



# Lesson Plan

## Standard of Living and Quality of Life

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### Standards Met:

Nevada Academic Standards for Social Studies –  
Financial Literacy

Grade 5 – SS.5.38 Explain the Standard of Living in Relationship to the Quality of Life

**Grade 5 - Time: 45- 60 minutes**

### Overview

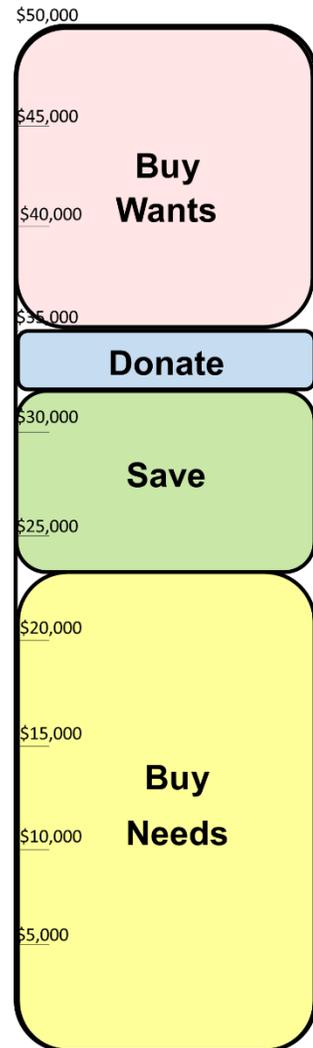
Students explore the activities in their lives that bring them joy. Students learn how much it will cost to meet their needs as single adults based on living wage calculations for Clark County, Nevada. Then they explore the cost of meeting their wants in order to achieve a standard of living that provides quality of life.

### Materials

1. Large sheet of plain white paper
2. Markers, crayons or colored pencils
3. “My Standard of Living” Activity Sheet:
  - a. The activity on filling the bucket can also be done as sand art.
4. “How much does it cost” worksheet

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## 1. Activity - What I do for fun

- a. Tell the students that today you want them to think about what they have fun doing
- b. Give each a student a large, white sheet of unlined paper. Using colored pencils, markers or crayons, have the students draw pictures of things that they most enjoy doing. If they have dreams for the future, they can also include pictures of what they want to do in the future.
- c. Once the students are done, have them turn and talk to the student next to them. Share examples of things they enjoy doing. Think about whether the activity costs money or not. Have some students share examples and say whether the activity costs money.
- d. Tell the students that we have to have money to meet our needs – like food and housing. But many of the things we do to be happy do **not** cost money. Special activities, people and places in our lives can bring us a lot of joy without costing money.

## 2. Activity – Standard of Living: How I will earn, save and spend money

### a. Introduction

- i. Tell the students that they are now going to think about money and how it will help them meet their needs and buy things they want. When they grow up, they will need to earn money to meet their needs and wants.
- ii. Whatever they earn must first be used to pay for needs.
- iii. They need to save some of everything they earn to build wealth and pay for emergencies. Over time, they can save enough money so that they don't have to work for money. Then they can "retire" and do the things they enjoy the most.
- iv. Whatever is left after needs and savings, can be spent on wants. While money cannot make us happy, we can use money to buy things we enjoy. We can pay people to do things we don't enjoy or don't have time for. (Examples: going to a restaurant, paying a cleaning service or paying a house painter.) And we can buy things that save us time. (Examples: a dishwasher, a faster means of transportation – bus ticket, car, airplane ticket.)

**b. Hand out the “My Standard of Living” Worksheet.**

- i. Tell the students that the standard of living refers to how much you can buy with the money you have. The higher the standard of living, the more things people have: good, well-paying jobs, safe, comfortable homes, food, health care, toys, nice things. They can also enjoy services like watching TV, having their hair cut or going to a professional ball game or movie.
- ii. Today the students will make a picture of how the money they earn when they grow up will affect their standard of living.
- iii. Tell the students that today we are going see how much they could afford to buy based on whether they graduate from high school and college. (Alternatively, you can let the students pick a career they are interested in, and a salary representative of that career.)
- iv. Have the students draw three lines on the bucket that show three educational earning levels. These amounts are based on current averages, and rounded down for ease of calculation. (People also earn less when they are younger and have less experience.) <https://www.bls.gov/emp/chart-unemployment-earnings-education.htm>
  1. Students who graduate from college: \$50,000 a year
  2. Students who graduate from high school: \$30,000 a year
  3. Students who do not graduate from high school: \$20,000 a year.

**c. Activity - Filling in the Bucket**

- i. Tell the students we are going to fill the bucket in to show how we can spend the money we earn.
- ii. **Meet Basic Needs:**
  1. Tell the students that they will have to meet their basic needs, like food, clothing, housing, transportation and medical care. And they will have to pay taxes. For a single person living in Clark County, Nevada, it costs \$23,000 a year to meet basic needs and pay taxes. Have them pick a color, like yellow, and color in \$23,000 on their buckets, starting at the bottom. Reference: <http://livingwage.mit.edu/counties/32003> - This website also includes costs for children and families. And it shows the amount of money that people in various jobs make in Clark County, Nevada. The calculator includes living wage information for every county in the USA.

**iii. Save: Pay yourself first**

1. Tell the students that it is very important to always save money when they get a paycheck, and it should go straight into a special savings account. This is called, "Paying Yourself First." Have them write in an amount for how much they will save, typically 10-50% of income. They should pick a color, like green, and color the amount of money they will save.

**iv. Wants: Money left after saving and meeting basic needs**

1. Ask what has happened to the students who did not finish high school?
    - a. The students should tell you that if you don't finish high school, you do not have enough money to pay basic expenses. Tell the students that is why you have schools that the community pays for - so the students will be able to earn enough money to live when they graduate. It is very important to learn to read, write, do math, and other things they learn in school, because all jobs require these skills. Students who don't graduate from high school have a hard time finding jobs. And when they do get jobs, those jobs don't pay very much.
  2. Ask the students how much money is left between current expenses and the **high school** graduate income. This is the amount of money left to spend on things they want at that income level.
  3. Ask the students how much money is left between current expenses and the **college** graduate income. Tell the students this is why you encourage them to go to college. Students who graduate from college, earn about \$20,000 a year more than high school graduates. Therefore, they have more money to spend on things they want.
- v. Have the students figure out how much money is left in their bucket to spend on wants. Tell them to think about how they would like to spend this money. They can save for a goal, buy fun things, or consume fun services. They can spend more on basic needs, like getting a larger home, or buying fancier clothes. Tell them that, many people donate a certain percentage of their income to help others.
1. For a simple result, have the students color the last part of the bucket in and label it "Wants"
  2. For a more detailed result, have the students develop a plan for up to five things they would spend their "want" money on. Have them

do the controlled spending activity below first. They may want to use the internet, or print ads to determine the prices of things they want. Or they can just estimate.

**d. Controlling Spending:**

**i. Hand out the “How much does it cost?” worksheet.**

1. Tell the students it is easy to spend money, and they need to be careful about how they spend. They can always spend more than they have. They will always see things that cost more money than they can afford. But they have many things to do that make them happy that do not require spending money.
2. When they are spending small amounts regularly, it is helpful to see how much it is costing for a year. With this worksheet, they will calculate the yearly cost of small purchases.
3. Go over the first two problems on the worksheet. Then have the students complete the rest of the problems. The only problem which uses a percent is #2, which the answer is provided for.
4. When the students are finished, go over the answers with them. Have them compare the amount of money they have for wants with the annual costs of these items.
  - a. Ask them how many of them think it would be worth \$2564 to have a fancy drink every day?
  - b. How many think it would be worth \$18,250 a year to eat out three times a day?

**3. Relationship of Standard of Living and Lifestyle**

- a. The students now have completed two activities
  - i. One shows the things they like to do that make them happy.
  - ii. One shows a plan for spending money based on earnings.
- b. Tell the students that Standard of Living refers to the things you can buy and how nice they are.
- c. Tell them that Lifestyle (write the word where the students can see it) refers to how you spend your time, and whether you enjoy the way you live. A good lifestyle would include reasonable work hours at a job you enjoy, having enough money, feeling safe, having friends and family, having activities you enjoy doing, and being treated well by the community. Some things that create a good lifestyle are free. And some cost money.
- d. Ask the students if they think there is a relationship between standard of living and lifestyle.

- i. There are many answers. Students should point out that if they have extra money, they can do more of the fun things they like that cost money. They can also pay people to do the things they don't like. And it is a nice feeling not to worry about having enough money.

#### **4. Lifestyle and Spending**

- a. Tell the students that one of the things they need to be careful of, is that they don't spend more money than they have. Tell them they will only maintain their standard of living and lifestyle if they do not get into debt. When they get into debt, they have to spend more and more money paying interest, and they have less money to save and spend on basic needs and wants. If they spend a lot of money on little things, they will not have enough to spend on larger items that will increase their quality of life more than the small stuff.

#### **5. Conclusion:**

- a. Ask several student to say what they learned or found interesting about the lesson.
  - b. Points to emphasize:
    - i. Many of the things we enjoy in life do not cost money. But they are very important.
    - ii. We need to earn enough money to pay for our basic needs.
    - iii. With extra money for wants, we can buy things we enjoy.
    - iv. With extra money for wants, we can pay others to do the things we don't enjoy.
    - v. We need to spend money carefully on the things that are most important.
6. **Assessment:** Review the students' worksheets. Did they complete all three assignments thoughtfully and correctly?

## 1. Extension Activities

- a. **Living wage.** Look at the website: <http://livingwage.mit.edu/>. Find your state and county. Look at the living wage calculations, which show how much you need to earn to meet basic needs.
  - i. How much more money does it cost to have a young child? A family?
  - ii. What jobs listed in your area sound interesting to you?
  - iii. Choose a job.
    1. How much money would you have for needs, including wealth building and saving for a rainy day fund?
    2. How much money would you have for wants?
- b. **Can you afford your dream life?** Look at the website: <https://www.jumpstart.org/what-we-do/support-financial-education/reality-check/>
  - i. Try different scenarios to see how much money they would cost.
- c. **Savings add up.** Look at the website <https://www.investor.gov/additional-resources/free-financial-planning-tools/compound-interest-calculator>
  - i. Put in the following numbers: Start with \$0. Save \$1000 a month. Save for 40 years. Expected return 5%. Range of Interest Rates 3%; Compound Monthly. Calculate
    1. The middle line shows an expected wealth of \$1.5 million.
  - ii. Try different monthly savings amounts.
  - iii. Based on history, students should earn about 5% on wealth if they invest carefully and in a smart way.

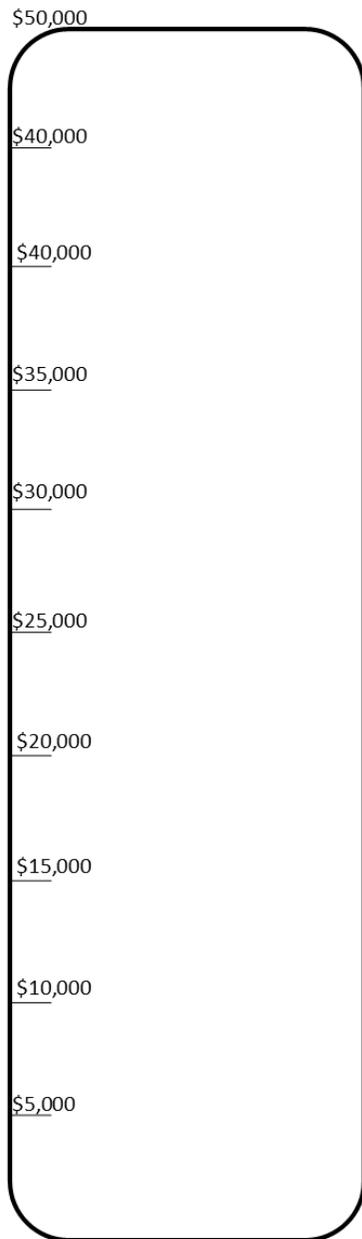
## 2. A Note on Careers and Jobs- important information to stress whenever you are taking about college and career readiness.

- a. There are many jobs to choose from, and many subjects to study in college. Students could get jobs making more than \$50,000 a year if they study subjects where there is a high demand for workers. They could get less or have trouble finding a job if they study subjects where there is low demand for workers.
- b. In order to get and keep a job, people have to work very hard, solve problems at their jobs, help people and be good at what they do. Just the way they need to do in school.
- c. Tell them it is important to find jobs they enjoy. It is much easier to work hard and do a good job if you enjoy what you are doing. But you also need to make enough money to pay for the things you need.
- d. In school, the students are together in a classroom and the school decides what they will do with their time. But when they get jobs, they will have a lot of choices about what they do with their time, who they spend their time with, and where they spend it. Right now it is important to work hard and stay in school so that they have more choices when they grow up.

1.

# My Standard of Living

## Earn, Spend and Save Bucket



### How I Will Earn, Save and Spend

Draw a line for earning at each level of education on the bucket. College graduate \$50,000, High school graduate \$30,000, Did not graduate \$20,000

Color – Write in the color you choose for each item, and color in the amount of spending for that item in the bucket	Spending or Saving Item Things you will spend money on	Yearly Amount How much that item will cost over one year.
	Pay for basic needs	\$23,000
	Saving to Build Wealth	

## How Much Would It Cost for a Year?

It is very easy to spend money on little things and not realize how much you are spending. But small expenses can add up to large amounts. You can “throw away” money on small items, and then not have money for the more important items that will make your standard of living and lifestyle better. Just like saving small amounts every week will add up to a lot of wealth, spending small amounts will add up to a lot of spending.

For the questions below, **calculate how much you would spend in a year**. There are 365 days, 52 weeks and 12 months in a year. The first two questions are answered

1. Buy a fancy drink once a day, like a smoothie or milk shake:
  - a. Answer: \$7 per day x 365 days per year = \$2,565
  
2. Pay 18% interest on \$5000 of credit card debt
  - a. Answer:  $.18 \times \$5000 = \$900$  per year
  
3. Go to the movies and spend \$15 once a week.
  
4. Go out to dinner at a nice restaurant and spend \$30 once a week.
  
5. Go out to a fast food restaurant for breakfast and lunch, and have dinner at a nice restaurant. Spend \$50 every day.
  
6. Pay \$150 a month for Cable TV and Internet:
  
7. Pay \$150 to a cleaning service to clean your home every two weeks.
  
8. Pay \$700 for a cell phone, plus \$40 a month for service

## How Much Would It Cost for a Year? – Answer Key

It is very easy to spend money on little things and not realize how much you are spending. But small expenses can add up to large amounts. You can “throw away” money on small items, and then not have money for the more important items that will make your standard of living and lifestyle better. Just like saving small amounts every week will add up to a lot of wealth, spending small amounts will add up to a lot of spending.

For the questions below, **calculate how much you would spend in a year**. There are 365 days, 52 weeks and 12 months in a year. The first two questions are answered

1. Buy a fancy drink once a day, like a smoothie or milk shake:
  - a. Answer:  $\$7 \text{ per day} \times 365 \text{ days per year} = \$2,565$
  
2. Pay 18% interest on \$5000 of credit card debt
  - a. Answer:  $.18 \times \$5000 = \$900 \text{ per year}$
  
3. Go to the movies and spend \$15 once a week.
  - a. Answer:  $\$15 \times 52 \text{ weeks} = \$780$
  
4. Go out to dinner at a nice restaurant and spend \$30 once a week.
  - a. Answer:  $\$30 \times 52 \text{ weeks} = \$1560$
  
5. Go out to a fast food restaurant for breakfast and lunch, and have dinner at a nice restaurant. Spend \$50 every day.
  - a. Answer:  $\$50 \times 365 \text{ days} = \$18,250$
  
6. Pay \$150 a month for Cable TV and Internet:
  - a. Answer:  $\$150 \times 12 \text{ months} = \$1800$
  
7. Pay \$150 to a cleaning service to clean your home every two weeks.
  - a. Answer:  $\$150 \times 52/2 \text{ weeks} = \$3900$
  
8. Pay \$700 for a cell phone, plus \$40 a month for service
  - a. Answer:  $\$700 + (\$40 \times 12 \text{ months}) = \$1180$