

LESSON PLAN

Financial Literacy in Social Sciences and Humanities - Family Studies

Social Sciences and Humanities: Parenting (HPC30)

Connections to Financial Literacy

Students develop an understanding of the many financial implications and decisions that people must consider when they become parents.

Curriculum Expectations

Personal and Social Responsibilities

- demonstrate an understanding of the need for preparation to become a parent

Preparation for Parenthood

- identify factors involved in deciding whether or not to become a parent (e.g., social pressures, cultural influences, personal maturity and values, economic stability)

Personal and Social Responsibilities

- describe the nature of and the responsibilities involved in parenting

Parenthood

- identify and describe the responsibilities parents have for children of different ages (e.g. meeting their needs, teaching them skills, encouraging their independence)

Learning Goals

By the end of this lesson, students will be able to:

- identify various financial responsibilities future parents must consider before making the decision to parent.
- describe these responsibilities in terms of financial considerations.

Sample Success Criterion

- I can calculate the costs of raising an infant for one year, using information provided.

Instructional Components and Context

Readiness

- Some previous discussions about the costs of parenting

Terminology

- Budgeting

Materials and Resources

- Markers and paper
- Calculators
- **Group #1: Budgeting For Baby**
- **Group #2: Parental Leave in Canada**
- **Group #3: Diapering Dilemma - Disposable or Cloth Diapers**
- **Group #4: The Cost of Child Care**
- **Group #5: A Case Study in Financial Planning**
- **Group #6: Shopping Decisions**, Sample items such as clothing, hygiene products, toys, equipment
- **Group #7: The Cost of Feeding an Infant**
- **Exit card**
- Apple

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Minds On

Connections

Whole Class → Questions and Individual Responses

As the teacher poses the following questions, students write their responses on a paper and hold it up.

- How much does it cost to raise a child from birth to 19 years of age? (*There are a range of estimates about the costs of raising a child. Many sources suggest that the cost is about \$200,000.*)
- If parents spend on average \$10,000 a year on a child, when might they spend more than this amount? (*for a child who has acute medical needs, at different developmental levels, etc.*)
- How important is financial planning when making the decision to parent – Really important, Important, or Not to be considered?

AOL Assessment for Learning
Assess students' understanding of the costs associated with parenthood.

Tip
Discuss the elements that could be counted when tabulating the cost of raising a child.

Action!

Connections

Small Groups → Case Studies

Distribute the case study envelopes.

The groups move to an area of the room where they can work on their task.

Tasks:

1. Budgeting for Baby

Students make choices about items that are needed for infants and calculate their costs.

2. Parental Leave

Students calculate the amounts that parents received on parental leave and think about how parents might decide which one of them should take parental leave.

3. Diapering Dilemma

Students calculate the costs of cloth and disposable diapers and consider the factors involved in deciding which type of diaper to use.

4. The Costs of Child Care

Students calculate the costs of different forms of child care at different stages of a child's development.

5. A Case Study in Financial Planning

Students examine a case study of a couple who need to reduce their debt in preparation for the birth of their child.

6. Shopping Decisions

Students develop criteria to support decision making about purchases for infants.

7. The Cost of Feeding an Infant

Students investigate the costs of breastfeeding and bottle feeding for one year. They consider factors that parents may use to make choices about whether to breast feed or bottle feed their infant.

AOL Assessment for Learning
Students receive support and feedback from their group members and teacher as they calculate the costs associated with raising an infant for a year.

 **Differentiated Instruction**
Groups can be pre-selected based on their comfort with completing relatively complex computation problems. Tasks are designed to reflect a range of complexity and challenge to meet the range of interests and abilities of students in the class.

Consolidation

Connections

Small Groups/Whole Group → Presentations

Each group elects two presenters – one to explain the task, one to explain to the rest of the class what they learned.

Invite students to comment and ask questions after each presentation.

Individual → Exit Cards

Students complete and exit card with their personal reflections about what they learned.

AOL Assessment of Learning
Assess students' understanding of the financial implications of raising an infant for one year, based on their exit cards.

Group #1: Budgeting For Baby

How much will it cost to raise a baby for a year?

- Decide how many of each item in the list you will need.
- Calculate the cost for each item, and calculate the total in each category. (Sample prices are based on average prices from various department stores.)
- Calculate the overall total and add HST to determine the final cost.

Nursery Items

You will need	Average Cost	Cost
___ crib(s)	\$100.00 each	
___ crib mattress(es)	\$45.00 each	
___ crib sheets	\$10.00 each	
___ crib blankets	\$15.00 each	
___ receiving blankets	\$3.00 each	
___ crib mobile	\$25.00 each	
___ crib activity centre	\$13.00 each	
___ change table	\$90.00 each	
___ changing table pad	\$12.00 each	
___ cradle or bassinette	\$90.00 each	
	TOTAL COST	

Diapering Needs (Remember you are buying for a year!)

You will need	Average Cost	Cost
___ disposable diapers (about 75/week or 320/month)	\$0.35 each (remember costs will vary with age of infant so this is an overall average)	
___ cloth diapers (even if disposables are used, cloth diapers are handy for burp/spit towels)	\$20.00 (dozen)	
___ boxes of baby wipes	\$2.97 each	
___ diaper bag	\$15.00 each	
___ diaper pail	\$17.95 each	
	TOTAL COST	

Health and Safety Items (Remember you are buying for a year!)

You will need	Average Cost	Cost
___ hairbrush and comb	\$6.87 each	
___ digital thermometer	\$10.27 each	
___ humidifier/vaporizer	\$35.42 each	
___ toothbrush	\$0.89 each	
___ stairway gate	\$19.99 each	
___ baby monitor	\$35.00 each	
___ drawer latches/outlet plug covers	\$0.20 each	
___ baby bathtub	\$39.00 each	
___ baby washcloths (make sure you have enough when you haven't had time to do laundry!)	\$5.98 (pkg of 3)	
___ faucet protector (so baby doesn't get injured by the faucet in the bath)	\$2.98 each	
___ hooded towel(s)	\$12.00 each	
___ baby soap	\$2.77 each	
___ baby lotion	\$2.81 each	
___ baby powder	\$3.98 each	
___ diaper rash ointment	\$6.98 each	
___ boxes of laundry detergent for baby clothes	\$8.79 each	
	TOTAL COST	

Feeding Baby (Remember, you are buying for a year!)

If you plan on breast-feeding the baby:

You will need	Average Cost	Cost
___ breast pump(s) if you plan on nursing while you are at school or working	\$24.98 each	
___ nursing pad(s) – (about 3-4 day)	\$0.58 each	
___ nursing bras – you will need extras because of how quickly they need to be laundered	\$29.95 each	
___ pacifiers	\$3.88 each	
	TOTAL COST	

**Feeding Baby (Remember, you are buying for a year!)
If you plan on formula feeding the baby:**

You will need	Average Cost	Cost
___ cans of formula – about 7-8/week or 32/month	\$12.00 each	
___ 4 oz. bottles	\$1.29 each	
___ 8 oz. bottles	\$1.85 each	
___ nipples for bottles	\$0.98 each	
___ bottle brush	\$2.00 each	
	TOTAL COST	

Baby will start on solid food at about 6 months

You will need	Average Cost	Cost
___ boxes of cereal	\$3.98 each	
___ jars of baby food – average 2/day	\$0.99 each	
	TOTAL COST	

Clothing (Remember you are buying for a year!)

You will need	Average Cost	Cost
___ sleepers	\$7.98 each	
___ hats	\$2.78 each	
___ socks/footwear	\$4.98 each	
___ sweaters/hoodies	\$12.00 each	
___ warm suits	\$18.00 each	
___ shirts	\$6.45 each	
___ pants	\$9.18 each	
___ other outfits	\$15.00 each	
	TOTAL COST	

Other Items (Remember you are buying for a year!)

You will need	Average Cost	Cost
___ infant car seat	\$55.00 each	
___ toddler car seat	\$99.00 each	
___ high chair	\$47.00 each	
___ childproof plates and bowls	\$3.95 each	
___ infant spoons	\$0.99 each	
___ cloth bibs	\$2.75 each	
___ no spill cups	\$2.50 each	
___ carrier	\$45.00 each	
___ stroller	\$89.00 each	
___ exer-saucer	\$99.00 each	
___ small toys/books	\$8.00 each	
___ playpen	\$75.00 each	
	TOTAL COST	

This is a BRIEF insight into the costs of having a baby. You might not need all of the items listed, but this is a recommended list.

Now calculate the total costs and add the HST.

Nursery	
Diapering	
Health and Safety	
Feeding	
Clothing	
Other	
Total	
HST	
GRAND TOTAL	

Group #2: Parental Leave in Canada

According to the Canadian Institute for Health Information (Giving Birth in Canada, The Costs), maternal and parental leave policies have existed over the last century and were originally put in place to protect the physical well-being of working women and their babies after childbirth. (Such policies currently exist in over 120 nations!)

The birth of a new child brings with it many stresses and transitions for parents. Experts suggest adjusting to the world of parenthood can be made smoother when parents take time from work to be with their babies. Naturally babies benefit from the consistent relationship, too.

In Canada, federal maternity benefits are payable to the birth mother or surrogate mother for a maximum of 15 weeks. Parental benefits are paid to the biological or adoptive parents for up to a maximum of 35 weeks. This can be claimed by one parent or shared between both parents.

To qualify for these leaves, parents must have worked for 600 hours in the past 52 weeks or since the last previous employment insurance claim. The rate of this taxable benefit is 55% of a person's average insured earnings up to a maximum of \$413 per week.

Imagine that you and your partner are considering asking for parental leave. You will share the 35 weeks and know that only 55% of your normal earnings will be available. Both of you earn the same amount - \$65,000 per year.

- a. On average what is your monthly salary? What is your weekly salary?
- b. With parental leave benefits, you will receive 55% of your earnings. What will be your weekly earnings while on parental leave?
- c. What changes might a couple have to make in their lifestyle if one of the salaries they normally receive is reduced by half? Consider especially that this is a time when their expenses may go up because of the addition of the baby to the family.

If you earn \$85,000 per year and your partner earns \$65,000 per year, who should take parental leave? Does it matter?

Self-employed individuals are not eligible for parental leave. However, they can pay into Employment Insurance in order to be eligible for parental leave. Why might one partner decide to do this? What are some other options for people who have their own businesses and have babies?

In Sweden parental leaves are a maximum of 480 days (almost 69 weeks) of which 390 of these days are covered at 80% of the previous salary up to a maximum amount. These days can be used from the child's birth until his or her eighth birthday. What are the advantages and disadvantages of this system?

You may find this a beneficial website to explore this topic further: http://www.servicecanada.gc.ca/eng/ei/types/maternity_parental.shtml#much

Group #3: Diapering Dilemma - Disposable or Cloth Diapers

When deciding whether to use cloth or disposable diapers, parents need to consider their values, their lifestyle, and their finances.

Cost of Disposable Diapers

Using the information below, calculate the cost of disposable diapers for a year. The information is based on two of the most popular brands.

First two weeks

Newborn diapers come in a package of 48 diapers at a cost of \$16.23. What is the cost for one newborn diaper?

The average number of changes for a newborn is 12 – 16 times a day for the first 2 weeks.

Calculate the number of diapers used in the first 2 weeks and the cost.

_____ @ _____ (cost /diaper) = \$ _____ (1)

0-3 months

Slightly bigger babies use the infant #1 size which are sold in a package of 104 diapers. If the average cost is \$0.22 per diaper and on average, a baby requires 10 -12 changes per day for the first 3 months, how much money would be spent for this time? \$ _____ (2)

3-6 months

The Infant #2 package is for 12 – 18 lb babies. The package contains 88 diapers at a per diaper cost of \$0.26. On average, a baby 3 – 6 months requires 10-12 changes a day. How many diapers would be used over the 3 month period? _____ What would be the cost? \$ _____ (3)

6-9 months

The Infant #3 package is for babies who are 16 -18 lb. The package contains 96 diapers at an average cost of \$0.32 per diaper. If a 6-9 month-old baby requires 8 -10 changes per day, how many diapers would be used over this 3-month period? _____. What would be the cost? \$ _____ (4)

9-12 months

The Infant #4 package is for babies who are 22 -27 lb. The package contains 64 diapers at an average cost of \$0.37 per diaper. If a 9 -12 month-old baby requires 8 changes per day, how many diapers would be needed? _____ What would be the cost? \$ _____ (5)

What is the estimated cost for a baby from infant to being trained?

(1) _____

(2) _____

(3) _____

(4) _____

(5) _____

TOTAL _____

So what about cloth diapers?

There is the initial cost for cloth diapers and you probably need about 36 diapers. The cost would be about \$6.50 per diaper. After purchasing the diapers, the only real cost is for washing them. Consumer reports estimate that the most inefficient washer and dryer system costs about \$0.80 per load to launder, whereas more efficient models cost about \$0.45. So, if you wash the diapers three times per week, on average how much will this cost for a week \$ _____, a month \$ _____ and a year? \$ _____

In addition to the cost of buying and laundering the diapers, what other factors do parents need to consider when they are deciding whether to use cloth or disposable diapers for their baby?

Group #4: The Cost of Child Care

Compare the average cost of child care for each developmental stage for one week, one month, and one year. One source of information that you could consider is www.canadianparents.com/article/child-care-costs-across-canada.

The average costs in the chart are per day. Assume a 5-day work week. Use Ontario figures. Assume 4 weeks per month and 49 weeks per year (to allow for holidays).

Infant

	Ave. cost/day	Ave. cost/week	Ave. cost/month	Ave. cost/year
Day care				
Home care				

Toddler

	Ave. cost/day	Ave. cost/week	Ave. cost/month	Ave. cost/year
Day care				
Home care				

Preschooler

	Ave. cost/day	Ave. cost/week	Ave. cost/month	Ave. cost/year
Day care				
Home care				

School age

	Ave. cost/day	Ave. cost/week	Ave. cost/month	Ave. cost/year
Day care				
Home care				

Questions for Reflection and Discussion

- Some day care centres offer a sibling or additional child discount. Imagine that you have a three-year old child and an eighteen-month-old child. The centre agrees to give you a \$15 discount per day. Calculate your day care expenses for the two children for one week, one month, and one year. Assume you live in Ontario.
- Which province has the highest/lowest costs for child care?

	Province with highest child care cost/amount	Province with lowest child care cost/amount
Infant		
Toddler		
Preschooler		
School Age		

What might account for these variations?

- We have only compared costs in this activity. What additional considerations need to be made in choosing child care?
- What conclusions can you make about the cost of child care in Canada?

Group #5: A Case Study in Financial Planning

Jocelyn and John have been trying to have a baby for the last six years. They just found out that Jocelyn is pregnant and are very excited. They are now seriously looking at their budget, as their combined student loans have left them with some unwanted debt. They need to work on reducing their debt load before the baby is born. Jocelyn is 8 weeks pregnant so they figure they have 5 or 6 months to concentrate on reducing their debt.

Jocelyn and John have made a list of their expenses and their income and are looking for help. Jocelyn works for a small company and earns a good salary with bonuses. John works freelance doing computer consulting. His income varies depending on his contracts.

They rent a small house in the town of St. Jacobs, just north of Waterloo, where they both work. They would like to purchase a home, but are worried about the cost of a mortgage combined with the costs of a new baby. Parental leave is another issue to consider. They must decide which of them will take parental leave to look after the baby, knowing that there will be a significant reduction in their family's income. The homes they would really like to buy are selling for around \$600,000 but they may be able to find a small one in the \$300,000 range. They would likely look at spreading a mortgage over 25 years. Taxes would be about \$300 per month.

They have two cars and pay car loans on both. Both cars are small so they are looking at replacing John's car with a larger one that could accommodate a car seat more easily. Jocelyn has a small car for fuel efficiency as she does a fair amount of local travel in her job.

In her free time, Jocelyn rides horses at a farm near their home. She is concerned she won't have time for the horse once the baby comes. John's hobby is wood working. He makes furniture which he gives to family and friends.

They have nothing for a baby and must consider what they need to buy, if they can borrow some of what they need from family or friends whose children have grown, or where they can get it. They are feeling overjoyed and overwhelmed at the same time.

Jocelyn earns about \$80,000 per year with an annual bonus of approximately \$20,000. John earns an average of approximately \$60,000 per year. These figures represent their gross salaries.

The figures below summarize Jocelyn and John's earnings and expenses per month (not including Jocelyn's bonus).

Description	Jocelyn	John	Total
Employment (net)	\$4,857	\$3,740	\$8,597
Savings			\$1,000
Car payment	\$300	\$200	\$500
Credit Card	\$500	\$200	\$700
Cable			\$200
Internet			\$50
Cell phone	n/a company pays	\$70	\$70
Electricity			\$150
Gas/water heater			\$150
Entertainment including meals out			\$200
Food			\$450
Gifts			\$300
Clothing	\$100	\$50	\$150
Laundry			\$35
Insurance – house			\$70
Fuel for car	\$500	\$200	\$700
Car maintenance and Insurance	\$200	\$100	\$300
Personal care items	\$100	\$50	\$150
Hobbies/memberships	\$300	\$150	\$450

Questions for Reflection

Imagine that you are part of Jocelyn and John's financial planning team. How would you answer these questions based on the information that Jocelyn and John have provided?

1. Are there expenses that can be reduced? What suggestions can you make?
2. What items are they missing from the budget?
3. How can they reduce their debt?
4. Based on the information they have provided, who do you think would be in the best position to take parental leave? Or should they share? (In Canada, parental benefits are paid to the biological or adoptive parents for up to 35 weeks. This can be claimed by one parent or shared. To qualify, parents must have worked for 600 hours in the past 52 weeks or since the last previous employment insurance claim. The rate of this taxable benefit is 55% of a person's average insured earnings up to a maximum of \$413 per week. Self-employed individuals are not eligible.)
5. Do Jocelyn and John have enough money to pay for their expenses? Do they have anything left over? How much would you recommend that they set aside to prepare for parenthood?
6. What recommendations do you have to make regarding the possible purchase of a new house?

Group #6: Shopping Decisions

Parenting involves being a smart consumer and making wise shopping decisions.

Comparison shopping requires careful evaluation of specific criteria in order to make good choices.

For each of the groups of items that an infant might need (e.g., toys, clothes, hygiene items, equipment) determine buying criteria as if you were a new parent. Which item would you buy and why? What criteria did you use to determine your choice?

Item:	Item:
Criteria:	Criteria:
Final Choice:	Final Choice:
Reasoning:	Reasoning:

For each of the groups of items decide your first choice, second choice, third choice, and last choice. Be prepared to clearly defend your reasons for your rating.

Additional Consideration

What other options might you consider to acquire items that you need for a baby? Discuss the pros and cons of different approaches such as shopping at a second hand store and asking friends or family members for used items that their children have outgrown.

Group #7: The Cost of Feeding an Infant

There are benefits and drawbacks to different ways of feeding an infant. There are health, emotional, and economic factors to consider. For this task, examine the estimated cost of feeding an infant for 12 months and reflect on the factors that might affect decisions to breast feed or use different types of baby formula.

The Estimated Cost of Feeding an Infant for 12 Months

Type of Feeding	Approximate Cost
Exclusive Breastfeeding: Additional food for mother to meet the need for an additional 300-400 calories	\$1.50 per day
Exclusive Formula Feeding: Iron-fortified cow's milk-based powder	\$12 per can – approximately 8 cans are needed per week
Concentrated liquid	\$13 per bottle – approximately 8 bottles are needed per week
Ready-to-feed	\$3.50 per 250 ml bottle – approximately 40 bottles are needed per week.

As a budgeting advisor, determine the costs for one week, one month, and a year for each of the methods recommended above.

	Weekly	Monthly	One Year
Exclusive Breastfeeding: Additional food for mother to meet the need for an additional 300-400 calories			
Exclusive Formula Feeding: Iron-fortified cow's milk-based - powder			
Exclusive Formula Feeding: Iron-fortified cow's milk-based - concentrated liquid			
Exclusive Formula Feeding: Iron-fortified cow's milk-based - Ready-to-feed			

Why might parents decide to buy the ready-to-feed formula rather than the concentrated liquid or powder for which water has to be added?

3-2-1 Exit!

Write 3 things you heard today that confirmed what you already knew:

- 1.
- 2.
- 3.

Write 2 things you learned today that are new:

- 1.
- 2.

Write 1 question you have as a result of today's class:

- 1.

Name: _____

3-2-1 Exit!

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