Money in Motion

Trace how money choices affect a business and its community.

E.C.5.2 "Explain how individuals, businesses, and the overall economy benefits from the various uses of money (e.g., trading, borrowing, investing, and diversifying) versus saving money."

NAME _____ DATE _____

1 READ AND MARK

Read it twice

YOUR JOB Underline one benefit of saving, circle an example of each of four ways money is used, and number two effects on people or businesses beyond Maya's bakery.

Maya's Market Decisions

1. On Saturday, Maya sells bread at a neighborhood market. Customers trade money for loaves because they value the bread more than the cash they spend; Maya values the payment more than the bread she gives up. She uses some receipts to buy flour from a nearby mill. That spending gives the mill income to pay workers, who may buy other goods. Maya also keeps part of her receipts in a savings account for a broken oven or a slow week. Saving preserves money for later and reduces the chance that one surprise will shut her business down.

2. Before a holiday rush, Maya wants a larger oven. Saving until she can pay cash would avoid interest, but she might miss this season's sales. She instead borrows from a credit union and agrees to repay the loan with interest. The loan lets her buy the oven now, and the equipment seller receives payment. If extra sales exceed the oven's cost and loan interest, the choice can raise Maya's profit. If sales disappoint, payments still come due. Credit union deposits help fund loans, but the credit union must manage the risk that borrowers will not repay.

3. With the new oven, Maya considers two other choices. She could invest profits in baking classes for employees, which might improve quality and attract customers. She could also diversify by offering sandwiches alongside bread, so weak bread sales would not determine all her revenue. Both choices use money that could have stayed in savings; neither guarantees a return. If training and new products succeed, employees may earn more, suppliers may receive more orders, and shoppers gain options. Maya still needs cash reserves because rent and wages must be paid even if a new product fails.

2 ANSWER WITH EVIDENCE

Use the passage

1. How does buying flour help Maya and someone beyond her bakery, compared with leaving that money in savings?

2. Why might borrowing for the oven benefit Maya more than saving until she can pay cash? What cost or risk does borrowing add?

3. How could investing in employee classes benefit Maya's business and other people, compared with keeping that money in savings?

4. How might selling sandwiches protect Maya's business differently from savings? If the new product succeeds, who else might benefit?

3 YOUR TURN

Your own words

Imagine you run a small neighborhood plant nursery. In five to six sentences, propose how you would use trading, borrowing, investing, and diversifying, compare those choices with saving, and explain a benefit for a customer or worker, your business, and the wider economy, plus one risk.

ANSWER KEY

Money in Motion

HIGH SCHOOL · E.C.5.2

PART 1 · READ AND MARK

Underline one benefit of saving, circle an example of each of four ways money is used, and number two effects on people or businesses beyond Maya's bakery. Accept any marking that follows this job and points at the right text.

PART 2 · ANSWERS

#	QUESTION	ANSWER
1	How does buying flour help Maya and someone beyond her bakery, compared with leaving that money in savings?	**Maya gets flour to make bread, while the mill receives income it can use to pay workers. Savings would keep the money available for a later need instead.**
2	Why might borrowing for the oven benefit Maya more than saving until she can pay cash? What cost or risk does borrowing add?	**Borrowing lets Maya buy the oven in time for holiday sales. She must pay interest and repay the loan even if sales disappoint.**
3	How could investing in employee classes benefit Maya's business and other people, compared with keeping that money in savings?	**Classes might improve quality and attract customers; if they succeed, employees may earn more. Savings would remain available for later needs but would not provide that training.**
4	How might selling sandwiches protect Maya's business differently from savings? If the new product succeeds, who else might benefit?	**Sandwiches give Maya another source of revenue if bread sales are weak, while savings provide cash to pay bills. Suppliers might receive more orders, and shoppers might gain options.**

PART 3 · YOUR TURN (SAMPLE ANSWER)

I would trade seedlings for customers' money and use part of the receipts to buy pots from a local supplier. I would borrow to add a greenhouse if expected extra sales could cover the loan payments and interest. I would invest in staff training so workers can care for more varieties and help customers choose healthy plants. I would diversify by selling soil as well as seedlings, so poor seedling sales would not erase all revenue. I would keep some cash in savings for unexpected repairs, even though saving alone would not expand the nursery. Customers would gain useful supplies, the nursery could earn more, and increased orders could support jobs at the supplier, but debt and unsold stock could still cause losses.

Accept other plausible benefits and risks supported by the passage. For the open task, look for distinct uses of money, a meaningful comparison with saving, and effects at the customer or worker, business, and wider-economy levels.