

# How Children Can Earn Money

Notes:

## Learner Outcomes

Outcome #1: Participants will be able to give examples of sources of income other than a wage or a salary.

Outcome #2: Participants will be able to identify jobs children can do to earn money.

Outcome #3: Participants will be able to give an example of how government uses tax revenues.

## Target Audience

Parents of elementary-age kids (grades 3 to 6)

## Materials

1. Flip chart and markers or a dry-erase board and dry-erase markers
2. Name tags (downloaded for free from the Bank It Web site), one for each participant
3. A pen or pencil for each participant
4. Kitchen timer, stopwatch, or clock to track time
5. Evaluation Pretest #2-EA-PE for each participant
6. Evaluation Posttest #2-EA-PE for each participant
7. Take-Home Notes #2-EA-PE for each participant
8. Optional: PowerPoint Presentation PDF #2-EA-PE
9. Optional: Handout #2-EA-PE for each participant

## Timing

1 hour

**Want more background and training tips?** See the free, downloadable Bank It Elementary Quick Start Leader's Guide at [www.bankit.com](http://www.bankit.com).

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## 1. Welcome and Overview (5 minutes)

Arrive early. We highly recommend that you use the optional PowerPoint Presentation PDF and the optional handout. Both will greatly enhance your session. If you're using the PowerPoint Presentation PDF, show the "Welcome to Bank It" slide as participants enter the room.

Greet participants individually and learn their names as they arrive. Have them create a name tag with their first name only.

Give participants a copy of the Notes #2-EA-PE and either a pen or pencil. Encourage them to take notes during your session on the notes handout. Have them sit in clusters of about four people. If possible, have them sit at tables. Then welcome the whole group to the session.

*Say: Welcome to Bank It. Bank It delivers real-world financial topics and tools for kids and parents that make it easier to understand, talk about, and manage money. Bank It was developed by Capital One and Search Institute. I'm glad each one of you is here.*

*Today we will focus on how children can earn money, and we plan on meeting three goals. One: By the end of this session, you will be able to give examples of sources of income other than a wage or a salary. Two: You will be able to identify jobs children can do to earn money. Three: You will be able to give an example of how government uses tax revenues.*

If this session is not the first session you're presenting to this group, consider briefly discussing the challenge you may have given participants at the end of your previous session.

## 2. Pretest and Activity (15 minutes)

*Say: The first activity we'll do is a short pretest. The pretest has only six questions, and I don't want you to worry about how well you'll do on it. We'll take this exact test again at the end of our session after we have learned about the money concepts on this test.*

*What matters most is how much you learn and how well you do on the test at the end of our session, not on how well you do on this test.*

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Distribute the Evaluation Pretest #2-EA-PE to each participant. Give them time to complete the pretest. Then collect the pretests when they have finished. The Evaluation Key #2-EA-PE has all the answers for your information.

*Say: Let's begin by learning the difference between a wage and a salary. A wage is a payment you receive by the hour for working. A salary is a payment you receive to complete the work required by a company or small business. Most salaries are stated in monthly or annual amounts.*

Explain that when children work they tend to get a wage. They get paid by the hour.

*Say: There are other sources of taxable income other than a wage and a salary. 1. Dividend (which is usually paid on a stock you own). 2. Interest (from an interest-bearing account at a bank or credit union). 3. Rental income. 4. Unemployment. 5. Disability benefits.*

Say that you're going to do a quick activity called "Good Ways or Bad Ways for Children to Get Money?" Ask everyone to stand. Explain that you're going to name a way children can get money. If it's a good way for children to get money, turn to the right. If it's a bad way for children to get money, turn to the left.

*Say: Children work for money. Good or bad?* Give participants time to either turn to the right (if it's a good way) or turn to the left (if it's a bad way). The correct answer is: A good way (turn to the right).

Give other examples, one at a time, such as these: *Children steal money* (turn to the left). *Children borrow from a lot of people at the same time* (turn to the left). *Children get an allowance* (turn to the right). *Children sneak money out of a parent's purse or wallet* (turn to the left).

*Children receive a money gift for their birthday* (turn to the right). *Children borrow a little money and pay it back as soon as they can* (turn to the right). *Children bet money on a game* (turn to the left). *Children do home projects to earn money* (turn to the right).

Explain that when we teach our kids good ways to get money, our kids can earn money well.

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### 3. Present (15 minutes)

Ask: *How can children earn money?* Give participants time to answer. Make sure they name these four ways: 1. Running a lemonade stand. 2. Doing yard work (such as raking leaves or shoveling snow). 3. Walking a dog. 4. Babysitting (starting at age 11).<sup>1</sup> 5. Delivering newspapers.

If you plan to distribute the optional handout, use it at this time.

Say: *When our kids earn money as teenagers or adults, they need to pay taxes on the money they make. A tax is a federal, state, or local fee to pay for public services. A public service includes schools and roads. We get a lot of benefits from the taxes we pay.*

Say: *I just said that a tax is a federal, state, or local fee to pay for public services. What does the word federal mean?* Give participants time to respond. Explain that *federal* refers to the government that runs our entire country. So our federal government is the United States of America.

Ask: *Which state are we in?* Give participants time to respond. Explain that our state government also has taxes to help the people who live in that state.

Ask: *Which city, town, or county are we in?* Give participants time to respond. Explain that our local government is based in the city, town, or county we live in. Our local government also uses taxes to help the people who live in our community.

Say: *There are two major taxes: sales tax and income tax. A sales tax is a consumption tax paid when you buy a good or service. That means when you buy something at the store, you pay a sales tax.*

Say: *An income tax is a tax based on earning money. When your child gets a job as a teenager or an adult, the company will withhold income taxes. Then once a year, on April 15, your teenager (or when your child becomes an adult) will file income taxes to the federal government and to your state government.*

Say: *The federal government, which is based in Washington, D.C., uses tax revenues to pay for a lot of things. What does our federal government use tax revenues for?* Give participants time to respond.

On a flip chart, list these five ways that the federal government uses tax revenues: 1. Public schools. 2. Medicare. 3. Roads and highways. 4. National parks. 5. Military.

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Explain that even though people complain about paying taxes, taxes actually help us a lot. Taxes pay for schools. Taxes pay for roads and highways. Taxes pay for the parks that we have.

#### 4. Discuss (5 minutes)

*Say: Take some time to talk to the people near you. Talk to about two or three people. Take turns. I want you to do two things: 1. Say your first name. 2. Talk about a time when you have enjoyed making money as a child.*

*Start with the person who has had the most broken bones in his or her life. Then have each person take a turn.*

#### 5. Review and Evaluate (15 minutes)

Review what was accomplished during this session. Ask: *What is the difference between a wage and a salary?* (Answer: 1. A wage is a payment you receive by the hour for working. 2. A salary is a payment you receive to complete the work required by a company or small business.)

Ask: *What is a source of taxable income other than a wage or a salary?* (Answer: 1. Dividend. 2. Interest. 3. Rental income. 4. Unemployment. 5. Disability benefits.)

Ask: *What are jobs children can do to earn money?* (Answer: 1. Running a lemonade stand. 2. Doing yard work, such as raking leaves, shoveling snow, or planting seeds. 3. Walking dogs. 4. Babysitting, starting at age 11. 5. Delivering newspapers.)

Ask: *What is a tax?* (Answer: A federal, state, or local fee to pay for public services.)

Ask: *What is the difference between a sales tax and an income tax?* (Answer: 1. A sales tax is a consumption tax paid when you buy a good or service. 2. An income tax is a tax based on earning money.)

Ask: *What does the federal government use tax revenues to pay for?* (Answer: 1. Public schools. 2. Medicare. 3. Roads and highways. 4. National parks. 5. Military.)

At the end of the review, distribute Evaluation Posttest #2-EA-PE to each participant. Give participants time to fill out the posttest. Collect all the posttests after participants finish so you can find out the measurable outcomes for the session. The Evaluation Key #2-EA-PE has all the answers for your information.

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## 6. Close (5 minutes)

Do a short activity for the closing. Ask: *How can kids make money?* Encourage participants to raise their hands and to name a way to make money, one at a time. After each person has spoken, have the entire group say together, "Yes, our kids can!" Have the group say this phrase after each moneymaking idea.

Say: *Kids can make money in great, helpful ways.* Challenge participants to talk to family members about this topic, which is listed under the Talk about It section of their Notes. Thank participants for coming and for being involved.

## Optional Activities

**1. Distribute Handout #2-EA-PE: Pros and Cons of Allowances** Give participants the handout. Afterward, discuss it.

**2. Show the PowerPoint Presentation PDF #2-EA-PE.** Use the presentation to accompany the one-hour session.

**3. Give Participants a Challenge.** Encourage participants to use the next week to ask their children how they have gotten money in the past. (If you wish, follow up during your next session to find out how the challenge went.)

Questions? Looking for more ideas? Visit [www.bankit.com](http://www.bankit.com) for answers and more resources.

## For More Information

*National Standards in K-12 Personal Finance Education* (Washington, D.C., Jump\$tart Coalition for Personal Financial Literacy, 2007), standards 2 and 3 in the area of Income and Careers.

*An Asset Builder's Guide to Youth and Money* by Jolene Roehlkepartain (Minneapolis: Search Institute, 1999).

## Source

<sup>1</sup>The American Red Cross offers the Babysitter's Training course for 11- to 15-year-olds. Learn more by visiting the organization's Web site at [www.redcross.org](http://www.redcross.org).