



DO  
YOU  
SEE  
A  
MONEY  
TREE



TORONTO STAR

TEACHER'S GUIDE

# Note to Educators:

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Financial literacy is an essential life skill for people of all ages. Do You See A Money Tree? is intended to introduce students to some of the concepts that surround money.

## How to use this guide

The activities in Do You See A Money Tree? are written so that your students can work through them independently. Younger students may need assistance with some of the vocabulary. Many of the activities can be completed with only a pencil and the student booklet. Other activities require the use of a newspaper and/or access to the Internet.

Do You See A Money Tree? activities deal with making spending choices and the importance of beginning savings at an early age. They progress through budgeting and investing to borrowing and the costs associated with credit. The final activities consist of a True or False Quiz which can be used as a pre-assessment (page 20), a crossword puzzle, a word scramble, and a fun series of online quizzes dealing with world currencies. There is a glossary of terms at the end of this guide that can be copied and shared with your students.

Throughout the booklet there are facts about various aspects of money. Encourage your students to use online sources to find more interesting facts.

You can enhance some of the activities in the student booklet and link them to the media literacy curriculum by having students write news stories, editorials, columns and letters to the editor.

Hopefully Do You See A Money Tree? will be a good start on the road to financial literacy for your students. Encourage them to take the activity booklet home and get their parents involved in discussing some of the concepts presented in order to make financial literacy a family affair.



## The student activities are organized around the four pillars of financial intelligence:

### 1. Earning (See page 6)

Your students have a lifetime ahead of them to earn money. They can get off to a good start by discussing the ways that they can earn money now. These could include: babysitting, doing chores around the house, and cutting lawns in their neighbourhood. Explore the idea that earning money when they are younger may help them to determine what career they might want to pursue in the future.

### 2. Saving (See page 7 and 15)

Discuss with your class, the idea of starting a savings program early is one of the keys to building wealth. Discuss the power of compound interest. Introduce the rule of 72. This is a way to estimate the time that it would take for an investment to double in value. For example, if you have an investment that's earning 6% per year, 72 divided by 6 equals 12. This means it would take about 12 years for your original investment to double.

### 3. Spending (See page 8 to 11)

Spending is something that comes easily to most students. Spending wisely often does not come as easily. This is the place for a discussion about needs and wants. Have students evaluate priorities in spending and saving and lead to concepts involved in budgeting. Students learn about the need to save part of their income, whether it's part of their earnings from a part-time job or their allowance. Activities show students that saving is an important part of any plan that requires spending money.

### 4. Investing (See page 14 to 17)

Investing activities in the student booklet mainly deal with saving accounts and GICs. You might want to have a class discussion about the stock market and the pros and cons of investing in stocks. Using newspaper and online sources you could expand on the stock market activity on page 14 of the student booklet.

# Additional classroom activities:

## Introducing the Billy Big Bucks Scenario

The following simulation will offer your students some perspective on real life finances. There are many opportunities to extend this activity in several directions. It can lead to lessons on budgeting, managing credit, saving for the future and investing. **Please provide each student with a copy of pages 4, 5 and 6.**

Begin with a class discussion about the amount of money that this person earns. Typically students will think that \$60,000 per year is a lot of money. Lead students to discover the person doesn't really 'take home' all of the \$60,000.

Discuss the terms gross pay and net pay.

Discuss the various deductions from pay and what they are for. Ask students to rate the degree of benefit (on a scale of 1 to 3) to Billy that each deduction is. 1- being very beneficial, 2- somewhat helpful and 3- not beneficial at all.

Discuss the concept that not every deduction is money spent. Some deductions like CPP and company pension are like 'forced' savings; money is deducted now but it is returned to you at a later date in the form of a pension or other benefit. Discuss the concept of taxation and how the community benefits from it. Include positive examples such as road repair and the funding of schools.

You can extend the activity by giving students the second pay slip for a minimum wage job and ask them to do a comparison with the pay slip for the \$60,000 job.

This might be a good place to discuss the financial benefits to your students of staying in school and advancing their education.

## Extending the Billy Big Bucks Scenario

- Brainstorm things on which people spend money. Discuss needs and wants.
- Discuss the concepts of needs and wants before introducing the budget activity.
- Have the students prepare a monthly budget for Billy based on what they have learned from completing the worksheet.
- Calculate how much Billy could save each month. Introduce students to the idea of 'pay yourself first'. Look in the newspaper or online for savings opportunities.
- Assume Billy wants to buy a new car. Discuss the use of credit and look in the newspaper or online for prices and interest rates. How much can Billy afford to spend on a car loan each month?



# ABOUT MONEY



Billy Big Bucks, a post secondary school graduate, recently landed a job that pays \$60,000 a year. He thought that he would have so much money that he wouldn't know what to do with it all. Billy received quite a shock when he received his first pay. Along with his money he received a pay stub listing deductions from his pay.

Billy is paid every two weeks and his salary for this period is \$2,307.69. In the chart below, note deductions under the categories of money spent such as taxes, and amounts that Billy is really saving for later in life, like Canada Pension Plan (CPP).

A. Deductions: like money spent		B. Deductions: like savings	
Deduction	Amount	Deduction	Amount
Subtotal of deductions column A		Subtotal of deductions column B	

Gross monthly pay = \_\_\_\_\_

Total deductions A + B = \_\_\_\_\_

Net monthly pay = \_\_\_\_\_

- Billy earns \$60,000/year
- He is paid every two weeks
- Here is his paystub for the two week period

**ABC COMPANY, INC.**

01/06/2011

Billy Big Bucks  
123 Fake St.  
Springfield, ON H0H 0H0

Pay Element	Bank Account	Disbursal
NET PAY		1569.52
<b>Total Disbursal</b>		<b>1569.52</b>

**NON-NEGOTIABLE**

PAY ADVICE			PERIOD ENDING	Pay Date	ADVICE NUMBER
DEPT 1300	EMPLOYEE ID 22	EMPLOYEE NAME Billy Big Bucks	01/01/2011	01/06/2011	
			YTD GROSS	CURRENT GROSS	NET PAY
			2307.69	2307.69	1569.52

EARNINGS				STATUTORY DEDUCTIONS			OTHER DEDUCTIONS			EMPLOYER COSTS		
GROSS EARN.	HRS	CURRENT	YTD	STAT. DED.	CURRENT	YTD	OTHER DED.	CURRENT	YTD	EMPL. COST	CURRENT	YTD
BASE PAY	70.00	2307.69	2307.69	FED TAX	283.04	283.04	UWAY	5.00	5.00	DENTAL ER	22.34	22.34
				ONT TAX	139.24	139.24	DENTAL	3.00	3.00	MEDICAL ER	20.06	20.06
				CPP	107.81	107.81	MEDICAL	14.00	14.00	EHT ER	45.00	45.00
				EI	41.08	41.08	PENSION	100.00	100.00	LIFE ER	5.00	5.00
							UNION DUES	35.00	35.00	LTD ER	68.41	68.41
							LTD	10.00	10.00			

Summary	
GROSS EARN.	2307.69
VAC ADVANCE	0.00
STAT DED.	571.17
OTHER DED.	167.00
NET DEPOSIT	1569.52

- Billy has a minimum wage job
- He is paid every two weeks
- Here is his paystub for the two week period

**ABC COMPANY, INC.**

01/06/2011

Billy Big Bucks  
123 Fake St.  
Springfield, ON H0H 0H0

<b>Pay Element</b>	<b>Bank Account</b>	<b>Disbursal</b>
NET PAY		<b>464.66</b>
<b>Total Disbursal</b>		<b>464.66</b>

**NON-NEGOTIABLE**

**PAY ADVICE**

<b>DEPT</b> 1300			<b>EMPLOYEE ID</b> 22	<b>EMPLOYEE NAME</b> Billy Big Bucks	<b>PERIOD ENDING</b> 01/01/2011	<b>Pay Date</b> 01/06/2011	<b>ADVICE NUMBER</b>
					<b>YTD GROSS</b> 717.50	<b>CURRENT GROSS</b> 717.50	<b>NET PAY</b> 464.66

EARNINGS				STATUTORY DEDUCTIONS			OTHER DEDUCTIONS			EMPLOYER COSTS		
GROSS EARN.	HRS	CURRENT	YTD	STAT. DED.	CURRENT	YTD	OTHER DED.	CURRENT	YTD	EMPL. COST	CURRENT	YTD
BASE PAY	70.00	717.50	717.50	FED TAX	104.16	104.16	UWAY	5.00	5.00	DENTAL ER		
				ONT TAX	40.80	40.80	DENTAL			MEDICAL ER		
				CPP	40.80	40.80	MEDICAL			EHT ER		
				EI	40.38	40.38	UNION DUES	10.85	10.85	LIFE ER		
							LTD			LTD ER		

Summary	
GROSS EARN.	717.50
STAT DED.	241.99
OTHER DED.	10.85
NET DEPOSIT	464.66

# Glossary of Terms

## **Appreciation**

The amount of value an item such as a home or stocks gain over time from the original purchase price.

## **Automated teller machine (ATM)**

A specialized computer used by bank customers to manage their money, for example, to get cash, make deposits, or transfer money between accounts.

## **Annual fee**

The fee a credit card company charges a credit card holder to use the card for a year, or the fee a lender charges a borrower for the use of a line of credit for a year.

## **Account fee**

The amount charged by a financial institution for the services they provide in managing the account. This may also be called the monthly service charge.

## **Bank account**

A banking service allowing a customer's money to be handled and tracked. Common bank accounts are savings and checking accounts.

## **Bank statement**

A monthly accounting document sent to you by your bank that lists your account balance at the beginning and end of the month, and all of the cheques you wrote that your bank has processed during the month. Your statement also lists other deposits, deductions, and service charges.

## **Bankruptcy**

To legally declare yourself unable to repay your debts. A bankruptcy remains on a person's credit history for up to seven years. Depending on the type of bankruptcy, it could stay on a person's credit history for up to ten years.

## **Budget**

A method of tracking your monthly income and expenses. A written budget helps people to be better money managers and to prepare for major or unexpected expenses.

## **Credit**

When a bank or business allows its customers to purchase goods or services on the promise of future payment.

## **Cheque**

A written order directing a bank to pay money.

## **Credit card**

Any card that may be used repeatedly to borrow money or buy products and services on credit. Credit cards are issued by financial institutions, retail stores, and other businesses. A credit card offers the card holder credit that can be paid monthly with as little as the required minimum payment.

## **Credit limit**

The maximum dollar amount the lender is willing to make available to the borrower according to the agreement between them. For example, if you have a credit card, the credit agreement will usually specify the maximum amount of money you're allowed to charge.

## **Credit rating**

An evaluation of an individual's or business's financial history and the ability to pay debts. Lenders use this information to decide whether to approve a loan.

## **Credit check**

A lender or landlord's inquiry at a credit bureau for the purpose of evaluating the credit history of an applicant.

## **Credit union**

A non-profit financial institution that is owned and operated entirely by its members. Credit unions provide financial services for their members, including savings and lending. Large organizations may organize credit unions for their members, and some companies establish credit unions for their employees.

## **Compound interest**

When a financial institution pays you interest not only on your initial principal (the amount you originally deposited) but also on the interest your deposit has earned over time.

**Collateral**

Any assets of a borrower (for example, a home) that a lender has a right to take ownership of if the borrower doesn't repay the loan as agreed.

**Currency**

Any form of money that is in public circulation, for example, paper bills and coins.

**Depreciation**

A loss of value in real property brought about by age, physical deterioration, functional or economic obsolescence.

**Debit card**

A special card issued by a bank that looks like and is treated like a credit card; however, when used, the amount of the purchase or cash advance is subtracted from the user's deposit account immediately rather than drawing on available credit.

**Discretionary expenses**

The purchase of goods or services, which are not essential to the buyer.

**Fixed expenses**

For an individual, a fixed cost is an expense that stays the same each month for a specified term such as rent or a car payment.

**Gross income**

The total amount of money received during a period of time in exchange for work.

**Interest**

The amount of money paid by a borrower to a lender in exchange for the use of the lender's money for certain period of time. For example, you earn interest from a bank if you have a savings account and you pay interest to a lender if you have a loan.

**Investing**

Purchasing something of value (for example, stocks or real estate) with the goal of earning money over time if the value increases.

**Identity theft**

A criminal activity involving stealing personal information from others usually for financial gain EG using your credit card for unauthorized transactions.

**Loan**

An agreement between a borrower and a lender, where the borrower agrees to repay money with interest over a set period of time.

**Net income**

For a business, the amount of money earned after all expenses and taxes. For an individual, total take-home pay after all deductions (taxes, social security, etc.). Also called after tax income or net salary.

**Online banking**

A service that allows you to handle banking activities by computer, using the Internet.

**Principal**

The total amount of money borrowed, loaned, invested, etc., not including interest or service charges.

**Personal identification number (PIN)**

A secret combination of letters or numbers you use to gain access to your account through an electronic device such as an ATM.

**Rule of 72**

A way to estimate the time or interest rate you would need to double your money on an investment. For example, if you have an investment that's earning 8% per year, 72 divided by 8 equals 9. This means it would take about nine years for your original investment to double.

FINANCIAL BASICS WORKSHOPS

MASTERS OF MONEY

**FUNNY MONEY**

FINANCIAL BASICS WORKSHOPS

**SCHOOL OF SAVINGS**

STREET CENTS

**TAKING STOCK IN YOUR FUTURE**

FUNNY MONEY

**INSPIRING FINANCIAL LEARNING**

FINANCIAL BASICS WORKSHOPS

**SCHOOL OF SAVINGS**

STREET CENTS

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**FUNNY MONEY**

STREET CENTS

MASTERS OF MONEY

TAKING STOCK IN YOUR FUTURE

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EDUCATION  
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