



# Follow the Money

Grade 5

Name: \_\_\_\_\_

Read the passage carefully. Then answer each question in a full sentence, using evidence from the text where asked.

## Leo's Inflation Lesson



Leo had been saving his allowance for months. He really wanted the new "Galactic Explorers" video game, which cost \$40. Every week, he carefully put his \$5 allowance into his piggy bank. His mom had told him that saving was a smart way to reach his goals. He imagined flying through space, discovering new planets, and battling alien creatures. After eight weeks, Leo proudly counted his money: exactly \$40! He rushed to the store, excited to finally buy the game.

At the store, Leo found the game, but his heart sank. A new price tag showed \$45. "Excuse me," he asked the store clerk, "the sign last month said \$40." The clerk explained, "Yes, Leo. The cost of making games, like many other things, has gone up. This is called **inflation**. It means that over time, your money buys a little less than it used to. The **supply** of materials and the **demand** for the game have both played a role in the price increase." Leo felt disappointed, realizing his careful **budget** was now too small.

Leo's mom explained that inflation happens when prices for goods and services rise generally over time. For example, a chocolate bar that cost \$1 last year might cost \$1.25 this year. This affects everyone, from families buying groceries to countries engaged in **trade**. Businesses need to make a **profit**, so they adjust prices when their costs increase. Leo decided he would need to save another week to buy the game, learning a valuable lesson about how the economy works and how money can change its value.

### COMPREHENSION QUESTIONS



**(1) How much money did Leo initially save for the "Galactic Explorers" video game?**

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**(2) In the story, what does the word "inflation" mean?**

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**(3) What is the main lesson Leo learns about money in this story?**

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**(4) Why did the store clerk tell Leo that the price of the game had increased?**

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**(5)**



**According to the story, what two factors played a role in the video game's price increase?**

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**(6) How might understanding inflation help you plan for a future purchase?**

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