



## Inflation & Your Money | Lesson Plan

How does inflation impact daily life and long-term financial well-being, and what strategies can be used to protect against its effects?"

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Students will understand what inflation is, its causes, its impact on purchasing power, and how to mitigate its effects on personal finances.

### Learning Objectives:

- Define what inflation is and distinguish between different types of inflation.
- Identify the causes of inflation and understand how it affects the economy and personal financial decisions.
- Explain how inflation impacts savings, investments, and purchasing power.
- Illustrate strategies to protect against the negative effects of inflation.

### Key Vocabulary:

- **Inflation:** The rate at which the general level of prices for goods and services rises, eroding purchasing power.
- **Purchasing Power:** The value of a currency expressed in terms of the amount of goods or services that one unit of money can buy.
- **Monetary Inflation:** Inflation caused by an increase in the money supply.
- **Non-monetary Inflation:** Inflation resulting from external events that cause temporary price increases.
- **Fiat Money:** Currency that has no intrinsic value and is not backed by a physical commodity but is established as money by government regulation.

**Educational Standards:** CCRA.L.1, CCRA.L.2, CCRA.L.4, CCRA.SL.1, CCRA.SL.2

**Academic Subject Areas:** Financial Literacy, Life Skills, Economics

### What You'll Need

- Video: *Cash Course: Inflation & Your Money* (Watch [Here](#))
- Worksheet: *Cash Course: Inflation & Your Money* (Click [Here](#))

### Lesson Plan (45 minutes)

Warm Up: (15 minutes)

1. Present a scenario to the class: Imagine you go to buy your favorite snack with \$5 cash, but you find out that it now costs \$7. How would that make you feel? What do you think has changed?
2. Lead a discussion on the concept of money losing value over time (inflation). Introduce the idea that inflation makes things more expensive and reduces purchasing power.

Scan to watch episode:



- Write several examples of the cost change of everyday items on the board to help illustrate the change in prices over time. Use real-world examples, such as historical prices of everyday items (e.g., movie tickets, groceries), to illustrate how inflation affects purchasing power over time. Here are some examples:

Year	Cup of Coffee	Home Price (median)	New Car	Gallon of Gas
1998	\$1.25	\$151,000	\$17,200	\$1.06
2008	\$1.89	\$232,000	\$28,350	\$3.27
2018	\$2.99	\$327,000	\$35,285	\$2.73
2023	\$4.90	\$416,000	\$48,008	\$3.69

- Briefly introduce and discuss key terms: Inflation, Purchasing Power, Monetary Inflation, Non-monetary Inflation, and Fiat Money. Discuss definitions and provide simple examples so students can understand the new terms.
- Explain that today's lesson will explore what inflation is, what causes it, and how it affects personal finances in an easy-to-understand *Cash Course* video.

Watch and Complete: (20 minutes)

- Briefly explain the "Cash Course: Inflation & Your Money Worksheet," letting students know that they will fill it out after watching the video (It is recommended that it is distributed after the video.)
- Watch the *Cash Course: Inflation & Your Money* video in its entirety. Encourage students to focus on the key concepts as they watch.
- Pause the video at key points to discuss:
  - What inflation is and how it works.
  - The difference between monetary and non-monetary inflation.
  - Historical examples of inflation and its impact on economies.
  - Ways to protect oneself from inflation.
- After watching the video, have students complete the worksheet either individually or in pairs.

Wrap-Up: (10 minutes)

- Review the worksheet answers as a class or collect them for assessment.
- Allow students to ask questions about anything they do not understand.
- Reinforce the importance of understanding inflation and how it affects financial decision-making. Discuss strategies for protecting against inflation, such as investing in assets that typically outpace inflation (e.g., real estate, stocks, precious metals).
- Conclude by encouraging students to think about how they can apply what they've learned about inflation to their future financial planning and decision-making.

### Extension Activity:

For an extension activity, students can research and analyze how inflation has impacted the prices of specific goods or services over time, such as groceries, technology, or housing. Ask them to gather historical price data from different years, calculate the rate of inflation, and present their findings in a format of their choice (e.g., poster, PowerPoint, or report). The activity can culminate in a reflection on how inflation affects purchasing power and personal financial decisions, encouraging students to apply their knowledge to real-world examples. This project fosters independent research, critical thinking, and a deeper understanding of inflation's relevance.

### **Don't have time for the full lesson? Quick Activity (15 minutes)**

Distribute the worksheet and allow students to complete it while they follow along with the video.