

Financial Foundations



Classroom Money System

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Money System

Teacher Notes

I use a money system in my classroom as part of my classroom management system. The money system helps motivate the students, is used to teach math concepts in a realistic context, and instills in the students some of the financial foundations that they will need to be successful in life. The students receive a monthly salary for their job (being a math student). The first month I tell them that they will receive a salary of \$3,700 per month, which they are pretty excited about. Then they discover that they will have to pay \$1,036 in federal and state income taxes (28%), rent of \$600 per month (perhaps sharing an apartment), and \$64 for utilities (probably on the low side, but it makes my numbers work).

This leaves them with **\$2,000 a month** to save and later spend. In subsequent months I just pay them \$2,000 a month and remind them of the other costs. Adjust these numbers as you see fit. Note: I write them a check for their salary (which they will deposit) and have them write me checks for the other three expenses reviewed above. More about that later in the checking segment of the money system.

There are many ways that students can earn money. I pay students for good grades on tests or quizzes, excellent citizenship, class participation, student of the month, working diligently in class, classroom jobs, bringing in class supplies, and so on. I am sure that you will think of additional reasons to reward students with class cash.

The key to a successful classroom money system is giving students meaningful opportunities to spend the money that they have earned. If students are not excited about some of the ways that they can spend their money then the system will not be nearly as effective or enjoyable. Use your imagination and your particular circumstances to devise opportunities for the students to spend their money. Some possible student spending opportunities include homework, bathroom, and late passes (limited number), school supplies (if available), candy, entry into a raffle or contest (such as a basketball shot with prizes), special privileges, early lunch, small auctions, and a final End-of-the-Year Auction (see details about this auction later in this packet). I also pay students for their Stock Market profits and Real Estate investments. These lessons are or will soon be available on Digital Lesson.com.











I use mainly \$50 and \$100 bills, although I have included \$500 bills in this packet, because the students respond more to the idea of larger amounts of money. By the end of the year, counting \$20,000 in monthly salaries, most students end up with between \$25,000 and \$40,000. If students have participated in bringing in auction items, the final End-of-the-Year Auction is a blast!!

Protect your money from being copied. I recommend using a unique stamp, with a different color ink, to differentiate your money. Stamp your money on the right side of the bill and explain that unstamped money is worthless. Have the Treasurer (see Classroom Jobs later in this packet) cut and stamp your money before using it. I also recommend using a different color paper for the \$50, \$100 and \$500 bills. You can change the picture on the bills also if you desire.

Finally, two sets of money templates are included in this packet. One set of bills is called “Class Cash” and the other set is called “Math Money”. Choose the one you like best.



500	Class Cash	500	500	Class Cash	500
					
500	Five Hundred	500	500	Five Hundred	500
500	Class Cash	500	500	Class Cash	500
					
500	Five Hundred	500	500	Five Hundred	500
500	Class Cash	500	500	Class Cash	500
					
500	Five Hundred	500	500	Five Hundred	500
500	Class Cash	500	500	Class Cash	500
					
500	Five Hundred	500	500	Five Hundred	500
500	Class Cash	500	500	Class Cash	500
					
500	Five Hundred	500	500	Five Hundred	500

100	Math Money	100	100	Math Money	100
					
100	One Hundred	100	100	One Hundred	100
100	Math Money	100	100	Math Money	100
					
100	One Hundred	100	100	One Hundred	100
100	Math Money	100	100	Math Money	100
					
100	One Hundred	100	100	One Hundred	100
100	Math Money	100	100	Math Money	100
					
100	One Hundred	100	100	One Hundred	100
100	Math Money	100	100	Math Money	100
					
100	One Hundred	100	100	One Hundred	100

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Classroom Checks

Teacher Notes

Checks and a Check Register to use within the classroom are included in our classroom money system packet. A **Sample Check Register** is also included. Copy them and use them with the class.

The students are encouraged to use checks to pay for any major expenses or if they do not have any cash on hand. After teaching students how to write out checks, they can use them to pay another student or to pay the teacher for any purchase.

I start out the year, as discussed briefly in the Money System Teacher Notes, **writing each student a check for \$3,700** for their first month's salary. Then I have students write me a check for federal and state taxes (just have students make out one check to the IRS) for \$1,036 (28%), a check for \$600 for rent, and a check for \$64 for utilities. This leaves them with \$2,000 and an eye-opening understanding that you do not get to keep all the money that you make. You may also want to briefly discuss taxes at this point

Helpful Hint: If you fill in their paychecks, without name, before you copy them off, then you can just have the students fill in their names and write out the remaining three checks on the same sheet of paper before handing them in. This avoids the time and mess of cutting all of the checks up. Just give them to the bankers (see Classroom Jobs) to deposit. After the first month I just pay the students \$2,000 per month and remind them of the other costs that have been paid "automatically". Sometimes I will wait and pay the students their salaries every 2-3 months (with one check) in order to decrease the bankers' paperwork.

Pass out the Check Register and the Sample Check Register when you give the students their first monthly paycheck. Teach them how to record their deposits and withdrawals on the Check Register and have them keep these sheets in their notebooks. Remind students to record all of their transactions during the year, including cash deposits. Make extra Check Register sheets available as needed.

Create a Bank Book for each class (3-ring notebook) with a page for each student. Put the student Check Register sheets in alphabetical order. The bankers will record any deposits and withdrawals made by a student in this book. Remind them that if a student writes a check to another student, the money amount should be subtracted from the account of the student who wrote the check and added into the account of the person who received the check. The student Check Register and the official bank Check Register should always be the same if the student is keeping track of his transactions. Keep careful track of the official Bank Book!

Class Cash that is deposited into the bank should be returned to the teacher by the bankers to be used again.

Do Not Allow students to use their Class Cash or Class Checks to buy items from other students or to make other transactions outside of the classroom. This could end up causing problems and bringing up questions of fairness.



_____ (Print Name) 0001
_____ (Class) _____ 20 _____
PAY TO THE _____ \$
ORDER OF _____
_____ DOLLARS
Financial Foundations Bank
P.O. Box 1
Any City, USA
FOR _____

_____ (Print Name) 0001
_____ (Class) _____ 20 _____
PAY TO THE _____ \$
ORDER OF _____
_____ DOLLARS
Financial Foundations Bank
P.O. Box 1
Any City, USA
FOR _____

_____ (Print Name) 0001
_____ (Class) _____ 20 _____
PAY TO THE _____ \$
ORDER OF _____
_____ DOLLARS
Financial Foundations Bank
P.O. Box 1
Any City, USA
FOR _____

_____ (Print Name) 0001
_____ (Class) _____ 20 _____
PAY TO THE _____ \$
ORDER OF _____
_____ DOLLARS
Financial Foundations Bank
P.O. Box 1
Any City, USA
FOR _____

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Classroom Jobs

Teacher Notes

I assign classroom jobs each semester. Students fill out the Classroom Job Application (see next page) and turn it in to the teacher by a certain date. Late applications are only considered if a position has not been filled by another application or if those applications turned in on time are not satisfactory. I tell students that the neatness and completeness of the application will be the difference in otherwise equally qualified candidates. Second semester I try to give priority to those students without a job during the first semester.

The jobs that I have made available in my classroom include Chief Executive Officer (CEO), Chief Financial Officer (CFO), Banker, Treasurer, Attendance, Points Person, Teachers Assistant, File Clerk, Paper Passer, Custodian, Stock Broker, Librarian, and Real Estate Agent. The number positions for each job, monthly salary, and basic responsibilities are listed below to serve as a resource. Of course you should add or subtract job positions and adjust salaries to accommodate your own classroom.

<u>Job Title</u>	<u># of Positions</u>	<u>Monthly Salary</u>	<u>Responsibilities</u>
CEO	1	\$1,000	Oversees all classroom employees.
CFO	1	\$1,000	Oversees Bankers, Treasurers, and money.
Banker	2	\$1,200	Keeps classroom bank book.
Treasurer	2	\$700	Stamp and cut classroom money.
Attendance	1	\$700	Take attendance sheet to clip each day.
Points Person	1	\$1,000	Records classroom points for teacher.
Teachers Assist.	2	\$500	Assist teacher in errands or tasks.
File Clerk	2	\$1,000	File tests and quizzes in file cabinet.
Paper Passer	2	\$700	Pass out papers for teacher.
Custodian	2	\$700	Pick up trash off of the floor.
Stock Broker	2	\$700	Help students look up stocks at computer.
Librarian	2	\$1,000	Put away books at the end of the period.
Real Estate Agent	2	\$1,000	Sell real estate and record transactions.

You may want to have some sort of Performance Review before paying a full salary to the classroom employees. Some students apply for jobs and then never end up doing them. Perhaps the CEO could complete a short form on each employee or the students could turn in a self-evaluation.

I choose new jobs at the semester and usually pay the employees their total salary near the end of their job term (usually about four months). Thus, I would pay the Treasurers \$2,800 (\$700 x 4 months) at the end of their job.

These jobs allow the students to earn classroom money for in-class privileges and to spend at the class auction that I hold at the end of the school year. See the auction information later in this packet. The jobs also give students the experience of filling out applications, assuming responsibilities, and working to complete their assigned duties.



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End-of-the-Year Auction

Teacher Notes

At the end of the year each of my classes has an auction to give the students a chance to spend the classroom money that they have earned throughout the year. (I try to give them other opportunities to spend their money during the year also, because students often need some immediate gratification as well.) (Students can also bring in items from home for small auctions during the year, if desired.)

Each class holds their own auction, bidding only on those items that have been donated specifically for the auction of that particular class. If a higher value item has been donated generally I allow all of the students, in any class, a chance to bid on the item on a day before the main auction.

We collect items for the End-of-the-Year Auction throughout the year, relying on the donations of parents, businesses, and the students themselves. I pass out a letter about the auction at Open House (see sample letter on the next page) and make copies of these letters available to students during the year. Make sure that these letters are on official school stationery in order to create a greater impact. I require a signed parent form for all donations brought from home. I also pay the students with class money for auction items that they bring in or donations they attract. Participation is key!

Another great idea that I have heard teachers use is to have students write letters to businesses at the beginning of the school year explaining our classroom money system and inviting the businesses to donate an item for our auction. Imagine the packages that might arrive at the school and the excitement that could be created! Then, find a place to store the items until the end of the year.

Some of the auction items donated in my classes this year were a Kit-Cat clock, gift certificates from Starbucks, Baskin Robbins, Jamba Juice, Burger King, etc., giant candy bars, games, CDs, DVDs, watches, movie tickets, and more. In short, anything appropriate that a middle school student would like is acceptable.

Before the auction I make sure that all money has been banked and that the bankers have notified each student with the money amount that is in their account. The bankers also keep track of the money spent during the auction, subtracting the amounts spent, and making sure that no student bids more than the amount that they actually have.

During the auction I start with the most expensive or most in-demand items and work my way toward the less expensive items. In this way students don't end up waiting for that big item at the end, lose the bidding, and end up with nothing.

Bidding is done silently. I simply hold up an auction item and state the starting bid. Students that are interested raise their hand and keep it up as the bid price continues to climb. As the bid increases hands will begin to go down until only one is left--the winner. This method avoids a lot of chaos.

Finally, remind students that if they get the item they want it is OK to spend their whole savings if necessary. At the end of the auction their hard-earned classroom money will be worthless.



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Teacher Tips

Financial Foundations Curriculum: Financial Foundations is a set of lessons designed to promote financial literacy within the context of the mathematics curriculum. The lessons are designed to be used individually or as part of an overall financial literacy program. Lessons focus on some of the key topics related to the earning, saving, spending, investing, and giving of money.

Lesson Description: The Classroom Money System is a fun, educational way to help manage a classroom and at the same time provide students with foundational experiences of applying for jobs, holding a job, saving money, spending money, and using a checking account.

Math Content: Money Skills

Time Required: To be used throughout the school year

The Classroom Money System includes:

- * 7 Class Cash pages including **two** sets of class money and Money System Teacher Notes
- * 4 Check pages including classroom checks, check registers, and Checking Teacher Notes
- * 2 Classroom Jobs pages including a job application and Classroom Jobs Teacher Notes
- * 2 Auction pages including Sample Auction Letter and Auction Teacher Notes
- * 1 Classroom Money System Teacher Tips page
- * 1 Classroom Money System Cover Sheet

17 pages in all!!

Materials Needed: Colored paper (recommended)

Suggested Grade Level: 5th - 8th

Teacher Testimonial:

The Classroom Money System is part of a classroom management system that helps motivate students, reinforce math concepts in a realistic context, and instill in the students some of the financial foundations needed for success in life. The students enjoy having jobs, earning money, and especially spending money in classroom situations and at the much anticipated End-of-the-Year Auction.

Teacher Tips:

The Teacher Tips are all included in the Teacher Notes presented within this packet.

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