

Advantages and Pitfalls of Using Cash and Prepaid Cards

SUBJECT(S): Personal Finance

GRADE LEVEL(S): 9, 10, 11, 12

≡ **NBEA STANDARD(S):**

- Personal Finance, I. Personal Decision Making
- Personal Finance, III. Managing Finances and Budgeting
- Personal Finance, V. Buying Goods and Services
- Personal Finance, VI. Banking and Financial Institutions

≡ **RELATED ARTICLES:**

- [“Where Do You Stand on the Cash Debate?”](#)
- [“Educator Toolkit: Cold, Hard Cash”](#)

TOPIC/COMPETENCY: Spending and Saving

Jump\$tart National Standard:

Planning and Money Management, Standard 3

LESSON TITLE: Advantages and Pitfalls of Using Cash and Prepaid Cards

ESTIMATED TIME: 50 minutes

MATERIALS NEEDED: Internet access, computer, mobile device, projector to display the Kahoot quiz, [guided notes](#)

KEY VOCABULARY/TERMS: cash budget, prepaid cards, closed-system prepaid card, open-system prepaid card, gift card, envelope system, fees,

WHY THIS MATTERS TO YOU NOW: For some students, the temptation of using a credit card to overspend is too much. An alternative would be to use prepaid cards or a cash budgeting system. There are both benefits and pitfalls to these methods of spending and budgeting.

Motivational activity –

Distribute the guided notes for the article [Cards, Cards and More Cards: The Evolution to Prepaid Cards](#) from the St. Louis Federal Reserve Bank and [Dave Ramsey's Envelope System](#). Give students time to read the articles and take the appropriate guided notes.

Comprehension –

Facilitate a Think-Pair-Share activity for students to discuss the benefits and pitfalls of using prepaid cards and cash. Have small groups think about the articles they just read and discuss the benefits and pitfalls of using prepaid cards. After 5 minutes, have the groups report the top benefit and top pitfall of both prepaid cards and cash to the rest of the class. These should be recorded in some manner and displayed for the students.

Practice –

Have students practice coming up with what their envelope categories and amounts would be right now if they had various levels of income per month (\$20, \$50, \$100, or more).

Apply / Assessment –

After students have worked on their envelopes and categories, facilitate a friendly competition using Kahoot (<https://play.kahoot.it/#/k/afe2f62f-c1be-40b5-93dc-626e57d6edd8>). Students may work individually or in groups to compete. The faster they respond to a question, the more points they earn. A leader board will be displayed after each question has been completed.