



## WHAT'S INSIDE

- Read the story of a trendy toy's rise and fall. See pages 2 and 3.
- What's the next hot toy trend? Read expert predictions on page 4.
- Make the most of your gift cards.
- Get Jean Chatzky's expert advice.



*a note from Jean*

Dear Teachers,

*As a parent, I've been on the receiving end of pleas from my children to buy one hot toy or another as prices started to soar. It's frustrating. And I'm sure you hear the same sentiments in your classroom, as some children get these trendy items and others don't. That's why this month, we decided to explore the rise and fall of Rainbow Loom, a toy your students no doubt remember. Our hope is that the cover story will lead to discussions about value, the wisdom of following crowds, and what it means for something to be "worth it."*

*Wishing you a happy, healthy holiday season,*

Jean



# YOUR \$

FINANCIAL LITERACY FOR KIDS

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**From the Editor:** Thanks to the PwC Charitable Foundation, TIME for Kids is pleased to offer teachers, students, and their families a monthly financial-literacy magazine. —**Andrea Delbanco, Editorial Director, TIME Education**

## Teaching the cover story TOY STORY

### SUMMARY

The cover story traces the rise in popularity of a hot toy and the factors that led to its decrease in popularity.

### TEACHING TIPS

#### Before Reading

##### Make Connections

- Ask: What toy did you absolutely have to own when you were younger? Why did you want it? Is it still popular today?

#### Build Comprehension

##### Read for Details

- Read the story with your class. Ask: What factors fueled Rainbow Loom's popularity? (*online buzz, word-of-mouth, the right mix of supply and demand*) How were online buzz and word-of-mouth generated? (*Videos of Ng's daughters weaving bracelets went viral. Stores offered bracelet-making classes.*) What caused the craze to collapse? (*Copycats entered the market.*)

#### Build Vocabulary

##### Define Words in Context

- Read the definition of *supply and demand* aloud. Then read the paragraphs that describe how this economic principle works. Ask: Why

might people pay more for a popular product when supply is low? Why do prices fall when demand decreases?

### Start a Discussion

#### Critical Thinking

- Point out the last paragraph of the second section, in which the author warns the reader to "think twice about begging your parents to pay a lot for a hot toy!" Discuss: Do you think this is good advice? Why or why not? Who decides the value of a product: store owners or consumers? Explain.

### Extend Learning

#### Identify Cause-Effect

- Tell students to underline two principles of supply and demand in the last section of the story: 1) When demand for a toy skyrockets and supply doesn't keep up, the price can double or even triple; 2) if supply increases or demand decreases, the price can fall. Have students create charts illustrating these two principles. Ask: How does Rainbow Loom illustrate the first principle of supply and demand? (*As demand for Rainbow Loom increased, the price rose from \$15 to \$20 and as high as \$60.*) How does it illustrate the second principle? (*Supply increased when copycat looms entered the market. The craze began to fade so demand decreased, and the price fell to \$9.95.*)

**FINANCIAL-LITERACY STANDARDS ADDRESSED**  
**Grades K-12**  
II. Buying Goods and Services

#### COMMON CORE STATE STANDARDS ADDRESSED

**Grade 5** RI.5.1, RI.5.4, RI.5.10, W.5.2, SL.5.1

**Grade 6** RI.6.1, RI.6.4, RI.6.10, W.6.2, SL.6.1

## Teaching the story FAD OF THE FUTURE?

**YOUR\$**

**FAD OF THE FUTURE?** Remember Christmas, last year's holiday must-have? The classic pink piggy banks... **Tip-In Toys** What's your favorite toy these days? **Gift Cards** The popularity of gift cards is soaring... **Ask Jean:** Why do we say that we own a home when we are making monthly payments?

### TEACHING TIPS

Use these tips to support close reading of the story “Fad of the Future?” on page 4.

### Before Reading Make Connections

- Ask: Which products are popular with your friends? Why are these products so popular? How did you hear about them?

### Make Predictions

- Provide students with toy-store flyers. Ask pairs of them to share which toy they think could take off in popularity this holiday season and to give at least one reason.

### Build Comprehension Draw Conclusions

- Have the student pairs read the story and discuss whether or not they agree with the toy experts’ predictions. Were the students’ pre-reading predictions consistent with the experts’ predictions?

### Critical Thinking

- Ask: Why do parents like science and tech toys, according to the article?

Do you think Rainbow Loom (from the cover story on pages 2 and 3) is a toy that parents would like? Why or why not?

### Extend Learning Write a Speech

- Challenge students to write a two-minute speech aimed at getting kids to rethink spending money on a fad toy like the ones highlighted on page 4. Tell them to use evidence from the cover story on pages 2 and 3 to support their argument.

### Do Research

- Have pairs of students research a past fad like Furbies, Rubik’s Cube, Tamagotchi, or Cabbage Patch dolls. Challenge them to do research to discover what made the toy popular and why it ultimately fizzled. Invite them to report their findings to the class.

## School / Home CONNECTION



Share these tips with your students’ families.

- Suggest that students and parents work together to set limits on purchases of fad products. They might consider, for instance, waiting an agreed-upon amount of time before purchasing a fad product. This gives students a chance to see if either the price or their desire for the product decreases. Send home the worksheet on page 4 of the Teacher’s Guide.
- Have students share the article “Get Smart About Gift Cards!” on page 4 with a parent to talk about which strategies would work best for their family. Is there a strategy they could try out right away?
- Tell students to share the Ask Jean feature on page 4 with a parent. Then examine an amortization schedule online to see how the equity on a 30-year mortgage builds over time. Go to [bankrate.com/calculators/mortgages/amortization-calculator.aspx](http://bankrate.com/calculators/mortgages/amortization-calculator.aspx).

## ADDITIONAL RESOURCES

[councilforeconed.org/standards](http://councilforeconed.org/standards)

Visit for free teaching resources and to download the K–12 national standards for financial literacy.

[ducksters.com/money/supply\\_and\\_demand.php](http://ducksters.com/money/supply_and_demand.php)

Visit the Ducksters education site for a more in-depth explanation, complete with charts, of how the principle of supply and demand works.

## ANSWER KEY FOR WORKSHEETS

**Rise and Fall of a Hot Toy 1.** The company would stop making certain Beansies, creating a shortage. Collectors still wanted to buy them, creating high demand. / Answers may include the following: online buzz created by the video, word-of-mouth from friends or people who had taken classes at stores, and the right combination of supply and demand. **2.** Prices rose. Customers competed for a short supply of toys and will pay more to get what they want. **3.** high supply / Copycat looms entered the market. **4.–5.** Answers will vary. **What Do You Want? 1.–6.** Answers will vary.

**FINANCIAL-LITERACY STANDARDS ADDRESSED**  
Grades K–12 II. Buying Goods and Services

**COMMON CORE STATE STANDARDS ADDRESSED**

**Grade 5** RI.5.7, RI.5.8, W.5.7, SL.5.1, SL.5.4

**Grade 6** RI.6.7, RI.6.8, W.6.7, SL.6.1, SL.6.4

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# The Rise and Fall of a Hot Toy

Read “The Rise and Fall of a Hot Toy,” about Rainbow Loom, along with the passage below about Beanie Babies. Use information from both articles to compare details about the rise and fall in popularity of the two trendy toys.

## The Beanie Baby Craze

Small stuffed animals called Beanie Babies became wildly popular in the late 1990s. Most were inexpensive. The plush toys—with names like Happy the Hippo, Inky the Octopus, and Sly the Fox—cost about \$5 each. Children and adults rushed to collect them all.

But the toymakers often stopped production of a particular Beanie suddenly. This created high demand and low supply. The price of the discontinued stuffed animal rose sharply. Collectors were willing to pay sky-high prices to get their hands on the discontinued Beanie. They would do whatever it took to complete their collection.

Take, for instance, the story of Stripes the Dark Tiger. It sold for \$5 when it arrived in stores in 1995. In 1998, after making 50,000 of the stuffed tigers, the toy company stopped producing them. Suddenly, the price that collectors would pay for one began to increase. In 1998, a Stripes tiger was worth an estimated \$250. Ten years later, it was worth \$1,000.

Eventually, demand for a Stripes—and all Beanie Babies—decreased as people lost interest. Today, a Stripes toy sells for \$9.95. The toymaker now sells collectible Beanie Boos for a similarly low price.

1. What is one factor that increased demand for Beanie Babies? \_\_\_\_\_

\_\_\_\_\_

What is one factor that increased demand for Rainbow Loom? \_\_\_\_\_

\_\_\_\_\_

2. What was the effect of high demand and low supply on the price of the two toys? \_\_\_\_\_

Why do you think high demand and low supply affects prices in this way? \_\_\_\_\_

\_\_\_\_\_

3. Which contributed to Rainbow Loom’s decline in popularity: low supply or high supply? Explain. \_\_\_\_\_

\_\_\_\_\_

4. What lesson can you learn from the two stories about buying trendy toys? \_\_\_\_\_

\_\_\_\_\_

5. Would you think twice about paying extra money for a trendy product after reading about Rainbow Loom and Beanie Babies? Why or why not? \_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_  
Your name

\_\_\_\_\_  
Date



# What Do You Want?

We all have wants and needs. Needs are things we must have in order to live, such as food and water. Wants are things we enjoy but do not require, such as a skateboard or video game. Think about your biggest wants and their worth by completing the activity below.

1. Make a list of six products you want but don't need.

_____	_____
_____	_____
_____	_____

2. Choose the product from the list that you would most like to own. Circle it.

3. Why do you want that product in particular? Explain. \_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

4. How much does the product cost? \_\_\_\_\_

Is there a cheaper but comparable item you could buy instead? Explain. \_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

5. Do you think the price of the product will go up or down in the future? Explain. \_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

6. Do you think you'll still want the product one month from now? Explain. \_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

Do you think it's a good idea to wait several weeks before buying a fad toy or product? Explain your answer on the back of this page.

**Try It!** Use the chart to track the price of a fad product and your desire for it over time.

Week	Price	How I Feel About the Product
1		
2		
3		
4		
5		