

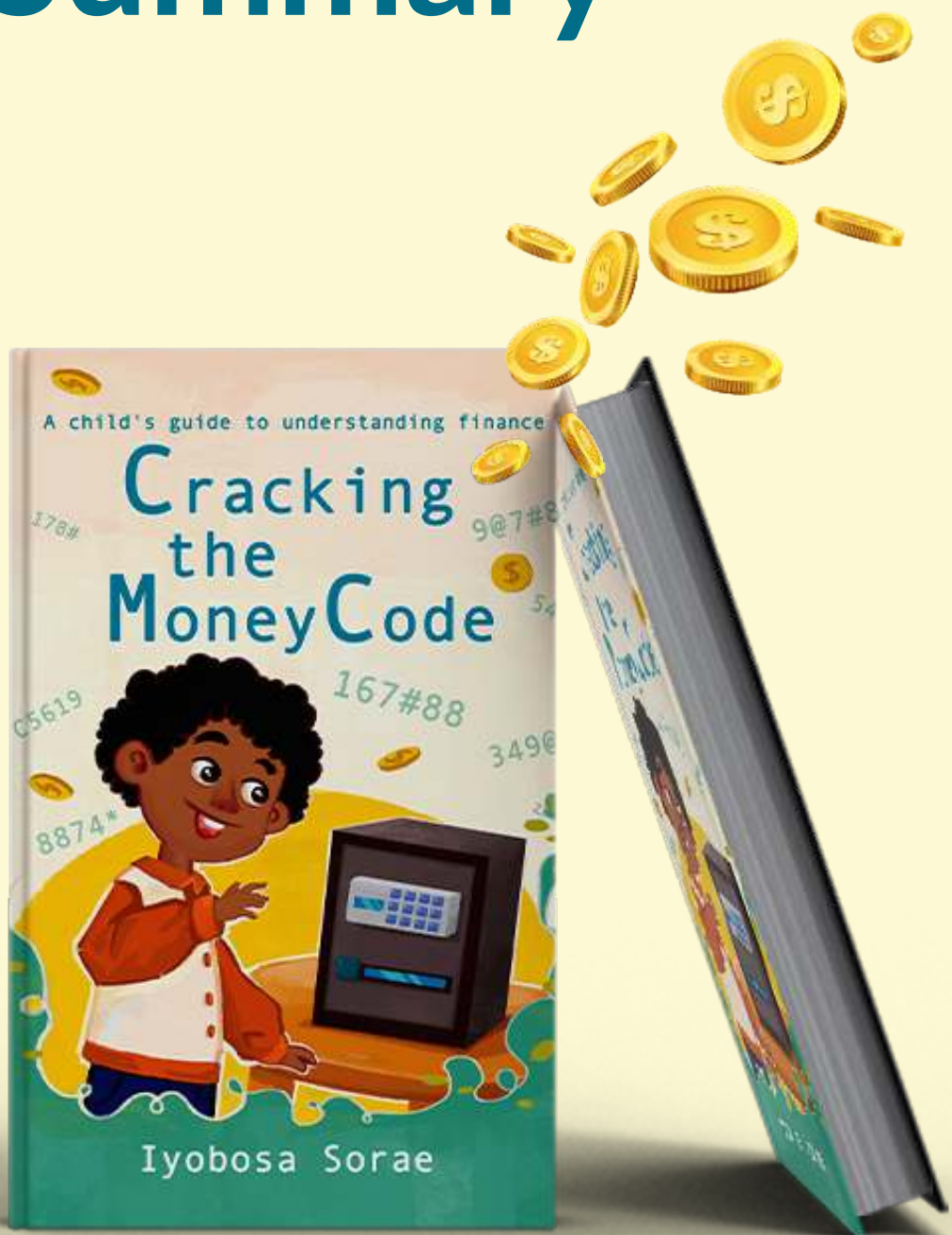
A child's guide to understanding finance

Cracking the Money Code



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Chapter By Chapter Summary



Chapter One: What Is Money All About?

This chapter serves as an exciting and accessible introduction to the concept of money for young learners. It begins by drawing parallels to adventures and everyday experiences to pique their interest. The chapter clearly defines money as special paper or coins used to acquire needs and wants, using relatable examples like shoes, sunglasses, toys, and sweets.

It then takes a historical journey, explaining how people initially relied on trade by barter – exchanging goods for other goods. The challenges of this system, such as the difficulty of finding someone with a desired item who also needs what one possesses, are highlighted through a simple example (pencil for a teddy bear).

The chapter then introduces the *"Rise of Shiny Things,"* explaining how early forms of money evolved into valuable and portable objects like shiny metals (gold, silver), shells, and beads. The use of cowrie shells in Africa is specifically mentioned as an early form of currency. The key limitation of these early forms – their weight – is also discussed, setting the stage for the transition to more convenient forms.

Finally, the chapter explains the shift *"From Shiny To Handy,"* introducing modern forms of money like paper cash and digital money on cards. It clarifies the characteristics that make money valuable: scarcity, durability, and ease of carrying. The chapter briefly explains digital money, POS terminals, ATMs, and mobile money transfers. It concludes by introducing the concept of currency and showcasing examples of different currencies from around the world (USA, UK, Europe, Nigeria, Rwanda, India, Türkiye, South Korea, Jamaica, Brazil) with accompanying visuals.

The chapter ends with a *"Project"* encouraging pupils to create a currency booklet, identifying five countries and their currencies, reinforcing their learning in a practical way.

In essence, Chapter One provides a foundational understanding of money by:

- Engaging young readers with an adventurous and relatable introduction.
- Tracing the evolution of money from barter to modern forms.
- Explaining the key characteristics that give money its value.
- Introducing the concept of global currencies through vivid examples.
- Incorporating a hands-on project to solidify learning.

This chapter effectively lays the groundwork for understanding the role and history of money in a way that is both informative and accessible to a young audience, making it a promising start for the book.

Chapter Two: Money: What Makes It Awesome?

Chapter Two dives deeper into the awesomeness of money!

This chapter builds upon the introduction by exploring the multifaceted reasons why money is considered valuable and essential. It begins with interactive exercises prompting pupils to associate positive adjectives with good behavior, drawing a parallel to the "awesome" nature of money due to its utility.

The chapter outlines several key reasons for money's awesomeness:

- **Money as a Tool:** It emphasizes money's function as a means to acquire desired goods (toys, books, snacks) and necessities (food, healthcare, education), highlighting its role in facilitating everyday life.
- **Money's Positive Impact:** It extends beyond personal use, explaining how money contributes to the functioning of society (building schools, funding hospitals) and enables acts of charity.
- **Money as a Reward:** It introduces the concept of earning through both "in kind" rewards (gifts, praise, privileges) and "in cash" payments for providing value. It even touches upon small jobs children can do (mowing lawns, babysitting) and the concept of allowance.

The chapter then explains that money is earned through work, introducing terms like salary, wages, and pay. It uses simple mathematical examples to illustrate hourly, daily, and monthly payment structures, also briefly touching upon the importance of rest.

The concept of money having value is explained through a relatable scenario of different purchasing power based on the amount of money one has.

Furthermore, the chapter introduces the idea that money grows through activities like business, providing a simplified example of calculating profit from selling artwork, including the cost of materials and time.

The **mobility of money** is illustrated through a clear, step-by-step example of how money flows from a dentist's salary to various individuals and services within a community.

Finally, the chapter explores how money looks, differentiating between physical money (coins and paper money/notes/bills, collectively called currency) and digital money (debit/credit cards and cryptocurrency). It provides brief explanations and examples of each, including the historical context of Nigerian kobo and the global prominence of the US dollar. The chapter concludes by prompting reflection on new learnings and introducing a "Project" where pupils create a cost budget for an item they wish to sell, reinforcing the concept of profit calculation.

In essence, Chapter Two expands on the definition of money by:

- Exploring its various functions and positive impacts on individuals and society.
- Introducing the concept of earning money through work and providing value.
- Explaining how money can grow through basic business principles.

- Illustrating the flow of money within a community.
- Providing a clear overview of the different forms of money, both physical and digital.

This chapter effectively deepens the understanding of money's significance and introduces fundamental economic concepts in an age-appropriate manner. The inclusion of practical examples and exercises makes the learning process engaging and relatable.

Chapter Three: Understanding Change

Chapter Three, "Understanding Change," takes a highly practical and engaging approach to a fundamental money skill.

This chapter immediately immerses young learners in the concept of "change back" through a playful "Super Shopper" game. It sets the scene with a classroom corner transformed into a toy store, encouraging role-playing as customers and cashiers. This hands-on activity emphasizes that one doesn't always need the exact amount and the importance of receiving the correct change..

The chapter clearly defines change as the extra money a cashier returns when a customer pays more than the item's cost. It provides simple, relatable examples using dollar amounts (e.g., paying \$50 for a \$30 item and receiving \$20 change). A basic subtraction method is introduced ($\$10 - \$5 = \$5$) to calculate change. Further examples involving buying a book and a snack reinforce this concept. The idea of change as a "mini reward" for being a good shopper is also introduced.

The chapter then transitions to the perspective of a seller, explaining how to give back change in three simple steps:

1. Count the customer's money: Emphasizing the importance of verifying the amount received.
2. A practical tip for counting different denominations (largest to smallest) is provided.
3. Subtract the item's price: Reinforcing the basic subtraction principle. Count the change to give back: Stressing the need for accuracy and avoiding distractions.

A practical challenge involving a \$20 bill and two \$10 bills for a \$35 item is presented, walking the reader through the steps to calculate the \$5 change.

The chapter concludes by encouraging pupils to apply these skills in real-life shopping scenarios, turning every store visit into a learning opportunity. The "Project" reinforces this by instructing them to buy something, pay, and anticipate the correct change.

In essence, Chapter Three focuses on:

- Making the concept of change tangible and fun through role-playing and relatable scenarios.
- Providing a clear and simple definition of "change back."
- Introducing a basic subtraction method for calculating change.
- Offering a step-by-step guide on how to give back change as a seller.
- Reinforcing learning through practical examples and a real-world project.

This chapter effectively bridges the gap between understanding the concept of money and applying it in everyday transactions, making it a crucial and highly practical lesson for young learners. The interactive approach is likely to make this topic engaging and memorable.

Chapter Four: You Too Can Earn

Chapter Four, "You Too Can Earn," shifts the focus to empowering young readers with the understanding that they are capable of earning money, even at a young age.

This chapter kicks off with engaging questions designed to challenge preconceived notions about when and how children can start earning money. It uses a relatable scenario of receiving a reward for chores to introduce the concept of "earning" as being paid for doing something well, often utilizing one's talents or skills.

The chapter briefly touches upon how adults earn (through jobs requiring education or by starting businesses as entrepreneurs) before diving into "Awesome Ways Kids Can Earn Money," providing concrete and inspiring examples:

The chapter then transitions to the perspective of a seller, explaining how to give back change in three simple steps:

1. **Lemonade Stand Master:** Encouraging a classic entrepreneurial venture, with a modern twist of using social media for advertising and managing orders, while also highlighting the concept of profit and repaying initial investment.
2. **Treasure Trader:** Suggesting the decluttering and selling of unwanted toys and clothes online with parental guidance.
3. **Plant Nurturer:** Presenting a simple service of caring for neighbors' plants for a fee.
4. **YouTube Star:** Introducing the potential of content creation (gaming, singing, etc.) with parental support and emphasizing the importance of providing value and online safety.
5. **Knowledge Ninja:** Highlighting the opportunity to tutor peers in subjects they excel in.
6. **Art Virtuoso:** Encouraging the sale of artwork, including pet portraits, and even teaching art to others, with the potential of online promotion.

The chapter concludes by reinforcing the message that children can earn money using their skills and talents, encouraging them to explore the presented ideas. The "Project" directly tasks them with choosing a skill from the chapter and attempting to earn money with family support.

In essence, Chapter Four aims to:

- Empower young readers by demonstrating that earning isn't limited to adults.
- Provide concrete and relatable examples of age-appropriate earning opportunities.
- Introduce basic business concepts like entrepreneurship and profit in a simplified manner.
- Encourage the application of skills and talents for financial gain.
- Promote a proactive and resourceful mindset towards earning.

This chapter is likely to be highly motivating for young readers, offering tangible ideas and showcasing the potential for them to participate in the economic world in a small but meaningful way. The examples are practical and relevant to their lives.

Chapter Five: Where Does Your Allowance Go?

Chapter Five, "Where Does Your Allowance Go?" focuses on guiding young readers to become mindful and strategic about managing the money they receive as allowance.

This chapter begins by prompting self-reflection on the allowance children receive – how often, how much, and what they do with it. It encourages them to actively engage by writing down their experiences and spending habits before delving into the lesson.

The chapter then explains the potential reasons behind parents giving allowance, primarily to teach children how money works, enabling them to make smart spending choices and understand the value of money. It emphasizes the importance of tracking purchases and discerning what not to spend money on.

The core of the chapter revolves around three key ways to use allowance wisely:

1. **Choosing Needs Over Wants:** This section clearly differentiates between needs (essential items like food, clothing, school supplies) and wants (non-essential items like video games or bicycles). It encourages children to critically evaluate their desires and prioritize necessities.
2. **Saving for Something Bigger:** The chapter introduces the concept of saving money in a bank for safety and potential interest (money added by the bank over time), highlighting it as a way for money to grow. It stresses the importance of having a savings plan to stay focused on achieving specific financial goals.
3. **Reflecting on Spending Habits:** The chapter circles back to the initial writing exercise, prompting children to assess whether they have been using their allowance wisely based on the concepts discussed. It suggests open communication with parents about their allowance.

The chapter concludes with a "Project" that encourages children to create a plan for their next allowance, considering how to earn it (if applicable), the desired amount, frequency, how they will make it happen, how much they want to save, and their next big savings goal.

In essence, Chapter Five aims to:

- Encourage self-awareness regarding allowance and spending habits.
- Educate on the distinction between needs and wants as a fundamental principle of wise spending.
- Introduce the concept and benefits of saving money in a bank.
- Emphasize the importance of financial planning and goal setting.
- Promote communication between children and parents about money management.

This chapter provides practical guidance for young readers to develop responsible financial habits related to their allowance, laying the foundation for future financial literacy and sound decision-making. The interactive approach and focus on real-life application make it a valuable lesson.

Chapter Six: Saving Saves the Day

Chapter Six, "Saving Saves the Day," powerfully emphasizes the importance and benefits of saving money for young learners.

This chapter begins by relating saving to children's desires that might not be immediately fulfilled, such as a specific toy or shoes, highlighting that saving allows them to achieve these goals later. It uses a relatable analogy of saving a portion of ice cream to illustrate the concept of delaying gratification for future benefit.

The chapter clearly articulates the crucial reasons why savings matter:

1. **Spending Wisely:** Saving encourages thoughtful spending, prioritizing needs over impulsive wants.
2. **Getting What You Need:** Saving transforms the answer "No, not now" into a potential "Yes, later" for essential items.
3. **Making Cool Things Possible:** Saving enables children to achieve their aspirations, like music classes or trips.

To guide saving decisions, the chapter introduces the concept of a scale of preference, explaining how to prioritize needs over wants by creating a list of items in order of importance. A practical example of ranking a meal, backpack, video game, and chocolate treat is provided.

The chapter then delves into practical ways to gather treasures for tomorrow:

- **Piggy Bank:** It presents the piggy bank as a fun and accessible starting point for saving, encouraging children to watch their money grow and decide on a savings goal before opening it. It also clarifies that any small, sealed container can serve this purpose.
- **The Bank:** It introduces the bank as a safe place for savings, mentioning the benefit of earning interest. It also highlights the accessibility of digital accounts.

The importance of sharing saving goals with friends for accountability is also discussed. The chapter concludes by reiterating that learning to manage money through saving now builds essential skills for adulthood and helps dreams come true.

The "Project" encourages immediate action by asking children to acquire a piggy bank and start saving a portion of their allowance.

In essence, Chapter Six aims to:

- Instill the value of saving by connecting it to achieving desired items and preparing for future needs.
- Provide practical strategies for making saving decisions through the concept of a scale of preference.
- Introduce concrete tools for saving like piggy banks and banks.

- Highlight the long-term benefits of saving, including financial responsibility in adulthood.
- Encourage immediate engagement with saving through a simple, actionable project.

This chapter effectively demystifies saving and presents it as an empowering tool for children to achieve their goals and build a secure financial future. The relatable examples and practical advice make this a valuable lesson.

Chapter Seven: Making Your Savings Grow

Chapter Seven, "Making Your Savings Grow," introduces the exciting concept of how saved money can increase over time, focusing on the power of interest.

This chapter begins by prompting children to imagine having a significant sum of money (\$1000) and listing their desired purchases, setting the stage for understanding how such amounts can be accumulated. It encourages them to think about various ways to earn money beyond allowance.

The chapter then contrasts keeping money in a piggy bank (where it simply accumulates) with the potential for growth in a bank. It introduces the idea of opening a savings account, a special bank account where deposited money can earn extra money called interest. This growth is likened to a plant growing over time, emphasizing that the longer money stays in the bank, the more interest it earns.

The chapter briefly outlines the basic requirements for opening a savings account for children (age limits, birth certificate, passport photograph, parental information, and initial deposit). It also introduces the concept of a domiciliary account, which allows saving and receiving money in foreign currencies.

The core of the chapter explains the "magic" of a savings account: interest, described as a reward for saving in the bank. It introduces the interest rate as the percentage of savings added annually, known as the Annual Percentage Rate (APR), and notes that interest rates can vary between banks.

A clear, step-by-step guide on how to calculate the APR and the total amount of money after one year is provided using a \$20 principal and a 5% interest rate. It emphasizes that the longer the saving period, the bigger the interest earned.

Finally, the chapter differentiates between simple interest (interest earned only on the principal) and compound interest (earning interest on the principal and the accumulated interest). It uses the previous example to illustrate how compound interest leads to greater returns over time, encouraging children to try calculating it for subsequent years.

The "Project" challenges pupils to calculate both simple and compound interest on a larger principal (\$1000) with a 10% interest rate for multiple years, reinforcing their understanding of these concepts.

In essence, Chapter Seven aims to:

- Introduce the concept of money growth through interest.
- Explain the difference between simple and compound interest in an accessible way.
- Provide a basic understanding of how to calculate interest.
- Highlight the benefits of saving money in a bank for long-term growth.
- Encourage practical application of these concepts through calculation exercises.

This chapter is crucial for introducing the power of saving and the potential for money to work for them over time, laying the groundwork for understanding basic investment principles in the future. The use of calculations and a practical project helps solidify these important concepts.

Chapter Eight: Spending Your Money Wisely

Chapter Eight, "Spending Your Money Wisely," equips young learners with essential skills for managing their money effectively, moving beyond just saving to conscious spending and understanding basic financial concepts.

This chapter opens by relating to children's excitement about shopping but quickly pivots to the importance of mindful spending. It emphasizes that having money doesn't necessitate buying everything that catches their eye and encourages them to pause and consider if an item is truly needed before purchasing it. The feeling of regret after an unnecessary purchase is used as a relatable example.

The chapter introduces the concept of a budget as a plan for using money wisely. It guides children on how to create a simple budget by tracking their income (allowance/earnings) and allocating funds for needs, savings, and even a small amount for giving to others. A basic subtraction example illustrates how to calculate savings after spending.

The benefits of budgeting are highlighted:

- **Tracking Treasures:** A budget helps children understand where their money goes and how much they have available.
- **Avoiding Debts:** Sticking to a budget helps prevent spending beyond their means and the need to borrow money.
- **Taking Control:** Budgeting empowers children to make conscious decisions about when, how, and what to spend their money on.

The chapter then introduces more advanced concepts in a simplified manner:

- **Investing:** Likened to planting a seed and watching it grow, investing is presented as a way for saved money to become bigger over time. The idea of parents investing on a child's behalf is also mentioned.
- **Assets:** Defined as treasures that bring future returns, examples relevant to children are given: books, piggy bank savings, education, and a family home.
- **Liabilities:** Explained as duties or promises to fulfill, with examples such as loans, bills, and credit card debt. The chapter emphasizes the importance of having more assets than liabilities for financial well-being.

The chapter concludes by encouraging children to start making wise financial choices today to avoid debt and cash troubles in the future. The "Project" asks them to create a personal budget, allocating money to different needs.

In essence, Chapter Eight aims to:

- Promote mindful and intentional spending habits.
- Introduce the fundamental concept and benefits of budgeting.
- Provide a basic understanding of investing and how money can grow.
- Introduce the concepts of assets and liabilities in a child-friendly way.
- Encourage proactive financial management from a young age.

This chapter is crucial for developing financial literacy beyond saving, introducing the principles of budgeting, investing, and understanding financial obligations in a way that is accessible and relevant to young learners. The analogies and relatable examples make these potentially complex concepts easier to grasp.

Chapter Nine: Let's Make A Deal!

Chapter Nine, "Let's Make A Deal!", introduces young learners to the valuable skill of negotiation in a relatable and engaging way, framing it as "making a deal."

This chapter begins by using the familiar concept of a pinky promise to illustrate the idea of an agreement and the negative feelings that arise when a deal is broken. It then introduces the term negotiation as finding a solution to a problem that makes everyone happy. It clarifies that negotiation involves at least two parties (negotiators or partners) and can sometimes include a third party.

The chapter provides a practical example of negotiation between two friends, Mimi and Brenda, over the sale of sunglasses. This dialogue demonstrates how offers, counter-offers, and added incentives (a free hat) can lead to a mutually agreeable price.

The importance of terms and conditions (T&C) in a negotiation is emphasized. These are the rules or guidelines that negotiators agree to, whether spoken or written. The benefit of having written terms, which can form a contract, is highlighted for clarity and accountability. Adhering to terms and conditions fosters fairness, sincerity, and trust among partners.

The chapter then provides valuable negotiation skills for young learners:

- **Understanding:** Knowing the details of the deal before agreeing.
- **Attentive Listening:** Paying close attention to the partner's perspective.
- **Proper Communication:** Clearly expressing one's needs and concerns.
- **Acting Nicely:** Being polite and patient to facilitate a positive outcome.
- **Being a Solution Provider:** Contributing ideas and working collaboratively.
- **Honesty:** Being sincere and sticking to the agreed-upon rules.

The chapter includes a practical exercise where a child negotiates the sale of paintings to a friend, demonstrating a simple terms and conditions document. It then introduces the concept of re-negotiating to potentially earn more by politely asking for a better deal or offering an additional item. A mathematical example shows how re-negotiation can lead to increased earnings.

The "Project" tasks pupils with preparing a terms and conditions document for a hypothetical negotiation, including partners, payment amount, additional charges, and signatures.

In essence, Chapter Nine aims to:

- Introduce the concept of negotiation as a way to make mutually beneficial deals.
- Illustrate the negotiation process through a relatable scenario.
- Emphasize the importance of terms and conditions and contracts.
- Equip young learners with essential negotiation skills.
- Demonstrate how negotiation can lead to favorable outcomes, including increased earnings.

- Provide a practical exercise in creating a basic terms and conditions document.

This chapter provides a foundational understanding of negotiation, a crucial life skill that extends beyond financial transactions, empowering children to advocate for their needs and find common ground with others. The practical examples and tips make this learning accessible and applicable.

Chapter Ten: Converting Your Money to Other Currencies

Chapter Ten, "Converting Your Money to Other Currencies," introduces young learners to the fascinating world of global finance and how money differs and is exchanged between countries.

This chapter begins by sparking children's interest in travel and iconic global landmarks, highlighting the necessity of using the local currency when visiting different countries. It introduces the term currency as another word for money, emphasizing that each country typically has its own type. Examples of countries using the same currency (Eurozone) and different currencies (USA, UK, Nigeria) are provided.

The chapter then addresses the question of how to obtain foreign currency, introducing the concept of currency exchange – trading one type of money for another (e.g., pounds for dollars, naira for euros). It uses an analogy of trading toys and candies with different values to explain that not all currencies have the same worth.

The crucial concept of the exchange rate is introduced as the rate that determines how much of one currency is needed to obtain another currency of equivalent value. The dynamic nature of exchange rates is explained, comparing it to the fluctuating values in a toy and candy trade and mentioning that exchange rates can go up or down based on demand. A real-world example of the exchange rate between the British pound and the US dollar is provided.

The chapter outlines practical ways to exchange currencies:

- **Bank Exchange:** Exchanging money at a bank before traveling.
- **Airport Exchange:** Using currency exchange kiosks at the airport (noting it might be more expensive).
- **Digital Money:** Using ATM cards for purchases in other countries or online, where the exchange rate is automatically applied (often with a small fee).

The chapter explains how exchange rates work with a simple calculation example (exchanging \$100 for €96 to find an exchange rate of 1.04 euros per dollar). It reiterates that exchange rates are not fixed and can change over time.

Finally, the chapter discusses the factors that cause changes in exchange rates:

- **Government Control:** In some cases, the government sets and adjusts the currency value.
- **Economic Factors:** The country's economy and the affordability of goods play a significant role.
- **Inflation:** Rising prices can decrease the value of a currency.
- **Money Supply:** An increase in the amount of money in circulation can sometimes lower its value.
- **Currency Flow:** The amount of money entering and leaving a country can affect its currency's value.

- **Demand for Currency:** Higher demand for a currency generally increases its value.

The chapter concludes by emphasizing that having the right currency enables international travel and online shopping. The "Project" challenges pupils to calculate the amount of US dollars they would get for £100 based on the current exchange rate.

In essence, Chapter Ten aims to:

- Introduce the concept of different currencies used around the world.
- Explain the process of currency exchange and its necessity for international travel and trade.
- Define and illustrate the concept of the exchange rate and its fluctuating nature.
- Provide practical ways to exchange currencies.
- Introduce basic factors that influence exchange rate changes.
- Encourage practical application of understanding exchange rates through a calculation project.

This chapter provides a foundational understanding of global economics and currency exchange, which is increasingly relevant in our interconnected world. The use of relatable examples and a practical project helps make this topic accessible and engaging for young learners.

Chapter Eleven: Making Future Investments

Chapter Eleven, "Making Future Investments," introduces young learners to the concept of growing their money beyond simply saving, focusing on the basics of investment

This chapter builds on the concept of saving by introducing investment as a way to put money somewhere with the expectation of getting more back in the future. It uses the analogy of planting a seed that grows over time to illustrate how invested money can increase.

The chapter introduces two basic forms of investment:

- **Shares:** Likened to owning a small piece of a company (using a restaurant as an example), where the investor benefits from the company's profits.
- **Bonds:** Compared to lending a friend something with a promise of getting it back with an extra item, bonds are presented as notes from companies or the government who borrow money and promise to repay it with interest.

The concept of self-investment (investing in one's skills through education or courses) is also briefly mentioned as a way to increase future earning potential.

The chapter emphasizes the importance of diversification – spreading investments across different options – using the analogy of not putting all snacks in one basket to mitigate risk.

Risk in investment is explained as the chance of not getting all the invested money back or even losing some. It's compared to playing games with varying levels of difficulty and potential rewards. Investing in stocks is presented as a riskier but potentially high-reward option, while safer investments typically offer lower returns. Two specific investment risks are mentioned: interest rate risk (affecting bonds) and currency risk (affecting foreign investments).

The chapter stresses that investments take time to grow, comparing it to the gradual growth of a tree from a seed. Patience is highlighted as a key element in successful investing.

The chapter concludes by encouraging children to share their new knowledge with their parents and friends and to continue making wise spending choices.

The "Project" encourages practical engagement by asking children to give their parents a saved amount (\$50) to invest in stocks, inquire about the risk level, and potential annual earnings.

In essence, Chapter Eleven aims to:

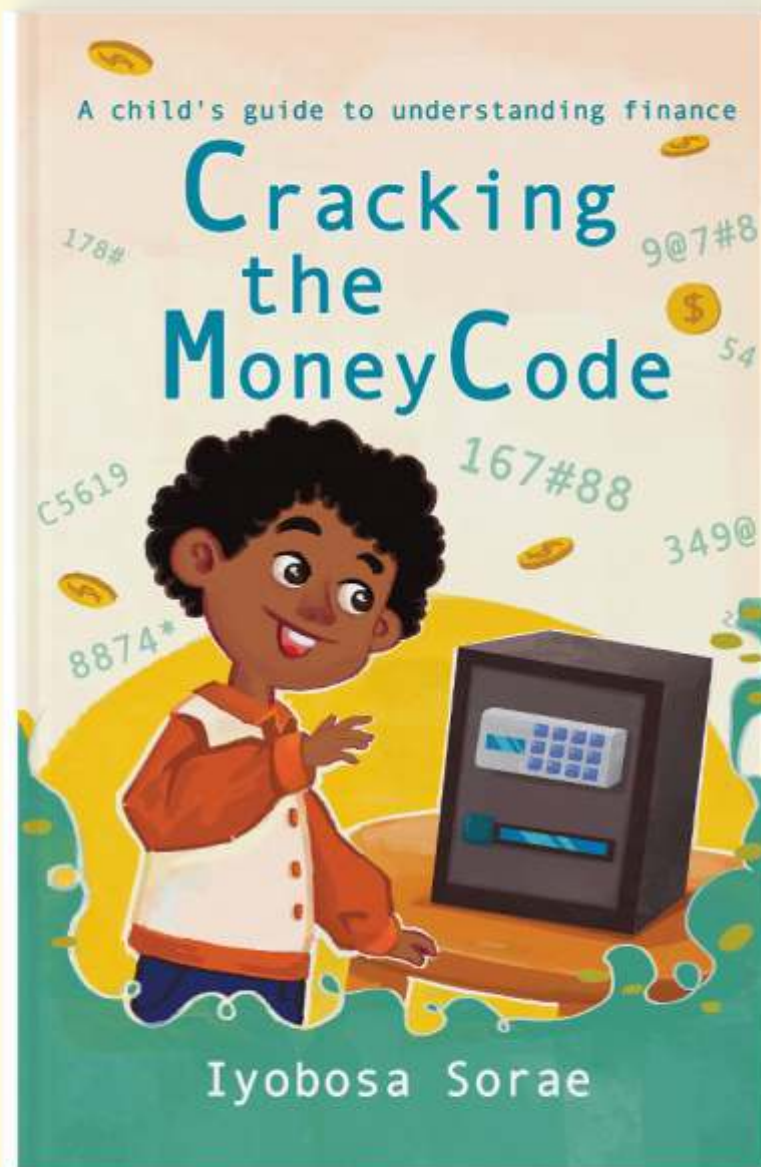
- Introduce the concept of investment as a way to grow money over time.
- Explain basic investment vehicles like shares and bonds in a simplified manner.
- Highlight the importance of diversification to manage risk.
- Introduce the concept of risk and return in investing.

- Emphasize the long-term nature of investments and the need for patience.
- Encourage practical learning by involving parents in a small investment.

This chapter provides a foundational understanding of wealth creation beyond saving, introducing key investment concepts in an age-appropriate and engaging way. The analogies and practical project help make these concepts more tangible for young learners.

This chapter provides a foundational understanding of global economics and currency exchange, which is increasingly relevant in our interconnected world. The use of relatable examples and a practical project helps make this topic accessible and engaging for young learners.

Thank YOU!



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