

## Kermit the Hermit

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### Description:

This lesson will examine spending and saving decisions related to the book, *Kermit the Hermit*, a crab who wished to repay a poor boy's kindness but couldn't figure out how.

### Personal Finance Concepts:

Spending, saving, income, interest

### Related Subject Areas:

Language arts (rhyming)

### Instructional Objectives:

Students will be able to:

- Define spending as the use of income to buy goods and services currently.
- Define saving as the use of income to buy goods and services in the future.
- Choose a saving method offering the greatest security and explain their choice.

### Time Required:

One hour

### Materials Required:

- Copy of *Hermit the Kermit*
- Copy of Activity 1, "If I Had Ten Dollars," for each student
- Copy of Activity 2, "Smart Saving," for each student

### Procedure:

1. Ask students what they would do if they were suddenly presented with \$10. Take suggestions from various students, recording examples of saving and spending.
2. Explain you will read a story, *Kermit the Hermit*, about a crab who wished to repay a poor boy's kindness but couldn't figure out how to do it.
3. Explain that you will read a poem about the story and will stop to wait for students to fill in the right word at the end of each stanza.

Kermit the crab had a rock castle  
with so much junk, getting in was a \_\_\_\_\_. (*hassle*)

One day a dog tried to put him in sand,  
but a boy came along to lend Kermit a \_\_\_\_\_. (*hand*)

Kermit was grateful and wanted to pay  
the boy back for giving him another \_\_\_\_\_. (*day*)  
He had an idea, he had a strong wish  
to help the boy catch just one big \_\_\_\_\_. (*fish*)

But the fish dragged poor Kermit along on the line  
to a place that was creepy, not a good \_\_\_\_\_. (*sign*)  
The blue shark went after Kermit with zest.  
So Kermit squeezed into an old pirate's \_\_\_\_\_. (*chest*)

Inside the old chest it was so dark and cold,  
But Kermit was happy because he found \_\_\_\_\_. (*gold*)  
Gold was a suitable gift for a boy  
who could spend it on clothes, a new bike, and a \_\_\_\_\_. (*toy*)

But which of the boys was the one who was kind  
and saved him from the dog who had grabbed his \_\_\_\_\_? (*behind*)  
A pelican helped, and just as they planned,  
they flew onto shore and over the \_\_\_\_\_. (*land*)

They found a red house and a payment was made  
to the boy who helped Kermit when he was \_\_\_\_\_. (*afraid*)  
The family came out and looked up from the yard.  
Do you remember what they bought with Kermit's \_\_\_\_\_? (*reward*)

4. Ask the following questions:

- a. What did the family buy with the gold? (*They spent some on a TV set, toys, dolls, and bikes.*)
- b. What did the father do with the money they didn't spend? (*He saved it.*)
- c. Why did the father save some of the money? (*He knew he wouldn't have money come to him this way again and he could use the money to buy goods and services in the future.*)
- d. What would you do if you suddenly received some unexpected money? (*Answers will vary.*)

5. Finish the poem by reciting the final two stanzas, as follows:

Spending money is a way  
to get the things you want today.  
Sometimes saving is very tough,

but it helps get your future stuff.

6. Ask students to interpret what the last two stanzas mean. (**Spending** is the use of income to buy goods and services currently. **Saving** is the use of income to buy goods and services in the future.)
7. Explain that people can earn money, which is called **income**, or they can get it as a gift, which is unearned income. Whether as income or gift, when people receive money, they have many decisions to make. They can either spend all of it, save all of it, or spend some and save some. If they choose to spend all or some of their money, they have to decide what they want most.
8. Explain that when people decide to save some of their money, they have two important decisions to make about where it should be saved. First, they must decide where it will be most safe. However, safety isn't the only issue. The second important consideration is putting the money in a place where the saver receives interest. **Interest** is the payment someone receives for keeping money in a savings account.
9. Give each student a copy of "If I Had Ten Dollars" and instruct him/her to fill in the correct rhyming words from the word bank. (toy-boy, bike-like, kite-light, rest-best, book-crook, do-you)

### Closure:

Explain that in this lesson, students heard about Kermit the crab who wished to pay back a boy's generosity. Ask the following questions:

1. How did Kermit pay the boy back? (*Kermit paid the boy back with gold pieces.*)
2. How did the boy's father use the gold pieces? (*He spent some of it and he saved some of it.*)
3. What is it called when someone uses income to buy goods and services currently? (*spending*)
4. What is it called when someone uses income to buy goods and services in the future? (*saving*)
5. What payment would the boy's father receive for saving his money in a bank? (*interest*)

### Assessment:

Give each student a copy of "Smart Saving" and tell students to circle the saving method that seems best. (the fourth stanza) Instruct students to write a sentence at the bottom of "Smart Saving" explaining why they made their choice.

Instruct students to write their own four-line poem, beginning with "If I had ten dollars..." They must include a spending rhyme and a saving rhyme.

### Extension:

Instruct students to ask their parents what they would do with \$1,000 if it came down the chimney. Students should help their parents develop a plan for saving part of the money.

**Kermit the Hermit**  
**Activity 1: If I Had Ten Dollars**

**Activity One - Fill In The Blanks:**

If I had ten dollars, I'd buy a \_\_\_\_\_.

One that is right for an eight-year-old \_\_\_\_\_.

With the rest I'd begin to save for a \_\_\_\_\_.

I don't know which kind, but something I'd \_\_\_\_\_.

If I had ten dollars, I'd buy a box \_\_\_\_\_.

With a long tail so it would not be too \_\_\_\_\_.

I think that I would save the \_\_\_\_\_.

To get the things I like the \_\_\_\_\_.

If I had ten dollars, I'd buy a new \_\_\_\_\_.

A mystery 'bout spies or a cop and a \_\_\_\_\_.

To save or to spend, which would you \_\_\_\_\_?

It's a hard choice for me. How 'bout \_\_\_\_\_?

**Word Bank:**

do      book      boy      you      kite      bike  
rest      like      light      toy      best      crook

**Kermit the Hermit**  
**Activity 2: Smart Saving**

**Activity Two:**

I'll spend some money and save all the rest  
in a brown paper bag that I keep in my chest.

I can hide my savings on my closet floor.  
No one can find it if I close the door.

My mom could keep it safe for me.  
She has a box with lock and key.

If in the bank, I put my dough.  
I can watch my interest grow.

In my shoe, I'll keep my money.  
But not too much or I'll walk funny.