Access Your Potential®
Financial Literacy

Dealing with Risk

A lesson on risk and insurance for grades 3–5
Lesson description

In this lesson, students will learn that risk from accidents and unexpected events is an unavoidable part of life, but there are steps people can take to deal with risk. The lesson begins with students brainstorming different types of risky situations and then putting them in order from the least to the riskiest. Students consider the examples and discuss which ones have the potential for a financial risk. The idiom “saving for a rainy day” is explained, and students discuss the importance of having emergency savings.

Objectives

Students will be able to:

- Cite examples of risky situations
- Describe ways people can deal with risk including avoiding it, reducing it, and accepting it
- Explain how having emergency savings can help people cope with a financial loss

Lesson at-a-glance

<table>
<thead>
<tr>
<th>Section</th>
<th>Purpose</th>
<th>Approximate time</th>
</tr>
</thead>
<tbody>
<tr>
<td>Introduction</td>
<td>Introduce the presenter and the topic of the lesson</td>
<td>5 minutes</td>
</tr>
<tr>
<td>Activity: Risky situations</td>
<td>Students brainstorm and then rank a list of risky behaviors or situations</td>
<td>25–30 minutes</td>
</tr>
<tr>
<td>Activity: Saving for a risky day</td>
<td>Students discuss the idiom “saving for a rainy day” and how emergency savings helps people cope with risk</td>
<td>5–10 minutes</td>
</tr>
<tr>
<td>Closing</td>
<td>Students are encouraged to think about risk and set money aside for emergency savings</td>
<td>5 minutes</td>
</tr>
<tr>
<td></td>
<td><strong>Total time</strong></td>
<td><strong>40–50 minutes</strong></td>
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Prepare

Materials: *Arrive prepared.*
- **Risky situations visual**—one copy
- **Risky situations handout**—(OPTIONAL) one copy per student
- **Plain paper**—two pieces per student
- **Markers or crayons**
- **Dealing with Risk post assessment**—one for each student (OPTIONAL)

Background: *Understand the topic.*

At the elementary school level, students should understand that people pay for housing in different ways. At the elementary school level, students should understand that people encounter risk on a daily basis. Risk is the chance of loss or harm. The first type of risk most students at this age think about is the risk of injury. For example, they might play sports that have the potential for injury (risk). Another important type of risk for students to understand is that of a financial loss. These include losing money (for example, a lost wallet), needing to pay for something that is broken (for example, a cell phone screen), or missing out on the chance to earn money (for example, not being able to go to work).

No matter the type of risk, there are different strategies or approaches people can take to help reduce risk. One is to avoid the risk by not engaging in the activity or situation. For example, if you don’t want to lose a wallet, you might choose to leave it at home. Another strategy is to reduce the risk. To reduce the risk of losing money, a person might choose to only carry a small amount of money rather than a larger amount. Another option people have is to accept the risk.

Having money set aside for unexpected uses is often referred to as “saving for a rainy day”—an expression which can be traced as far back as the late 1500s. This saying means that people are saving money for something bad that might happen to them. Having emergency savings is one way people can cope with financial loss.

Another popular way that many people choose to help reduce risk is to purchase insurance. The topic of insurance, however, is left out of this lesson in order to keep the topic age and grade appropriate. Discussions about insurance, including what it is and how it works, generally begin at the middle school level.

Vocabulary: *Use grade-appropriate definitions.*
- **Insurance:** A contract with a company that promises to pay the value of certain losses in return for a fee.
- **Risk:** The possibility of loss or harm.
- **Saving:** Putting money aside to use at a later time.

Delivery: *Decide on the format.*

This lesson can be conducted with an entire class or in small groups. For each activity, there are several facilitation options provided. Be sure to review the options in advance and determine which one will work...
best given the setting, number of facilitators, etc. In some cases, the facilitation option you select will influence the number of handouts needed.

**Differentiation:** *Be aware of your audience.*

When conducting a lesson on risk and insurance, it is important to consider the students and their experiences. Be prepared to acknowledge the range of experiences and backgrounds. Touch base with your classroom teacher in advance to inquire about the student population you will encounter. In particular, keep in mind that students may come from families with very different levels of risk tolerance. For example, some families may allow their children to ride bikes in the street without helmets while others insist they wear helmets and stay on the sidewalks. Some children may have engaged in seemingly more “risky” behaviors such as rock climbing or exploring caves. Acknowledge that what some students and their families consider risky may be different than another person or family and that this difference is very normal.

**Tips for PwC facilitators:** *Make the most of your time in the classroom.*

Before facilitating this lesson for the first time, consider the following:

- Read through the entire lesson in advance.

- Touch base with the classroom teacher to make sure you know when to arrive, the process for entering the building, the room setup, photo release protocol, and any available technology. For example:
  - Where should you park? Where should you enter the building? Will you find your own way to the classroom or will someone meet you?
  - What is the room set up (individual desks, tables and chairs, etc.)? Will you have access to a whiteboard?
  - Are you allowed to take photos during the lesson? Remember, you are required to get specific written consent from parents/guardians before taking photos of minors. How will you handle the students whose parents/guardians have not given consent?
  - If you opt to use the post-assessments, should students take it using paper and pencil or online with school-provided devices? Will the teacher want to collect the assessments and forward the results, or should you collect them?

- If you will be presenting with another facilitator or team, consider each person’s strengths when deciding who will lead various sections of the lessons, how students will be organized during the lessons, and who is responsible for preparing the materials.

- Remember that adults in most high schools are addressed formally using their title (Mr./Mrs./Ms.). Plan to address the teacher and any of your colleagues in this manner, even if you would normally call each other by first names.

**Educator insights:** *Adapt this lesson for your classroom.*

PwC is pleased to offer these lessons for use by classroom teachers to support or augment their financial education efforts. Please recognize that the materials were designed for employees to use as facilitators when visiting a class. Therefore, some sections (such as the introduction) may be unnecessary. Feel free to adapt the materials in whatever way makes the most sense for your classroom including the optional extension activities at the end of the lesson.
Teach

Opening (5 minutes)

- Thank the teacher and introduce yourself to the class. Explain to the students that PwC is a professional services firm that is committed to providing all students with financial literacy education through its program, Access Your Potential.® In simple terms, explain what you do at PwC and how it relates to what the students will be learning during the lesson.
- Let students know that you are there to talk about different types of risks and strategies people can use to deal with risk in their everyday lives.

Activity: Risky situations (25–30 minutes)

Set up

- Ask students if they have ever fallen or gotten hurt when they were playing. Call on one or two students to share what happened.
- Tell students that different activities have different levels and kinds of risk. For example, there is little risk that you will get hurt sitting in a chair. The risk increases, though, if you tip the chair backwards or forwards on just two legs.
- Define risk as the possibility of loss or harm.
- Share with students that the risk of injury is one type of risk. Write injury on the board or a piece of flip chart paper.
- Challenge students to think of other types of risk or potential loss or harm. Be sure to point out the chance of financial risk in which someone loses money, has to spend money they weren’t planning on spending, or loses the chance to earn money.

Implementation

- Invite students to work with another student and list as many types of risky behaviors as they can. Encourage them to be creative but remind them that the activities must be realistic. If students struggle, remind them of the definition of risk—the chance of loss or harm.
- Give each pair of students four pieces of paper. Direct them to review their list of activities and select four to write down or draw—one on each piece of paper. Use the Risky situations visuals as examples. Note: Pairs are asked to name/draw more activities than needed in order to have “backups” in case another group shares the same one(s).
- Allow time for students to make their signs.
- One at a time, invite each pair of students to describe the activity he or she wrote or drew and name at least one potential consequence of the risky situation. For example, riding a bike without a helmet might result in getting badly hurt if the person falls.
• Ask students where they think the activity ranks in **order from most to least risky**. Is it more or less risky than the other one(s) shown?

• Direct students to **move to the location that reflects their choice** and make room, as needed, for students to stand between or next to others. Make sure students know which end of the line represents the least and most risky sides.

• Challenge other students to see if they **agree with the student's placement**. Adjust as needed. It is okay if students whose activities have similar levels of risk stand near each other.

• In the end, students will **form a long line** showing behaviors from least to most risky.

• **Review** the order of the activities shown and **make any final adjustments** to the rankings, as needed.

• Let students know that there are **different ways people can handle or approach risk**. One is to **avoid the risk altogether**.

• Direct students who are holding a sign that represents a **risk of injury to hold their signs up high**. Call on one of these students to **describe what could be done to avoid the risk**. For example, to **avoid** the risk of injury from a bike ride without a helmet, a person could choose not to ride his or her bike.

• Tell students that another option is to **reduce the risk**. For example, the student can **reduce** the risk by wearing a helmet. If they fall often, they might want to wear pants or long sleeves to prevent scrapes. Ask if students have **other ideas for how their risk could be reduced**.

**Facilitation options:**

If you prefer, the **Renting or buying handout** may be cut into a set of cards for each pair or small group of students in advance of the lesson. Adapt the implementation by having students sort the statements into three piles: applies only to renting, applies only to buying, and applies to both. This facilitation method may also be used if you have multiple facilitators working with small groups of students. The facilitator can read the statement and allow students to decide in which pile it belongs.

**Conclusion**

• Challenge students to consider whether or not their **activities have a financial risk**. Invite the students whose activities do have a financial risk to **remain standing** while the other students return to their seats.

• Discuss the **potential financial losses for several situations**, then let the remaining students return to their seats.

• Tell students that there is another option people can take when it comes to risk—one that they probably each do every day. This is to **accept the risk**. When people **accept a risk**, they understand that the risk might happen, but they do the activity anyway. For example, there is a chance that they could get hurt crossing the street or riding in a car or bus to school. The risk is generally small, though, so they do it anyway.

• Reinforce that **risk from accidents and unexpected events is an unavoidable part of life**.

**Activity: Saving for a risky day** (5–10 minutes)

Set up

• Ask students if they have ever heard people say that they were **saving for a rainy day** or maybe they have what they call a **rainy-day fund**.

• Explain that “saving for a rainy day” is an **idiom**, meaning that people who use it aren’t saving money for a day when it **actually** raining. Instead, **they are saving money for an unexpected expense**.
Implementation

- Tell students that another term people use for this concept is emergency savings.
- Challenge students to consider several of the financial risks discussed in the previous activity. How could having emergency savings help people deal with a financial loss?

Conclusion

- Ask students if they would rather save their money to buy something or to build up their emergency savings. Let students know that having emergency savings may not seem as fun as saving for a specific purpose, but it can provide people with peace of mind that they will be better off if they suffer a financial loss.

Closing (5 minutes)

- (OPTIONAL) Distribute a copy of Dealing with Risk post assessment to each student. Direct students to answer the questions. Inform them that they do not need to put their name on the assessment unless the teacher wishes to keep a copy for grading purposes.
- Thank the students and the teacher for letting you come and talk to the class about risk and emergency savings.
- Encourage students to think about how they can reduce risk and protect themselves from financial losses by making it a priority to “save for a rainy day.”

Extend

Teacher-led follow up ideas

Bulleted list of ways the educator can extend the lesson once the facilitator leaves. Each list will include a mention of a corresponding module from the Digital Classroom, such as:

- Use What's the Risk module in the beginner level of the Earn Your Future® Digital Classroom (https://app.pwcfdnearmyourfuture.org/) to help students learn even more about income and careers. This resource made possible by the PwC Charitable Foundation, Inc.®, is designed for students in grades 3–12 and can be delivered in multiple formats (classroom, small group, or individually) and has accompanying educator resource guides to assist in delivery. Students can engage with financial literacy concepts through innovative self-paced modules featuring custom videos, animations, and interactive activities. A free teacher login is required to access the modules.
- Challenge students to write a newspaper article or social media post about an unexpected “bad” event such as a tornado, car accident, or illness. They must describe the effect the event had on individuals and their families.
- Direct students to create a poster or presentation showing a risky behavior and how people can avoid or reduce their risk of harm or loss.
- Invite students to ask a parent, guardian, or family member about steps he or she takes to reduce or avoid risk in daily life. Would they consider them a person who likes to take risks, prefers to avoid risks as much as possible, or somewhere in between?
Standards correlation

This lesson is correlated to the National Standards for Financial Literacy from the Council for Economic Education available at http://www.councilforeconed.org/resource/national-standards-for-financial-literacy/. Standards are classified as primary or secondary. Primary standards are addressed directly and thoroughly. Secondary standards are addressed indirectly or partially.

<table>
<thead>
<tr>
<th>Primary</th>
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<tbody>
<tr>
<td>Protecting and insuring:</td>
</tr>
<tr>
<td>• Risk is the change of loss or harm.</td>
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<tr>
<td>• Individuals can either choose to accept risk or take steps to protect themselves by avoiding or reducing risk.</td>
</tr>
<tr>
<td>• Risk from accidents and unexpected events is an unavoidable part of daily life.</td>
</tr>
<tr>
<td>• One method to cope with unexpected losses is to save for emergencies.</td>
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</tbody>
</table>

<table>
<thead>
<tr>
<th>Secondary</th>
</tr>
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<tbody>
<tr>
<td>Saving:</td>
</tr>
<tr>
<td>• When people save money, they give up the opportunity to spend that money to buy things now in order to buy things later.</td>
</tr>
<tr>
<td>• People set savings goals as incentives to save. One savings goal might be to buy goods and services in the future.</td>
</tr>
</tbody>
</table>
Dealing with Risk

Risky situations visual

Riding a bike without a helmet
## Dealing with Risk

### Risky situations handout

**Directions:** Complete the chart with activities you think are more or less risky than the ones listed below.

<table>
<thead>
<tr>
<th>MOST RISKY</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Skydiving</td>
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<tr>
<th>LEAST RISKY</th>
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<td>Riding a bike without a helmet</td>
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Dealing with Risk

Post-assessment

Section 1: Please select the correct answer for each of the following questions.

1. Which of the following statements about risk is true?
   a. You can avoid all risks if you are extra careful.
   b. Risk from accidents and unexpected events is an unavoidable part of life.
   c. Risk is a guarantee that something bad will happen.
   d. All activities have the same amount of risk.

2. Which of the following is NOT one of the primary ways to deal with risk?
   a. Avoid it.
   b. Reduce it.
   c. Accept it.
   d. Ignore it.

3. Having an emergency savings is a good idea because _______________.
   a. You can use it to buy things you really want but don’t need.
   b. They give them to you for free at the bank.
   c. It is a way to deal with an unexpected financial loss.
   d. You are required to have one once you turn 21.

Section 2: Please choose the number on the scale that best indicates how strongly you agree or disagree with the following statements:

<table>
<thead>
<tr>
<th></th>
<th>Strongly disagree</th>
<th>2</th>
<th>3</th>
<th>4</th>
<th>Strongly agree</th>
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<tr>
<td>I understand the meaning of risk.</td>
<td>1</td>
<td>2</td>
<td>3</td>
<td>4</td>
<td>5</td>
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<tr>
<td>I feel confident deciding how to deal with risk.</td>
<td>1</td>
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<td>4</td>
<td>5</td>
</tr>
<tr>
<td>I am interested in learning more about building emergency savings.</td>
<td>1</td>
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<td>3</td>
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Section 3: Circle your grade level.

K 1 2 3 4 5 6 7 8 9 10 11 12
Dealing with Risk

Post-assessment | Answer key

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