whether it's an unemployment insurance cheque or an inheritance, having the skills to manage your money is important."
>
> (After Cazzin, 1996[27])

Several youth organizations encourage leadership, offer programs in managing money, or incorporate money-management lessons into more general group projects. One of these — Junior Achievement — has a unique project in economic education. High school students, with the assistance of adult advisors from business and industry, organize and manage their own small-scale companies. The students select a product or a service, sell stock to finance their enterprise, plan production and distribution, sell their product or service, pay taxes and keep financial records. They dissolve the company at the end of the program year. Through this experience they have an opportunity to learn the challenges and responsibilities, problems and rewards of a private-enterprise economy and to understand the organization and operation of a business.

Some other organizations that help to develop selfreliance and money-management skills in youth are 4-H clubs, Future Homemakers of America, all forms of Scouting, the YWCA and YMCA.

Shopping

Teenagers make many other kinds of purchases. Encourage them to comparison — shop, not only by visiting different stores but by using the newspaper, telephone and catalogs, if available, in order to get advance shopping information. Teach them about product warranties, how to handle returns and what to do when a product or service is unsatisfactory.

An effective way to learning food costs is to have teens help plan family meals or party menus, shop for food on a set budget, prepare and serve it.

It is important for parents to remember that mistakes will be made. Learn to use the mistakes as a positive teaching tool rather than a negative item. Parents should try to keep the learning experience in perspective. Remember, it is less costly to make a 50¢ mistake versus a $50,000 error. Parents are best able to teach good money management habits when they provide good models for imitation.

Credit

A credit card in college is helpful for tuition, books, and emergencies. If you are hesitant about releasing a credit card to your young adult, your banker can show you options for helping your child learn responsibility, with credit limits and monthly written statements that are backed by your credit account so that you can retain ultimate control and can monitor your child's spending habits.

The first experience with credit might be a small loan or advance on an allowance, possibly as early as age ten or eleven — if the situation calls for it. Be aware, first of all of the costs of using credit. Understand the annual percentage rate. In general, the longer they take to pay what they owe, the more their total payment will be. Teach the importance of making credit payments on schedule. Late payments may be recorded in their credit histories. Report lost or stolen credit cards to the card issuers.

It is important to teach children what credit actually is .....the kinds of credit available ....its advantages and disadvantages ....what interest costs are and the reason for them .....and that one has to have a source of income before he or she can use credit! In this way, young people can begin to learn how credit works, how it can be used to advantage, and its pitfalls. They will soon learn the disadvantages of assuming debts that are impossible to repay.

A current statement can be used to explain to children how credit costs are figured. Parents can obtain authorization by writing a letter to the creditor, requesting that a child or children be listed as valid users, and including copies of their signatures.

Parents should decide ahead of time on the maximum amount to be spent, for they are legally responsible for all charges.[21] Grant a son or daughter permission to use one account at first; if this is handled responsibly, additional credit can be extended.

Start Own Business

> One sure method of imparting good money sense to children is having them start their own business.
> Teach children that people will pay for services that they are too busy to do themselves. In addition to the obvious things like baby-sitting and yard work, these include window washing,

and organizing kitchens and closets.
Children will need help figuring out what they'll need, how much it will cost, and how to keep the books.
When children are serious about starting a business, consider the Business Kit, a guide for entrepreneurial youngsters.
It offers 76 business ideas and includes information on the basics--including researching the competition, marketing, and writing a business plan.
Nasir Ashemimry, who designed the kit, says it's meant for 14-year-olds but is appropriate for kids ages 10 to 18.

(After Rouland, 1994[9])

Project Smart Start

When children start high school, it is time to teach them about where to invest money. No-load (noncommission) mutual funds may be recommended in implementing any strategy. Strategies in this area with specific recommendations are covered at PROJECT SMART START seminar. Also many libraries carry Lipper Analytical Service or the Wiesenberger counterpart to assist children. Both services offer information on the goals and objectives of funds as well as their previous track records.

There are several long-term financial lessons teaching in the PROJECT SMART START seminar. The following lesson is one which, if taught well, stays with the child forever.

The story involves two brothers, Frick and Frack. Frick starts investing early and saves $ 2,000 per year, but only for six years, and then he stops but does not withdraw his money for the next 30 years. Frack, on the other hand, waits six years to save and invest but then continues at the same rate ($2,000/year) for 30 years. Who winds up with more money assuming the same return, Frick or Frack? Logic says it's Frack, but it's not, it's Frick! The power of compound interest for a longer period of time (even though money was invested for only the first six years) enables Frick to do better over the next 30 years. The penalty for waiting six years for Frack to start investing was too much to overcome, even though he invested every year for the next 30 years! (At a 12 percent average annual return, Frick wound up with $ 544,612 to Frack's $540,585.) The moral of the story: *Start today*!

(After Rodman, 1992[10])

Ask Dr. Tightwad

Kiplinger's Personal Finance Magazine is one of the magazines which gives information on helping children and teenagers learn about handling their finances, includes related article on teaching children about managing money. When parents, or grandparents, got questions about kids and money, they send questions all to Ask Dr. Tightwad, Kiplinger's Personal Finance Magazine, or fax the letters.

Dear Dr. Tightwad:

In your last column ("Ask Dr. Tightwad," March) you claimed that parents shouldn't have to pay their kids for doing routine chores. You said that children should do things simply because parents ask them to, and parents hold the upper hand. You wrote, and I quote, "If it doesn't work, we'll deal you a new hand." Well, I tried doing what you suggested and it didn't work, so deal.

That's what Dr. T gets for upping the ante. But she does have an answer: When all else fails, you're perfectly justified in playing your ace in the hole: the "if...then" card. If your kids make their beds and clean their rooms on Saturday morning, then they can go to the movies in the afternoon. If they've finished washing the dinner dishes, doing their homework and taking a shower, then they can watch a favorite TV show. You get the idea.

This doesn't count as bribery, which Dr. T frowns on. Bribery is paying off a child for not doing something bad. There's nothing wrong with rewarding children or giving them an incentive to do something good, especially if the task and the reward balance out.

Martin Ford is an associate professor of education at Stanford University and the father of two young sons. When older son Jason, now 8, turned 5, he received, along with gifts, one chore to do; another is added on each birthday. "It's a mark of maturity," says Ford, "and we make it a matter-of-fact expectation that he does the job." Ford figures it's just like the real world: "Some managers think you can't get workers to do anything unless you pay them," he says, but setting high standards and expecting them to be met works, too.

(After Bodnar, 1992[10])

Dear Dr. Tightwad:

My teenage daughter wants an after-school job. She claims that she'd get work experience, not to mention extra money, but I worry that working will interfere with school.

Challenging the work ethic is almost un-American, but too much work and not enough time for play and studies can indeed make for some dull teens. And that's not the half of it.

When teens work 20 or more hours per week, their grades tend to slip, they have less contact with their parents (whose authority over their kids also slips), and they're more susceptible to drug and alcohol use, according to studies of teens in Orange County, Cal., by researchers Ellen Greenberger and Laurence Steinberg.

What's not clear is whether the long hours caused the lower grades (and other ill effects) or whether lack of interest in school prompted the kids to work long hours in the first place.

Another study of teens in St. Paul found "no difference between kids who work and kids who don't" in such areas as school achievement and mental health, says Jeylan Mortimer of the University of Minnesota, who conducted the study with researchers, Katherine Dennehy and Chaimun Lee.

To be safe, limit the number of hours your daughter works and keep an eye on how she's balancing the job with schoolwork, family time and extracurricular activities. "If you can afford to restrict work time to ten hours a week or less, then it's pretty safe," says Steinberg, a professor of psychology at Temple University. That's about all the time it will take for your kids to learn the virtues of showing up on time and not loafing on the job.

Dear Dr. Tightwad:

We want to buy our grandchildren a few shares of stock to help them learn about investing, but the commission charges on small lots are out of sight. Can you suggest any cheap alternatives? If you already have a brokerage account, ask your broker if you can buy the shares at a reduced commission. Or if you're buying a larger number of shares for yourself, ask if you can register some of them in the names of your grandchildren (you may have to pay a registration fee).

If neither of those options works, consider buying the stock through a discount broker, such as Pacific Brokerage (800-421-8395), which charges a minimum commission of $ 25 for up to 300 shares, plus a $ 3 service fee. Even though commissions add to the cost, consider that part of the valuable lesson you're teaching your grandkids.

(After Bodnar, 1994[11])

3.4.2 Junior High School and Senior High School Education — Eighth to Twelfth Grades

Consumer education is designed to help student formulate a personal value system, utilize sound decision-making procedures, evaluate marketplace alternatives, and be knowledgeable about the rights and responsibilities of the consumer. Learning experiences emphasize financial planning and a basic for personal family security.

Now researcher would like to state how pecuniary education is carried out at high schools in South Carolina. Department of Education in S. C. states Consumer and Homemaking Courses as followes.

S. C. Department of Education
Consumer and Homemaking Courses

Codes	
5200...5821	Family Life Education I and II
5710...5711	Clothing Design and Construction Services
5816...5817	Education for Parenthood I and II
5824...5826	Foods and Nutrition I and II
5756...5757	Food Science Technology and Nutrition
5808...5809	Consumer and Homemaking I and II
5812...5813	Consumer Education I and II
5804...5805	Clothing and Textiles I and II
5753...5754	Homemaker and Home Health Aide I and II
5830...5831	Housing and Home Furnishings I and II
5834...5835	Human Sexuality I and II
5800...5801	Child Development I and II
5700...5701	Child Care Services
5720...5721	Culinary Arts

(After South Carolina Department of Education, 1996)

In South Carolina, Consumer and Homemaking Courses — Consumer Education I, course code : 5812 credit : ½ − 1 − 2 units — are taken from fifth grade. This course is given effective instruction and relevant learning experiences, the student in Consumer Education I will successfully complete the following core competencies.

COURSE SPECIFICATIONS FOR: CONSUMER EDUCATION I

The STUDENT will be able to:

Competency Number	Competency/Objective
58120100	A. DEMONSTRATING AN UNDERSTANDING OF THE CONSUMER'S ROLE IN THE ECONOMIC SYSTEM
58120101	Describe the U.S. economic system.
58120101.1	Define consumer, economy, economics, GNP, production, distribution, and consumption.
58120101.2	Identify basic economic goals of the American economy.
58120101.3	Name the principles of a free enterprise economy, and compare it with other types of economic systems.
58120102	Use monetary services available to the consumer.
58120102.1	Distinguish between different types of banking institutions and the services each offers.

58120102.2	Demonstrate ability to open and maintain a checking account, including writing checks and reconciling bank statements.
58120102.3	Demonstrate an understanding of the effect that interest has upon the consumer's finances.
58120102.4	Demonstrate the ability to compute interest (simple and compound).
58120102.5	Demonstrate an awareness of the types of credit available and an understanding of the cost of each type.
58120102.6	Distinguish between interest earned and interest paid.
58120102.7	Demonstrate an understanding of the government's role in the monetary system and how these affects the consumer.
58120103	Analyze the effects of advertising on the consumer.
58120103.1	Interpret advertising claims.
58120103.2	Describe the effect of advertising on consumers.
58120103.3	Demonstrate the right to inquire or complain about products/services that do not fulfill advertised claims.
58120103.4	Identify and appraise promotional devices by stores/advertisers.
58120103.5	Demonstrate the importance of each the following processes in becoming a careful shopper: reading advertisements, asking questions, observing, and trying different brands and comparing.
58120104	Describe consumer behavior as it relates to the economic system.
58120104.1	Describe the consumer's position in a free enterprise economy.
58120104.2	Identify different types of consumer behavior.
58120104.3	Determine what is meant by good and bad consumer behavior.
58120104.4	Determine the effect that shoplifting has upon prices.
58120104.5	Determine the effects of boycott procedures upon the business community and the consumer.
58120104.6	Detemine how credit and other services affect a store's prices.
58120104.7	Distinguish between the advantages and disadvantages of credit purchases to the borrower and lender.
58120104.8	Define inflation, deflation, recession, and depression.
58120104.9	Determine the effects of inflation and deflation on consumer behavior.
58120104.10	Define income tax, personal property tax, and sales tax.
58120104.11	Identify products, services, and facilities supported/provided by tax dollars.
58120200	B. MAKING FINANCIAL DECISIONS
58120201	Analyze personal consumer values.
58120201.1	Define consumer, values, needs, wants, attitudes, standards, goals, resources, and marketplace.
58120201.2	Define basic human needs.
58120201.3	Distinguish between real needs and perceived need, and explain their impact on consumer choices.

(After Activity/Course Code : 5812, South Carolona Department of Education, 1996)

Figure 2. *Family & Consumer Science Textbooks in 1997.*
(After Goodheart-Willcox, 1996)

Textbook and Teaching Package

A hundred's of Family & Consumer Sciences Textbook and Teaching Guide are published in 1997. These textbooks and teaching packages are designed to benefit both the student and instructor. Solid content and practical features involve the reader and make the teacher's job easier and more effective. Publisher, Goodheart-Willcox published 25 new Family and Consumer Science Textbooks in 1997. Some of these are

Careers in Focus: Family and Consumer Sciences

Communicating Family and Consumer Sciences

Skills for Living	Learning for Earning
From School to Work	Contemporary Living
The Confident Consumer	Take Charge of Your Life
Building Life Skills	You: Living Learning and Caring
Goal for Living	Strengthening Family & Self

All these textbooks are designed to help students meet the challenges of their daily lives with confidence. Students will develop practical skills needed for making rational decisions, managing money, being a smart consumer.

Teaching package includes, for example

Text, 509 pages. 178 full-color illustrations 8×10 $42.64

Teacher's Annotated Education, 556 pages. Includes chapter outlines, answer keys, activities and teaching suggestions keyed to text and noted on each page. $49.28

Student Activity Guide, 142 pages. Perforated and drilled. Contains a variety of activities designed to reinforce learning and enable students to relate concepts to everyday situations. $10.64

Teacher's Resource Guide, 255 pages. Perforated and drilled. Provides many aids for the teacher, such as bulletin board ideas, motivational activities, reproducible masters, test masters, suggested learning experiences, complete answer key, *etc.* $43.96

Test Creation Software, A computerized test preparation system, allows you to quickly and easily create and print tests customized to your specific needs. $118.00

Descriptions below are contents of a textbook used in a high school in South Carolina. The title of the textbook used in 1996 is *Economic Issues for Consumers.*[23]

Unit I The Consumer in Today's World

Chapter 1 Economics and the Consumer

Chapter 2 Protection for the Consumer

Chapter 3 Coping in the Age of Technology

Chapter 4 Rational Consumer Decision Making

Chapter 5 The Information Glut

Chapter 6 The Many Faces of Fraud

Unit II Budgeting

Chapter 7 The High Cost of Living

Chapter 8 The Consumer as Wage Earner

Chapter 9 You Have to Live With What You Have

Chapter 10 Paying for Government

Unit III Major Consumption Expenditures

Chapter 11 The $500 + Billion American Diet

Chapter 12 More Than just Keeping Warm

Chapter 13 Putting a Roof over Your Head

Chapter 14 The Appliance Society

Chapter 15 Getting There by Car Is Half the Worry

Unit Ⅳ Financial Management

Chapter 16 Banks and the Banking Systems

Chapter 17 The Overextended American

Chapter 18 Savings

Chapter 19 Investing

Unit V Risk Management

Chapter 20 The Health Care Dilemma

Chapter 21 Insuring Your Home and Automobile

Chapter 22 Life Insurance and Social Security

Unit Ⅵ Wills and Estates

Chapter 23 Wills, Trusts, and Estate Planning

This textbook teaches students how to identify and manage their resources for achieving economic goals. Students will learn how to make wise decisions about food, clothing, transportation, housing, credit, savings, investment, and more. Chapters are followed by one or more consumer issues. The consumer issues offer more practical advice than do the chapters. For example, after discussing fraud in the marketplace in Chapter 6, the following consumer issue outlines measures individuals can take to protect themselves against fraud in a specific area of the marketplace — auto-repair services. As another example, following the chapter on health care dilemma, an issue suggests specific steps consumers can take to reduce their medical costs.

Each chapter begins with a preview, a set of questions that indicate to the reader to follow the text more meaningfully. Key Terms appear in bold face type. Glossary of Terms, Summary, Questions for Thought and Discussion, Things to do and Selected Readings are included.

In the textbook, *Economic Issues for Consumers*, chapter 16 teaches about Banks and Banking Systems. It covers 23 pages, including the following themes:

Chapter 16 Banks and the Banking Systems

Banking, its Institutions, and Deregulation

The Federal Reserve System

Different Types of Checkable Accounts
Selecting the Right Account
Selecting the Right Bank — Beware Before You Deposit
Certified, Cashier's, and Traveler's Checks
How to Avoid Banking Problems
Reconciling Your Bank Balance
How to Settle a Complaint with a Bank
Electronic Fund Transfer Systems
The Trend Toward a Cashless Society

Researcher would like to state how the pecuniary education is taught in the high school class. According to Mattioli[25], the goals of this unit were to introduce the student to lifetime financial planning techniques and understand the trade-offs that must occur between present consumption and investment for the future, to make students aware and understand the wide variety of options that could become part of their investment portfolio — their characteristics and advantages and disadvantages in terms of income, liquidity, and safety as well as performances in various economic conditions, to have students become familiar with the institutions and services that are involved in financial planning — realtors, brokers, insurance agents, banks, credit unions, small business, *etc.*, and to develop skills in using tables and graphs and using sources of information particularly valuable financial planning.

Students had to find a picture to symbolize a short range goal and then analyze how they might plan to achieve it. Students then broke up into groups to discuss economic needs and goals of students at various stages of their lives. Each group contributed their suggestions to a life cycle line or spectrum that became a composite of economic goals over a lifetime. Note and discuss the variety of goals over a lifetime and changes that occur with time in terms of the new kinds of goals that become more important and the income pattern of families and individuals as they mature. The students began to work on some hypothetical cases of individuals and their goals. They worked in small groups and had to come up with planning options and be able to state the trade-offs that were involved in pursuing goals.

For the next three or four days the students read the first chapter of Vanita VanCaspel's *The New Money Dynamics* called "Dear Investor". It is a step by step introduction to financial planning pitfalls and techniques. The students were required to answer a work sheet which entailed using a number of tables and formulas used in financial planning. For example, if they thought they could retire on $1,000 of today's dollars per month and live comfortably, how many dollars would they need per month in 35 or 40 years to have that equivalent purchasing power. They had to consider different inflation scenarios. Students learned the power of time and compound interest in accumulating money by using various tables. At the conclusion of the week's work they had to apply these skills and concepts to a personal plan for financial security for themselves.

Students spent some time discussing investment goals — income, growth, and stability — especially in the context that a variety of investment options would have to be investigated to satisfy all these goals. Students developed an evaluation grid for investments with important criteria that needed to be used in investment decision-making. They practiced using them on a group of common investments they were given information about. Also the students studied a series of videotapes on investment planning that gave an overview of investment options and strategies. They examined guidelines a local broker uses with his clients.

From a local bank and credit union talk to the classes about some of the service of their respective institutions and provide up-to-date information about types of investments available at that time. A representative gave a two-hour seminar on securities, limited partnerships, investment strategies and considerations for various investment markets. The students embarked on a study of the securities market through a study program put out by the New York Stock Exchange. A fellow teacher who had many years of experience with the market talk to the class about his experience. Students were introduced to various sources of information to guide their decision-making and learned to interpret the financial page of the newspaper. For one project students had to keep records of stocks they "invested" in for three weeks.

An important part in investment planning is taking taxing policies into consideration. Students studied some basic information about tax policies and tax forms. They considered investment options that had special tax advantages. Also learned what effective yield meant regarding taxes and how marginal tax rates are important factors in decision-making.

The last segment of the unit was insurance — the characteristics of different policies for both life and property types. Besides mastering some basic vocabulary in insurance, students had to work out auto insurance problems, determine factors where they lived that affected property insurance rates, and make comparisons of returns in various life insurance policies.

The unit was concluded by having the students prepare and turn in a book on investment planning which included all of their papers, tests, handouts, charts, tables, graphs, *etc.* This would become for them a basic reference for future use.

Chars Mattioli recommended to use the following criteria for evaluating the students[25]:

1. Teacher made quizzes and tests.
2. Standardized test on the securities market produced by the New York Stock Exchange.
3. Classroom problems and assignments.
4. Project assignments:
   A. Tracking stock prices and recording them for 15 days.
   B. Reading a financial magazine such as *Forbes*, *Money*, *etc.*
5. At the completion of the unit students turn in a guide to financial planning. It contains the following:
   A. An attractive cover designed and labeled (10 points).
   B. A table of contents (5 points).
   C. Class notes (15 points).
   D. Evaluations of investment options (15 points).
   E. Reports pertaining to resource people (10 points).
   F. Projects and returned assignments (10 points).
   G. Media articles related to investment (15 points).
   H. Well organized appendix containing tables, charts and other investment handouts (20 points).

4. Conclusions

Because of the great natural resources of the country, every American, until quite recently, could have reasonably looked forward to making more money than the previous generation, so that, if he made less, the fault must be his; he was either lazy or inefficient. What an American values, therefore, is not the mere possession of money, but his power to make it as a proof of his manhood: once he has proved himself by making it, it has served its function and can be lost or given away. In no society in history have rich men given away so large a part of their fortunes. A poor American feels guilty at being poor, but less guilty than a wealthy American who has inherited a fortune but is doing nothing to increase it.

Why do they think that way? We may get a hint from the Bible.

The Parable of the Three Servants
(Matthew 25. 14-30) Once there was a
man who was about to leave home on a trip;
he called his servants and put them in charge
of his property.
15 He gave to each one according to his abil-
ity: to one he gave five thousand gold coins,
to another he gave two thousand, and to
another he gave one thousand. Then he left
on his trip.
16 The servant who had received five
thousand coins went at once and invested his
money and earned another five thousand.
17 In the same way the servant who had re-
ceived two thousand coins earned another
two thousand.
18 But the servant who had received one
thousand coins went off, dug a hole in the
ground, and hid his master's money.
19 "After a long time the master of those
servants came back and settled accounts with
them.
20 The servant who had received five
thousand coins came in and handed over the
other five thousand. "You gave me five
thousand coins, sir", he said. "Look!
Here are another five thousand that I have
earned."
21 "Well done, you good and faithful ser-
vant!" said his master. "You have been
faithful in managing small amounts, so I will
put you in charge of large amounts. Come
on in and share my happiness!"
22 Then the servant who had been given
two thousand coins came in and said, "You
gave me two thousand coins, sir. Look!
Here are another two thousand that I have
earned."
23 "Well done, you good and faithful ser-
vant!" said his master. "You have been
faithful in managing small amounts, so I will
put you in charge of large amounts. Come
on in and share my happiness!"
24 Then the servant who had received one
thousand coins came in and said, "Sir, I
know you are a hard man; you reap harvests
where you did not plant, and you gather
crops where you did not scatter seed.
25 I was afraid, so I went off and hid your
money in the ground. Look! Here is what
belongs to you."
26 "You bad and lazy servant!" his master
said. "You knew, did you, that I reap har-
vests where I did not plant, and gather
crops where I did not scatter seed?
27 Well, then, you should have deposited
my money in the bank, and I would have re-
ceived it all back with interest, when I re-
turned.
28 Now, take the money away from him
and give it to the one who has ten thousand
coins.
29 For to every person who has something,
even more will be given, and he will have
more than enough; but the person who has
nothing, even the little that he has will be
taken away from him.
30 As for this useless servant—throw him
outside in the darkness; there he will cry and
gnash his teeth."

(After Good News New Testament in Today's English Version, 1976[26])

Researcher heard several people say "Don't bury your money. Put your money into the banks or invest them". "It's a good way to make a lot of money so that you can use in order to help people". What they suggest is not to merely possess money but to make the most of money, but in Japan it seems that the mere saving of money has been stressed. It is advisable that the pecuniary education be emphasized on this place.

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