

5TH GRADE

TEACHER RESOURCE

# DOWN TO BASICS



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**Income** is money earned or received as a gift.

A **tax** is a sum of money workers pay to federal, state and local governments.

**Payroll tax** is the money the federal and some state governments take from workers' incomes. Income tax, Medicare tax and Social Security tax make up payroll taxes.

**Sales tax** is the money collected by state and local governments by adding to the price of goods or services.

**Property tax** is the money local governments require property owners to pay.

**Gross income** is a worker's total amount of salary before taxes and other deductions are subtracted.

**Net income**, or "take-home pay", is the amount of a worker's salary after taxes and other deductions are subtracted.

A **budget** is the plan a person creates for their income and expenses. People have balanced budgets when their income equals or is more than their expenses.

A **financial record** is a running list on which income is added and expenses are subtracted.

A **check** is an order written on paper to pay money from a checking account.

A **debit card** is a payment card used to pay for goods or services; this card deducts money instantly from a person's checking account.

A **credit card** is a card from a financial institution or store that lets a person buy things now and pay for them later.

An **electronic payment** is any kind of payment that doesn't involve a paper check or cash. Credit cards, debit cards, and PayPal, for example, are used to make electronic payments.



## Lesson 1: Taxes

Upon completion of this lesson, students will be able to:

1. Define income tax, payroll tax, sales tax, and property tax
2. Explain the difference between gross income and net income
3. Explain how federal, state and local governments use our taxes
4. Calculate sales tax

### Materials Needed:

- All About Taxes Video
- All About Taxes Worksheet (Print 1 per student)

**Estimated Duration:** 30 minutes

### 1. INTRODUCE AND DISCUSS

Introduce today's lesson topic, **Taxes**. Ask your students, "What do you know about taxes? Have you ever heard your parents or other adults complain about having to pay taxes?" Allow time for a brief discussion about the sometimes-touchy topic of taxes. When you conclude your class discussion, explain that it may be easy to complain about having to pay taxes, but this money our government collects helps make our lives and the lives of others better, and it even helps keep us all safe!

### 2. ALL ABOUT TAXES VIDEO

Open the All About Taxes video. Explain to your students that they will be introduced to important vocabulary terms throughout the video. *(Boost: For an extended activity, students can create a vocabulary journal. Pause the video once a vocabulary word is defined. Students can record the terms and definitions in their vocabulary journals as they learn all about taxes!)*

[All About Taxes Video](#)

### 3. ACTIVITY

Give each student a copy of the All About Taxes worksheet to complete in pairs or independently. You may grade and review the worksheet as a group, or have students turn in the worksheet for later review.



## Lesson 2: Balance a Budget

Upon completion of this lesson, students will be able to:

1. Define budget and financial record
2. Describe a balanced budget
3. Develop a system for keeping and using financial records
4. Balance a simple budget
5. Identify actions that might be taken to balance a budget when expenses exceed income

### Materials Needed:

- Balancing a Budget Video
- Balancing a Budget Financial Record (Print 1 per student), *Rules of the Game*, and Cards

**Estimated Duration:** 15 minutes

### 1. INTRODUCE AND DISCUSS:

Write the following vocabulary words and definitions on the white board or display them on the viewing screen. (**Boost:** *Students can record the terms and definitions in their vocabulary journals!*)

- A **budget** is the plan people create for their income and expenses. People have a balanced budget when their income equals or is more than their expenses.
- A **financial record** is a running list on which income is added and expenses are subtracted.

#### [Balance a Budget Video](#)

Review the words and definitions. Then, show the Balancing a Budget video (04:30 minutes), pausing when necessary to emphasize concepts. (While the movie uses a chart as a Financial Record, the Balance a Budget Game uses a ledger sheet as a Financial Record.)

### 2. GAME PREP

Prepare the Balance a Budget Game materials in advance. You will need a complete set of games cards for every 4 students. You may print multiple sets of games cards, or you may stagger the groups playing the game so that each group can re-use the same game card set each time.

Every student should have a copy of the Financial Record. At the end of the game, you may collect these for participation grades. Place the students into groups of 2-4 with a center area for game materials. Place a copy of *Rules of the Game* at every table for reference.

### 3. BALANCE A BUDGET GAME

This activity will actively engage each student in creating, keeping and using a financial record. Through the activity, each student will add expenses and income to a ledger sheet while working to maintain a simple, balanced budget. The game will challenge the students to make critical decisions about actions that might be taken to balance a budget when expenses exceed income.

#### Rules of the Game

1. This game should be played with 2-4 players.
2. Each player should have a blank Financial Record and pencil. Copy the Financial Record sheet the required amount of times. Save the original sheet for future copies.
3. The deck of Balance a Budget cards (both expenses and income cards) should be shuffled and placed face down between the players. Place the yellow cards (Skip-A-Payment, LOAN FROM FRIEND, and LOAN FROM CREDIT UNION or BANK) in separate stacks in the center to be retrieved, if necessary.
4. Each player will begin the game with \$300 in his bank account.
5. Each player's opening balance is recorded on the first ledger line of the Financial Record.
6. Players will take turns drawing from the deck of Balance a Budget cards and recording their transactions on their Financial Record:
  - Add Today's Date
  - Add Transaction description
  - Enter Payment or Deposit amount
  - Update balance
7. Each card is a transaction which the player must record in his Financial Record.
8. Players may select a Skip-A-Payment card at any time during the game. When this happens, the player places the transaction card back into the middle of the deck, picks up a Skip-A-Payment card, and records the transaction as a Skip-A-Payment. Skip-A-Payment may only be used 1 time.

9. When a player does not have enough money in his account to cover the expense drawn from the deck of cards, he has 3 options:
  - Skip-A-Payment (can only be used 1 time)
  - **LOAN FROM FRIEND** = Players can borrow \$100 from any other player; however, the player who lends the money must be willing to subtract it from his Financial Record AND risks not receiving the money back. When the borrower pays the money back, the FRIEND adds the loan amount back into his Financial Record.
  - **LOAN FROM A CREDIT UNION or BANK** = Players can borrow \$200 from the Credit Union or Bank.
    - *A player who takes a loan card must record the loan amount in his Financial Record as a deposit. The player has 3 rounds to pay any loan money back (subtract the amount from his Financial Record) or he's out of the game. At the end of the game, any unpaid loan amounts must be subtracted from the balance total to determine the final balances of all players. FRIENDS who loaned money which was not paid back will not add the loan amount back to their balances.*
10. If, at any time, the player has exhausted his Skip-A-Pay and loan options and his Financial Record balance is below 0 or he can't pay his expenses, he is out of the game.
11. The player with the highest balance at the end of the game – when the deck of cards is depleted (or you've played 15 rounds) – wins the game!
12. *Tie-breaker: The player with the highest balance and fewest yellow cards wins!*

During the game, students will have opportunities to experience the risks and benefits of lending or borrowing money – both from a friend or from a credit union or bank. Because the goal is to manage your money efficiently, the tie-breaker for this game identifies the person who managed their money the best – without loans or skip-a-payments – as the winner.



## Lesson 3: Payment Methods

Upon completion of this lesson, students will be able to:

1. Define payment methods: check, credit card, debit card, electronic payment
2. Identify the advantages and disadvantages of different methods of payment, including cash, check, credit card, debit card, and electronic payments
3. Judge which payment method is best for purchasing scenarios

### Materials Needed:

- The Good, The Bad, and The Ugly Slides
- The Good, The Bad, and The Ugly Worksheet (Print 1 per student)
- The Good, The Bad, and The Ugly Answer Key

**Estimated Duration:** 30 minutes

### 1. INTRODUCE AND DISCUSS:

Write the following vocabulary words and definitions on the white board or display them on the viewing screen. (**Boost:** *Students can record the terms and definitions in their vocabulary journals!*)

- A **check** is an order written on paper to pay money from a checking account.
- A **debit card** is a payment card used to pay for goods or services; this card deducts money instantly from a person's checking account.
- A **credit card** is a card from a financial institution or store that lets a person buy things now and pay for them later.
- An **electronic payment** is any kind of payment that doesn't involve a paper check or cash. Credit cards, debit cards, and PayPal, for example, are used to make electronic payments.

### 2. THE GOOD, THE BAD, THE UGLY POWERPOINT SCRIPT

There are many ways you can pay for goods and services. Your situation at the time of a purchase, however, will help you determine which payment method is good, which is bad, and which is potentially ugly!





**SLIDE TWO:**

This is a visual of the definitions your students have been introduced to. PayPal is identified as an electronic payment. Ask students which other visuals they see that can be used to make an electronic payment. The answer is credit card and debit card because you can use cards to make payments on the internet or on a smart device.

**SLIDE THREE:**

This chart displays the advantages and disadvantages of making purchases with a credit card. The advantages will make good sense to your fifth graders; they likely have seen a multitude of commercials marketing credit cards! What the ads DON'T tell consumers about are the disadvantages of owning credit cards, including:

**Card Limits** – All card holders have a maximum amount that they can charge on their card—this is their limit. Cardholders cannot owe the credit card company more than the amount of their limit. Let's say someone has a credit card with a limit of \$500.00. They have already charged and not paid back \$450.00. If they want to purchase something for \$100.00, they cannot use their credit card for the purchase because they only have \$50 left before they hit their credit card limit. They will have to find another way to pay for the item, or forget about that purchase.

**Interest rates** – A credit card is a loan you carry around in your pocket. Any time you make a purchase with a credit card, you are borrowing money. The best thing to do is pay back all the money you owe to the credit card company every month. If you do not pay the money back by the due date, you will be charged interest. Interest is the extra money you have to pay when you borrow money, and some interest rates are very high. So, not only are you paying for the thing you purchased, you are having to pay the credit card company for letting you borrow money!

**Fees** – Credit card companies don't just make their money from the interest they charge, they also collect billions from consumers each year by charging fees. Some credit card companies charge an annual fee — an amount the cardholder has to pay each year just to have the card. In addition, if a cardholder uses her credit card to get cash, called a cash advance, she will pay extra for that! Also, any time a consumer is late making a payment, there's a fee added.

**It's easy to overspend** – Credit cards are such a convenient way to pay for things, and it is often too tempting to buy something you cannot afford today, only to find out you can't afford it later, either! Having multiple credit cards and hitting your limits on them is risky business!

**Risk of fraud** – Fraudsters use deception for personal or financial gain. They might be able to steal your credit card, pretend they are you, and make purchases that you will be responsible for (unless you can prove the case of fraud). More often, though, hackers are the culprits. Hackers break into computer systems (like Target's system a few years back) and steal credit card information of thousands of consumers. Once they have the credit card information, they can use it for their own gain or they might sell it to a larger criminal organization for its use.

**SLIDE FOUR:**

Debit cards are tied to your credit union or bank account. Anytime you use your debit card to make a purchase, the money for that purchase is pulled out of your account. You cannot spend more than you have in your account. If you keep a careful financial record, a debit card is a great tool for helping you stay within your budget. Debit cards are also easy to carry around and you can use your debit card for almost any purchase. If you lose your debit card, no one else can use it unless they know your PIN number. A PIN number is a four-digit number you have to enter into a keypad when you make a purchase; your PIN proves that you are the owner of the debit card. In this way, a debit card is safer than a credit card.

There are disadvantages for using a debit card. Once you swipe it, the money is immediately taken out of your account. This is only a disadvantage if you don't keep a financial record or have your financial institution's app to closely monitor your account balance. It can be embarrassing and inconvenient to try to make a purchase and have your card declined because you don't have enough money in your account. If you use your card to get cash from an ATM machine, you may be charged an additional fee. Finally, if you use your debit card for electronic payments, hackers may be able to steal your banking information the same way they can steal your credit card information.



## **SLIDE FIVE:**

It's always great to have some cash in your pocket for everyday purchases. When you use cash to pay for things you have in your budget, like eating out, you know that when your "eating out cash" is gone, you'll be eating at home until your next payday, but at least you won't be going into debt! When you use cash, there's no chance of fraud, it's accepted anywhere you go, and you aren't charged fees for using cash.

## **SLIDE SIX:**

When you write someone a check, it is a promise that they can have that amount of money from your account. A check is similar to a debit card in that it is tied to a checking account at your financial institution. However, when you write a check, the funds are not taken out of your account immediately. Whoever has the check can cash it or deposit it and within a day or two of that, your check will clear your credit union or bank and the funds will be withdrawn from your account. If you lose your checkbook, you can report the loss to your credit union or bank so they will not allow the lost checks to clear your account.

Using checks as a form of payment also limits you a bit. For example, you can't pay for things online with a check. If you run out of checks, you have to reorder them and wait for them to come in. If you pay bills with checks, you have to send all payments in the mail early enough so that your payments will not be late. Many businesses, like stores, restaurants and gyms, don't even accept checks as a payment method!

## **SLIDE SEVEN:**

Electronic payments are quickly becoming the most-used payment method in the world! Consumers use their credit cards, debit cards, and third-party payment services like Bill Pay, PayPal and Venmo to pay for goods and services. It's no wonder electronic payment methods are so popular. You can buy anything online using an electronic payment! It's also the fastest and easiest way to make a payment—unless there are technology issues that won't let you finalize payment. And, just as is the case with credit and debit cards, it's possible for hackers to steal your financial information when you pay for things electronically. Some websites may charge a fee for making an electronic payment.

## **SLIDE EIGHT**

Instructions for activity.

Name \_\_\_\_\_

Date \_\_\_\_\_

## Lesson 1: All About Taxes

1. Federal Income Taxes help pay for which of these things?
  - a. Traffic Lights
  - b. State Parks
  - c. NASA
  - d. All of the Above
  
2. Texas does not pay state income taxes.
  - a. True
  - b. False
  
3. Roads, bridges, state parks, and historical landmarks are all services that this tax funds.
  
4. Which tax helps pay for our fire fighters?
  
5. When we combine Income, Medicare, and Social Security taxes we call them \_\_\_\_\_ taxes.
  
6. Gross income is the money that a person gets to spend after they pay their taxes.
  - a. True
  - b. False
  
7. Income tax is the same thing as a Payroll Tax.
  - a. True
  - b. False

8. You buy a book with a price tag of \$9.99. How much will you pay for the book after 8.25% sales tax is included?
9. It is your grandmother's birthday. At the store, you choose a \$2.99 birthday card, an \$8.88 box of candies and a \$4.25 refrigerator magnet. How much will you pay for these items, including 8.25% tax?
10. Mr. Renteria earns \$4,000.00 income each month. \$863.42 is taken out of his monthly paycheck for taxes.
- What is Mr. Renteria's gross income?
  - What is Mr. Renteria's net income?

Name \_\_\_\_\_

Date \_\_\_\_\_

## Lesson 1: All About Taxes **Answer Key**

1. Federal Income Taxes help pay for which of these things?
  - a. Traffic Lights
  - b. State Parks
  - c. **NASA**
  - d. All of the Above
  
2. Texas does not pay state income taxes.
  - a. **True**
  - b. False
  
3. Roads, bridges, state parks, and historical landmarks are all services that this tax funds.  
**State income tax OR sales tax**
  
4. Which tax helps pay for our fire fighters?  
**Property taxes**
  
5. When we combine Income, Medicare, and Social Security taxes we call them \_\_\_\_\_ taxes.  
**Payroll**
  
6. Gross income is the money that a person gets to spend after they pay their taxes.
  - a. True
  - b. **False**
  
7. Income tax is the same thing as a Payroll Tax.
  - a. True
  - b. **False**

8. You buy a book with a price tag of \$9.99. How much will you pay for the book after 8.25% sales tax is included?

\$10.81

9. It is your grandmother's birthday. At the store, you choose a \$2.99 birthday card, an \$8.88 box of candies and a \$4.25 refrigerator magnet. How much will you pay for these items, including 8.25% tax?

\$17.45

10. Mr. Renteria earns \$4,000.00 income each month. \$863.42 is taken out of his monthly paycheck for taxes.

1. What is Mr. Renteria's **gross income**?

\$4,000.00

2. What is Mr. Renteria's **net income**?

\$3,136.58



Name \_\_\_\_\_

Date \_\_\_\_\_

## Lesson 2: Financial Record

Date	Transaction	Payment Amount	Deposit Amount	Balance
7/12/21	INCOME		\$ 300.00	\$ 300.00



## Lesson 2: Game Cards

Your bicycle has a flat.  
You must pay \$15.23  
to **Joe's Tire World**  
for repairs.



**hApPY BirtHDaY!**

Your grandparents sent  
you a card with a  
\$100 bill!



You've been invited to  
the movies by a  
friend. You must pay  
\$25.52 for the ticket,  
popcorn and a drink!



**WINNER!**

Collect \$50 for winning  
the Spelling Bee contest  
at your school!



You're starting a lawn  
mowing business! Pay  
\$125 for a good,  
used mower.



**REWARD!**

You return a lost dog to  
its owner. She pays you  
\$50 for saving  
her baby!



Your online gaming membership is due. Pay \$60 to renew your subscription.



**hApPY BlrtHDaY!**

Your big brother sent you a card with a \$50 bill!



*It's Valentine's Day!*  
Buy your sweetheart a stuffed animal and flowers for \$27.45.



**SOLD!**

Collect \$60 for selling your PlayStation 4 in the family garage sale.



Your lawn mowing business needs advertising! Pay \$63.45 to print the flyers that Mom designed.



**BRAINIAC!**

You receive \$50 for earning 5 As on your report card.



Mother's Day is Sunday! Buy your mom some perfume and flowers for \$97.42.



**PAY DAY!**

Collect \$75 for mowing three lawns on Saturday.



You're going to the Amusement Park for the day with 3 friends! Woo-hoo It'll cost you \$78.21.



**RECYCLE!**

You cash in those aluminum cans you were collecting. You make \$63.15!



You pay your younger siblings \$25 each to do your chores this weekend. That cost you \$50!!



**GROWTH SPURT!**

Collect \$123.18 for selling your old school clothes in the family garage sale.



Your **favorite-movie-of-all-time** has just been released digitally...a must-have for \$39.



**EASY MONEY!**

You watch the neighbor's dogs while they are on vacation for \$120 cash!  
*Cha-ching!!*



Father's Day is in a week. You agree to go in on a group gift with siblings. Your part is \$53.



**MAN MONEY!**

You earned \$20 babysitting your little brother!



You built 2 birdhouses for Nini & Pops and Honey & Papa for Grandparent's Day. Materials cost \$83.17.



**GRADUATION DAY!**

Next stop: Middle School! Your parents give you \$100!



Gym clothes cost \$35.  
These are a **MUST  
HAVE** for class.



**OUCH!**

The dentist pulled 2 teeth  
in preparation for braces.  
Collect \$10 from the  
tooth fairy!



Your favorite school  
spirit shirt has holes in  
it. You buy a new one  
for \$24.98.



**TEACHER-TO-BE!**

You spend a week teaching  
art class at *Kids' Kamp*.  
Collect \$250 for your pay!



You've worn out your  
sneakers mowing lawns.  
A new pair will cost you  
\$112.92.



**MONEY MAKER!**

You earn \$127 when you  
sell 5 DVDs, your Harry  
Potter book series, and 3  
collector's baseball  
cards online.



You must buy your new band instrument before school begins. New percussion set = \$273.19



Your class is competing for a United Way pizza party. You donate \$20 to the cause!



Your little brother wants a scooter for his birthday. You pay \$32.19.



Fees for baseball season are due. *Let's play!* It'll cost you \$130.00.



You have to buy cookie ingredients for the band's bake sale. You pay \$28.84. *Good thing Dad can cook!*



Your neighbor's cat had kittens. You pay a rehoming fee of \$50!



Your new kitten needs her first shot. You buy the kitty shot at Gebo's for \$8.16. *Glad Mom's a nurse!*



You need special drum sticks and mallets for band. You order the special kit through Amazon for \$43.18.



Your team decides to buy new uniforms. Your cost is \$111.98.



Your favorite ice cream slushie is on sale for 1/2 price! That's \$1.76 for today only!



You can't live without the Disney+/Hulu/ESPN streaming package! You pay \$14.07.



You broke the glass top of your Mom's favorite end table. Your dad ordered replacement glass. You pay \$38.12.



**\$100**

LOAN FROM FRIEND



**SKIP-A-TURN**



**\$100**

LOAN FROM FRIEND



**SKIP-A-TURN**



**\$200**

CREDIT UNION OR  
BANK LOAN



**\$200**

CREDIT UNION OR  
BANK LOAN





**\$100**

LOAN FROM FRIEND



**SKIP-A-TURN**



**\$100**

LOAN FROM FRIEND



**SKIP-A-TURN**



**\$200**

CREDIT UNION OR  
BANK LOAN



**\$200**

CREDIT UNION OR  
BANK LOAN



**\$100**

LOAN FROM FRIEND



**SKIP-A-TURN**



**\$100**

LOAN FROM FRIEND



**SKIP-A-TURN**



**\$200**

CREDIT UNION OR  
BANK LOAN



**\$200**

CREDIT UNION OR  
BANK LOAN



Name \_\_\_\_\_

Date \_\_\_\_\_

### Lesson 3: The Good, The Bad, The Ugly Answer Grid

Use the Answer Grid below to record your answers for the questions on the PowerPoint. Put the letter of your answer in the corresponding cell.

<b>1.</b>	<b>2.</b>	<b>3.</b>
<b>4.</b>	<b>5.</b>	<b>6.</b>
<b>7.</b>	<b>8.</b>	<b>9.</b>
<b>10.</b>	<b>11.</b>	<b>12.</b>

**Lesson 3: The Good, The Bad, The Ugly Answer Grid Answer Key**

Use the Answer Grid below to record your answers for the questions on the PowerPoint. Put the letter of your answer in the corresponding cell.

<b>1.</b>  <b>D</b>	<b>2.</b>  <b>A</b>	<b>3.</b>  <b>B</b>
<b>4.</b>  <b>A or C</b>	<b>5.</b>  <b>D</b>	<b>6.</b>  <b>A</b>
<b>7.</b>  <b>B and D</b>	<b>8.</b>  <b>B</b>	<b>9.</b>  <b>A or C</b>
<b>10.</b>  <b>D</b>	<b>11.</b>  <b>A and B</b>	<b>12.</b>  <b>B</b>