



Money Matters: Why It Pays to Be Financially Responsible

LESSON 1: TEACHERS GUIDE

Teens aren't typically known for their financial responsibility—yet many are already using complex financial strategies. For example, shopping at the mall calls for cost comparisons, and saving for a skateboard requires budgeting. To learn about responsible money management, it's important to take a look at the building blocks of financial decision-making. In this lesson, students will examine the spending decisions they already make, then examine real-life spending scenarios and research, analyze and present their recommendations to the class.

Topic: Financial Responsibility

Time Required: 70 minutes

SUPPLIES:

- Notebooks
- Computers or tablets
- Internet access
- Projector
- Student activity sheets (2)

PREPARATION:

- Copy student activity sheets
- Review websites on activity sheet 2

STUDENT ACTIVITY SHEETS:

Money Matters: Know the Lingo

This activity introduces key financial decision-making strategies and encourages students to connect them to their own lives.

Money Matters: What Would You Do?

This activity presents 3 scenarios young adults often face and asks students to make a plan for addressing them.

LEARNING OBJECTIVES:

Students will...

- Explore personal financial choices
- Learn to make informed financial decisions
- Consider what it means to be financially responsible

STANDARDS:

Jump\$tar Standards:

- Financial Responsibility Standards 1, 2 and 4

National Economics Standards:

- Standard 2: Decision Making

Common Core ELA Anchor Standards:

- Reading: Key Ideas and Details
- Reading: Integration of Knowledge and Ideas
- Writing: Research to Build and Present Knowledge
- Speaking and Listening: Comprehension and Collaboration
- Speaking and Listening: Presentation of Knowledge and Ideas
- Language: Vocabulary Acquisition and Use



Essential Question

“What does it mean to be financially responsible?”

Investigate: Our Current Money Skills

[Time Required: 15 minutes]

1. Begin by asking students about the last big purchase they made. What was the purchase? What decisions and research went into it? Are they still happy with the purchase? Record students' experiences on the board.
2. Invite students to share further strategies that their classmates could have used before making their purchases (e.g., comparing cell phone plans across carriers, weighing the short-term and long-term happiness of buying a new video game system). What could happen if they didn't have a spending strategy? Mention that not having a purchase strategy can lead to spending more than they need to on certain items and spending beyond their means.
3. As a class, analyze students' stories and look for common themes. For example, do students frequently compare prices at various stores? Do they think about how often they will use an item before they purchase it? Why do they take these steps?
4. Ask students what they think is meant by **financial responsibility**. Why is it important? Record students' ideas on the board.

**TEACHER'S TIP****What is the Essential Question?**

The Essential Question is designed to "hook" the learner, promote inquiry and engagement with the lesson, and allow students to exercise problem-solving abilities. It addresses a larger concept, does not have a right or wrong answer, and requires higher order thinking skills.

**Student Preparation: Understanding Financial Lingo**

[Time Required: 15 minutes]

5. Distribute the **Money Matters: Know the Lingo** activity sheet to each student. If possible, project the list of terms and financial analyses onto the board, or write the words on the board.
6. Ask students if they have heard the terms on the activity sheet before. If so, where? Were any of the concepts addressed in the class discussion about purchases? How do these strategies connect to the idea of financial responsibility? Record students' thoughts on the board.
7. Encourage students to write about how each strategy connects to their own lives. Call on students to share their responses with the class.

Challenge: What Would You Do?

[Time Required: 30 minutes]

8. Introduce the **Money Matters: What You Would Do?** activity sheet and challenge the class to think about how they would approach one of the financial scenarios presented. Then break the students into small groups.
9. Assign a scenario to each group and ask students to research, brainstorm and analyze resources and information to help them approach their scenarios. Explain that at the end of the activity, groups will share a plan for their scenarios with the class. Teams can decide how best to present their solutions, even creating posters or a digital slideshow if time allows.
10. Encourage teams to discuss the challenges they faced in addressing their scenarios and how they overcame these challenges. Also ask them to share the websites they found the most helpful and why.



TEACHER'S TIP

What is Reflection?

The Reflection part of the class gives students the opportunity to reflect on the bigger-picture meaning of the exercise, and to assimilate and personalize some of the concepts and ideas learned about in the class.

Reflection

[Time Required: 10 minutes]

Have students reflect and journal in their notebooks about how making responsible financial decisions can lead to financial well-being over a lifetime. What other financial decisions will they likely be faced with? Ask students to consider the importance of making decisions that take into account financial information like **income, expenses, budgets and goals**.





Money Matters: Know the Lingo

LESSON 1: STUDENT ACTIVITY SHEET 1

Do you ever feel like money terms go right over your head? The reality is that you probably already know and use a lot of financial vocabulary. Read through the terms below and think about how they connect to your life.

Terms to Know

How Does This Relate to Me?

Cost Comparison

Comparing the cost of two or more goods or services in an effort to find the best value.

When have you used cost comparison?

Provide an example: _____

Cost-Benefit Analysis

Analyzing whether the cost of an item is more than, equal to, or less than the benefit that comes from purchasing that item.

- **Cost** - The price paid for a good or service.
- **Benefit** - An outcome that promotes well-being.

When have you used cost-benefit analysis?

Provide an example: _____
Identify something you want to do or purchase: _____
What is the cost? _____
What is the benefit? _____

Calculating Future Expenses

Identifying the cost of meeting future needs and goals.

- **Short-term, medium-term and long-term goals** - Goals to achieve over specific periods of time.

Identify 3 personal goals. Think about what is needed to accomplish each goal.

Short-term goal: _____
Medium-term goal: _____
Long-term goal: _____

Budget

A plan for future spending and saving, weighing estimated income against estimated expenses.

- **Income** - Payment received for goods or services, including employment.
- **Expense** - Cost paid to secure a good or service.

Choose one of your goals from above and estimate its expense. How much income do you estimate will be needed to support your goal?

Goal: _____
Estimated (monetary) expense: _____
Estimated income needed: _____



Money Matters: What Would You Do?

LESSON 1: STUDENT ACTIVITY SHEET 2

If you were faced with a major financial decision...would you know what to do? With your team, read your assigned scenario (below) and discuss the financial information and strategies you would use in that case. Use the websites listed and the handout **Money Matters: Know the Lingo** to help you form a plan to present to the rest of the class.



Scenario 1: Saving for a car

You want to buy a car in the next year so you can drive to your job and school without relying on family members.

What financial information do you need?

What financial decision-making strategies can you use?

(Cost comparison, cost-benefit analysis, and calculation of future expenses or budgeting?)

Scenario 2: Saving for college

You are a freshman in high school and have your eye on a college degree. But college is expensive, especially since the costs include tuition, food, living expenses, travel and books.

What financial information do you need?

What financial decision-making strategies can you use?

(Cost comparison, cost-benefit analysis, and calculation of future expenses or budgeting?)

Scenario 3: Buying a cell phone plan

It's time to buy a new cell phone plan, and you will be paying for this one yourself. The providers offer a lot of options, and your budget is limited.

What financial information do you need?

What financial decision-making strategies can you use?

(Cost comparison, cost-benefit analysis, and calculation of future expenses or budgeting?)

The websites below will help with your research

Car Buying Resources

- Edmunds.com
- kbb.com

College Cost Resources

- collegeboard.org
- finaid.org

Cell Phone Plan Resources

- myrateplan.com
- phonedog.com



Dream Big: Money and Goals

LESSON 2: TEACHERS GUIDE

Most teens dream big when it comes to their futures, whether that dream is to buy a car, move out on their own or go to college. In this lesson students will learn why short-term, medium-term and long-term financial goals are important; what steps they can take to reach those goals; and how to deal with common obstacles. By the end of the lesson, students will have a better understanding of how solid financial decision-making can help them achieve their life objectives.

Topic: Setting short-term, medium-term, and long-term goals
Time Required: 60 minutes
SUPPLIES:
<ul style="list-style-type: none">▪ Notebooks▪ Student activity sheet
PREPARATION:
<ul style="list-style-type: none">▪ Copy student activity sheet
STUDENT ACTIVITY SHEET:
<p>Show Me the Money: Reaching Your Goals</p> <p>This activity will help students visually map their progress toward a financial goal.</p>

LEARNING OBJECTIVES:

Students will...

- Explore the purpose of financial goals
- Discover the role of decision-making in achieving goals
- Examine common obstacles to achieving goals

STANDARDS:

Jump\$tar\$t Standards:

- Financial Responsibility Standards 1 and 4
- Saving and Investing Standard 1

National Economics Standards:

- Standard 1: Scarcity
- Standard 2: Decision Making

Common Core ELA Anchor Standards:

- Speaking and Listening: Comprehension and Collaboration
- Speaking and Listening: Presentation of Knowledge and Ideas
- Language: Vocabulary Acquisition and Use

Common Core Math Standards:

- Number and Quantity: Quantities
- Modeling



Essential Question

“What are my financial goals and how can I achieve them?”

Investigate: Dream Big

[Time Required: 15 minutes]

1. Begin by asking students if they know what a “bucket list” is. Explain that it is a list of goals one wants to accomplish in life, like climbing Mt. Everest or writing a novel. Ask students what would go on their lists, and give them five minutes to reflect and to write a bucket list in their notebooks.
2. Invite students to share from their lists and record some of the items with a clear financial component on the board (e.g., go to college, visit Paris). Ask students what these goals have in common and discuss how money can help us achieve some goals.
3. Next, discuss which of the goals can be reached the fastest and why. Challenge small groups of students to sort the goals into three categories: **short-term** (requires less than six months to achieve), **medium-term** (less than a year) and **long-term** (longer than a year). Have students explain their reasoning.

Student Preparation: Identifying Financial Goals

[Time Required: 15 minutes]

4. As a class, discuss some of the factors that go into categorizing short-term, medium-term and long-term financial goals. Explain that goals may be categorized by the life stages when they will likely be accomplished and by the amount of money required (goals that require less money may also take less time to achieve).
5. Choose one of the financial goals shared in the “Investigate” segment and discuss possible steps students might take in reaching that goal (e.g., saving allowance, gifts, salary and responsible spending).
6. Help students to see the difference between **needs** and **wants** by asking them to discuss whether any of their recent purchases were items they needed or wanted. Identify common “needs,” such as clothing and food and “wants,” such as lattes and designer jeans.
7. Discuss how needs and wants relate to one another: What happens if you spend all of your money on things you want? What if an unexpected “need” prevents you from saving for a “want”? Can students think of strategies for balancing the two (e.g., making a budget with spending categories)?

**TEACHER'S TIP****What is the Essential Question?**

The Essential Question is designed to “hook” the learner, promote inquiry and engagement with the lesson, and allow students to exercise problem-solving abilities. It addresses a larger concept, does not have a right or wrong answer, and requires higher order thinking skills.



Challenge: Reaching Your Goals

[Time Required: 20 minutes]

8. Hand out the student activity sheet, **Show Me the Money: Reaching Your Goals**, and explain to students that they will map out how to save for a short-term goal of their choice. Give students 20 minutes to complete the activity.
9. Invite volunteers to share their plans for reaching specific savings goals. Encourage students to share the steps they will take to reach their goals, including the areas in which they will cut back spending.

Reflection

[Time Required: 10 minutes]

Invite students to reflect in their notebooks about their savings goals. What additional steps should they take to reach their goals? Are there other goals that they want to work towards? How do they think their current goal-setting efforts will affect their future financial lives?



TEACHER'S TIPS

Start a Club:

Invite students to form a "Savings Club" so they can encourage one another as they progress toward their savings goals. Encourage the club to meet weekly to check in and share financial strategies.

What is Reflection?

The Reflection part of the class gives students the opportunity to reflect on the bigger-picture meaning of the exercise, and to assimilate and personalize some of the concepts and ideas learned about in the class.





Show Me the Money: Reaching Your Goals

LESSON 2: STUDENT ACTIVITY SHEET

Are you dreaming of buying your own car, visiting a new city or learning a language—but aren't sure how to get there? The key to achieving your financial goals is to break them down into manageable steps. Fill in the circles below to see how you can start reaching one of your goals today.

STEP 1

What's your goal?

STEP 2

When do you want to complete the goal?

STEP 3

How much money must you save in total?

STEP 4

How much money should you save monthly?

STEP 5

What steps can you take to reach your monthly savings goal?

STEP 6

What "wants" can you cut back on to reach your goal?



Road Rules: Researching and Buying a Car

LESSON 3: TEACHERS GUIDE

Buying a car is one of the first major financial decisions that many teens and young adults face. While several considerations factor into this purchase, one of the most important is the buyer's monthly payment, which is based on the car's purchase price and terms of the loan. In this lesson, students will shop for a car virtually, evaluating various loan options and learning what it means to be "creditworthy."

Topic: Buying a Car

Time Required: 45 minutes

SUPPLIES:

- Computers or tablets
- Internet access
- Notebooks
- Student activity sheet

PREPARATION:

- Copy student activity sheet

STUDENT ACTIVITY SHEET:

Deal or No Deal: Understanding Car Loans

This activity will teach students how the loan principal, interest rate and term all factor into a monthly car payment. Students will calculate car payments using five different lending scenarios.

LEARNING OBJECTIVES:

Students will...

- Understand the concept of creditworthiness
- Research consumer borrowing
- Compare various types of car loans and lenders

STANDARDS:

Jump\$tart Standards:

- Credit Standard 1
- Financial Responsibility Standard 2

National Economics Standards:

- Standard 7: Markets and Prices
- Standard 9: Competition and Market Structure
- Standard 10: Institutions

Common Core ELA Anchor Standards:

- Writing: Research to Build and Present Knowledge
- Speaking and Listening: Presentation of Knowledge and Ideas
- Language: Vocabulary Acquisition and Use

Common Core Math Standards:

- Number and Quantity: Quantities
- Modeling



Essential Question

"How can I turn my dream of owning a car into reality?"

Investigate: Dream Car

[Time Required: 5 minutes]

1. Begin by asking students about their dream cars. What would they drive if money were no object? Why? What factors go into purchasing a car besides price?
2. Next, tell students to imagine they have saved \$5,000 toward the purchase of a car, an amount that can serve as a **down payment**. What steps do they think they should take next toward making their purchase?

**Student Preparation**

[Time Required: 15 minutes]

3. Distribute the Student Activity Sheet ***Deal or No Deal: Understanding Car Loans***, which outlines some of the next steps in the process. Then invite them to visit sites such as truecar.com and Edmunds.com to find the purchase prices of potential cars. Discuss the factors that go into this decision: if they select a vehicle that costs much more than \$5,000, they will be in debt for longer (due to a loan). Other factors include gas mileage, new vs. used, depreciation, and matching a car to one's lifestyle.

Challenge: Understanding Car Loans

[Time Required: 15 minutes]

4. Ask students how a car that costs more than their \$5,000 could be **financed**. Explain that buyers often take out **loans** from a bank to cover the remaining cost. Discuss how these loans will need to be repaid on a monthly basis, with interest.
5. Have students calculate what their monthly payment would be for each of the loans on the student activity sheet. How long would it take to repay the loan in order to own the car in full?
6. Invite students to share which loan they would choose and to explain their reasoning. Is it always better to choose the loan with the lowest **interest rate**? Why or why not?

7. Ask students whether they think they will automatically get the loan they want. Why or why not? Explain that banks choose to whom they will extend loans. What factors do students consider when lending something to a friend or family member? Responses may include trust, reliability, history of returning borrowed items in good shape and money to pay for something borrowed if it breaks.
8. Explain that this concept is known as "**creditworthiness**" and is an analysis made by a lender when deciding whether or not to lend money to a consumer. Talk about steps students can take to protect their credit now, including paying any bills on time.

**TEACHER'S TIP****What is Reflection?**

The Reflection part of the class gives students the opportunity to reflect on the bigger-picture meaning of the exercise, and to assimilate and personalize some of the concepts and ideas learned about in the class.

Reflection

[Time Required: 10 minutes]

Invite students to reflect in their journals about the three most important factors to consider when buying a car. Why are these factors important? How has their thinking changed since the beginning of the lesson? Is their dream car the same or would they choose a different vehicle? Why?





Deal or No Deal: Understanding Car Loans

LESSON 3: STUDENT ACTIVITY SHEET

Down payment, interest rate, loan term—the lingo involved with buying a car can seem overwhelming. Find out more about the car-buying process and terminology by following the steps below.

STEP 1: Decide on a make and model. Visit truecar.com or Edmunds.com to find the price of the car you would like to buy; then record it here.

Total purchase price: \$_____.

STEP 2: Determine how much money you will need to borrow. Subtract the money you have for a **down payment** (the amount you give to the dealer on the day of purchase) from the total purchase price. For this exercise, imagine you have saved \$5,000 for a down payment. The resulting total is the loan principal; record that amount here and in the chart below.

Loan principle: \$_____.

STEP 3: Get quotes from several lenders. The term and interest rate of the loan will vary and both of these factors will affect your monthly payment. (For this exercise, pretend that you have received the rates below.)

STEP 4: Calculate your monthly payments and total amounts paid. Your monthly payment is your principal divided by the number of months in your loan term, and then multiplied by your interest rate. Next, multiply the monthly payment by the loan term to determine the total amount paid. Record your monthly payments and final amounts paid in the chart below.

More Questions to Ask When Buying a Car:

What's the gas mileage? Cars with a higher gas mileage require less fuel.

Why do you need a car? A long commute or a big family could affect your choice.

What's the resale value? Some used cars are more desirable than others—visit kbb.com to find the resale value of yours.

How long do I plan on needing a car? This may influence how much debt you decide to take on.

Can I find a better price? Costs vary—do your research to get the best price.

Lender	Loan Principal	Loan Term	Interest Rate	Monthly Payment	Total Amount Paid
Scenario 1		36 months	6.75%		
Scenario 2		48 months	4.75%		
Scenario 3		48 months	5.99%		
Research your own					
Research your own					

STEP 5: Decide which loan makes the most sense for you. Which do you think is the best option above? Why?



The Cost of College: Financing Your Education

LESSON 4: TEACHERS GUIDE

"I love the campus." "I want a small school." "College isn't for me." When considering their options after high school, many teens have an idea what they'd like to do, but don't think about the factors that go into such a big decision. College is expensive, but choosing not to attend can be expensive too (in terms of its impact on career opportunities and on your future salary). In this lesson, students will examine options for financing their education, discuss college choices and learn ways to manage their money wisely during their college years.

Topic: Student Loans

Time Required: 45 minutes

SUPPLIES:

- Computers or tablets
- Internet access
- Student activity sheet

PREPARATION:

- Copy student activity sheet
- Research annual tuition costs for 5 local colleges/universities

STUDENT ACTIVITY SHEET:

My Life, My Decision: Researching College Options

This activity will prompt students to research and reflect on some of the factors that go into selecting a college; including areas of interest, tuition and starting salaries for potential careers.

LEARNING OBJECTIVES:

Students will...

- Analyze factors of smart money management during college
- Evaluate the costs and benefits of a student loan
- Discuss how repaying student loans affects future finances

STANDARDS:

Jump\$tart Standards:

- Credit Standard 1
- Financial Responsibility Standard 2

Common Core ELA Anchor Standards:

- Reading: Key Ideas and Details
- Reading: Integration of Knowledge and Ideas
- Writing: Research to Build and Present Knowledge
- Language: Vocabulary Acquisition and Use
- Speaking and Listening: Comprehension and Collaboration
- Modeling

Common Core Math Standards:

- Statistics and Probability: Making Inferences and Justifying Conclusions



Essential Question

"Is college worth the expense? What financial factors do I need to consider in deciding what the right choice is for me?"

Investigate: The Price of Education

[Time Required: 5 minutes]

1. Open the class by writing the yearly tuitions of five local colleges and universities on the board. Tell students that these are all prices for the same thing. Can students guess what it is? Explain that college tuition varies widely depending on whether a school is public or private, among other factors.

**Student Preparation: Determining its "Worth"**

[Time Required: 5 minutes]

2. Ask students: How do people pay for college? Answers might include: parents or other family members cover costs, scholarships, student loans and/or student jobs.
3. Do students think college is worth the cost? Why or why not? What are the long-term rewards? How would they go about determining whether college is "worth it" for them? One approach is to compare the value of a college degree to its impact on future salary.

Challenge: Cost vs. Benefit

[Time Required: 25 minutes]

4. Next, challenge pairs of students to research the value of a college education by analyzing cost versus benefit on websites like earnmydegree.com. They will likely find that the income benefit is far greater than the cost, especially if they consider income over a lifetime.
5. Ask students: Is deciding whether college is "worth it" as simple as weighing cost versus salary? Discuss other financial factors that weigh into the decision. For example, many people have to borrow money for college and graduate school. Because "student loans" include both the principal (the cost of the loan) and interest (the fee the lender charges to borrow money), the cost of college is higher when student loans are used.
6. Can the class think of other pros and cons related to student loans? If graduates must begin repaying their loans six months after graduation, what does that necessitate for a starting salary?

7. What other factors help determine if college is “worth it”? What are the pros and cons of attending college (e.g., some people may value education over experience; others may feel the opposite)?
8. Finally, distribute the student activity sheet ***My Life, My Decision: Researching College Costs***. Ask students to research and reflect on the questions on the sheet. Once they have finished, students can discuss their answers in small groups. Do they think college is a smart financial decision for them? Why or why not?

**TEACHER'S TIP****Guest Speaker:**

Invite a school guidance or career counselor to speak to your students about applying to college. They can offer tips and resources to help your students research and answer the questions in this lesson.

Reflection

[Time Required: 10 minutes]

Invite students to record their own opinions on college in their journals. Does it seem like a smart financial decision for them? Why or why not? What other information do they need before they make their decision? Ask students considering other options to reflect on career goals and to consider next steps they should take in order to get there.

Projected Cost of a 4-Year College*

*Based on an in-state student at a public university and a 7% tuition inflation rate each year.

Includes tuition, fees, room and board, textbooks and other expenses. *Source: finaid.org*



My Life, My Decision: Researching College Options

LESSON 4: STUDENT ACTIVITY SHEET

There's a lot to consider when deciding what you want to do after high school. What are your interests? Where do you want to work someday? How much money do you have to spend on your education, and how much debt are you willing to take on? Doing a little research can help you make wiser decisions. Get a head start by answering the questions below.

1. What are your interests? Is there anything you know you want to study in college?
Do you have any career fields in mind?

2. Which colleges offer programs in your fields of interest? Review websites such as Collegeboard.org and College.gov or pick up a copy of College Board's Book of Majors to help you find the strongest college programs in your area of interest.

3. How much is tuition at the schools you researched? What other costs would be involved in going to school there (e.g., room and board, commuting to and from home, books and supplies)?

4. What are the starting salaries in your career or field of interest?
Websites such as salary.com can help you get a better idea.

5. By what age do you want to have paid off your college loans? What else do you want for your life that could affect loan repayment (e.g., staying home for a time with small children)?



A Perfect Fit: Finding the Right Career for You

LESSON 5: TEACHERS GUIDE

When thinking about their futures, young adults often envision great wealth and success. Turning dreams into reality, however, is no easy feat. In this lesson, students will research job openings, career descriptions and skills needed to enter their dream professions. They will examine concepts of passion and profit by reading success stories from experienced self-starters, and consider their own true calling. Finally, students will analyze qualifications, salaries and education linked to career goals, and then write realistic resumes to demonstrate their understanding.

Topic: Exploring Careers

Time Required: 70 minutes

SUPPLIES:

- Notebooks
- Computers or tablets
- Internet access
- Projector
- Student activity sheet
- Self-starter articles (2)

PREPARATION:

- Copy student activity sheet
- Copy self-starter articles
- Collect sample resumes from jobsearch.about.com

STUDENT ACTIVITY SHEET:

Ready, Set, Resume. Have You Got the Skills?

Students will conduct research, write a resume and learn about the skills needed to achieve their career goals.

LEARNING OBJECTIVES:

Students will...

- Explore a career goal and create a plan for reaching it
- Discover different career and income options
- Understand how entrepreneurship impacts a career path

STANDARDS:

Jump\$tar\$t Standards:

- Income Standards 1 and 2

National Economics Standards:

- Standard 13: Income
- Standard 14: Entrepreneurship

Common Core ELA Anchor Standards:

- Reading: Key Ideas and Details
- Writing: Research to Build and Present Knowledge
- Speaking and Listening: Comprehension and Collaboration
- Speaking and Listening: Presentation of Knowledge and Ideas
- Language: Vocabulary Acquisition and Use

Common Core Math Standards:

- Number and Quantity: Quantities



Essential Question

"How do I determine the right career path for me?"

Investigate: Exploring Career Goals

[Time Required: 15 minutes]

1. Begin by asking students to consider what kind of career they might like to have someday. What do they enjoy doing and how might they make a living in relation to their interests? What kinds of jobs do the people in their lives have, and are the students interested in following similar career paths? Then, ask students to complete the sentence, "My ideal career is... because..." in their notebooks. Invite them to talk with a partner about their dream jobs. Explain that each pair will share his or her partner's ideal career with the class.
2. Record students' ideal careers, and then ask them to divide themselves into small groups (3-4 students) based on their career interests (e.g., business, education, science, etc.).
3. Ask students to think about what they would need to do in order to get their dream jobs (e.g. a college degree or specific work experiences), and then have the groups brainstorm a list of possible sources for information on what employers want.

Student Preparation: Understanding Career Choices

[Time Required: 30 minutes]

4. Challenge students to research the ideal career for each member of their small group by searching job openings and descriptions using websites such as usajobs.gov and jobdescriptions.net.
5. Share sample resumes with students, and discuss the basic information, structure and purpose of a resume as a class. Help students see that different jobs may require different information on a resume, and talk about how employers use resumes to evaluate potential candidates for a job. Explain that employers will look at more than resumes; they will often conduct Internet searches, and explore social media pages to observe potential candidates' online interactions. Help students understand that their online presence is equally as important as writing a professional resume.

**TEACHER'S TIP****What is the Essential Question?**

The Essential Question is designed to "hook" the learner, promote inquiry and engagement with the lesson, and allow students to exercise problem-solving abilities. It addresses a larger concept, does not have a right or wrong answer, and requires higher order thinking skills.



6. Distribute the **Ready, Set, Resume. Have You Got the Skills?** activity sheet. Ask students to use their research to create a sample resume for each group member by assessing optimal qualifications, education and skills.
7. Invite volunteers from each group to share their resumes with the class and discuss the similarities and differences between careers. Engage students in a discussion about different job responsibilities, salaries, experience, education and skills. Encourage them to analyze how they can find a career path they love while also maintaining financial security. How can students balance passion and profit? What advantages or disadvantages does starting a business offer? Do they see entrepreneurship being a part of their career plans? Why or why not?

Challenge: Learning From Self-Starters

[Time Required: 20 minutes]

8. Divide the class in half and ask one group to read the article "Stephen, King of Business" at practicalmoneyskills.com/HS1 and the other group to read "Lovin' It with McDonald's President Jan Fields" at practicalmoneyskills.com/HS2. Then, ask each group to share with the class what its article was about.
9. As a class, discuss the differences in career paths between the people featured in the two articles. What is similar and what is different? Analyze the merits of what it takes to be a self-starter and what it means to be entrepreneurial. For example, what led to King's and Fields' success? What skills are needed to be a self-starter? How can students take what they love and shape it into a career?

Reflection

[Time Required: 5 minutes]

Ask students to write in their notebooks about how they can balance profit with passion when choosing their careers. What did they learn from King's and Fields' experiences and how does it apply to their own goals? Encourage students to evaluate the qualifications on their sample resumes, explaining how their interests and experiences could turn into future careers.



TEACHER'S TIPS

Extension Idea:

Compile and distribute each group's completed **Ready, Set, Resume. Have You Got the Skills?** activity sheets to build a collection of resumes students can peruse anytime. If you have a classroom website, post the activity sheets online for students and parents to review.

Inspire Self-Starters:

Do you want to teach more about entrepreneurship and self-starters? Ask an entrepreneur to share challenges and success stories with your class via Skype, or check out videos from real-life innovators at entrepreneur.com/video.

What is Reflection?

The Reflection part of the class gives students the opportunity to reflect on the bigger-picture meaning of the exercise, and to assimilate and personalize some of the concepts and ideas learned about in the class.



Ready, Set, Resume: Have You Got the Skills?

LESSON 5: STUDENT ACTIVITY SHEET

Knowing what to put on a resume can be tricky. The key is to think about the skills, education and experience that are required for your desired job, and to cater your resume to that job. In researching your dream career, what skills, education and experience did you discover are necessary? Use that information to create a “perfect” resume for that job on the next page, relying on the sample resume and information below as a guide.

John Smith | jsmith@ucdavis.edu

100 Alvarado Avenue | Davis, California 95616 | 530.753.0000

OBJECTIVE

A laboratory research internship with ABC Company.

Contact information allows potential employers to reach you. Just make sure to use a professional email address that includes your name.

EXPERIENCE

Shift Leader, In-N-Out Burger, Davis, CA - (10/13 - present)

- Provided outstanding customer service and handled customer complaints
- Acted as cashier; recorded and delivered bank deposits
- Trained and supervised ten personnel
- Maintained inventory count of all products
- Ensured proper food sanitation procedures were followed

The **objective** succinctly states your career goals and employment focus by articulating a target industry or job category.

EDUCATION

Bachelor of Science in Biological Sciences - (June 2013)

University of California, Davis

Related Course Work: General Chemistry (Lab), Microbiology (Lab), Organic Chemistry (Lab), Zoology (Lab), Biology

The **experience** section highlights your work history, including specific job titles, start and end dates and a brief description of responsibilities held. If you do not yet have employment experience, volunteer work and internships can be included.

SKILLS

- Familiar with buffer preparation, titrations, pipetting, pH meter, and analytical balances
- Ability to keep accurate laboratory records
- Experience using Microsoft Word, Excel, PowerPoint and Access in both PC and Mac platforms

List your **education** level and degrees obtained beginning with the most recent. Include the name of the school, dates attended and education level completed.

Skills define the talents that make you a desirable candidate for the position. Make sure to align your skill sets to the target job.



Ready, Set, Resume: Have You Got the Skills?

LESSON 5: STUDENT ACTIVITY TEMPLATE

Name:

email:

address/phone:

OBJECTIVE

EXPERIENCE

-
-
-
-
-

EDUCATION

-
-
-
-

SKILLS

-
-
-
-



Keeping Score: Why Credit Matters

LESSON 6: TEACHERS GUIDE

In the middle of a championship football game, keeping score is the norm. But when it comes to life, many young adults don't realize how important it is to keep track of another score—their credit score. This lesson provides strategies for understanding credit reports and scores, enabling students to make smart money decisions. Students will explore different scenarios that challenge their assumptions about credit and "creditworthiness," while debating the impact certain decisions can have on their credit scores.

Topic: Credit Reports and Scores

Time Required: 55 minutes

SUPPLIES:

- Notebooks
- Take Control of Your Credit Score brochure available at practicalmoneyskills.com/HS12
- Student activity sheet

PREPARATION:

- Copy student activity sheet
- Download and copy brochure
- Read brochure ahead of class to familiarize yourself with credit terms

STUDENT ACTIVITY SHEET:

Spot the Credit Crisis

This activity sheet provides situations that are potentially damaging to credit scores and encourages students to recognize how each will impact credit; then evaluate credit recovery methods and explain their reasoning.

LEARNING OBJECTIVES:

Students will...

- Evaluate and explain the purpose of a credit score
- Understand the elements of credit scores, and what impacts them
- Discover the best way to maintain a high credit score

STANDARDS:

Jump\$tart Standards:

- Credit Standards 1, 2 and 3
- Planning Standard 3

National Economics Standards:

- Standard 10: Institutions

Common Core ELA Anchor Standards:

- Reading: Key Ideas and Details
- Reading: Integration of Knowledge and Ideas
- Speaking and Listening: Comprehension and Collaboration
- Speaking and Listening: Presentation of Knowledge and Ideas
- Language: Vocabulary Acquisition and Use

Common Core Math Standards:

- Numbers and Quantity: Quantities



Essential Question

"What does it mean to be "creditworthy?"

Investigate: What is Credit?

[Time Required: 15 minutes]

1. Begin by asking students to think about their last purchase and how they paid for it. Did they use cash, debit, credit or did they write a check?
2. Invite volunteers to share their purchases, and engage the class in a discussion about the differences between paying with cash, debit, credit and checks. How does one get **credit** and who provides credit?
3. Ask students if they've ever loaned money, clothes or even their car to a friend, and whether or not they expected to get the item back. Explain that loaning out money, clothes and cars are all examples of **lending credit**.
4. Now ask students to imagine that they are going to loan their brand new car to a stranger. What factors would they consider before letting someone borrow their car? Would they consider age, gender, religion, work history, driving record, race, language, education or income? Write a list of potential factors on the board and ask students to vote on whether each factor would affect their decision. Tally votes on the board.
5. Next, explain that lenders use specific factors to determine whether or not a person is "**creditworthy**" and eligible for a loan. Tell students there are five key factors that are considered when determining "creditworthiness":
 - Payment history (whether or not you pay your bills on time)
 - Amount owed to current creditors (e.g., whether you have a car payment or a balance on a store credit card)
 - Length of credit history (in general, the longer you've had access to credit and paid your bills on time, the better)
 - Types of credit used (e.g., car and mortgage payments are often viewed as "better" debt than consumer credit card debt)
 - Number of open accounts (lenders can be wary of borrowers with too much credit available)

These factors are compiled on a person's credit report, with an overall **credit score** that lets lenders know how risky it is to lend to that borrower. Explain that some of the factors students believed should matter when it comes to getting credit actually don't (e.g., education, race, gender, age, religion, etc.).

**TEACHER'S TIPS****What is the Essential Question?**

The Essential Question is designed to "hook" the learner, promote inquiry and engagement with the lesson, and allow students to exercise problem-solving abilities. It addresses a larger concept, does not have a right or wrong answer, and requires higher order thinking skills.

Get Graphic:

Do you have cell phones, tablets or Internet access in your classroom? Use a free website such as polleverywhere.com to capture student answers and instantly display results in chart or graph form.

Student Preparation: Understanding Credit Scores

[Time Required: 15 minutes]

6. Ask students which they would rather earn on a math test: a 95 out of 100 or a 55 out of 100? Explain that just like test scores in school, the higher your credit score, the better. This is because a higher number means you are a lower risk as a borrower.
7. Distribute the Take Control of Your Credit Score brochure, and ask students to read the information.
8. Engage the class in a discussion on “creditworthiness” and discuss the components of a credit score. How is a credit score calculated? What is considered a good score? What actions impact a credit score? Why does having a good score matter? Why would a bank or cell phone company care about your credit?

Challenge: Imagine the Impact

[Time Required: 15 minutes]

9. Distribute the student activity sheet, **Spot the Credit Crisis**, and break students into groups of four. Working as a team, students will discuss the scenarios on the activity sheet and determine how and why each scenario would impact their credit. Students should be prepared to justify their answers to the class.
10. Ask a volunteer from each group to share one scenario with the class and explain the impact that scenario has on credit and “creditworthiness.”

Reflection

[Time Required: 10 minutes]

Ask students to reflect in their notebooks about how their credit scores might impact their short-, medium-, and long-term goals; such as finding a job, buying a house or selecting a cell phone plan.



TEACHER'S TIPS

Link to Lesson 3:

For more on “creditworthiness,” review **Lesson 3** in which students experience some of the practical applications of credit as they walk through the steps of buying a car.

Did You Know?

Students can get a free credit score estimate by answering the questions at whatsmyscore.org.

Extension Idea:

To help students get the hang of short-, medium-, and long-term goals, sync this lesson with **Lesson 2**.

What is Reflection?

The Reflection part of the class gives students the opportunity to reflect on the bigger-picture meaning of the exercise, and to assimilate and personalize some of the concepts and ideas learned about in the class.





Spot the Credit Crisis

LESSON 6: STUDENT ACTIVITY SHEET

You're holding the keys to a brand new car, longing for a cell phone upgrade and planning a trip to Disney World. But wait ... will doing these things affect your credit? Determine how the scenarios below might impact your credit score. (Remember—it can go up or down.) Justify your reasoning and offer a solution to any negative impacts.

Scenario 1:

You want to purchase a new vehicle and you have your heart set on a brand new SUV. You take out a loan to pay for the car, but after six months you begin to fall behind on payments and incur late fees.

Does your credit score go up or down?

Why does it go up or down?

If your score goes down, how can you fix it?

Scenario 2:

You've been eager to buy a new cell phone for months, and now you're ready to make it happen. You use your credit card to purchase the phone and you set up automatic billing to pay the monthly expenses. At the end of each month, you pay the credit card bill in full.

Does your credit score go up or down?

Why does it go up or down?

If your score goes down, how can you fix it?

Continued on the next page.



Spot the Credit Crisis

LESSON 6: STUDENT ACTIVITY SHEET

Scenario 3:

Your first semester of college, you take out a small loan to help pay for books. Despite being busy, you get a part-time job. Although you don't have to pay your loan back until you graduate, you've saved enough by the end of the semester and you will pay off the loan in full.

Does your credit score go up or down?

Why does it go up or down?

If your score goes down, how can you fix it?

Scenario 4:

You just got the keys to your first apartment. You also have a new credit card with a \$4,000 limit and you use it to furnish your new place. Before you know it, you've bought a TV, a couch and a dining room table. When you get the credit card bill, you realize you've spent your full credit limit of \$4,000.

Does your credit score go up or down?

Why does it go up or down?

If your score goes down, how can you fix it?

Continued on the next page.



Spot the Credit Crisis

LESSON 6: STUDENT ACTIVITY SHEET

Scenario 5:

You're planning a trip to Disney World with friends over winter break. You get a credit card offer in the mail that lets you earn airline miles for every \$1 you spend, plus bonus miles for opening a new account. Even though you opened three other credit cards this year, you jump on the opportunity and sign up immediately because you haven't bought your flight to Florida yet.

Does your credit score go up or down?

Why does it go up or down?

If your score goes down, how can you fix it?



Privacy Please: Protecting Your Identity

LESSON 7: TEACHERS GUIDE

On any given day, students might swipe their debit cards, purchase and download a movie to their cell phones, or order a new product online. While they may do these things without a second thought, identity thieves know just the right moves to capitalize on their everyday actions. This lesson helps students differentiate the ways they are susceptible to identity theft by evaluating ramifications and assessing courses of action.

Topic: Identity Theft

Time Required: 70 minutes

SUPPLIES:

- “Deter Detect Defend: Avoid ID Theft” at practicalmoneyskills.com/HS3
- Notebooks
- Computers or tablets
- Computer speakers & projector
- Internet access
- Notebooks
- Student activity sheets (2)

PREPARATION:

- Copy student activity sheets
- Review websites in the lessons
- Load the FTC video

STUDENT ACTIVITY SHEETS:

Road to Recovery: Protecting Your Identity

Students will determine the steps for recovering from identity theft.

Fighting Fraudulent Charges

This activity helps students practice writing a letter of dispute.

LEARNING OBJECTIVES:

Students will...

- Discover what institutions can have access to a social security number
- Understand the ramifications of identity theft
- Explore how to rectify a case of identity theft

STANDARDS:

Jump\$tar Standards:

- Financial Responsibility Standard 6

Common Core ELA Anchor Standards:

- Writing: Research to Build and Present Knowledge
- Speaking and Listening: Comprehension and Collaboration
- Language: Vocabulary Acquisition and Use
- Speaking and Listening: Presentation of Knowledge and Ideas



Essential Question

“How can I protect my identity?”

Investigate: Privacy Matters

[Time Required: 10 minutes]

1. Begin by asking students to reflect in their notebooks about a time when they (or a friend) have shared passwords for online accounts, such as Facebook and e-mail, with friends or boyfriends/girlfriends. Why did they decide to share their passwords? What are the risks involved? Did they have any qualms about sharing private information? Why/why not?
2. Invite students to share their thoughts with the class, and then write the words **identity**, **privacy** and **theft** on the board. Have students reflect on what these words mean in relation to their own lives. Have their identities ever been compromised? Have they ever been victims of theft? How did those experiences make them feel?

Student Preparation: The Risks of Identity Theft

[Time Required: 20 minutes]

3. Using student stories as a starting point, discuss the risks involved in sharing personal information. How does privacy play a role in identity theft? What are some financial risks involved with identity theft? What are the dangers in sharing a Facebook password? What about sharing a bank or ATM password? What information should be kept private and what is okay to share with others? Why is it risky to share personal information even with someone you know?
4. Share the Federal Trade Commission's video "Deter Detect Defend: Avoid ID Theft" at practicalmoneyskills.com/HS3.
5. Next, discuss tips from the video on deterring, detecting and defending one's identity. What can you do to protect yourself from identity theft? What are some of the common ways identity thieves get your private information? What are preventative measures you can take if you think your privacy has been compromised?

**TEACHER'S TIPS****What is the Essential Question?**

The Essential Question is designed to "hook" the learner, promote inquiry and engagement with the lesson, and allow students to exercise problem-solving abilities. It addresses a larger concept, does not have a right or wrong answer, and requires higher order thinking skills.

Extension Activity:

Ask students to compile a tip sheet with ideas on how to deter, detect, and defend their identities, and share their tips with other students in the class.

Link to Lesson 6:

Already covered **Lesson 6**. Remind students of the significance of their credit scores and that identity theft can often compromise them. Or, use **Lesson 6** as a follow-up activity to this lesson.

6. Review instances when students will be asked to share personal information (like their social security numbers), such as when filling out paperwork for a new job, filing tax returns, applying for a student loan or obtaining a driver's license. Explain that if someone asks for your social security number and you're not sure if it's okay to give it out, you should always evaluate the situation by asking why they need it and how it will be used.
7. Ask students to think about other institutions that may ask for their personal information and discuss when it is okay to share. For example, if a bank asks you for your social security number when you open a new account, is it okay to give it to them? If you order clothes online and the store asks you for your social security number, should you provide it? Why or why not? If you get an e-mail from someone you don't know asking to verify your identity by responding with your social security number, what should you do?

Challenge: Take Action

[Time Required: 30 minutes]

8. Have students form groups of four (if possible), and distribute the student activity sheet **Road to Recovery: Protecting Your Identity**.
9. Ask each group to brainstorm a scenario in which one's identity could be compromised (e.g., stolen ATM card, telephone/e-mail scams, missing mail, stolen password, etc.) and what action steps they should take to repair their identity. Students can research potential threats and steps needed for recovery at ftc.gov and OnGuardOnline.gov.
10. Invite groups to share their scenarios and action steps with the class. Encourage students to evaluate and debate the different steps each group presents.
11. Help students to see the importance of notifying parties in writing (i.e. credit card companies, banks, etc.) to put a hold on accounts and to always create a paper trail.
12. Distribute the activity sheet **Fighting Fraudulent Charges** and inform students that they will now get a chance to put one of the steps into action by writing a letter of dispute. Invite students to share their letters with the class.



TEACHER'S TIPS

Extension Activity:

Ask students to research instances when it is acceptable or unacceptable to give out a social security number, and add their findings to a tip sheet for deterring, detecting and defending identity theft. Students can learn more at ssa.gov and privacyrights.org.

Create Tip Sheets:

As students conduct research on how to resolve identity theft, ask them to compile a list of organizations that can help them on their journey. Then add their lists to a tip sheet on deterring, detecting and defending one's identity.

Time Saver:

Tight on time? Assign the activity sheet **Fighting Fraudulent Charges** as homework and discuss it during the following class period.

Reflection

[Time Required: 10 minutes]

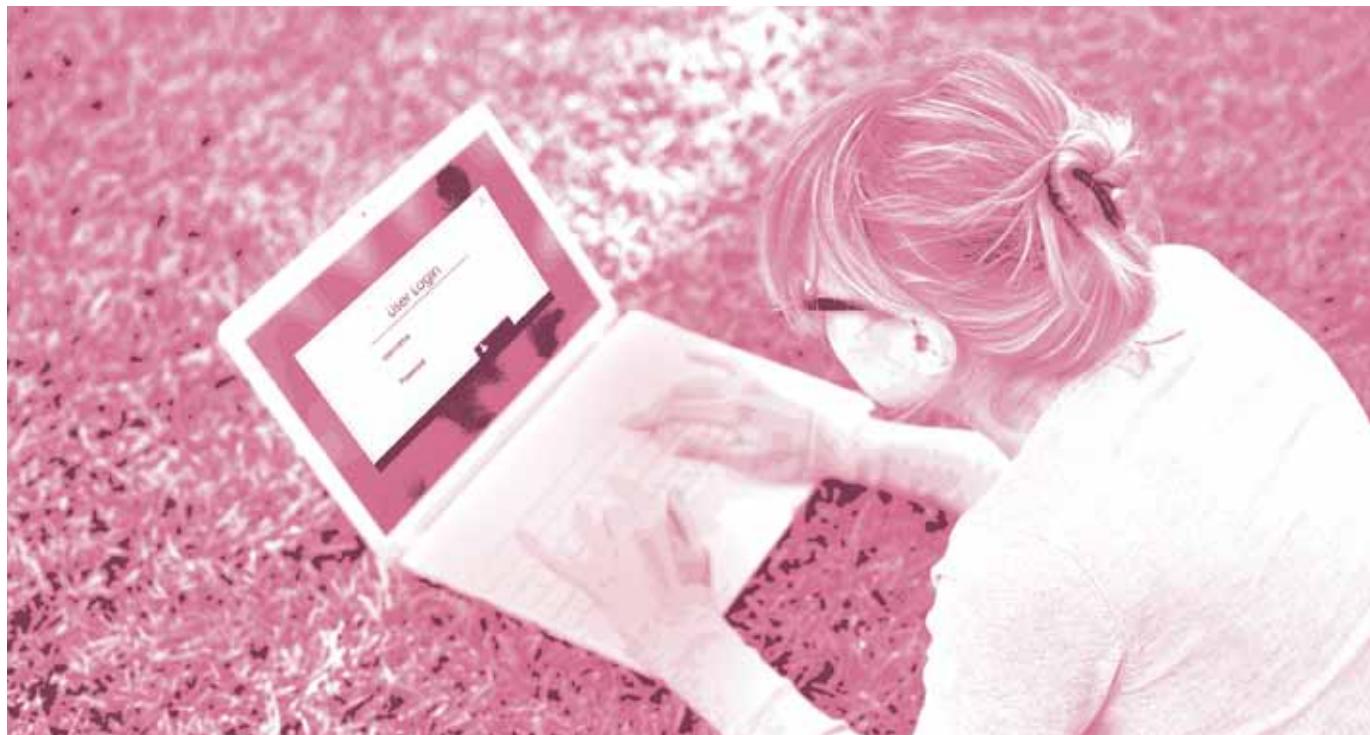
Ask students to reflect in their notebooks about how they would react if they witnessed someone's identity being compromised. For example, give students the following scenario: Your friend tells you she just gave her boyfriend her email password, which also happens to be the same as her Facebook, debit card and computer passwords. While you're happy she is so happy, you realize that she could be at risk of sharing too much. What do you do? Write a brief story chronicling how you would react and what you might tell your friend about sharing personal information.



TEACHER'S TIP

What is the Essential Question?

The Essential Question is designed to "hook" the learner, promote inquiry and engagement with the lesson, and exercise problem-solving abilities. It addresses a larger concept, does not have a right or wrong answer, and requires higher order thinking skills.





Road to Recovery: Protecting Your Identity

LESSON 7: ANSWER KEY 1

- 1.** Place a fraud alert on your credit reports and request your reports from the three reporting agencies in order to see whether there have been fraudulent charges.
- 2.** Close any accounts you are concerned may have been compromised or tampered with, or any new accounts that have been fraudulently opened.
- 3.** File an identity theft complaint with the Federal Trade Commission to ensure that you receive certain protections.
- 4.** File a report with your local police or with the police in the community where the identity theft took place.



Road to Recovery: Protecting Your Identity

LESSON 7: STUDENT ACTIVITY SHEET 1

Using your knowledge on identity theft, write a realistic scenario in which your identity could be stolen. Follow the road to recovery by determining the necessary steps to take, such as filing a police report, freezing accounts and notifying the Federal Trade Commission.

Scenario:

**STUDENT TIP**

To help you on your journey, start by researching these websites:

- practicalmoneyskills.com/HS6
- practicalmoneyskills.com/HS7
- practicalmoneyskills.com/HS8
- practicalmoneyskills.com/HS9
- practicalmoneyskills.com/HS10

Step 1: Your identity has been stolen. What should you do first to protect yourself and your finances?

Step 2: What should you do next to ensure your accounts aren't compromised?

Step 3: Who should you then contact and what action should you take?

Step 4: The fourth step involves contacting your local or community police. What action should you take when you contact them?



Fighting Fraudulent Charges

LESSON 7: STUDENT ACTIVITY SHEET 2

Think fast. Your wallet is stolen at a party—including your credit cards, driver's license and social security number. The next day, you notice a charge for \$25.99 to Friendly's Pizza. The only problem? You didn't make it. Get the process of identity repair rolling by writing a letter of dispute to your credit card company.

Today's Date:

Your Name:

Your Address:

Your Account Number:

Name of Creditor:

Creditor's Address:

Dear (name of creditor),

[Part 1 of letter: In one brief paragraph, explain the fraudulent charges using specific details (e.g. dollar amount, date, etc.) and define the action you are requesting. For example, do you want a refund for the fraudulent charges? Do you want to place a hold on the account?]

[Part 2 of letter: In one brief paragraph, explain what enclosures you are providing to verify the fraudulent charges. For example, will you send a copy of the account statement listing the fraudulent charge? Will you attach a police report documenting the identity theft?]

[Part 3 of letter: In one sentence, reinforce the action you need the credit card company to take.]

Sincerely,
Your Name



STUDENT TIPS

Why is it important to create a paper trail when defending your identity?

Visit websites such as ftc.gov and OnGuardOnline.gov to help find answers.

What other information should you send with your letter of dispute?

Check out ftc.gov and privacyrights.org for sample letters and enclosures.



Making it Work Together: Money and Roommates

LESSON 8: TEACHERS GUIDE

Whether it's lending a hand in a group project, passing the ball for a goal or working together to win on a video game battlefield, students often work together for a common purpose. But applying these skills to their finances can be difficult for teens, especially when it comes to learning to balance money and first-time roommates. In this lesson, students will explore what it means to have a financial partnership with a roommate, analyze situations that could test that partnership, and discuss the importance of communication when sharing expenses with another person.

Topic: Relationships, Money and Financial Agreements

Time Required: 60 minutes

SUPPLIES:

- Notebooks
- Computers or tablets
- Internet access
- *Washington Post* article: "The More the Merrier?" at practicalmoneyskills.com/HS11
- Student activity sheet

PREPARATION:

- Copy student activity sheet
- Copy article or provide access to it at practicalmoneyskills.com/HS11

STUDENT ACTIVITY SHEET:

Financial Feuds: Making Peace with Roommates

In this activity, students will discuss different ways to handle financial conflicts with roommates.

LEARNING OBJECTIVES:

Students will...

- Understand components of financial agreements between roommates
- Evaluate the pros and cons of sharing financial information with another person
- Discover the importance of communicating about finances

STANDARDS:

Jump\$tar\$t Standards:

- Financial Responsibility Standards 5 and 6

Common Core ELA Anchor Standards:

- Reading: Key Ideas and Details
- Reading: Integration of Knowledge and Ideas
- Speaking and Listening: Comprehension and Collaboration
- Speaking and Listening: Presentation of Knowledge and Ideas
- Language: Vocabulary Acquisition and Use

Essential Question

"What do I need to consider in a financial partnership?"

Investigate: The Power of Partnerships

[Time Required: 10 minutes]

1. Ask students to record in their notebooks a time when they made a purchase with someone else. For example, have they ever pooled money with siblings to buy their parents a gift, or pitched in with friends to buy a pizza? Ask them to consider how they decided who would contribute what, and if any problems arose in making those decisions.
2. Invite volunteers to share their stories. Ask how they would handle a situation in which someone didn't follow through with his part of the agreement. What would they say to a friend who didn't pay her fair share? Why is it important to agree on how everyone will contribute before making a shared purchase?
3. Explain that making a purchase with someone else means becoming part of a partnership. How would students define the word **partnership**? What are the traits of a successful partnership (e.g., each pulling their own weight, helping one another out)? Can students share examples of effective partnerships they know in real life? Why are those relationships strong?

Student Preparation: What's Fair When You Share?

[Time Required: 20 minutes]

4. Ask students to think about what it means to have a financial partnership with a roommate. What kind of expenses do roommates share and how do they divide those costs? What happens if someone doesn't follow through or if the roommates disagree on how money should be spent?
5. Record student responses on the board, and then distribute the article "The More the Merrier?," asking students to read it while keeping the concept of financial partnerships in mind.
6. Next, ask students to analyze the article and discuss the differences between the two financial partnerships portrayed. Why did the second story have a stronger partnership than the first story? What factors were different between the two scenarios? What are the most important elements to consider before creating a financial partnership with a roommate someday? Add students' contributions to the board.

**TEACHER'S TIPS****What is the Essential Question?**

The Essential Question is designed to "hook" the learner, promote inquiry and engagement with the lesson, and allow students to exercise problem-solving abilities. It addresses a larger concept, does not have a right or wrong answer, and requires higher order thinking skills.

Class Discussion:

To jump-start the class discussion, assign "The More the Merrier?" as homework prior to this class. In order to prepare for your discussion, ask students to write a one-page reflection on what the article taught them about looking for a roommate.

Challenge: Solving Financial Feuds

[Time Required: 20 minutes]

7. Distribute the student activity sheet ***Financial Feuds: Making Peace with Roommates***.
8. Explain that students will work in pairs to solve possible financial conflicts that may arise with a roommate. Give partners 10 minutes to discuss and answer.
9. Invite partners to share their responses to each of the scenarios with the class and compare their solutions with other groups. Ask students why some solutions are better than others. For example, why is sitting down and talking to your roommate a better approach than ignoring the problem?

Reflection

[Time Required: 10 minutes]

Ask students to reflect in their notebooks about how they will approach the relationship with their first roommates. What will they consider before choosing a roommate and what will they do to make the partnership strong? How will they handle problems that may arise?



TEACHER'S TIPS

Extension Activity:

For more financial partnership activities, ask students to draft a sample roommate agreement detailing items like financial contributions, borrowing one another's personal belongings, food expenses and guest rules. Students can create their own agreement or search online for templates and downloadable forms.

What is Reflection?

The Reflection part of the class gives students the opportunity to reflect on the bigger-picture meaning of the exercise, and to assimilate and personalize some of the concepts and ideas learned about in the class.





Financial Feuds: Making Peace with Roommates

LESSON 8: ANSWER KEY

Note: Students will develop their own answers to the scenarios, but you can connect their ideas with some overarching concepts provided below.

1. Who ate my food?

Discuss the importance of making arrangements that work for everyone. Because food is kept in a common area, help students see the value in discussing ground rules and restrictions to avoid conflicts.

2. Decorating your place

Agreeing to terms that are fair for both parties is a large part of a successful financial partnership. Discuss the need to agree on contributions before moving in together so everyone is happy with the arrangement.

3. Streaming video

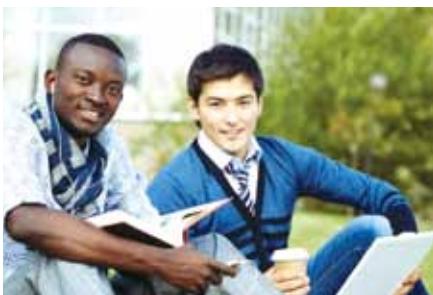
Use this scenario to discuss the importance of addressing issues up front to avoid conflicts down the road. One roommate making decisions for the entire house or apartment has the potential to evolve into the “norm.”

4. Passwords please

If you’ve covered **Lesson 7** on identity theft, remind students of the dangers in divulging personal information, even with someone you know. Additionally, ask students to think about the credit impact if their roommate did not pay a bill (**Lesson 6**).

5. Broken promises

If you’ve discussed **Lesson 6** on credit scores, talk about strategies to determine a roommate’s “creditworthiness” before moving in (e.g., through a screening or application process).



Financial Feuds: Making Peace with Roommates

LESSON 8: STUDENT ACTIVITY SHEET

You've just signed a lease with a new roommate and you have no idea what to expect. You do know one thing though—money can mean trouble. Working with a partner, read the scenarios below and discuss how you would resolve the financial conflicts with your new roommate. Be prepared to explain and justify your answers to the class.



Who Ate My Food?

You agreed to split the cost of food with your roommate, but you just went to the store two days ago, and your roommate has already eaten your bananas, cereal and soup. You've had enough, and decide that from now on you will buy your own food.

How do you talk to your roommate about your new plan? What kind of conflicts could erupt and how will you diffuse them?



Decorating Your Place

You're getting ready to move into your new apartment and you and your roommate are trying to decide who should bring or buy furniture and other basics. You have everything you need for your own room, but you also need furniture for the living room and dishes for the kitchen.

How will you decide who should bring or buy each item? How can you make sure you are contributing fairly to your shared space?

Continued on the next page.



Financial Feuds: Making Peace with Roommates

LESSON 8: STUDENT ACTIVITY SHEET



Streaming Video

You and your roommate decide to have a movie marathon together. Just as you are about to pop in a DVD, your roommate says he can stream video to the TV because he added the service to your cable bill. Oh, and he's going to need an extra ten bucks from you each month to cover it. You're glad to have the convenience, but you're annoyed that he didn't ask first.

How will you communicate your frustrations to your roommate, and what will you do to ensure something like this doesn't happen in the future?



Passwords Please

You're out of town and you forgot your cell phone bill is due. You usually pay it online, but you can't remember your username and password. You call your roommate and ask if she can take care of it for you, letting her know that your usernames and passwords are in a notebook by your desk.

What are the pros and cons of letting a roommate have access to your financial information? What security concerns should you think about in this situation?

Continued on the next page.



Financial Feuds: Making Peace with Roommates

LESSON 8: STUDENT ACTIVITY SHEET



Broken Promises

Your roommate has a new boyfriend and you're worried things will change. Sure enough, a few months later she moves out of your place and in with her boyfriend. The worst part? You still have six months left on the lease and she refuses to pay rent now that she has moved out.

How will you talk to your roommate about this situation? What might you do differently in the future when choosing a roommate?



A Plan for the Future: Making a Budget

LESSON 9: TEACHERS GUIDE

Cash. Moola. Cha-Ching. No matter what we call it, we all make, spend and save money. While students may recognize the concepts of working, earning and spending; trying to understand variable expenses, cash flow and net income can feel like learning a foreign language. This lesson breaks down key terms in budgeting, has students analyze sample budgets and introduces them to the process of creating their own plans for spending and saving.

Topic: Budgeting

Time Required: 65 minutes

SUPPLIES:

- Notebooks
- Computers or tablets
- Internet access
- Projector
- Student activity sheets (2)

PREPARATION:

- Copy student activity sheets

STUDENT ACTIVITY SHEETS:

Budget Busters: Who's Breaking the Bank?

In this activity, students will analyze three different budgeting scenarios to determine which is the most effective and why.

Budgets 101: How to Get It Done

In this activity, students will learn how to create a personal budget by calculating a monthly net income and assessing monthly expenses.

LEARNING OBJECTIVES:

Students will...

- Understand the components of a budget
- Create and calculate an individualized budget
- Keep financial records to assist in planning
- Demonstrate effective decision making in spending and saving

STANDARDS:

Jump\$tar Standards:

- Planning Standards 1 and 2

National Economics Standards:

- Standard 1: Scarcity
- Standard 2: Decision Making
- Standard 3: Allocation

Common Core ELA Anchor Standards:

- Writing: Research to Build and Present Knowledge
- Speaking and Listening: Comprehension and Collaboration
- Speaking and Listening: Presentation of Knowledge and Ideas
- Language: Vocabulary Acquisition and Use

Common Core Math Standards:

- Numbers and Quantity: Quantities
- Modeling



Essential Question

"How do I create and follow through with a budget?"

Investigate: Budgeting and Goals

[Time Required: 10 minutes]

1. Begin by asking students about their financial goals. Would they like to purchase a laptop or a car? Do they plan to pay for a college education? Do they want to earn a certain amount of money by a particular age?
2. Initiate a class discussion on how to achieve financial goals and invite volunteers to share their strategies with the class. Explain that in order to reach financial goals, it's important to make a plan for spending and saving. This plan is called a **budget**. An important part of creating an accurate budget is tracking exactly how much money comes in and goes out each month.
3. Explain that the concept of money coming in (income and earnings) and money going out (expenses and spending) is called **cash flow**. Just like ocean waves move in and out with the tide, so does our money—the difference is that we can control how our money flows by creating a good budget.

Student Preparation: Understanding Cash Flow

[Time Required: 15 minutes]

4. Ask students to record in their notebooks what they have spent money on over the last two days. Have they bought any food, clothing or electronics? Have they gone to the movies with a friend or bought any groceries or food?
5. Invite volunteers to share some of their purchases and record them on the board. Then explain that there are several different types of expenses: **fixed expenses** that are the same each month, such as a rent, phone or car payment, and **variable expenses**, which change in price and frequency each month, like food or gas.
6. Ask students to label their purchases as fixed or variable expenses. Discuss how their goals fit into these categories, too. If they want to buy a home, will their mortgage be a fixed or variable expense? If they want to take a vacation to Europe, will that be a fixed or variable expense? Explain that as they become more independent, more expenses will become fixed. Help students understand that knowing how money fits into these categories will help them build an accurate budget.

**TEACHER'S TIPS****What is the Essential Question?**

The Essential Question is designed to "hook" the learner, promote inquiry and engagement with the lesson, and allow students to exercise problem-solving abilities. It addresses a larger concept, does not have a right or wrong answer, and requires higher order thinking skills.

Link to Lesson 2:

Have you already covered **Lesson 2** on financial goals? If so, ask students to pull out their notebooks and review the goals they wrote on their bucket list.

Extension Idea:

To help students see the full scope of their spending, ask them to record everything they purchase over a month. Can they identify any patterns (e.g., do they eat out every Friday? Do they go to the movies each week?)

7. Next, ask students if they've earned any money this month (e.g., birthday cash, paycheck or allowance). How do they keep track of what they make and what they spend?
8. Explain to students that just like we need to track our outgoing expenses, we also need to track our incoming earnings. Remind them that this process is called cash flow, and that we monitor it to determine a budget.
9. Explain that when you have a job, you earn what is called a **gross income**. This is the total amount of money you earn before taxes. Explain that state, federal and social security taxes are all deducted from your gross income (self-employed individuals also pay a self-employment tax). Once taxes are deducted from your gross pay, you are left with what is called **net pay**. This is the actual money you take home and the number you start with when building a budget.

Challenge: Making a Budget

[Time Required: 35 minutes]

10. Tell students that they will get a chance to study three different budgets showing fixed and variable expenses. Their challenge will be to decide which budget is the most effective in meeting the budgeter's individual goals.
11. Hand out the student activity sheet, **Budget Busters: Who's Breaking the Bank?** and ask students to work in groups of 4-5 to evaluate the budgets. Ask each group to assess which budget is the most successful in meeting the budgeter's goals. What adjustments could be made to meet the goal sooner? Invite each group to share their answers, and then discuss as a class.
12. Distribute the student activity sheet, **Budgets 101** and explain that students will now get a chance to create their own budget.
13. Invite students to share their budgets with the class.



TEACHER'S TIPS

Time-Saver:

To devote more in-class time to discussions on the three budget scenarios, assign **Budgets 101** as homework and discuss the results in your next session.

What is Reflection?

The Reflection part of the class gives students the opportunity to reflect on the bigger-picture meaning of the exercise, and to assimilate and personalize some of the concepts and ideas learned about in the class.

Reflection

[Time Required: 5 minutes]

Tell students to think back to the goals they defined in the beginning of class, and ask them to reflect in their notebooks about how they will use budgeting to achieve these objectives. How much will they need to save? What fixed and variable expenses can they adjust in order to meet their goals sooner?



Budget Busters: Who's Breaking the Bank?

LESSON 9: ANSWER KEY 1

Most successful budget:

Jamal is the most successful budgeter because his actual spending comes very close to what he budgeted. The most important part of Jamal's budget is his extensive savings. He devotes nearly half of his income to savings because his other expenses are relatively low. Even though he missed his savings goal by \$50, saving \$820 per month is impressive.

Least successful budget:

Maria's budget is the least successful because she is spending more per month than what she earns. She also overspends in categories that could be considered "wants," such as personal shopping and entertainment (she has spent more than double the amount budgeted in many of these categories).

Adjustments that could be made to each budget:

Nate: While his actual spending matches his net income, Nate isn't saving enough money each month to buy a car. He could increase savings by reducing his cell phone plan and personal shopping, and by only using public transportation rather than borrowing his brother's car. Nate should also set a clear savings objective in a dollar amount rather than settling for what is left over.

Maria: She could benefit from reducing the amount spent on personal items, and recalculate categories such as entertainment, personal shopping and occasional spending in order to paint a more accurate picture of what she really spends.

Jamal: While Jamal is in good shape, he does overspend in the areas of personal shopping and entertainment. He could work to eliminate some expenditures from each of these categories to stay on point with his budget.



Budgets 101: How to Get It Done

LESSON 9: ANSWER KEY 2

Note: Answers in the cost column are based on percentages provided. Students may adjust these figures to their personal preferences.

Net Income: \$1,875.00/month

	Cost
Fixed Expenses	
▪ Rent	\$562.50
▪ Car Payment	\$187.50
▪ Car Insurance	\$93.75
▪ Cell Phone	\$93.75
▪ Savings Goals	\$187.50
Variable Expenses	
▪ Utilities	\$187.50
▪ Food	\$281.25
▪ Occasional Expenses	\$187.50
▪ Entertainment	\$93.75
Total	\$1,875.00





Budget Busters: Who's Breaking the Bank?

LESSON 9: STUDENT ACTIVITY SHEET 1

Where does all your money go? No matter how much money you earn, a careful budget lets you know exactly what happens to your cash. Below are three different cash flow scenarios over one month. Review the numbers to determine who's breaking the bank and who will meet their goals the soonest.

Scenario 1

Nate is a junior in high school. He works 15 hours a week at the mall, and his net income after taxes is \$600 a month. He lives with his parents, so he doesn't have rent, utility or food expenses. His older brother owns a car and lets him borrow it to drive to work for \$100 each month; otherwise Nate takes the bus. He really wants to buy a car, so he puts any leftover money toward savings. Nate also pays for his cell phone and personal expenses, such as going to the movies, buying video games and purchasing gifts.

Below is Nate's estimated budget and what he actually spent in one month's time. Analyze Nate's spending to determine why he is not on track to save for that new car, and what changes he can make to get on track.

Net Income: \$600/month

	Budget Goals	Actual Budget
Fixed Expenses		
Savings for a Car	\$200	\$0
Cell Phone	\$75	\$100
Car Payment to his Brother	\$100	\$100
Variable Expenses		
Public Transportation	\$50	\$60
Entertainment	\$50	\$75
Personal Shopping	\$100	\$175
Occasional Spending (gifts, repairs, etc.)	\$25	\$100
Total	\$400	\$600

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Budget Busters: Who's Breaking the Bank?

LESSON 9: STUDENT ACTIVITY SHEET 1

Scenario 2

Maria just graduated from college and accepted her first job as a social media manager for a real estate company. She can't believe that her monthly net income will be \$3,000. She just moved into a one-bedroom apartment, so she is responsible for rent, utilities, food and other household expenses. She is paying off a student loan and she wants to save as much money as she can to buy a house someday. She owns a car and enjoys going out with friends on the weekend.

Below is Maria's estimated budget and what she actually spent in one month's time. Analyze her spending to see why she is not on track to meet her goal and to determine what she can do to get back on track.

Net Income: \$3,000/month

	Budget	Actual
Fixed Expenses		
Savings for House	\$450	\$150
Rent	\$600	\$600
Car Payment	\$350	\$350
Car Insurance	\$150	\$150
Internet/Cable TV	\$110	\$110
Cell Phone	\$75	\$105
Student Loan	\$300	\$300
Variable Expenses		
Gas	\$100	\$175
Food	\$250	\$300
Entertainment	\$100	\$250
Personal Shopping (clothes, makeup, home items etc.)	\$75	\$300
Utilities	\$200	\$275
Occasional Spending (gifts, repairs, etc.)	\$150	\$250
Total	\$2,910	\$3,315

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Budget Busters: Who's Breaking the Bank?

LESSON 9: STUDENT ACTIVITY SHEET 1

Scenario 3

Jamal is a senior in high school and works 30 hours per week at a neighborhood coffee shop. His net income after taxes is \$1,500 and he is saving up for college. He owns a car and makes payments toward it each month, but he lives with his parents so he saves on rent, utilities and food costs. He occasionally goes out with friends and buys things for himself, but he tries to hold back on these things so he can save more for college next year.

Below is Jamal's estimated budget and what he actually spent in one month's time. Analyze his spending to see why he is not on track to meet his goal and determine what he can do to get back on track.

Net Income: \$1,500/month

	Budget	Actual
Fixed Expenses		
College Savings	\$870	\$820
Car Payment	\$125	\$125
Car Insurance	\$95	\$95
Cell Phone	\$85	\$85
Variable Expenses		
Gas	\$100	\$105
Entertainment	\$50	\$75
Personal Shopping	\$50	\$95
Occasional Spending (gifts, repairs, etc.)	\$100	\$100
Total	\$1,475	\$1,500



Budgets 101: How to Get It Done

LESSON 9: STUDENT ACTIVITY SHEET 2

You just accepted your first job and you'll be earning a **gross income** of \$30,000/year. You live on your own and are responsible for all expenses, including rent, car, insurance, cell phone, utilities, entertainment, food, savings and miscellaneous expenses. You have to pay 25% of your gross income in taxes.

Calculate Your Take Home Pay:

With a gross income of \$30,000 and a 25% tax deduction, what is your monthly net income? (Remember this is what you get after taxes.) **Use this number to start your budget.**

Categorize Expenses:

Determine if your expenses are fixed or variable, and write them in the appropriate sections of the table below. Remember your expenses include: rent, car, car insurance, cell phone, utilities, entertainment, food, savings and occasional expenses.

Name: _____

Net Income: _____ /month



STUDENT TIP

Refer to the chart on the next page for the percentages needed to calculate these numbers.

	Cost
Fixed Expenses	
▪	\$
▪	\$
▪	\$
▪	\$
▪	\$
▪	\$
Variable Expenses	
▪	\$
▪	\$
▪	\$
▪	\$
▪	\$
▪	\$
Total	\$

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Budgets 101: How to Get It Done

LESSON 9: STUDENT ACTIVITY SHEET 2

Divide Your Expenses:

Determine the cost for each category and record the prices in your budget.

Use the following percentages to divide your monthly net pay:

Rent: 30% of net pay
Utilities: 10% of net pay
Car Insurance: 5% of net pay
Cell Phone: 5% of net pay
Occasional Spending: 10% of net pay
Savings: 10% of net pay
Food: 15% of net pay
Car Loan: 10% of net pay
Entertainment: 5% of net pay



STUDENT TIP

You may have to make some adjustments based on your preferences. For example, if you want more money for entertainment, can you afford to cut back on rent or your car loan? Or, if you want to live in an urban area where rent is higher, can you cut back on another expense to afford it?

Assess Your Budget:

Compare your expenses to your monthly income. Have you spent everything you've earned? Do you have money left over for savings? What expenses could you lower to increase your savings?



Make It Happen: Saving for a Rainy Day

LESSON 10: TEACHERS GUIDE

Saving for a new phone or laptop isn't unusual for teens, but thinking beyond immediate wants can be a bigger challenge. This lesson introduces students to the concepts of saving for an emergency and other long-term expenses such as college, a home and retirement. Students will learn the benefits of saving for a rainy day and explore various saving and investing strategies.

Topic: Savings Options

Time Required: 65 minutes

SUPPLIES:

- Notebooks
- Computers or tablets
- Internet access
- Projector
- Student activity sheets (2)

PREPARATION:

- Copy student activity sheets

STUDENT ACTIVITY SHEETS:

Where to Stash Your Cash

This handout introduces students to basic savings and investing strategies including the risks, advantages and disadvantages associated with each.

Bank It

Students will research savings strategies offered by different banks to assess the fees, requirements and savings potential offered by each.

LEARNING OBJECTIVES:

Students will...

- Learn the pros and cons of savings and investing strategies
- Exercise skills needed for saving and investing
- Examine how saving and investing is part of financial well-being

STANDARDS:

Jump\$tar\$t Standards:

- Planning Standard 4
- Savings Standards 1, 2 and 3

National Economics Standards:

- Standard 1: Scarcity
- Standard 10: Institutions

Common Core ELA Anchor Standards:

- Speaking and Listening: Comprehension and Collaboration
- Speaking and Listening: Presentation of Knowledge and Ideas
- Language: Vocabulary Acquisition and Use

Common Core Math Standards:

- Numbers and Quantity: Quantities
- Modeling
- Statistics and Probability: Making Inferences and Justifying Conclusions



Essential Question

“What strategies should I use to save and invest my money?”

Investigate: Rainy Day Savings

[Time Required: 10 minutes]

1. Begin by asking students what they think the phrase “saving for a rainy day” means. Invite volunteers to share their thoughts and explain that the expression refers to creating an emergency fund to pay for unexpected expenses, such as an illness or car repairs.
2. Ask the class why an emergency fund is important. What do we gain by being prepared for the unexpected? What would we do if we didn’t have an emergency fund and something actually happened? Help students understand that preparing for emergencies can increase their sense of security.
3. Next, ask students what other long-term expenses they might incur in the future. Are they planning to go to college? Explain that just as we set aside money for emergencies, we should also set aside money for long-term needs like college, buying a home and retirement. Help students understand that the younger they start saving, the more their money will grow.

Student Preparation: Where to Keep Money

[Time Required: 20 minutes]

4. Explain to students that part of creating a good savings plan, whether for an emergency fund or long-term goals, is assessing where our money is best kept for maximizing savings.
5. Ask students what they do with the money they receive from jobs, allowance or gifts. Do they spend it? Save it? Keep it at home? Deposit it in a bank account? What choices do they make with their money and why? Invite students to share their experiences.
6. Explain that not all banks or savings accounts are the same and that we have many choices when it comes to saving and investing our money. Distribute the **Where to Stash Your Cash** tip sheet and review it as a class.

**TEACHER'S TIPS****What is the Essential Question?**

The Essential Question is designed to “hook” the learner, promote inquiry and engagement with the lesson, and allow students to exercise problem-solving abilities. It addresses a larger concept, does not have a right or wrong answer, and requires higher order thinking skills.

Link to Lesson 9:

If you’ve already covered **Lesson 9** on budgeting, help students consider how creating a budget will help them save money for an emergency fund.

Extension Idea:

For more information on saving for retirement, see **Lessons 18** and **21** on investing.

Challenge: Comparing Options

[Time Required: 30 minutes]

7. Next, hand out the student activity sheet **Bank It** and ask students to work in groups of 4-5 to complete the activity.
8. Invite each group to share their findings. Discuss how money grows differently depending on the savings strategy. Explain that students' individual life needs will affect their savings strategies (e.g., younger people often take more savings risks than older people; saving for college tuition and books would be best done in an account that allows access to your assets without penalty, while saving for retirement could be done in an account where funds weren't as easily accessible).

Reflection

[Time Required: 5 minutes]

Invite students to reflect in their notebooks about which strategies they would consider using to save for a rainy day. Would they put their money in a CD, a 529 account or a savings account? Why?



TEACHER'S TIPS

Time-Saver:

To allow more time for in-class discussion of the scenarios on the **Bank It** activity sheet, ask students to complete the assignment as homework and then present their findings to the class.

What is Reflection?

The Reflection part of the class gives students the opportunity to reflect on the bigger-picture meaning of the exercise, and to assimilate and personalize some of the concepts and ideas learned about in the class.





Bank It

LESSON 10: ANSWER KEY 1

Content in chart will vary depending on banks researched.

Scenario 1

Aiden could choose a simple savings account to hold his emergency fund and save for a new car. However, if he wanted to get a better interest rate, he could also consider opening a CD or money market account to use solely for new car savings.

Scenario 2

Madeline has a few different options that could work—she could put her money in a savings account or she could take the \$500 she already saved and invest it in a short-term CD. Since she needs the money in one year, she has to be careful to select a CD with less than a 12-month maturity date or else she could face steep penalties.

Scenario 3

Because Scott has such a large sum to invest and he doesn't need the money for several more years, he would be wise to select a longer-term savings plan with high interest rates. A money market account or a CD would be a great choice, but Scott could also place the money in a 529 savings account because he plans to use it for college.



Where to Stash Your Cash

LESSON 10: STUDENT ACTIVITY SHEET 1

There are lots of different choices when it comes to saving and investing your money. Understanding your options will help you make more informed decisions. Study the table below to familiarize yourself with different savings and investing strategies.

Strategy	What is it?	What's the risk?	What are the pros?	What are the cons?
Certificate of Deposit (CD)	Savings certificate issued by a bank or credit union	Minimal risk because it is insured by the Federal Deposit Insurance Corporation (FDIC) through a bank and the National Credit Union Share Insurance Fund (NCUSIF) through a credit union	- Higher interest rates than a traditional savings account - Not risky - The longer the term, the higher the interest you usually earn	- Must be left in the bank for a fixed amount of time - Steep penalties for withdrawing money early - Minimum balances required
Savings Account	A deposit account that earns interest and is issued by a bank or credit union	Minimal risk because it is FDIC or NCUSIF insured	- Not risky - No restrictions on withdrawals - Low or no minimum balances required	- Lowest interest rates - Some banks charge fees for opening and maintaining accounts
Money Market Account	A type of checking and savings account issued by a bank or credit union to hold your money	Minimal risk because it is FDIC or NCUSIF insured	- Higher interest rates than a savings account - Can withdraw money (with some restrictions)	- Higher minimum balance required - Some withdrawal restrictions (e.g., limits on number of withdrawals per month) - Subject to fees if balance below certain amount
Retirement Account	An account such as an IRA and 401(k) that helps you set aside money for retirement	Investment choices range from very secure government bonds to higher risk stocks	- Tax-deferred growth - Some employers will match contributions - Helps create long-term savings	- Steep penalties for withdrawing money before retirement - Contribution limits

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Where to Stash Your Cash

LESSON 10: STUDENT ACTIVITY SHEET 1

Strategy	What is it?	What's the risk?	What are the pros?	What are the cons?
529 Savings Account	A savings account designed specifically for educational expenses	Risk varies depending on investment choice. Some accounts offer FDIC or NCUSIF insurance while others can be invested in higher risk stocks	- Low minimum starting balance - Some states offer tax breaks - Tax deferred growth	- Have to use the money for college or face a 10% penalty
Mutual Funds	A collection of stocks, bonds or other investments that are professionally managed in a portfolio	Risk varies depending on the type of mutual fund	- Creates an opportunity to diversify investments	- Return is not guaranteed - If portfolio is professionally managed, it may be subject to high fees
Stocks	A stock is a share in the ownership of a company	Risk varies depending on investment choice	- If the market value increases, there is potential for great gain	- If the market value decreases, there is the potential for great loss - No guarantee for a return on investment and principle could be lost - Managing stock options may require professional help
Bonds	A bond is a loan in which you are the lender and the government is the borrower	Risk varies depending on investment choice	- Usually provides more security than stocks	- Historically lower return rates



STUDENT TIP

When you invest your money in CDs, savings accounts or money market accounts, a bank will insure your money through the Federal Deposit Insurance Corporation (FDIC) and a credit union insures your money through the National Credit Union Share Insurance Fund (NCUSIF). While the interest rates may be lower than other investment options, your money is always protected.



Bank It

LESSON 10: STUDENT ACTIVITY SHEET 2

If you had \$100 and wanted to put it into a savings account, which institution and type of account would you choose? Choose two local banks or credit unions and write their names in the chart below. Then research specifics about each type of savings account at the two institutions, such as whether there are fees or minimum balance requirements. Record notes on your findings in the chart. Based on your research, which bank or credit union would you choose?

	Bank or Credit Union #1:	Bank or Credit Union #2:
Certificates of Deposit (CDs)		
Savings Accounts		
Money Market Accounts		
Retirement Accounts		
529 Savings Accounts		
Mutual Funds		
Stocks		
Bonds		

Continued on the next page.



Bank It

LESSON 10: STUDENT ACTIVITY SHEET 2

Scenario 1

Aiden's car is 12 years old and he's worried it might break down, so he's trying to save three months of expenses for unexpected repairs, while also saving for a new car. What are the best savings strategies for Aiden so he can keep his money accessible for repairs, but also save for a new car?

Scenario 2

Madeline's friends invited her to go to Cancun next year for vacation. She really wants to go, but she's not sure if she can afford the \$1,000 trip. She has \$500 saved in her dresser and has one year to save the rest, but she's not sure where to keep her money so she can maximize her savings. What is the best savings strategy for Madeline and why?

Scenario 3

Scott is a freshman in high school and plans to attend college someday. His grandparents gave him \$5,000 to start his college savings, but he's not sure where he should keep this money until he's ready to go to college. What would be the best savings strategy for him?



STUDENT TIPS

When assessing the pros and cons of each savings option, remember to consider:

- Minimum and opening balances
- Contribution limits
- Service fees
- Withdrawal penalties or restrictions
- Interest rates
- Risks (is the account FDIC or NCUSIF insured?)

To get started with your research, check out:

- FDIC Bank Find: fdic.gov
- Credit Union National Association: creditunion.coop



Savvy Spending: Sharpening Money Decisions

LESSON 11: TEACHERS GUIDE

Whether it's longing for a new snowboard or a designer jacket; teens often have a difficult time distinguishing between their wants and needs. This lesson will help students differentiate between wants and needs, and understand why separating the two is important in order to make smart financial decisions. They will also explore the concept of opportunity cost and deepen their understanding of what it means to spend responsibly.

Topic: Responsible Spending

Time Required: 55 minutes

SUPPLIES:

- Speakers and the song "If I Had a Million Dollars" by Ed Robertson and Steve Page
- Student activity sheet
- Notebooks

PREPARATIONS:

- Copy student activity sheet
- Load the song at practicalmoneyskills.com/HS13

STUDENT ACTIVITY SHEET:

Wishful Wants or Necessary Needs?

In this activity, students will evaluate various spending scenarios and identify wants versus needs. They will then analyze what they would do in the same situation and how they could make a more responsible choice.

LEARNING OBJECTIVES:

Students will...

- Assess personal spending behavior
- Understand the concept of opportunity cost
- Evaluate spending choices when it comes to personal wants versus needs

STANDARDS:

Jump\$tar Standards:

- Planning Standards 1 and 6

National Economics Standards:

- Standard 1: Scarcity
- Standard 2: Decision Making

Common Core ELA Anchor Standards:

- Reading: Key Ideas and Details
- Speaking and Listening: Comprehension and Collaboration
- Speaking and Listening: Presentation of Knowledge and Ideas
- Language: Vocabulary Acquisition and Use



Essential Question

“How can I spend my money responsibly?”

Investigate: If I Had a Million Dollars

[Time Required: 20 minutes]

1. Begin by playing the song “If I Had a Million Dollars” as students arrive to class. Write the figure \$1,000,000 on the board, and ask students what they would do if they had a million dollars—would they buy a new laptop? Help out a friend?
2. Have students write in their notebooks about how they would spend the money. Next, invite volunteers to share their answers, recording their ideas on the board. Explain that today’s lesson is all about spending responsibly, whether you have a million bucks or ten.
3. Ask students: What is the difference between a **want** and a **need**? Invite volunteers to share their ideas. Remind students that needs are items we must have to survive (food, shelter, clothing), while wants are things that are nice to have, but not really necessary. For example: students need clothing, but do they need a Louis Vuitton bag or Diesel jeans? Explain that clothes are a need, but designer clothes are a want.
4. Next, tell students they are going to organize their million dollar purchases, separating the wants from the needs.
5. Read each purchase from the board and ask students to raise their hands if they believe the purchase is a “want” or a “need.”
6. There will likely be some disagreement among students. Use them as an opportunity to debate the differences between a want and a need, and how our values are linked to the purchases we make.

**TEACHER'S TIPS****What is the Essential Question?**

The Essential Question is designed to “hook” the learner, promote inquiry and engagement with the lesson, and allow students to exercise problem-solving abilities. It addresses a larger concept, does not have a right or wrong answer, and requires higher order thinking skills.

Link to Lesson 2:

Invite students to think about the financial goals they created in **Lesson 2** and how differentiating wants from needs will help them reach their short-, medium- and long-term goals.

Student Preparation: Opportunity Cost

[Time Required: 10 minutes]

7. Explain to students that distinguishing between wants and needs also means evaluating all options before making a purchase.
8. Ask small groups to discuss the following scenario over five minutes: You have \$200 and you can either buy a video game console or a digital camera. Which do you buy and why? Why can’t you buy them both?

9. Invite groups to share their reasoning. Explain that whenever we make a spending decision, choosing one option affects whether or not we can make the other choice. Tell students this is called **opportunity cost**.
10. Explain that if students bought the cell phone, the video game console would be the opportunity cost and vice versa. Now ask students to consider the choice between spending \$200 on a new phone and making a car payment. If you opt to buy the phone, how will you pay for the car? Help students to see how opportunity cost can affect choosing between a want and a need.

**TEACHER'S TIP****What is Reflection?**

The Reflection part of the class gives students the opportunity to reflect on the bigger-picture meaning of the exercise, and to assimilate and personalize some of the concepts and ideas learned about in the class.

Challenge: Wants vs. Needs

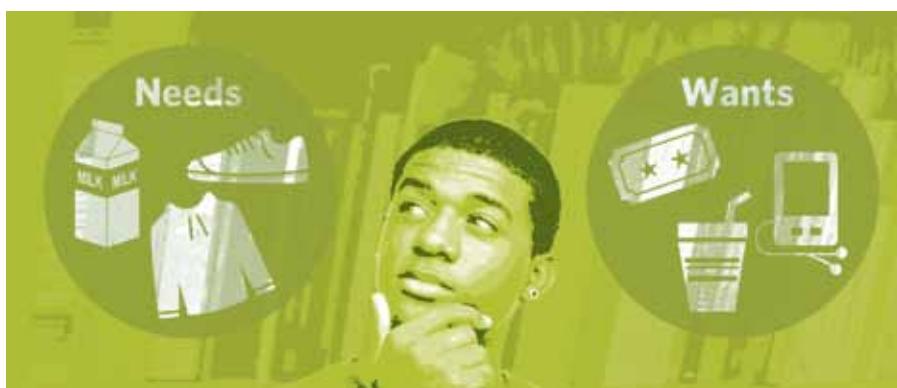
[Time Required: 20 minutes]

11. Distribute the activity sheet **Wishful Wants or Necessary Needs?** and explain that students will now get to evaluate the needs and wants at play in several different examples.
12. Working in groups of four to five, students should determine the wants and needs in each scenario and justify their reasoning.
13. Invite groups to present their findings to the class, and then discuss why certain expenses are wants while others are needs.

Reflection

[Time Required: 5 minutes]

Have students think back to the beginning of class when they determined how they would spend a million dollars and ask them to reflect in their notebooks about how their perception has changed. Would they spend the money in the same way? Why or why not?





Wishful Wants or Necessary Needs?

LESSON 11: ANSWER KEY

1. Casey needs a car to move her belongings across the country, but a brand-new car that will put her \$7,000 in debt is a want. The best decision in this case is to select the used model. Even though it may not have all the bells and whistles of a new car, it is still reliable with low miles and it meets Casey's needs.
2. Tom has done a good job of researching all of his options. He needs a new laptop, but the expensive model is a want. He's discovered that he can meet both his needs and his wants by purchasing a refurbished version. Since the refurbished model carries a warranty and Tom has had a good experience with the company in the past, he should go ahead and buy the refurbished computer.
3. Rent money is the primary need, while the new watch and clothes are wants. While Stephanie may want to buy a new watch and clothes, she needs to pay rent first before making other purchases.
4. Michelle should take care of her bills first, and then decide if she wants to spend less on her mother's gift in order to afford the concert, or skip the concert and put the money into her savings account. Help students see that our values are closely linked to the decisions we make about money. If Michelle values giving her mother a gift, she may want to sacrifice the concert to be able to afford a nice gift.



Wishful Wants or Necessary Needs?

LESSON 11: STUDENT ACTIVITY SHEET

Case Study 1:

Casey is preparing to leave for college in the fall. She lives in New York, but will be going to school in California, so she is planning on buying a car to get her there. She wants to buy something reliable, so she is deciding between a new car that will cost \$17,000 with zero miles and a navigation system and a three-year-old car with 7,000 miles and no navigation system for \$12,000. She has \$10,000 in savings that she will use for the purchase and will take out a loan for the remaining amount.

What are the wants?

What are the needs?

What decision would you make and why?

Case Study 2:

Tom has been saving for a new laptop for the past six months. He's done his research and found a model that experts say will more than meet his needs. But new, it costs \$3,000. He also found a refurbished version of the same computer with all of the same features online for \$1,500. The refurbished laptop comes with a warranty and Tom bought a refurbished portable music player from the same company with no problems. Tom's third option is a brand new laptop that costs \$1,800 and has all of the features he needs but not all of the ones he wants.

What are the wants?

What are the needs?

What decision would you make and why?

Continued on the next page.



Wishful Wants or Necessary Needs?

LESSON 11: STUDENT ACTIVITY SHEET

Case Study 3:

Stephanie received \$500 from her grandparents for her high school graduation. She's been longing to buy a new watch and update her wardrobe because she's starting a new job in two weeks, but next month she's moving out on her own and will need to pay three months rent in advance, which totals \$1,500. If she uses the money to buy the watch and clothes, she thinks she can save enough money from her new job to pay for rent, but she's not sure.

What are the wants?

What are the needs?

What decision would you make and why?

Case Study 4:

Michelle's been invited to go to a three-day concert with her friends. The only catch is that it's a 9-hour drive, and traveling for an entire weekend means she'll need lots of cash. She estimates that gas, food, tickets and camping will cost around \$400. She has a car payment of \$250 coming up and her \$89 cell phone bill is due at the end of the month. She also needs to buy her mom a birthday gift, which she thinks will cost \$50. She has \$700 in savings.

What are the wants?

What are the needs?

What decision would you make and why?



Bank or Bust: Selecting a Banking Partner

LESSON 12: TEACHERS GUIDE

Stashing their hard-earned bucks under the bed or in a dresser drawer isn't all that uncommon when it comes to teens' money-saving methods. But if they knew what banks or credit unions could do for their money, they may think twice about where to stash their cash. In this lesson, students will learn about the different types of financial institutions available and assess which option may work best for them. They will explore savings opportunities, bank fees and technology-enhanced banking services; and then determine which services they value the most and why.

Topic: Banking Services

Time Required: 65 minutes

SUPPLIES:

- Notebooks
- Computers or tablets
- Speakers
- Internet access
- Student activity sheets (2)

PREPARATION:

- Copy student activity sheets
- Load the FDIC podcast at practicalmoneyskills.com/HS14
- Review websites used in the lesson

STUDENT ACTIVITY SHEETS:

Bank, Credit or Thrift

Students will listen to an FDIC podcast and distinguish between the features of a bank, credit union and thrift; evaluating which is right for them.

Banking Partners: Battle for a Bargain

Students will work in teams to find the best "bargain" bank, or the one that offers the most services with the lowest costs.

LEARNING OBJECTIVES:

Students will...

- Assess different types of banking services and savings institutions
- Research and compare the fees banks charge for various services
- Analyze the relative value and importance of different bank services

STANDARDS:

Jump\$tart Standards:

- Savings Standard 3
- Financial Responsibility Standard 2

National Economics Standards:

- Standard 10: Institutions

Common Core ELA Anchor Standards:

- Reading: Key Ideas and Details
- Reading: Integration of Knowledge and Ideas
- Writing: Research to Build and Present Knowledge
- Speaking and Listening: Presentation of Knowledge and Ideas
- Speaking and Listening: Comprehension and Collaboration
- Language: Vocabulary Acquisition and Use

Common Core Math Standards:

- Numbers and Quantity: Quantities
- Modeling



Essential Question

"How do I choose a financial institution that is right for me?"

Investigate: Where Do I Keep My Money?

[Time Required: 10 minutes]

1. Ask students to reflect in their notebooks about where they keep their money and why. Do they keep it in their dressers at home, in a bank account or in a money jar? Give them three to five minutes to record their thoughts.
2. Invite volunteers to share their responses, and discuss the benefits of keeping money in the bank versus at home (e.g., if students keep their money at home and a fire, theft or other disaster occurs, what happens to their money?).

Student Preparation: Choosing a Financial Institution

[Time Required: 20 minutes]

3. Ask students if they know what their options are when it comes to banking. What kinds of institutions are available to help keep their money safe? Are all of these institutions the same?
4. Explain that there are three types of financial institutions: **banks** are owned by investors and are for-profit businesses; **credit unions** are not-for-profit and member-owned; and **thrift banks** specialize in home loans and serving small businesses within the community.
5. Distribute the student activity sheet **Bank, Credit or Thrift: Which One is Right for Me?** Then play the **FDIC** podcast at practicalmoneyskills.com/HS14, which explains the differences between financial institutions in greater detail. Ask students to record the differences on the activity sheet.
6. Next, engage the class in a discussion of which institutions they would consider placing their money in and why.

**TEACHER'S TIPS****What is the Essential Question?**

The Essential Question is designed to "hook" the learner, promote inquiry and engagement with the lesson, and allow students to exercise problem-solving abilities. It addresses a larger concept, does not have a right or wrong answer, and requires higher order thinking skills.

Extension Idea:

Ask students to interview one or more family members about where they keep their money and why. If they keep their money in a bank, what factors did they consider in choosing that institution?

Link to Lesson 10:

Remind students what they learned in **Lesson 10** about the different savings opportunities offered through banks—including CDs, savings accounts and money market accounts—and how these opportunities can help their money grow.

Challenge: Services and Fees

[Time Required: 30 minutes]

7. Explain that, in the process of evaluating the different types of institutions, it's important to look at the services each offers.
8. Ask students: How often do you see people write checks for purchases? Odds are, it is not often. Explain that many people look for banks that offer opportunities to pay bills, make purchases and transfer money without having to use their checkbooks or visit a local branch.
9. Next, hand out the student activity sheet **Banking Partners: Battle for a Bargain** and ask students to work in teams of 4-5 to complete the assignment. Give them 15 minutes to conduct their research.
10. Assess which group got the biggest bang for their buck by finding the bank that offered the most services with the lowest associated costs.
11. Encourage other groups to ask questions of the winning team and engage the class in a discussion about which services they value the most and why (e.g., text message banking, online bill pay, etc.). Ask students about costs to avoid and how to do so (e.g., maintaining minimum balances, using designated ATMs that don't carry fees, etc.).

Reflection

[Time Required: 5 minutes]

Ask students to reflect in their notebooks about what questions they would ask a bank where they were considering opening an account. For example: What terms, services and fees would they consider and why?



TEACHER'S TIPS

Time Saver:

To speed up discussion time, ask students to listen to the podcast (or read the transcript) and complete the **Bank, Credit or Thrift: Which One is Right for Me?** activity sheet at home. Begin the following class by discussing their findings.

Extension Ideas:

For more information on banking practices, invite students to watch the free instructional videos on banking and money from the Khan Academy at khanacademy.org/#browse.

Guest Speaker:

Invite a local banker to visit or Skype with your class to share more information about technology-specific services that banks offer.

What is Reflection?

The Reflection part of the class gives students the opportunity to reflect on the bigger-picture meaning of the exercise, and to assimilate and personalize some of the concepts and ideas learned about in the class.



Bank, Credit or Thrift: Which One is Right for Me?

LESSON 12: ANSWER KEY 1

Banks:

1. For-profit institution
2. Makes loans, pays checks, accepts deposits and offers other banking services
3. Insured by the FDIC

Credit Unions:

1. Not-for-profit institution
2. Owned by its members
3. Offers personal loans and other banking services
4. Insured by the National Credit Union Administration (NCUA)

Thrifts:

1. A savings bank, credit union or savings and loan association
2. Similar to a bank
3. Main business is home loans



Bank, Credit or Thrift: Which One is Right for Me?

LESSON 12: STUDENT ACTIVITY SHEET 1

Where do you stash your allowance, birthday cash or paycheck? There are lots of ways to keep your money safe, but knowing which option is best for you means researching your choices. Listen to the FDIC podcast at practicalmoneyskills.com/HS14 on financial institutions and write down four facts that you learn about each type of institution below. Listen to the podcast twice if needed to fill in the chart. Then, decide which one you would choose to put your money in and why. Be ready to share your findings with the class.

Facts About Banks	Facts About Credit Unions	Facts About Thrifts
1. _____ _____ _____	1. _____ _____ _____	1. _____ _____ _____
2. _____ _____ _____	2. _____ _____ _____	2. _____ _____ _____
3. _____ _____ _____	3. _____ _____ _____	3. _____ _____ _____
4. _____ _____ _____	4. _____ _____ _____	4. _____ _____ _____

Based on the above facts, where would you choose to put your money and why?



Banking Partners: Battle for a Bargain

LESSON 12: STUDENT ACTIVITY SHEET 2

The battle is on. You have \$500 to deposit into a checking account and it's up to you and your team to use the Internet to find the best "bargain" bank—the one that offers the most services for the lowest associated fees. The winning team will present their findings to the class. Time to get moving...the race to riches begins now.

Bank A: _____

Tech-savvy services (e.g., online banking, text message banking, etc.):

Other services (e.g., overdraft protection):

Minimum opening deposit:

Monthly maintenance fees:

Overdraft fees:

ATM fees:

Penalties and withdrawal limits:

Bank B: _____

Tech-savvy services (e.g., online banking, text message banking, etc.):

Continued on the next page.



STUDENT TIPS

Here are some websites to get you started:

- findabetterbank.com
- practicalmoneyskills.com/HS15
- findbankrates.com/banks

As you hunt for the best bank, watch out for these hidden fees:

- Monthly maintenance fees
- Overdraft fees
- Minimum balance requirements
- ATM charges
- Penalties for breaking terms
- Withdrawal limits

Keep your eyes open for these tech-savvy services:

- Online bill payment
- Direct deposit
- Availability to check account balances 24/7
- Text message banking
- Mobile Web apps
- Account alerts



Banking Partners: Battle for a Bargain

LESSON 12: STUDENT ACTIVITY SHEET 2

Other services (e.g., overdraft protection):

Minimum opening deposit:

Monthly maintenance fees:

Overdraft fees:

ATM fees:

Penalties and withdrawal limits:

Bank C: _____

Tech-savvy services (e.g., online banking, text message banking, etc.):

Other services (e.g., overdraft protection):

Minimum opening deposit:

Monthly maintenance fees:

Overdraft fees:

Continued on the next page.



Banking Partners: Battle for a Bargain

LESSON 12: STUDENT ACTIVITY SHEET 2

ATM fees:

Penalties and withdrawal limits:

Based on your research, which bank would you deposit your \$500 in and why?



Nothing But Net: Understanding Your Take Home Pay

LESSON 13: TEACHERS GUIDE

It can be a big shock when teens receive their first paychecks and realize that a large portion of their earnings is deducted for taxes. This lesson helps students understand how to make sense of all the line items on their paystubs. Students will also analyze earnings statements to determine how setting up automatic savings deposits and adjusting deductions can help them increase their savings.

Topic: Income and Job Paperwork

Time Required: 55 minutes

SUPPLIES:

- Notebooks
- Computers or tablets
- Internet access
- Student activity sheet

PREPARATION:

- Copy student activity sheet

STUDENT ACTIVITY SHEET:

Paystub Puzzles: Putting the Pieces Together

In this activity, students will review sample paystubs and discuss how to maximize their earnings and savings using payroll deductions.

LEARNING OBJECTIVES:

Students will...

- Explore different payroll deductions
- Learn about annual tax returns
- Analyze employer-sponsored savings programs

STANDARDS:

Jump\$tart Standards:

- Income Standards 2 and 3

National Economics Standards:

- Standard 13: Income

Common Core ELA Standards:

- Speaking and Listening: Comprehension and Collaboration
- Speaking and Listening: Knowledge and Ideas
- Language: Vocabulary Acquisition and Use

Common Core Math Standards:

- Numbers and Quantity: Quantities
- Modeling



Essential Question

"How much money will I take home from my paycheck?"

Investigate: Paychecks Please

[Time Required: 10 minutes]

1. Begin by telling students they've just received their first paychecks. Next, write the statements below on the board or read them aloud and challenge students to spot the false claim.
 - A. My **net income** is the money I get to deposit in my bank account
 - B. I don't have to pay taxes because I'm not 18 years old yet
 - C. I signed up for direct deposit, so I won't get a physical check with my paystub
2. Encourage students to share their answers. Explain that B is the false statement because even minors have to pay taxes on money they earn.
3. Tell students that today's lesson is about net earnings, taxes and other deductions they may encounter on their paystubs, as well as how they can make the most out of deductions to maximize savings.

Student Preparation: Paystub Puzzles

[Time Required: 15 minutes]

4. Ask students if they've ever seen a paystub before. Have they received one for a part-time job or has anyone in their family shown them one?
5. Next, hand out the student activity sheet ***Paystub Puzzles: Putting the Pieces Together*** and review the first example together as a class.
6. Explain to students what each part of the earnings statement means, and help them understand that **gross income** is what they earn before taxes and **net income** is what they actually get to take home.
7. Next, engage the class in a discussion about taxation. Why does the government require taxes to be taken out of every paycheck? Do students know what services federal and state taxes pay for? Invite students to share their ideas.

**TEACHER'S TIPS****What is the Essential Question?**

The Essential Question is designed to "hook" the learner, promote inquiry and engagement with the lesson, and allow students to exercise problem-solving abilities. It addresses a larger concept, does not have a right or wrong answer, and requires higher order thinking skills.

Link to Lesson 19:

For more information and activities on taxes, explore the IRS tax tutorials at practicalmoneyskills.com/HS16 and ask students to complete the W-4 simulation at practicalmoneyskills.com/HS17, or check out **Lesson 19** on taxes and inflation.

8. Using the activity sheet, discuss federal, state, Medicare and social security taxes, and help students understand why these taxes are deducted from paychecks. Explain that at the end of the year, employers send W-2 forms that outline money earned and deductions incurred each year. The W-2 is used to file an annual tax return—you will either get a refund on your taxes or owe more depending on how much was deducted from your pay throughout the year.

Challenge: Hunt for Savings

[Time Required: 25 minutes]

9. Explain to students that there are ways to claim tax deductions while maximizing their savings. For example, contributing to a 401(k) or automatic savings deposit increases deductions and also long-term savings. If money is deducted for a medical FSA but the account is unused, minimizing FSA contributions frees up money for long-term savings accounts like a 401(k).
10. Next, split the class into groups of 4–5 and ask each team to review the remaining paystubs on ***Paystub Puzzles: Putting the Pieces Together***.
11. Invite volunteers to share their ideas and engage the class in a discussion about adjusting deductions to maximize savings based on individual needs.

Reflection

[Time Required: 5 minutes]

Ask students to write in their notebooks about the elements they will consider in the future when it comes to payroll deductions. Will they consider contributing to a 401(k), FSA or direct-deposit savings when they earn a paycheck? Why or why not?



TEACHER'S TIP

What is Reflection?

The Reflection part of the class gives students the opportunity to reflect on the bigger-picture meaning of the exercise, and to assimilate and personalize some of the concepts and ideas learned about in the class.





Paystub Puzzles: Putting the Pieces Together

LESSON 13: ANSWER KEY

Sample 1

Dan could increase his savings by not contributing to the medical FSA and health insurance offered by his employer because he is currently included on his parents' health insurance plan. He could use the extra money to take home more net pay or add more money to his deposit savings.

Sample 2

Rachelle could contribute money to the employer-sponsored 401(k) to increase her savings for retirement. She could also increase her savings deposit if she continues to work overtime and has the extra money to put toward savings.

Sample 3

Since Taylor wants to save for a car, he could increase his automatic savings deposit so that he keeps on track to meet his financial goals and to begin saving for retirement.



Paystub Puzzles: Putting the Pieces Together

LESSON 13: STUDENT ACTIVITY SHEET 1

Getting your first paycheck can be overwhelming. There are lots of details and deductions to consider, but knowing what to expect makes it easier. Below are four different paystub samples; in all of them the employees receive their paychecks through direct deposit. Use the first example as a guide to understand the deductions and then determine how each of the remaining paystubs could be revised to maximize savings.

1. When you accept a new job, you will fill out a W-4 form on which you'll determine a withholding allowance (this is how much money will go toward federal taxes from each paycheck). If at the end of the year you've overpaid, you'll receive a tax refund. If you've underpaid, you'll owe taxes.

2. Federal and state income taxes help pay for services like roads, public schools and libraries. Most but not all states have an income tax and some cities and counties do as well.

3. Medicare taxes help pay for health care costs for individuals over 65 and those with a disability.

4. Social security taxes help pay for retirement costs.

5. Health insurance deductions cover medical costs.

6. Flexible spending accounts (FSAs) allow you to set aside before-tax portions of your pay for things like childcare and medical expenses.

7. Life insurance deductions go toward a life insurance policy.

8. A 401(k) is a retirement savings account. When you put a certain percentage of your paycheck in a traditional 401(k), you don't pay income tax on that money until it is withdrawn.

9. A savings deposit deduction can be set up if you want an after-tax portion of your paycheck to go directly into a savings account.

123 Company
555 Anywhere Rd
Anywhere, USA 11111

Period Ending: 2/01/13
Pay Date: 2/14/13

Scott K Smith
Social Security: XXX-XX-1111
Taxable Gross: \$520.00
Net Pay: \$410.00

Taxable Marital Status: Single
Exemptions/Allowances: (1)
▪ Federal: 0 ▪ State: 0

Description	Rate	Hours	This Period	Year to Date
Regular	\$12.00	40	\$480.00	\$1,920.00
Overtime	\$18.00	5	\$90.00	\$360.00
Total			\$570.00	\$2,280.00

Deductions	This Period	Year to Date
Federal Income Tax (2)	\$40.00	\$40.00
State Income Tax (2)	\$10.00	\$40.00
Medicare Tax (3)	\$5.00	\$20.00
Social Security Tax (4)	\$20.00	\$80.00

Other	This Period	Year to Date
Health Insurance* (5)	\$20.00	\$80.00
Medical Flexible Spending Account* (6)	\$10.00	\$40.00
Life Insurance (7)	\$5.00	\$20.00
401(k)* (8)	\$20.00	\$80.00
Savings Deposit (9)	\$30.00	\$120.00
Total	\$160.00	\$640.00

*Excluded from federal taxable wages



Paystub Puzzles: Putting the Pieces Together

LESSON 13: STUDENT ACTIVITY SHEET 1

Sample 1: Dan just started working full-time and he is included on his parents' health insurance plan. He withholds the maximum amount he can, so he won't have to pay any additional taxes at the end of the year. Review Dan's paystub below and determine where he may be spending money unnecessarily and how he could use those funds to maximize his savings.

123 Company
555 Anywhere Rd
Anywhere, USA 11111

Period Ending: 3/15/13
Pay Date: 3/31/13

Dan J Jones
Social Security: XXX-XX-2222
Taxable Gross: \$1,650.00
Net Pay: \$1,245.00

Taxable Marital Status: Single
Exemptions/Allowances:
• Federal: 0 • State: 0

Description	Rate	Hours	This Period	Year to Date
Regular	\$25.00	80	\$2,000.00	\$12,000.00
Overtime	\$30.00	0	\$0.00	\$0.00
Total			\$2,000.00	\$12,000.00

Deductions	This Period	Year to Date
Federal Income Tax	\$200.00	\$1,200.00
State Income Tax	\$30.00	\$1800.00
Medicare Tax	\$25.00	\$150.00
Social Security Tax	\$100.00	\$600.00
Other		
Health Insurance*	\$200.00	\$1,200.00
Medical Flexible Spending Account*	\$50.00	\$300.00
401(k)*	\$100.00	\$600.00
Savings Deposit	\$50.00	\$300.00
Total	\$755.00	\$4,530.00

*Excluded from federal taxable wages

How can Dan maximize his savings?

Continued on the next page.



Paystub Puzzles: Putting the Pieces Together

LESSON 13: STUDENT ACTIVITY SHEET 1

Sample 2: Rachelle just accepted a new job as an office assistant and will have her paychecks directly deposited with a portion going toward a 401(k). She also anticipates putting in a lot of overtime—and receiving overtime pay—as she learns her new job. Review Rachelle's paystub below to determine what she could do to build her 401(k) and increase what she is contributing to savings.

123 Company
555 Anywhere Rd
Anywhere, USA 11111

Period Ending: 1/15/13
Pay Date: 1/31/13

Rachelle L Thomas
Social Security: XXX-XX-3333
Taxable Gross: \$558.00
Net Pay: \$443.00

Taxable Marital Status: Single
Exemptions/Allowances:
• Federal: 0 • State: 0

How could Rachelle build her retirement and increase her savings?

Description	Rate	Hours	This Period	Year to Date
Regular	\$10.00	40	\$400.00	\$800.00
Overtime	\$15.00	12	\$180.00	\$360.00
Total			\$580.00	\$1,160.00

Deductions	This Period	Year to Date
Federal Income Tax	\$36.00	\$72.00
State Income Tax	\$9.00	\$18.00
Medicare Tax	\$4.00	\$8.00
Social Security Tax	\$16.00	\$32.00
Other		
Health Insurance*	\$22.00	\$44.00
401(k)*	\$0.00	\$0.00
Savings Deposit	\$50.00	\$100.00
Total	\$137.00	\$274.00

*Excluded from federal taxable wages

Continued on the next page.



Paystub Puzzles: Putting the Pieces Together

LESSON 13: STUDENT ACTIVITY SHEET 1

Sample 3: Taylor works part-time for a construction company. His employer doesn't offer health insurance, retirement savings or flexible spending accounts but his parents help him with medical expenses. He would like to save as much money as he can so he can buy a new truck. Review Taylor's paystub below and determine how he could maximize his savings.

123 Company
555 Anywhere Rd
Anywhere, USA 11111

Period Ending: 2/15/13
Pay Date: 2/28/13

Taylor K Davis
Social Security: XXX-XX-4444

Taxable Marital Status: Single
Exemptions/Allowances:
• Federal: 0 • State: 0

Description	Rate	Hours	This Period	Year to Date
Regular	\$12.50	40	\$500.00	\$2,000.00
Overtime	\$18.50	6	\$111.00	\$444.00
Total			\$611.00	\$2,444.00

Deductions	This Period	Year to Date
Federal Income Tax	\$55.00	\$220.00
State Income Tax	\$11.00	\$44.00
Medicare Tax	\$8.00	\$24.00
Social Security Tax	\$27.00	\$108.00
Other		
Savings Deposit	\$20.00	\$80.00
Total	\$121.00	\$484.00

*Excluded from federal taxable wages
Taxable Gross Pay: \$611.00 / Net Pay: \$490.00

What could Taylor do to maximize his savings?



Using Credit Wisely

LESSON 14: TEACHERS GUIDE

As teens prepare to enter the financial world, there are many elements for them to consider when it comes to credit. Whether they are off to college in a few months or gearing up to purchase a first car, they will find that credit plays an important part in many life activities—if used wisely. But used unwisely, credit can lead to unmanageable debt. In this lesson, students will discuss the concept of credit and how it can be used responsibly, learn different components of credit cards, review elements of a credit score and research consumer credit laws.

Topic: Wise Use of Credit

Time Required: 70 minutes

SUPPLIES:

- Notebooks
- Computers or tablets
- Internet access
- Projector
- Digital images of “big-ticket” items (cars, TVs, etc.)
- Student activity sheets (2)

PREPARATION:

- Copy student activity sheets
- Collect images using a website like google.com/imghp

STUDENT ACTIVITY SHEETS:

It's More Than a Piece of Plastic

In this activity, students explore and define credit card terms.

Consumer Credit Laws

Students will research and explore definitions of consumer credit laws.

LEARNING OBJECTIVES:

Students will...

- Understand the elements of credit
- Evaluate how use of credit influences credit scores
- Explore major consumer credit laws

STANDARDS:

Jump\$tar Standards:

- Credit Standards 1, 2 and 4
- Financial Responsibility Standard 2

National Economics Standards:

- Standard 10: Institutions

Common Core ELA Anchor Standards:

- Reading: Key Ideas and Details
- Writing: Research to Build and Present Knowledge
- Speaking and Listening: Comprehension and Collaboration
- Speaking and Listening: Presentation of Knowledge and Ideas
- Language: Vocabulary Acquisition and Use



Essential Question**"How can I use credit wisely?"****Investigate: What is Credit?**

[Time Required: 20 minutes]

1. Begin by playing or otherwise showing the collection of digital images representing "big-ticket" items (e.g., cars, TVs, etc.). Ask students which items catch their eye, and what they would need in order to purchase the items.
2. Initiate a discussion on payment methods (e.g., cash, credit, debit). Explain that a **debit card** may look like a credit card, but it doesn't extend **credit**. Explain that **credit** is borrowing or buying with an agreement to pay later, while a debit card actually withdraws the money from your bank account when a purchase is made. When you use a credit card to make a purchase, you are essentially taking out a loan for the amount of your purchase, and agreeing to pay the amount back with interest.
3. Next, ask students to raise their hands if they have ever used a credit or debit card. Explain that credit and debit cards are part of daily life but many people, even those who use them, don't understand how they work.
4. Distribute **It's More Than a Piece of Plastic** and explain that there are some common factors that can be confusing when it comes to credit cards. Challenge students to work with a partner to research and define each factor using the information at practicalmoneyskills.com/HS18. Give them ten minutes to complete the activity.
5. Invite volunteers to share their definitions and engage students in a discussion about credit. What is the significance of having a high or low credit line? What happens if we only make minimum payments on a credit card? What is the significance of an annual fee?
6. Next, tell students they will have ten minutes to review the differences between credit and debit cards by reviewing the information at the following websites:
 - a. practicalmoneyskills.com/personalfinance/creditdebt
 - b. practicalmoneyskills.com/personalfinance/savingspending

**TEACHER'S TIP****What is the Essential Question?**

The Essential Question is designed to "hook" the learner, promote inquiry and engagement with the lesson, and allow students to exercise problem-solving abilities. It addresses a larger concept, does not have a right or wrong answer, and requires higher order thinking skills.



7. Ask students to open their notebooks and to create a simple chart for recording their research by writing “Credit Cards” and “Debit Cards” side by side at the top of the page. To the left, have them include the following four items as a list going down the page, with space between each: similarities, differences, advantages, disadvantages. Have students research the pros and cons of debit and credit cards, and record their findings in the simple charts they have created.
8. Invite volunteers to share their discoveries and initiate a discussion on the pros and cons of credit versus debit. Ask students what the major differences are between credit and debit and how each can impact our finances. For example, credit cards allow us to borrow money, while debit cards immediately withdraw the purchase amount from a bank account. Help students understand there can be various fees attached to both types of cards (e.g., ATM fees for debit cards, annual fees for a credit card, etc).

**TEACHER'S TIP****Link to Lesson 6:**

For more information on the elements of credit scores, refer to **Lesson 6**.

Student Preparation: The Importance of a Good Credit Record

[Time Required: 25 minutes]

9. Next, ask students to think about the ways in which a good credit record is important to our lives. Explain that establishing and maintaining good credit can enable us to get loans for larger items like a car or home—and at lower interest rates than individuals with poor credit histories. A good credit score and credit history also allows us to demonstrate our financial responsibility to landlords or roommates when renting an apartment.
10. Remind students that credit records play an important role in renting an apartment, in vehicle loans as discussed in **Lesson 3** and student loans as discussed in **Lesson 4**. Inform them that the role credit plays in home loans will be discussed in **Lesson 16**.
11. Remind students that “creditworthiness” plays a role in determining eligibility for credit cards and loans. Ask them what factors go into measuring a credit score, and what can impact a score positively or negatively.
12. Remind students that as discussed in lesson 6, credit scores examine our character, capital and capacity. Lenders need to know that we have used credit successfully in the past, that we pay bills on time and that we have the available assets to repay debt.

Challenge: Consumer Credit Laws

[Time Required: 20 minutes]

13. Explain to students that it's also important to understand how their credit records are protected. Credit laws include the inability to discriminate based on religion, marital status and race.
14. Explain that we also have access to a free credit report each year (via websites such as AnnualCreditReport.com) and that it is important to review our credit report periodically to check for mistakes or instances of fraud. If we feel our credit report is inaccurate or incomplete, we have the right to dispute the issue.
15. Distribute the activity sheet **Consumer Credit Laws** and give students ten minutes to complete the activity.
16. Invite volunteers to share their definitions with the class and discuss why consumer credit laws are important. What would happen if we didn't have these laws in place? How do these laws protect us? Why is it necessary to establish and maintain credit laws?



TEACHER'S TIP

What is Reflection?

The Reflection part of the class gives students the opportunity to reflect on the bigger-picture meaning of the exercise, and to assimilate and personalize some of the concepts and ideas learned about in the class.

Reflection

[Time Required: 5 minutes]

Ask students to write in their notebooks about the costs and benefits of credit. How can students use credit as part of a smart financial life?



It's More Than a Piece of Plastic

LESSON 14: ANSWER KEY 1

Wording will vary depending on student.

1. Annual fee

The fee you pay per year in order to keep your credit card. Some cards have no annual fee, while others carry high fees.

2. Annual percentage rate (APR)

The percent charged every year on top of any outstanding payments currently on your card.

3. Credit line

The maximum amount of money that can be charged to a given credit card account at any given time. It's important to know what your credit line is so that you don't spend beyond that amount.

4. Cash back/rewards

Benefits and bonuses a credit card company offers to entice you to open a card, such as cash back or travel rewards.

5. Balance

The amount owed on the card. If you spent \$500 on a card last month, the balance on your statement will read that you owe \$500.

6. Minimum payment

The smallest amount you can pay toward your credit card bill. If your balance is \$30 and the minimum payment is \$10, you can pay \$10 instead of \$30. It can be easy to get in the habit of paying only the minimum amount and not the entire balance owed, a process that can lead to debt.



Consumer Credit Laws

LESSON 14: ANSWER KEY 2

Answers will vary slightly among students.

1. The Fair Credit Reporting Act promotes the accuracy and privacy of information and enables consumers to receive a copy of their credit report.
2. The Equal Credit Opportunity Act protects consumers from being discriminated by sex, race, marital status, religion or age when obtaining credit. Consumers also have the right to know the reasons if they are denied credit.
3. In the case of an error in credit billing or electronic fund transfer, the Fair Credit Billing Act and Electronic Fund Transfer Act protect the consumer by following established procedures in resolving mistakes.
4. The Fair Debt Collect Practices Act ensures debt collectors follow specific procedures and protocols when collecting debts and protects against deceptive, abusive or unfair collection practices.



It's More Than a Piece of Plastic

LESSON 14: STUDENT ACTIVITY SHEET 1

A credit card may look like a simple piece of plastic, but there's a complex system behind how it works. Break down credit card mysteries by reviewing the terms at practicalmoneyskills.com/HS18 and defining those terms below using your own words.

1. Annual fee

2. Annual percentage rate (APR)

3. Credit line

4. Cash back/rewards

5. Balance

6. Minimum payment



Consumer Credit Laws

LESSON 14: STUDENT ACTIVITY SHEET 2

There are many different laws in place to protect consumers when it comes to credit. Explore some of the laws that provide consumers protection by reviewing the information on the Federal Trade Commission's website at practicalmoneyskills.com/HS19. Then define each law using your own words and be prepared to share your findings with the class.

1. What is the purpose of the Fair Credit Reporting Act?

2. What is the purpose of the Equal Credit Opportunity Act?

3. What is the purpose of the Fair Credit Billing Act and the Electronic Fund Transfer Act?

4. What is the purpose of the Fair Debt Collection Practices Act?



The Danger of Debt: Avoiding Financial Pitfalls

LESSON 15: TEACHERS GUIDE

When teens borrow money from a friend or relative to buy the latest gadget, the thought of returning the payment often comes second to the initial gratification of buying the item. Long before having to pay back what they borrowed, they may have already moved on to the next thing and forgotten that they still need to pay for their purchase. As they move onto college and adult life, their attitudes around borrowing and returning will likely influence how they approach credit. In this lesson, students will understand how credit can open doors if used wisely, but also lead to unmanageable debt if used thoughtlessly. Students will learn how bad debt can damage credit records and how consumers can tackle debt in order to get back on the road to good money management.

Topic: Avoiding Debt

Time Required: 55 minutes

SUPPLIES:

- Notebooks
- Computers or tablets
- Internet access
- Student activity sheets (2)

PREPARATION:

- Copy student activity sheets

STUDENT ACTIVITY SHEETS:

Credit Crossroads

Students will assess different scenarios and determine the differences between good and bad debt.

Debt Snowball

In this activity, students analyze how bad debt grows and discuss how to prevent debt from snowballing.

LEARNING OBJECTIVES:

Students will...

- Explore why debt occurs and how to prevent it
- Learn how debt impacts credit potential
- Discover actions to alleviate debt

STANDARDS:

Jump\$tart Standards:

- Credit Standard 3

National Economics Standards:

- Standard 2: Decision Making

Common Core ELA Anchor Standards:

- Speaking and Listening: Comprehension and Collaboration

Common Core Math Standards:

- Number and Quantity: Quantities
- Modeling
- Statistics and Probability: Making Inferences and Justifying Conclusions



Essential Question

"How can I stay out of debt?"

Investigate: Impulsive Spending

[Time Required: 15 minutes]

1. Begin by asking students to write in their notebooks five things they want to buy right now (e.g., concert tickets, video games, clothes, a car, etc.).
2. Invite volunteers to share the items on their lists and write them on the board. Review the items as a class, and ask students to differentiate the wants from the needs. For example, is a car a want or a need? What about a video game? Explain that we must know the differences between wants and needs so that we can manage our money responsibly and avoid falling into debt.
3. Next, ask students what they think debt is and what causes it. How do people get into debt? Explain that debt is when we owe more money than we have, and that one way to get into debt is to make impulsive decisions with money, whether for a want or a need.
4. Explain that it's important to ask three questions before making any spending decision: 1) Can I afford it? 2) How will I pay for it? and 3) What will the consequences of my purchase be? Discuss various scenarios where students might ask themselves those questions. For example, if students have an upcoming car payment and decide to buy a luxury item instead of making that payment, even though they cannot afford both, what would be the effects of that decision?
5. Next, explain that while impulsive financial decisions or using credit to buy wants can lead to bad debt, there is also such a thing as good debt. Explain that good debt is when credit is used to purchase something that is needed but may be difficult to pay for in cash. Good debt may include items such as financing college tuition or taking out a mortgage to buy a home. Explain that good debt can help build our credit history and demonstrate to lenders that we are financially responsible. Good debt helps show our "creditworthiness."

Student Preparation: The Choices We Make

[Time Required: 20 minutes]

6. Explain to students that making wise and thoughtful choices with our money can help us maximize savings, build credit and minimize bad debt.

**TEACHER'S TIPS****What is the Essential Question?**

The Essential Question is designed to "hook" the learner, promote inquiry and engagement with the lesson, and allow students to exercise problem-solving abilities. It addresses a larger concept, does not have a right or wrong answer, and requires higher order thinking skills.

Link to Lesson 11:

Connect this lesson with **Lesson 11: Savvy Spending** and remind students that learning how to manage money responsibly is an important part of avoiding debt.

Link to Lessons 6 & 14:

Remind students the importance of being "creditworthy" from **Lesson 6** and the power of credit from **Lesson 14**.

7. Distribute the activity sheet **Credit Crossroads**, and tell students they are going to determine bad debt versus good debt. Encourage students to work in pairs and give them ten minutes to complete the activity.
8. Invite volunteers to share their ideas, and engage the class in a discussion about debt and the choices we make. Why is some debt considered good while other debt is considered bad? How can we distinguish between the two?

Challenge: Debt and Credit

[Time Required: 15 minutes]

9. Ask students about the short- and long-term effects of debt and the ways a person can get into bad debt. For example, what happens if we pay our bills late or bounce a check? What about not paying off credit card bills? Explain to students that debt can snowball very easily if we spend more than we have and only pay the minimum amount due on our bills. Help students understand there are consequences for falling into debt, such as increasing interest payments that can cause us to fall even deeper into debt. Remind students that debt also impacts our credit score and while good debt builds a positive credit history, bad debt can negatively impact our credit score.
10. Next, distribute the activity sheet **Debt Snowball** and tell students they will get to see a debt snowball in action. Give them ten minutes to complete the activity, and then invite volunteers to share their answers. How much did each purchase end up costing? How could the debt snowball have been prevented? How might the debt snowball impact credit?
11. Explain that in both scenarios, the actual cost of the purchases were significantly higher in the end because of interest rates and minimum payments. Emphasize that in the second scenario, the cost of the car repairs doubled the original payment, making a much greater impact in the long run than if Brent had paid off the car more quickly.
12. Next, ask students how they think their lives would be impacted if they had significant “bad debt.” For example, how would it affect spending time with friends, paying for a new car or planning for college? How might their credit scores be affected?
13. Help students understand that not handling credit responsibly can have long-term consequences, from decreasing credit scores to continual calls from creditors seeking payments. Explain that if a person gets so deep into debt that they are unable to get out on their own, they may consider filing for **bankruptcy** as a last resort. While bankruptcy can help eliminate or reduce money that is owed, it damages a credit score and can prevent us from being able to buy a house, open new credit card accounts or obtain any kind of loan.



14. Next, engage the class in a discussion about how bad debt can be alleviated. What would students do if they were in debt? Would they change their spending habits? Help students understand that bad debt should be avoided because once bad debt snowballs, it becomes increasingly difficult to pay off. Explain that if debt begins to snowball, there are options such as debt counselors who help develop a plan for paying back money owed, and debt consolidation, which can simplify repayments and lower interest rates.
15. Emphasize that debt can have serious implications on our credit scores and severely limit opportunities, such as the ability to go to college, afford a new apartment or even purchase a gift for a friend's birthday. Also discuss the impact the media has on our spending—many images we see encourage us to buy even if we can't really afford it. Help students understand that making a budget and cutting unnecessary expenses are not only ways to alleviate debt, but also ways to save for the things we want to buy.

Reflection

[Time Required: 5 minutes]

Ask students to reflect in their notebooks about good versus bad debt. How does good debt help our credit and how does bad debt damage our credit?



TEACHER'S TIPS

Link to Lessons 6 & 9:

For more on credit, review **Lesson 6** on “creditworthiness” and how paying fees on time or late can influence an individual’s credit score and debt. Remind students about the value of budgeting from **Lesson 9** and explain how a solid budget can maximize savings and reduce overspending.

Link to Lesson 9:

Review **Lesson 9** on creating a budget and ask students to create their own by using the Practical Money Skills’ My Budget Planner tool at practicalmoneyskills.com/HS24.

What is Reflection?

The Reflection part of the class gives students the opportunity to reflect on the bigger-picture meaning of the exercise, and to assimilate and personalize some of the concepts and ideas learned about in the class.



Credit Crossroads

LESSON 15: ANSWER KEY 1

Scenario 1

Mark and Ryan's desire for a new television is a want and, therefore, not a great purchase to make using credit, especially since their money is needed for other items such as rent, tuition and books. If Mark is unable to repay the loan, his credit score could be damaged.

Scenario 2

Blake has steady employment and a solid down payment, making the condo purchase a good investment for him. The home loan will give Blake the opportunity to continue building his credit history and "creditworthiness."

Scenario 3

Because Nora already has five credit cards and is sometimes late in paying her bills, opening another credit card could potentially damage her credit score if she continues to be late in payments.



Debt Snowball

LESSON 15: ANSWER KEY 2

The real cost of Brent's video game system includes the following:

Original Purchase Cost	Months to Pay off Debt	Amount Paid in Interest	Final Price
\$200.00	27	\$61.40	\$261.40

The real cost of Brent's car repairs includes the following:

Original Purchase Cost	Months to Pay off Debt	Amount Paid in Interest	Final Price
\$2,000.00	87	\$2,344.86	\$4,344.86



Credit Crossroads

LESSON 15: STUDENT ACTIVITY SHEET 1

Review the credit scenarios below and determine the positive and negative impacts each decision may have on that person's financial future.

Scenario 1

Mark and Ryan just moved into their first apartment together and they want to buy a flat screen TV for the living room. They both work but between college tuition, books and rent their funds are running low. Mark decides to take advantage of a financing offer from a local electronics store and buys the TV on a line of credit.

Is this a good or bad debt move? Why?

Scenario 2

Blake just graduated college and accepted a new job as a graphic designer for a marketing firm. He wants to buy a \$100,000 condo near his new job and he has saved enough money for a 20% down payment. He is planning on taking out a loan, or a mortgage, for \$80,000 to purchase the property.

Is this a good or bad debt move? Why?

Scenario 3

Nora has heard that opening a lot of credit card accounts is a good way to build credit. She currently has five credit cards, but is sometimes forgetful in paying her bills on time and usually has a balance on each card. Her favorite store is offering a \$50 coupon on her next purchase, with the promise of more coupons in the future, if she opens a credit card. She decides to open the store credit card to get the discounts.

Is this a good or bad debt move? Why?



Debt Snowball

LESSON 15: STUDENT ACTIVITY SHEET 2

Beware of the debt snowball. Once bad debt starts rolling, it's hard to stop the momentum of money owed from piling up. Check out the scenarios below to see how the debt snowball can pick up interest and lead to years of continued payments.

What's It Really Cost?

Brent buys a new video game console at \$200 and pays for it with a credit card carrying a 25% Annual Percentage Rate (APR). He only has to pay a minimum payment of \$10 each month, which seems like a bargain because he can use the video game console right away and make the payments over time. Help Brent figure out the true cost of his video game console and how long it will take him to pay it off. Use the calculator at practicalmoneyskills.com/HS25 to fill in the information below.

Original Purchase Cost	Months to Pay off Debt	Amount Paid in Interest	Final Price
\$200.00			

Now, imagine that Brent charges \$2,000 in car repairs and plans on paying a minimum monthly fee of \$50. The card carries a 25% Annual Percentage Rate (APR). How much are those car repairs really costing Brent and when will he pay off the amount owed? Use the same online calculator to fill in the information below.

Original Purchase Cost	Months to Pay off Debt	Amount Paid in Interest	Final Price
\$2,000.00			





Home Sweet Home: Purchasing a Place

LESSON 16: TEACHERS GUIDE

Ask teens to describe their dream homes, and many will rattle off the features of the latest celebrity mansion they've seen on TV: 10 bedrooms, hot tub, pool, game room, gym, home theatre. It's easy to get caught up in glamorous amenities and overlook the realities of purchasing a home. This lesson will help students understand the components of a mortgage, how to compare mortgage options and how to become savvy borrowers.

Topic: Buying a Home

Time Required: 65 minutes

SUPPLIES:

- Notebooks
- Computers or tablets
- Internet access
- Student activity sheets (3)

PREPARATION:

- Copy all 3 student activity sheets

STUDENT ACTIVITY SHEETS:

Loans, Loans, Loans

In this activity, students will explore complex terms associated with home-ownership and mortgages.

Home Sweet Mortgage

Students search for their dream home and calculate mortgage costs.

Buy It or Pass?

This activity challenges students to decide whether or not they would take on a mortgage in various realistic situations.

LEARNING OBJECTIVES:

Students will...

- Explain the basic concept of credit
- Explore and understand the components of a mortgage
- Compare mortgage loans and mortgage lenders

STANDARDS:

Jump\$tart Standards:

- Credit Standard 1

National Economics Standards:

- Standard 7: Markets and Prices

Common Core ELA Anchor Standards:

- Writing: Research to Build and Present Knowledge
- Speaking and Listening: Comprehension and Collaboration
- Speaking and Listening: Presentation of Knowledge and Ideas
- Language: Vocabulary Acquisition and Use

Common Core Math Standards:

- Number and Quantity: Quantities
- Modeling



Essential Question

“What do I need to know about buying a house?”

Investigate: Borrowing Cash

[Time Required: 25 minutes]

1. Begin by asking students if they have ever loaned something to a friend like money, a laptop or music. Ask students how they could be sure their friend would return the item or repay the money. What factors did students consider when loaning something to a friend?
2. Distribute the activity sheet **Loans, Loans, Loans** and have students form groups of four to five. Explain that they will review a scenario and decide who would be the best “borrower” and why. Give students ten minutes to complete the activity in groups and then invite volunteers to share their responses with the class.
3. Next, ask the class which “borrower” Shaun should lend money to and why. Engage students in a discussion about why one “borrower” is a better **investment** than the other. Using the answer key as a guide, explain why Rachel is a better choice for borrowing money than Hayden (she has collateral and a down payment, so she will need to borrow less than Hayden would). During the discussion, write the terms and concepts from the answer key on the board: **collateral, loans, credit, investment, down payment and securitized loan**. Help students understand the definitions and how each term applies to the activity sheet.
4. Explain to students that asking for money to buy a house is not a gift but a **mortgage**. A mortgage is a type of loan borrowed from a bank or credit union and paid back within a certain timeframe.
5. Help students understand that in the activity scenario, Rachel has good **credit, collateral** and the ability to make a **down payment**—all of which make her a better candidate for a **mortgage** than Hayden.
6. Explain that we make mortgage payments every month, but it can take many years to pay off the entire amount—often 30 years. When taking out a mortgage, banks also charge **interest** on the money borrowed, and a **down payment** is required to secure a loan, most commonly set at 20%.
7. Ask students why they think they would need a down payment. Explain that when buying a house, paying anything less than 20% up front means you are a high-risk borrower and will have to pay insurance to protect the bank’s money. Help students understand this is the same concept presented by Rachel, who contributed \$20 of the \$100 total (or 20%) up front.

**TEACHER'S TIP****What is the Essential Question?**

The Essential Question is designed to “hook” the learner, promote inquiry and engagement with the lesson, and allow students to exercise problem-solving abilities. It addresses a larger concept, does not have a right or wrong answer, and requires higher order thinking skills.

Student Preparation: Dream Homes

[Time Required: 20 minutes]

8. Ask students to write in their notebooks for five minutes about what their dream house looks like, taking into consideration location, size, color and neighborhood. Tell students they will now get a chance to search for their dream home in real life.
9. Distribute the activity sheet **Home Sweet Mortgage** and give students ten minutes to research their dream homes online.
10. Invite volunteers to share and discuss what attributes makes someone a "savvy" borrower. What did students consider when choosing their mortgages? (e.g., interest rate, terms, down payment, etc.)
11. Next, ask students how credit can affect a person's ability to get a mortgage and why. What makes someone a good borrower?
12. Explain to students that "creditworthiness" is considered when applying for a mortgage. An especially important warning sign for mortgage lenders is a foreclosure. Help students understand that a foreclosure is when someone stops making payments on a mortgage and the lender forces the sale of the home to recoup the borrowed money. Explain that people can go into foreclosure for a variety of reasons, including job loss, medical conditions that limit employment, snowballing debt, divorce, etc.
13. Mention to students that even if buying a home seems far off in the future, "creditworthiness" will also impact their ability to rent an apartment. This is one reason it is so important to build and maintain good credit.



TEACHER'S TIPS

Link to Lessons 3 & 6:

Remind students the power credit holds over borrowing capabilities by reviewing concepts from **Lesson 3** and **Lesson 6**.

Extension Idea:

To help students understand current mortgage terms and foreclosure repercussions, ask students to read the articles *US Housing Crisis Is Now Worse Than Great Depression* at practicalmoneyskills.com/HS21 and *Mortgage Rescue: Credit Score Killer* at practicalmoneyskills.com/HS22. Then, discuss as a class the significance of the housing collapse of 2008, how creditworthiness is now a vital component in obtaining a mortgage and the consequences of foreclosure.



Challenge: Buy It or Pass?

[Time Required: 15 minutes]

14. Ask students to form groups of three to four and distribute the activity sheet **Buy It or Pass?**
15. Tell students they will have ten minutes to complete the activity and that they should be ready to explain why they made each decision.
16. Invite groups to share their responses, and discuss why some mortgages are better choices than others. Ask students what they've learned about buying a home, and whether they have a different view now than they did at the beginning of class.
17. Finally, ask students to consider how owning a home can contribute to financial security or wealth accumulation. For example, if the value of a home increases or decreases over time from the original purchase price, this can influence whether money was made or lost on the investment.
What are the costs and benefits of owning a home?



TEACHER'S TIP

What is Reflection?

The Reflection part of the class gives students the opportunity to reflect on the bigger-picture meaning of the exercise, and to assimilate and personalize some of the concepts and ideas learned about in the class.

Reflection

[Time Required: 5 minutes]

Ask students to write in their notebooks about what they can do to make their dream homes a reality (e.g., pay bills on time to build credit, save for a down payment).



Loans, Loans, Loans

LESSON 16: ANSWER KEY 1

Rachel is the better choice to lend money to because she has **collateral** (e.g., the car and tablet), meaning that if she can't pay back the money, the **investment** of the "lender" is secured because these items are worth equal to or more than the value lent. This is also called a **securitized loan**. The "lender" is in a secure agreement with the "borrower" because there is the guarantee the lender will get his or her money back through the object used as **collateral**. Rachel also provides a **down payment** for the purchase, decreasing the amount she has to borrow from Shaun. This means she will have less money to pay off and, therefore, is less of a risk.

Shaun should not lend money to Hayden because he has poor credit. In addition, Hayden has no cash for a down payment or collateral, making him a high-risk investment.

Definitions

Collateral: Security given for the payment of a loan.

Investment: Investment of money to gain profitable returns.

Securitized Loan: A secure loan that is protected by security, or collateral, to ensure loan repayment.

Down Payment: The amount of money paid upfront at the time of purchase.

Credit: An agreement by which a borrower receives something of value now and agrees to pay the lender at a later date.



Home Sweet Mortgage

LESSON 16: ANSWER KEY 2

The home is \$275,000. Since you will be putting 20% or \$55,000 down, the loan amount will be \$220,000. Students should use that number for their calculations.

- A. 15-year mortgage term with a 3% interest rate

Total Amount Paid Over Loan Term: \$273,470.40

Minimum Monthly Payment: \$1,519.28

- B. 20-year mortgage term with a 6% interest rate

Total Amount Paid Over Loan Term: \$378,276.00

Minimum Monthly Payment: \$1,576.15

- C. 30-year mortgage term with a 5% interest rate

Total Amount Paid Over Loan Term: \$425,162.73

Minimum Monthly Payment: \$1,181.01

Which mortgage would you choose and why?

Mortgage A is the best deal since the purchase price would be lowest. However, this option has a high monthly payment as well. Before selecting an option, students would need to consider their budgets and how much they could afford to pay toward their mortgage monthly.



Buy It or Pass?

LESSON 16: ANSWER KEY 3

Scenario 1: Pass

The repairs are expensive, and unless you are willing to change your lifestyle, paying \$1,031 a month for a mortgage is out of your price range.

Scenario 2: Pass

Without putting down 20%, you will have to pay extra costs in Private Mortgage Insurance (PMI). Since you might be losing your job in the near future, you don't want to be stuck with a mortgage you can't afford.

Scenario 3: Buy It

You are in a position of financial security, with good credit and a high-paying job. The total mortgage is high, but the interest rate is low, making it easier to pay off the loan without straining your day-to-day budget.



Loans, Loans, Loans

LESSON 16: STUDENT ACTIVITY SHEET 1

In groups, review the scenario below and the profiles of each of the three friends.

Scenario:

Three friends are at the mall shopping for Joe's birthday. Shaun, Rachel and Hayden all want to get him what he really wants, but there's a snag in the plan when two of the three friends come up short on cash. After reading each of the friends' stories below, decide who Shaun should loan his money to and why.

SHAUN (LENDER)

Shaun works after school and on weekends, so he usually has money in his wallet. He wants to get Joe a new portable game console, which he can easily afford. His friends are always borrowing money from him because they know he saves, and today is no different.

RACHEL (BORROWER)

Rachel sees the perfect gift for Joe, but she only has \$20 and the gift costs \$100. She tries to convince Shaun to loan her the money for the gift, explaining that she only needs \$80 because she can contribute \$20. She reminds Shaun that she has borrowed money from him before, and always pays debts back on time. As an added bonus, she tells Shaun he can borrow her car and her tablet in case she isn't able to pay the money back right away.

HAYDEN (BORROWER)

Hayden wants to buy a new video game for Joe, but he doesn't have the money right now. He borrows money from his friends all the time and has the reputation of being late in paying it back—sometimes he forgets entirely. He tries to convince Shaun to loan him \$100 for the gift.



Home Sweet Mortgage

LESSON 16: STUDENT ACTIVITY SHEET 2

It's time to find your dream home—but don't forget, you will need a way to pay for it too. Let's look into what an ideal home in your area costs and explore the differences in payment amounts across a variety of mortgages.

Imagine that you would like to purchase a \$275,000 home. Using 20% as a down payment (or \$55,000), determine the monthly mortgage payment for your dream home using the loan terms below. Hint: Read the Loan Calculator tip at right for a tool that will help you make the calculations.

A. 15-year mortgage term with a 3% interest rate

Total Amount Paid Over Loan Term: _____

Minimum Monthly Payment: _____

B. 20-year mortgage term with a 6% interest rate

Total Amount Paid Over Loan Term: _____

Minimum Monthly Payment: _____

C. 30-year mortgage term with a 5% interest rate

Total Amount Paid Over Loan Term: _____

Minimum Monthly Payment: _____

Which mortgage would you choose and why?



STUDENT TIPS

Check out these websites to get a feel for the prices of homes you like in your area:

- www.Homes.com
- www.Trulia.com
- www.RealEstate.com

Loan Calculator:

To calculate your mortgage payments, use the Practical Money Skills How Much Will Your Loan Really Cost calculator at practicalmoneyskills.com/HS23. Remember that mortgage term is the amount of time it will take to pay off the mortgage, and that interest rate is the amount the bank will charge for loaning you the money.



Buy It or Pass?

LESSON 16: STUDENT ACTIVITY SHEET 3

**Scenario 1:**

You find a house that's smaller than you want, but it's in a good neighborhood. It's pretty old and there's lots of repair work needed. The house is \$120,000 and you'll put 20% down. The bank offers a 7% interest rate for a 15-year mortgage and you currently make \$2,000 per month, with monthly expenses averaging \$1,200. The repair work will cost \$10,000.

Do you buy it or pass?

Why?

**Scenario 2:**

You have a job, but recently heard that your position may be cut. You can only make a down payment of 10% on your mortgage. Since you're not putting 20% down, you have to pay Private Mortgage Insurance (PMI) that protects the bank in case you can't make payments. The bank offers you a 6% interest rate on a 30-year mortgage of \$450,000.

Do you buy it or pass?

Why?

**Scenario 3:**

You've always wanted to own a condo in the city and finally found one that matches your budget. You have good credit and will put 20% down on the \$450,000 home price. The bank offers a 4% interest rate on a 15-year mortgage. You make \$10,000 a month.

Do you buy it or pass?

Why?



Smooth Sailing: Exploring Insurance and Estate Planning

LESSON 17: TEACHERS GUIDE

Life isn't always smooth sailing, and if you're not prepared for bumpy waters, it can take a toll on your finances and even those of your loved ones. In this lesson, students will explore the idea of risk, how to assess the risk in a given situation and how to protect themselves and their families through insurance and estate planning. By the end of the lesson, students will understand that while life always involves personal and financial risks, these risks can be minimized and their assets protected with the right level of preparation.

Topic: Insurance/Estate Planning

Time Required: 80 minutes

SUPPLIES:

- Notebooks
- Projector
- 3 images of high-risk situations
- Computers or tablets
- Internet access
- Student activity sheets (3)

PREPARATION:

- Copy the student activity sheets
- Collect images using google.com
- Cut apart scenarios on the *Insurance Matchmaker* activity

STUDENT ACTIVITY SHEETS:

My Perfect Plan

Students will learn why insurance policies are needed.

Insurance Matchmaker

Students will match insurance needs with policies through role-playing.

Where There's a Will, There's a Way

Students will learn about and practice writing a will.

LEARNING OBJECTIVES:

Students will...

- Analyze risks and determine how to prevent them
- Discuss how insurance can protect against financial risk and compare different types of insurance
- Learn the role of estate planning in protecting assets and family

STANDARDS:

Jump\$tart Standards:

- Risk Standards 1, 2 and 3
- Financial Responsibility Standard 4
- Planning Standard 7

National Economics Standards:

- Standard 2: Decision Making

Common Core ELA Anchor Standards:

- Writing: Research to Prepare and Build Knowledge
- Writing: Informative/Explanatory Texts
- Speaking and Listening: Comprehension and Collaboration
- Language: Vocabulary Acquisition and Use

Common Core Math Standards:

- Modeling



Essential Question

"How do I protect myself from financial risks?"

Investigate: Risks

[Time Required: 20 minutes]

1. Begin by displaying three high-risk images such as bungee jumping, skydiving or climbing a mountain without a harness, and ask students to share their initial reactions. Were the images exciting? Would they participate in the activities? Why or why not?
2. Ask students what the images have in common and introduce the concept of **risk**. How do students define risk? What other risky activities can they think of? Their responses might include extreme sports, sneaking out at night, riding in the car without a seat belt, disobeying parents, stealing, etc.
3. Next, write two of the suggested risks on the board, and ask students how they could protect themselves from these risks. For example, if they suggested rock climbing, they could protect themselves by using safety gear.
4. Discuss how the above option is a way to protect physical wellbeing. How can we protect our financial wellbeing? Explain that in the same way that climbing gear provides safety, **insurance** keeps finances safe, even when the unexpected happens.
5. Help students understand that an **insurance policy** is a contract between the consumer and insurance company that outlines coverage plans. For example, you might have health insurance, but that doesn't mean every medical service is covered. The insurance policy explains what the insurance company will and will not pay for.
6. Next, write three common insurance terms and their definitions out of order on the board, so students can match the terms to the definitions:

Terms:

Definitions:

Premium:

The amount paid to the insurance provider every month in order to maintain an insurance plan.

Co-Pay:

Primarily for health insurance; the amount owed each time you visit the doctor.

Deductible:

Measured on a yearly basis; refers to the amount you must pay before your insurance provider begins to cover costs.

**TEACHER'S TIP****What is the Essential Question?**

The Essential Question is designed to "hook" the learner, promote inquiry and engagement with the lesson, and allow students to exercise problem-solving abilities. It addresses a larger concept, does not have a right or wrong answer, and requires higher order thinking skills.



7. Divide the class into small groups and ask each group to match the term with its definition based on their existing knowledge of insurance. Invite volunteers to share answers and discuss the value of each term. Why are they important to consider when reviewing an insurance policy? What misconceptions did students have about the terms?
8. Help students understand that paying a small amount, or **premium**, each month can save thousands in the long run. For example, if you pay a **premium** of \$50 on auto insurance every month, chances are it will still be less than the total cost of repairs if you were in a collision.
9. Next, discuss why it's important to consider **deductibles** and **co-payments**. For example, if your car insurance deductible is \$1,000 and an accident causes \$17,000 of damage, \$1,000 must be paid before insurance will pay the rest. Similarly, your health visits may be mostly covered by insurance, but you may still have to pay a small fee, or co-pay.

Student Preparation: Types of Insurance

[Time Required: 20 minutes]

10. Next, explain to students that there are many different types of insurance that protect us in different situations; including life, car, homeowners, travelers, personal property and health insurance. Depending on our needs, we seek different insurance types for protection.
11. Distribute the activity sheet **My Perfect Plan** and review the definitions of the types of insurance as a class. Help students understand that various types of insurance protect us from a variety of financial events. For example, life insurance protects us financially in the case of death, while car insurance protects us if we are involved in a car accident. Ask students which types of insurance they will encounter in their life and when.
12. Divide the class into small groups and assign each group one type of insurance from the activity sheet. Tell students they will now conduct online research to compare insurance policies. Give them 15 minutes to complete the research and activity.
13. Invite volunteers to share their research. What insurance policies did they find? How did they compare plans? How did the deductible, co-pay and premium differ among policies? Help students understand that selecting the right policy can protect them from financial risks, so it's important to consider what a policy covers and the associated costs.



TEACHER'S TIP

Extension Activity:

Ask students to brainstorm things they want to accomplish that might be considered a "risk." Do they want to climb Mount Everest or go white water rafting? Ask them to create a collage representing their risky dreams, and encourage them to be creative. Next, ask students to create a list of ways they can protect themselves in order to make their dreams a reality. What kind of insurance would they get and why? How can they participate in risky activities while also mitigating risk?

Challenge 1: Perfect Match

[Time Required: 15 minutes]

14. Distribute a scenario or insurance policy to each student from the **Insurance Matchmaker** activity, and invite students to mingle around the room in search of their ideal matches. For example, if a student's card contains a scenario, he or she will look for the best insurance policy for that scenario, and if a student's card contains an insurance policy, he or she will look for someone who would want to "buy" that policy.
15. Give students two minutes to read their scenario or policy and think about what type of insurance or buyer they are looking for. For example, someone "selling" car insurance wouldn't be a match for a student seeking healthcare coverage.
16. Tell students they will have five minutes to walk around the room asking questions of others to find their best matches. When they think they have found a match, they should sit down in pairs and discuss why their scenario and policy work together.
17. Invite a volunteer from each group to read their scenario, and ask each pair in the group to explain what policy they discovered and why they selected that option. Help students understand that priorities, needs and lifestyle should be considered when purchasing any type of insurance.



TEACHER'S TIP

Time Saver:

To have students complete this activity in less time, assign each scenario to just one student. He or she can read that scenario to the class and students can determine as a group which scenarios are matches.

Challenge 2: Making a Will

[Time Required: 25 minutes]

18. Begin by asking students "What happens to money and property after you or a family member dies?" Explain that in order to know where our money goes when we're gone, we need to have an **estate plan** that details what we would like done with our money. Ask students if they have ever heard this term before and if so, in what context? Explain that **estate planning** is a process that helps plan for the distribution of belongings and finances in the event of death. An important part of estate planning is creating a living will.
19. Next, divide the class into groups of four and distribute part one of the activity sheet **Where There's a Will, There's a Way**. Explain that students will research online to discover the components of a will.
20. Give the groups 10 minutes to conduct research and then invite each group to share their discoveries. What are the important components of a will? Did every group agree? Why do they think each component is important? What would happen if you didn't have a will?

21. Next, give students 10 minutes to complete part two of **Where There's a Will, There's a Way**. Ask them to compare and contrast the wills they create with a partner by discussing similarities and differences in the division of assets.
22. Invite volunteers to share their wills with the class and discuss why creating a will is an important part of financial planning.

Reflection

[Time Required: 5 minutes]

Ask students to write in their notebooks about the importance of managing risk and how they will manage risks in their future. What are the steps they will take to fulfill life goals while minimizing financial risk? How will they ensure their assets and family are protected no matter what life brings their way?



TEACHER'S TIP

What is Reflection?

The Reflection part of the class gives students the opportunity to reflect on the bigger-picture meaning of the exercise, and to assimilate and personalize some of the concepts and ideas learned about in the class.



Where There's a Will, There's a Way

LESSON 17: ANSWER KEY 1

Part One

Answers will vary, but should include the items below.

The important aspects of a will are:

- The naming of an executor, or someone who will ensure that your assets are distributed in line with your wishes.
- An explanation of how you would like your estate distributed, including property, stocks, bonds, savings, sentimental items and other assets.
- A statement that the document is a will.
- Your signature, made in the presence of at least two witnesses.
- Identification of guardians for your children, dependents or pets.
- Definition of how you would like your social media accounts handled, and passwords for those accounts.
- Identification of who you would like to manage any property you leave to minor children.

Part Two

Answers will vary.



My Perfect Plan

LESSON 17: STUDENT ACTIVITY SHEET 1

From avoiding financial pitfalls to protecting our personal belongings, insurance policies help keep us safe. Finding the right insurance takes practice and comparing options ensures you'll make a well-informed decision when it's time to choose a plan. Use the insurance you've been assigned and research two different insurance plans. Fill in the table on the next page to keep track of the policies, and then decide which plan you think offers better coverage and why.

Insurance 101

Having trouble keeping track of all the different types of insurance? Review these quick definitions:

- **Auto:** This is designed to protect your vehicle and you as a driver. There are many different plans, some of which include paying for repairs to another driver's vehicle if you are in an accident. Depending on the value of your car, you may also want collision insurance, which covers certain costs if your vehicle is damaged.
- **Homeowners:** Designed to protect your home and property, it covers the costs of damage in cases such as theft and fire.
- **Health:** This helps pay medical bills, and can include things like prescriptions or coverage for major medical costs. All plans are different and there are lots of options, so make sure you know what you're getting before purchasing a plan.
- **Life:** Life insurance provides financial protection and income replacement in the case of death. A sum of money is given to a designated person, also known as a beneficiary, upon the death of the person holding the insurance policy.
- **Personal Property:** It's not just your health or car that need insurance; your personal belongings do too. This coverage allows you to insure important and expensive items, like a wedding ring or antique painting.
- **Travel:** Travel insurance ensures you have access to quality medical care anywhere you go. Some international policies even include the option of being airlifted out of the country if you get extremely sick.

Continued on the next page.



My Perfect Plan

LESSON 17: STUDENT ACTIVITY SHEET 1

Using the type of insurance you have been assigned, research two different insurance policies you feel could work for your situation. Then fill in features of those two policies in the table below. Use the website below to conduct your search.

What type of insurance have you been assigned to research?



STUDENT TIP

After researching insurance policies, record the two options you think would work best for your scenario here.

To help with your research, check out the insurance options available through a variety of providers at www.insurance.com.

Record the specific features of the two policies you have chosen below.

	OPTION A	OPTION B
Name of company		
Deductible		
Co-pay		
Premium		
What are the benefits and disadvantages? (e.g., high deductible, lots of coverage, etc.)		

Which of the two plans would be the best choice for your circumstances and why?



Insurance Matchmaker

LESSON 17: STUDENT ACTIVITY SHEET 2

Print enough copies of the activity sheet so that each student will receive either a situation or a match. Then cut along the lines to create individual cards and distribute them.

1. The situation:

You are a new student at the local college and will be living a few blocks away from campus. Because of the close proximity, you decide to forgo purchasing a car until graduation. You're in good health and rarely visit the doctor, but since you are moving out of your parent's house, you're no longer included on their health insurance plan. What type of insurance should you purchase?

The match:

You have a basic health insurance plan to offer. With a premium of \$30, a co-pay of \$10 and a deductible of \$100, the policy is a great bargain for those entering the workforce, students and the generally healthy.

2. The situation:

You're a recent high school graduate, and at 18 you are still covered by your parent's health insurance. To save costs, you live at home with your parents and commute one hour to campus. You own a 1988 truck, and since you aren't concerned about it getting damaged, you debate buying car insurance. What type of insurance should you purchase?

The match:

You have a no-fuss car insurance plan to offer. The deductible is \$1,000 with a premium of \$50. It's the most basic plan, so if someone buys the policy you are selling, damage to his or her car won't be covered—only damage to the other driver's car.

Continued on the next page.



Insurance Matchmaker

LESSON 17: STUDENT ACTIVITY SHEET 2

3. The situation:

You're starting your first job in your dream city. Due to a signing bonus, you just purchased a new home in the suburbs. Although you plan to use public transportation, you also have a nice vehicle that you sometimes use for weekend getaways. You're generally in good health, but have to see specialists frequently due to a medical condition you've had since childhood. You get health insurance through your new job, but it only covers prescriptions and yearly doctor's visits, not the kind of specialists you need for your condition. What type of insurance should you purchase?

The match:

You are an insurance company that does it all. You specialize in car, homeowner's and health insurance. You also offer a 20% discount if someone purchases all three types of insurance with you. Your health insurance plan has a fairly high deductible of \$1,000, but your car insurance policy has a low premium of \$40. Your homeowner's policy covers the cost of property damage from theft, fire and natural disasters.

4. The situation:

You were close to your grandfather and before he passed away, he left you his favorite Rolex watch. From the 1930s, the watch is worth a lot of money and has incredible sentimental value as a family heirloom. You're still covered under your parent's health insurance and don't yet own a car. What type of insurance should you purchase?

The match:

You specialize in personal property insurance. If someone wants to insure a valuable item, like a diamond ring or antique collectibles, you offer the right policy. You provide flexible coverage and are a leader for personal property insurance in your area.



Where There's a Will, There's a Way

LESSON 17: STUDENT ACTIVITY SHEET 3

Part One

A will ensures that your wishes are carried out and your assets protected after you are no longer able to carry out and protect them yourself.

Working with your group, research the important components of a will. What does a will actually do? Do you have to be a certain age to create one? Can you make one when you are in ill health? Write a list of the important elements you discover.

The important aspects of a will are:

-
-
-
-
-
-
-
-
-



STUDENT TIPS

Use these websites to get started:

- practicalmoneyskills.com/HS15
- practicalmoneyskills.com/HS29
- practicalmoneyskills.com/HS20

Student Tip:

Check out practicalmoneyskills.com/HS31 for more information on the role of an executor.

Part Two

Imagine you are going to create a will that outlines the distribution of the following assets:

- | | |
|------------------|-----------------------|
| 1. Laptop | 6. Movie collection |
| 2. Smartphone | 7. Jewelry or watches |
| 3. Car | 8. Clothing |
| 4. CD collection | 9. Video game console |
| 5. Favorite book | 10. Digital camera |

1. Who should receive your assets? Use the space below to designate who would get each of the assets listed above and why?

1. _____
2. _____

Continued on the next page.



Where There's a Will, There's a Way

LESSON 17: STUDENT ACTIVITY SHEET 3

3. _____
4. _____
5. _____
6. _____
7. _____
8. _____
9. _____
10. _____

2. Who will be the executor of your estate? That is, who will be the person that is responsible for making sure your wishes are carried out and your assets distributed, as you want? Why did you choose that person?

3. Why do you think it is important to create a will?





A Way to Wealth: Understanding Interest and Investments

LESSON 18: TEACHERS GUIDE

Many teens invest time and energy in playing a new sport or learning a new instrument, and while it's easy for them to see the return value of such an investment, helping teens understand the value of investing their money can be trickier—especially if they're ready to buy a new video game or pair of sneakers. What they may not realize is that investing money from a young age can make a big difference when it comes to building long-term wealth. In this lesson, students will explore simple and compound interest, and discover different methods of investing money.

Topic: Investing and Interest

Time Required: 70 minutes

SUPPLIES:

- Notebooks
- Computers or tablets
- Internet access
- Projector and speakers
- Student activity sheets (2)

PREPARATIONS:

- Copy student activity sheets
- Load the video: "Millionaire in the Making" available at practicalmoneyskills.com/HS26

STUDENT ACTIVITY SHEETS:

Investing Tip Sheet

Students will use this as a reference while completing the ***What's My Interest?*** activity.

What's My Interest?

Students will calculate how earnings vary based on investment strategies, interest types and interest rates.

LEARNING OBJECTIVES:

Students will...

- Understand how investments can lead to increased wealth
- Comprehend and calculate simple and compound interest
- Explain the role of interest in saving and investing

STANDARDS:

Jump\$tar Standards:

- Saving Standards 2 and 3

National Economics Standards:

- Standard 11: Money and Inflation

Common Core ELA Anchor Standards:

- Speaking and Listening: Comprehension and Collaboration

Common Core Math Standards:

- Number and Quantity: Quantities
- Modeling
- Statistics and Probability: Interpreting Categorical and Quantitative Data



Essential Question

"How does interest and investing affect my money?"

Investigate: Interest and Rate of Return

[Time Required: 30 minutes]

1. Begin by asking students: If you could have \$100 right now or \$150 in one year, which would you choose and why? Invite volunteers to share their responses, discussing the factors students considered in making their decision (e.g., current versus future wants and needs). Explain that in our financial lives, waiting often means the opportunity to earn more money.
2. Ask students if they can think of any money management strategies that involve waiting to spend money in order to grow the initial amount. Help students understand that both **saving** and **investing** can earn money because of potential benefits such as **interest** and **rate of return**. Interest is a percentage of money earned on top of money invested, paid as an incentive to keep your money somewhere. Interest is also the percentage we pay on top of the amount borrowed when we take out loans. For example, banks offer interest as an incentive because they want to use your money to provide loans to other people. Rate of return is the amount gained or lost on an investment over time, expressed as a percentage of the initial amount invested, or the **principal**.
3. Help students understand that when determining how to manage their money, it's important to consider the **risks** and rewards involved. For example, savings options such as Certificates of Deposit (CDs) offer **guaranteed interest rates**, making them low-risk; but it can often take a long time for money to grow because the interest rates are lower. Investing options offer higher rates of return, but they can be **variable**, meaning they change over time and can be more of a risk.
4. Distribute the student activity sheet ***Investing Tips*** and review the investment strategies as a class. Explain the differences between the investments by distinguishing pros, cons and risks of each. Explain that **risk** is intrinsically linked to investing and that, historically, greater risks have reaped greater rewards but have also been subjected to greater losses.

**TEACHER'S TIPS****What is the Essential Question?**

The Essential Question is designed to "hook" the learner, promote inquiry and engagement with the lesson, and allow students to exercise problem-solving abilities. It addresses a larger concept, does not have a right or wrong answer, and requires higher order thinking skills.

Video Extension:

To help students understand the inherent risks involved in investing, show students a clip highlighting the volatility of the stock market, such as when the Dow dropped 1,000 points in 2010 at practicalmoneyskills.com/HS27. Or select a clip from the 2008 stock market crash, such as CNN's video covering the collapse of Lehman Brothers at practicalmoneyskills.com/HS28. Discuss as a class how the volatility of the stock market accelerates risk and why investors should be aware of potential risks.

5. Help students understand that consumers can buy, sell and trade investments, and that the government regulates these transactions to ensure equality. For example, the U.S. Securities and Exchange Commission works to protect the interests of all parties by maintaining and enforcing regulations to reduce the risk of fraud for consumers. Other accounts, like most checking and savings accounts and Certificates of Deposit (CDs), are insured by the Federal Deposit Insurance Corporation.
6. Next, distribute the **What's My Interest?** activity sheet and explain that different investing strategies offer different types of interest or returns: **simple** or **compound**. Explain that some investment options have **guaranteed interest rates**, while others have **variable rates** that fluctuate. Review the calculations for simple and compound rates on the activity sheet as a class, and then give students ten minutes to complete the activity.
7. Invite volunteers to share their answers, and help students understand their money can grow differently depending on types of interest, rates and strategies. Ask students why potential money growth is important to consider. What kind of return would they want in an investment and why?

**TEACHER'S TIP****Link to Lesson 21:**

For more information on the government's role in investing, and on how to buy and sell investments, check out **Lesson 21**.

Student Preparation: Power of Investing

[Time Required: 15 minutes]

8. Share the video "Millionaire in the Making" available at practicalmoneyskills.com/HS26.
9. Ask students to work in groups of four to five and brainstorm why Damon's investing methods are successful. What strategies does he use and why? What factors does he consider when making investments? What advantages does Damon have by starting to invest while young?
10. Invite a member from each group to present their conclusions, and engage the class in a discussion about investing methods. Explain that Damon utilizes several strategies to ensure successful investments, including maintaining a diverse portfolio of stocks in different industries, reading analyst reports to learn more about each stock, selecting companies that match his values and finding investments that offer compound returns.
11. Help students understand that depending on the investment choices they make, the end result can vary drastically. By making wise investment choices and starting at a young age, we can maximize long-term savings and increase wealth over time like Damon. But it's also possible to lose some or all of the money you've invested. For example, the average annual rate of return on the stock market since 1926 is close to 10%. However, in 2009 when our country was experiencing a recession, stocks overall lost 37% of their value for that year.

12. Explain that depending on your stage in life, there are different levels of risk to assess. For example, if you were about to retire, making risky investments wouldn't be wise because you need cash flow to live on while in retirement. In the opposite vein, Fabian is young so he is able to take on more risk in his investments because he has time to recoup from any potential losses.

Challenge: Wealth Accumulation

[Time Required: 20 minutes]

13. Next, explain to students that in order to understand how money grows, it helps to visualize growth over time. Ask students to visit the How Much Will My Savings Grow Calculator at practicalmoneyskills.com/HS48 or use the projector to display the calculator for students.
14. Have students enter different numbers in the calculator in each of the categories and watch how the amounts change. For example, ask students to begin with a \$50,000 initial balance or deposit, a 6% interest rate or return on savings, and no savings added each year over 25 years. In this circumstance, they would accumulate \$214,593.54 over the next 25 years. Then ask them to increase the investment to 30 years and observe differences in the amounts accumulated. Over 30 years, the same amount with the same interest rate would become \$287,174.56. Part of the reason the amounts increase exponentially over time is that you are earning compound interest—or interest on the interest.
15. Discuss how money growth changes over time and why compound returns are so powerful. Explain that at 35 years with no additional investments, the same \$50,000 at 6% interest compounded would be over \$384,000. If these were simple rather than compound earnings, (meaning you weren't earning interest on your interest), that amount would be just \$105,000.



TEACHER'S TIP

What is Reflection?

The Reflection part of the class gives students the opportunity to reflect on the bigger-picture meaning of the exercise, and to assimilate and personalize some of the concepts and ideas learned about in the class.

Reflection

[Time Required: 5 minutes]

Ask students to reflect in their notebooks on what investment strategies they will consider using in their future and what factors will go into their decisions.



What's My Interest?

LESSON 18: ANSWER KEY 1

Strategy	Principal	Interest Rate	Time	Interest or Return Type	Interest or Return Earned	Total Value
Stock	\$10,000	3 %	10 years	Compound	\$3,439.16	\$13,439.16
Mutual Fund (portfolio of stocks & bonds)	\$1,000	7 %	20 years	Compound	\$2,869.68	\$3,869.68
Bond	\$100	5 %	30 years	Simple	\$150	\$250
Stock	\$700	10 %	1 year	Compound	\$70	\$770
Bond	\$10,000	3 %	10 years	Simple	\$1,500	\$11,500

1. While it's wise that John is using the \$1,000 to invest in his future, he could get a higher rate of return with a different investment such as mutual funds or stocks. Because John won't need the money for a long time, he could also invest in a longer-term bond that may offer a better interest rate.
2. While both investing options offer the same rate of return, the mutual fund will earn more money over time because the return is compounded annually. However, after one year both investments earn a \$75 return, so it's important to consider the length of investment. After ten years the mutual fund racks up a \$1,061 return while the bond only earns \$750, making the mutual fund a better investment over the long term.



Investing Tips

LESSON 18: STUDENT ACTIVITY SHEET 1

Investment Strategy	Definition	Risk	Pros	Cons
Bonds	A type of loan in which you are the lender. You loan money to the government or a corporation with a set interest rate and maturity date	Often lower risk, but risk varies depending on 1) the ability of the issuer to repay the loan and 2) interest rate opportunity costs	- Usually provides more stability than stocks - Higher interest rate than a savings account	- Historically lower returns than stocks - Cashing in before maturity date could result in a loss of principal
Mutual Funds	A fund managed by a company that includes a portfolio of stocks or bonds	Risk varies depending on type of mutual fund	- Diversified - You can select different risk levels	- Return isn't guaranteed - Can be subject to expensive management fees
Stocks	When buying a stock, you buy partial ownership of a company	Different levels of risk—some can be very risky, but all stocks are subject to ups and downs of the market	- Potential for higher returns over the long-term	- The market goes up and down regularly, making it a volatile investment - Requires a long-term investment to get the best return - No guarantee for additional money above your investment (called the return) and you may lose your principal, too



What's My Interest?

LESSON 18: STUDENT ACTIVITY SHEET 2

If you could earn \$100 or \$10 for doing the same job, which would you take? Chances are, you'd take the \$100. While that seems like an easy choice, understanding how you can earn \$100 versus \$10 when investing money means mastering interest and rate of return. Learn how different rates, interest types and investment strategies can impact and maximize your earnings by completing the table and questions below.

How to Calculate Simple Interest:

$$\text{Principal} \times \text{Interest Rate} \times \text{Time}$$

Simple Interest/Rate of Return Example:

Imagine you have \$100 and plan to put it in the bank for 6 years with a 6% interest rate, calculated as .06%. Here's what the calculation would look like:

$\$100 \times .06 \times 6 = \36 . The amount will grow by \$36/year using simple interest.

Year 1: $\$100 + \$36 = \$136$

Year 2: \$172

Year 3: \$208

Year 4: \$244

Year 5: \$280

How to Calculate Compound Interest:

$$(\text{Principal} + \text{Earned Interest}) \times \text{Interest Rate} \times \text{Time}$$

Compound Interest/Rate of Return Example:

Imagine the same scenario (\$100, interest rate calculated as .06% for 6 years), but this time interest will be compounded annually. Here's how your money grows:

Year 1: $\$100 \times .06 \times 6 = \36 ($\$100 + \$36 = \$136$)

Year 2: $\$136 \times .06 \times 6 = \48.96

($\$136 + \$48.96 = \$184.96$)

Year 3: $\$184.96 \times .06 \times 6 = \66.58
($\$184.96 + \$66.58 = \$251.54$)

Year 4: $\$251.54 \times .06 \times 6 = \90.55
($\$251.54 + \$90.55 = \$342.09$)

Year 5: $\$342.09 \times .06 \times 6 = \123.15
($\$342.09 + \$123.15 = \$465.24$)

▪ In just a few years, you've nearly tripled your money.

Strategy	Principal	Interest Rate	Time	Interest or Return Type	Interest or Return Earned	Total Value
Stock	\$10,000	3 %	10 years	Compound		
Mutual Fund (portfolio of stocks & bonds)	\$1,000	7 %	20 years	Compound		
Bond	\$100	5 %	30 years	Simple		
Stock	\$700	10 %	1 year	Compound		
Bond	\$10,000	3 %	10 years	Simple		

Continued on the next page.



What's My Interest?

LESSON 18: STUDENT ACTIVITY SHEET 2

Investment Challenge

1. John receives \$1,000 as a graduation gift from his grandparents. Rather than spend it, he decides to invest it in a two-year bond that earns 3% simple interest. John doesn't need access to the money right away because he wants to save it for when he's ready to buy a home in about 10 years. Is the bond a wise investment for John? Why or why not? What other investment options does John have?

2. If you had the choice between investing \$1,000 in a mutual fund that earns 7.5% compound interest or a bond that earns simple interest at 7.5%, which would you prefer and why?





Financial Forces: Understanding Taxes and Inflation

LESSON 19: TEACHERS GUIDE

With teens busy learning how to drive, taking finals and planning for college, concepts like taxes and inflation can seem a million miles away. In this lesson, students will learn how these financial forces will affect their lives in the future. They will explore different real-life scenarios and discover how taxes and inflation can affect income, home ownership, wealth accumulation and retirement.

Topic: Taxes and Inflation

Time Required: 60 minutes

SUPPLIES:

- Notebooks
- Computers or tablets
- Internet access
- Student activity sheets (2)

PREPARATION:

- Copy student activity sheets

STUDENT ACTIVITY SHEETS:

Time Travel, Inflation Style

Students will use an inflation calculator to discover that the value of a dollar can change over time.

Pace Yourself: The Long-Term Effects of Taxes

Students will explore how taxes and inflation impact income and wealth accumulation.

LEARNING OBJECTIVES:

Students will...

- Explore how taxes impact financial decisions
- Analyze how inflation might affect saving for a long-term goal
- Determine how inflation can decrease buying power

STANDARDS:

Jump\$tar Standards:

- Financial Responsibility Standard 4

National Economics Standards:

- Standard 11: Money and Inflation
- Standard 16: Role of Government and Market Failure

Common Core ELA Anchor Standards:

- Reading: Key Ideas and Details

Common Core Math Standards:

- Number and Quantity: Quantities
- Modeling
- Statistics and Probability: Making Inferences and Justifying Conclusions



Essential Question

"How do taxes and inflation affect my money?"

Investigate: What's It Worth?

[Time Required: 20 minutes]

1. Begin by writing the figures \$100, \$500 and \$1,000 on the board. Divide students into small groups and assign each group one of the dollar amounts. Ask students to discuss in their groups what the amount of money means to them. Is it enough to buy a video game console or new cell phone? Do students view it as a large or small amount of money? Why?
2. Invite each group to share ideas, and ask students to keep their numbers in mind because you will revisit them later.
3. Next, introduce the concept of **inflation** and ask students to brainstorm in pairs what they know about the term. Encourage them to think about the context in which they have heard the word before. What does inflation apply to, and how would they define it?
4. Ask students to share ideas, and explain that inflation is the overall increase in prices of goods and services over time. For example, if one store increases prices for video games, but another store offers a lower price, this is not inflation. However, if all stores that carry video games increase their prices, this is considered a general increase in average prices and can be classified as inflation.
5. Next, distribute the activity sheet **Time Travel, Inflation Style** and give students 10 minutes to complete the exercise.
6. Invite volunteers to share what they learned. Why did the numbers in their tables increase and what does this mean? Explain that the value of a dollar is not static; it changes over time. For example, in 1950 a loaf of bread might have cost 15 cents, and now it may cost about \$2.50. If you had \$500 in 1950 and you have \$500 now, your **purchasing power** with the same amount of money has dramatically decreased due to inflation.

**TEACHER'S TIPS****What is the Essential Question?**

The Essential Question is designed to "hook" the learner, promote inquiry and engagement with the lesson, and allow students to exercise problem-solving abilities. It addresses a larger concept, does not have a right or wrong answer, and requires higher order thinking skills.

Extension Idea:

To further illustrate the concept of inflation, compare the value of money over time using familiar items. For example, bring in or show an image of 3 movie tickets, which would have cost about 50 cents each in 1950, and an item that costs \$1.50 now, such as a vending machine soda. Help students understand that you can't even purchase one movie ticket with the amount of money it used to cost to purchase three.

Student Preparation: How Does Inflation Affect Me?

[Time Required: 15 minutes]

7. Next, ask students to think about how inflation will affect their own lives. What does it mean that any money they have now will have less purchasing power in the future? How will inflation affect their spending or saving choices?
8. Explain that inflation may affect students sooner than they think. While we can't predict exactly how much inflation will rise in the future, historically the rate has increased by 2-3% each year. Ask students to pretend that they have received \$1,000 as a gift to use for expenses when they go to college. Assuming a 3% yearly inflation rate, what will that gift be worth in today's dollars five years from now? Challenge students to calculate the amount in their notebooks.
9. Next, divide students into groups of four or five and ask them to discuss their results. What is the impact of inflation on the gift, even in the short term? (Answer: The gift will be worth \$858.73 in today's dollars.) Were the numbers a surprise? Why or why not?
10. Invite volunteers from each group to share their findings with the class. How does inflation influence savings and wealth accumulation? Will students make different spending or savings choices based on what they now know about inflation?



TEACHER'S TIPS

Extension Idea:

For additional retirement activities, ask students to play Countdown to Retirement at practicalmoneyskills.com/HS30. Students will travel through a simulation of each life phase beginning with a first job and ending in retirement. They will learn that the choices they make in each step of their lives will affect their retirement.

Extra Help:

If students need it, provide them with the following formula:

The value of the gift in today's dollars = current value x $(1 - \text{inflation rate})^{\text{years}}$

Challenge: Taxes Take a Toll

[Time Required: 20 minutes]

11. Ask students what other factors have an impact on money besides inflation. Can they think of any other "financial forces" that may affect wealth potential? Introduce the concept of **taxes** to the class and ask students to raise their hands if they have ever paid taxes before. Explain that even though students might not have paid **income tax**; if they live within one of many U.S. states and have purchased a book, shoes or other item in a store, they have probably paid **sales tax**.

12. Explain that income tax is a certain percentage of your income that is paid to federal and some state governments. The exact percentage is based on how much money you make. Sales tax is an additional charge on the items you buy that is paid to your state or local government, however not all states have sales tax. Other common taxes include **property tax** (taxes paid on your home), **Social Security** and **Medicare** (taxes taken out of your paycheck to fund government retirement and health care programs, respectively). Most taxes are used to invest money back into federal, state and local government efforts. For example, taxes help to pay for road repairs, education and police forces.
13. Ask students how they think taxes will affect their own lives. How will knowing that a certain portion of their income goes to taxes affect spending, saving and career choices?
14. Explain that students will now calculate ways that taxes can impact their incomes. Distribute the activity sheet **Net Pay: The Effects of Taxes on Your Income** and give students ten minutes to complete the activity.
15. Invite students to share their responses, and initiate a discussion on how taxes and inflation can affect finances. What do students see as some of the positive or negative affects of taxes? How will inflation affect students' buying power in the future?

Reflection

[Time Required: 5 minutes]

Ask students to reflect in their notebooks about why it's important to be aware of financial forces, such as inflation and taxes, and how they may have an impact on their future.



TEACHER'S TIP

What is Reflection?

The Reflection part of the class gives students the opportunity to reflect on the bigger-picture meaning of the exercise, and to assimilate and personalize some of the concepts and ideas learned about in the class.

expanded
enlarged;
in•fla•tion
being inflated
prices or a per-
ticular good or ser-



Time Travel, Inflation Style

LESSON 19: ANSWER KEY 1

Note: For the *Buying Power Today* column, the teacher should look up the numbers for the current year.

\$100

Year	Starting Value	Buying Power in 1990	Buying Power in 2000	Buying Power Today
1920	\$100	\$653.50	\$861	Varies
1930	\$100	\$782.63	\$1,031.14	Varies
1940	\$100	\$933.57	\$1,230	Varies
1950	\$100	\$542.32	\$714.52	Varies
1960	\$100	\$441.55	\$581.76	Varies
1970	\$100	\$336.86	\$443.81	Varies
1980	\$100	\$158.62	\$208.98	Varies

\$500

Year	Starting Value	Buying Power in 1990	Buying Power in 2000	Buying Power Today
1920	\$500	\$3,267.50	\$4,305	Varies
1930	\$500	\$3,913.17	\$5,155.69	Varies
1940	\$500	\$4,667.86	\$6,150	Varies
1950	\$500	\$2,711.62	\$3,572.61	Varies
1960	\$500	\$2,207.77	\$2,908.78	Varies
1970	\$500	\$1,684.28	\$2,219.07	Varies
1980	\$500	\$793.08	\$1,044.90	Varies

\$1,000

Year	Starting Value	Buying Power in 1990	Buying Power in 2000	Buying Power Today
1920	\$1,000	\$6,535	\$8,610	Varies
1930	\$1,000	\$7,826.35	\$10,311.38	Varies
1940	\$1,000	\$9,335.71	\$12,300	Varies
1950	\$1,000	\$5,423.24	\$7,145.23	Varies
1960	\$1,000	\$4,415.54	\$5,817.57	Varies
1970	\$1,000	\$3,368.56	\$4,438.14	Varies
1980	\$1,000	\$1,586.17	\$2,089.81	Varies



Net Pay: The Effects of Taxes on Your Income

LESSON 19: ANSWER KEY 2

- A. Courtney's net pay is: \$750 per paycheck
- B. Courtney pays \$150 in federal taxes every paycheck, \$40 in state taxes, and \$60 in Social Security and Medicare taxes.
- C. Answers will vary. Courtney's taxes may be used to finance various federal and state government programs, including road repairs, education and the police force. Her contributions to Social Security will be used to fund the federal government retirement program. Her contributions to Medicare will be used to fund the federal healthcare program.



Time Travel, Inflation Style

LESSON 19: STUDENT ACTIVITY SHEET 1

What does inflation really mean? Enter the amount your group was given at the beginning of class (\$100, \$500 or \$1,000) in the space above the chart below. Then use the Inflation Calculator at bls.gov/data/inflation_calculator.htm to calculate the difference in buying power that amount of money represented over several decades in comparison with 1990, 2000 and 2012. Enter the amount of money you were assigned at the beginning of the class in the calculator, then input the years according to the chart and see how the values change over time. Note: You can look up even more current inflation tables using the same tool.

Amount of money I have:

Year	Starting Value	Buying Power in 1990	Buying Power in 2000	Buying Power Today
1920				
1930				
1940				
1950				
1960				
1970				
1980				

What happened to the numbers on your chart? Why did they change the way they did? What does this say about the value of a dollar and inflation?



Net Pay: The Effects of Taxes on Your Income

LESSON 19: STUDENT ACTIVITY SHEET 2

We all have to pay taxes to help fund government programs. But how will they affect your financial future? Read the scenario below and do the math to find out.

Scenario:

Courtney is a senior in college and just started her first job as a sales associate. At her new job, she expects to make about \$24,000 per year. She is excited to receive her first paycheck, which is given every two weeks. Courtney learns that 15% of her gross pay will be withheld for federal income tax, 4% for state income tax and 6% for Social Security and Medicare taxes. Help Courtney figure out what her take home, or net pay is, and how much she will pay in taxes each paycheck.

- A. How much money will Courtney pay in taxes each paycheck?

Federal: _____

State: _____

Social Security and Medicare: _____

- B. What is Courtney's net pay? In other words, how much money does Courtney take home from each paycheck after paying all taxes?

- C. Based on your knowledge of taxes, to which programs, services and accounts do you think the money withheld from Courtney's paycheck will go?





The Tools to Build Your Financial Dream

LESSON 20: TEACHERS GUIDE

Between paying bills, figuring out taxes, saving hard-earned cash and planning for the future, it can be difficult to manage all your financial responsibilities on your own. In this lesson, students will learn how to seek out the tools that can help them manage their finances and reach their financial goals—whether via free or low-cost resources, government tools or paid advisors. They will also learn about different methods of financial recordkeeping that can make managing everything from saving for college, to tracking their spending, easier.

Topic: Financial Planning and Recordkeeping

Time Required: 60 minutes

SUPPLIES:

- Projector
- Computers or tablets
- Internet access
- Student activity sheet
- Notebooks

PREPARATION:

- Copy student activity sheet

STUDENT ACTIVITY SHEETS:

My Recordkeeping Plan

Students will create a plan for organizing and keeping important financial records, and research popular online financial tools.

LEARNING OBJECTIVES:

Students will...

- Uncover the resources available for managing finances
- Discover different types of financial recordkeeping
- Evaluate considerations when finding a financial advisor

STANDARDS:

Jump\$tar\$t Standards:

- Financial Responsibility Standard 2
- Planning Standards 2 and 6

National Economics Standards:

- Standard 11: Money and Inflation

Common Core ELA Anchor Standards:

- Reading: Integration of Knowledge and Ideas
- Speaking and Listening: Comprehension and Collaboration
- Speaking and Listening: Presentation of Knowledge and Ideas
- Language: Vocabulary Acquisition and Use



Essential Question

"How can I use the tools available to reach my financial goals?"

Investigate: Financial Resources and Recordkeeping

[Time Required: 20 minutes]

1. Open the class by asking students what possessions they value most. Is it their bike? Comic book or video game collections? Childhood photos or keepsakes? Invite volunteers to describe their most valuable possessions and where they're stored for safekeeping, whether it's under the bed or in a locked drawer or safe. Also ask how their possessions are organized: Are books organized alphabetically or by subject category? Or are they jumbled together in no particular order?
2. Explain that just as it's important to securely store valued possessions, so should your personal financial records be well-organized and stored safely—things like outstanding bills and payment receipts, bank and credit card statements, paystubs and other job-related paperwork, insurance policies, car loan documents—anything that has a financial component.
3. Stress the need for taking extra care to protect certain other important documents that contain confidential personal information such as their Social Security card, driver's license, passport, credit and debit cards and health insurance card. Ask students where they keep important documents like these and discuss with the class whether they are taking enough precautions to keep their personal information safe. Remind them of the potential downsides of having this information lost or stolen.
4. Remind students that by properly cataloging and storing their financial and legal paperwork, they'll save a lot of time and anxiety when it comes to budgeting, tracking spending, paying bills, filing taxes—even gathering the information they'll need to apply for college and financial aid. Quick access to important account information also makes it easier to contact banks or other institutions in the event of an emergency, like a stolen wallet or lost ATM card.
5. Ask students how long they think financial paperwork should be retained before it can safely be tossed. Let them know that many financial records should be kept for at least seven years in case of an income tax audit down the road. Such records might include employer W-2 forms, year-end bank or investment statements showing interest or dividends earned, and proof of payment for charitable contributions; plus any other expenses being claimed as tax deductions. Some documents should be retained indefinitely, including mortgage and car loan documentation, records showing stock

**TEACHER'S TIPS****What is the Essential Question?**

The Essential Question is designed to "hook" the learner, promote inquiry and engagement with the lesson, and allow students to exercise problem-solving abilities. It addresses a larger concept, does not have a right or wrong answer, and requires higher order thinking skills.

Link to Lesson 9:

Remind students about the budgets they created in **Lesson 9**. Ask them where they will keep their budgets and explain that comparing their spending (via receipts and bank statements) to their budgets can help them improve their financial habits and meet their financial goals.

Time Saver:

As homework for the day prior to the lesson, have students write down the contact information for their banks and other accounts (name of institution, address and phone number, number to report stolen cards, etc.), and bring that information to class. (Be sure to emphasize that students should leave blanks or placeholders for their actual account numbers or any other personal identification that shouldn't be shared publicly—like their Social Security number, driver's license number, passwords, etc.)

and mutual fund purchases, and personal documents like birth certificates, passports and Social Security cards.

6. Remind students that there are many systems for organizing financial paperwork. Many people maintain file folders in which they store hard copies of important documents. One good system is to keep a single folder for unpaid bills; once they've been paid, file the receipt in that company's or subject's folder (for example, have separate files for utilities, credit cards, bank accounts, health insurance, car insurance, etc.) Tell students that they can also store financial records digitally, to save space. They can scan copies of important files and save them as PDF files on their computer. However, stress that they should also keep a backup of their digital files on a flash drive, external hard drive or some other storage method, in case their computer crashes.
7. Distribute the ***My Recordkeeping Plan*** activity sheet and give students 10 minutes to fill in their account information and where they plan to keep their important financial records. If needed, they can fill in any remaining addresses or contact information at home. Let students know that it's also important to maintain a schedule with bill due dates and to regularly review all budgets and incoming statements for accuracy. When will they review their paperwork? Monthly? Weekly? On the activity sheet, have students record the days when they usually receive their paychecks or allowance, and the dates when any bills they have are due.

Student Preparation: Choosing Tools for the Job

[Time Required: 10 minutes]

8. Next, remind students that there are many free and low-cost tools for tracking and managing their finances, including telephone banking, online budgeting tools (spreadsheets, calculators), tax preparation software and more. Give students ten minutes to explore the following websites and the kinds of tools they offer, including budgeting spreadsheets, investment calculators, tools for tracking and categorizing tax deductions, etc. Ask them to indicate on their activity sheets which, if any, tools they would like to use in order to keep their finances organized: Quicken, Mint.com, Yodlee, Mvelopes.

Challenge: Financial Advisors

[Time Required: 25 minutes]

9. Ask students to think about their school counselor or advisor. What is their job? What advice do they give students? Introduce the concept of working with a personal financial advisor. Explain that like having a school counselor



TEACHER'S TIP

Link to Lesson 7:

Remind students of **Lesson 7** and that it's important to be cautious when sharing financial information in order to prevent identity theft. This is one reason it is so important to research advisors before handing over all of their financial information.

Teacher's Tip:

Tell students that to cut down on clutter, they can toss monthly paystubs, bank and credit card statements once they've received a final year-end statement. Also use this as an opportunity to remind them that any documents showing personal information should be shredded, not just thrown away.



who helps and guides students on classes, homework and college goals, many people who need to start setting long-term financial goals seek the assistance of a professional financial advisor. Financial advisors offer guidance on things like:

- Determining long-term financial goals (like college, home ownership, starting a family, retirement) and how to save to meet those goals.
- Advice on investing your money, including determining your tolerance for risk (low-risk savings options like savings accounts and CDs have less potential for growth and keeping up with inflation).
- Strategies for getting out of debt.
- Changing financial goals as your family situation changes (for example, marriage, divorce, birth of a child, new job or layoff).
- Structuring savings and investments tax-effectively. Estate planning.

10. Tell students that choosing the right financial advisor can take time. Share these suggestions and ask if they can think of any others:

- Look for someone well-qualified in their field, whose ethics and professional approach match your own beliefs and with whom you can be comfortable discussing private financial details.
- Seek someone who asks probing questions, listens to your needs and concerns, won't try to sell you unneeded products or services, and can explain the potential risks and rewards of every action they recommend.
- Ask for referrals from trusted friends and other professionals like accountants and lawyers.
- Ask about their fee structure: are they paid an hourly rate, a flat fee per task, by commission, or a combination of fees and commissions.
- Interview at least three candidates.

Reflection

[Time Required: 5 minutes]

Ask students to write in their notebooks about why it can be helpful to have support when managing their finances, whether through bookkeeping software or financial advisors.



TEACHER'S TIPS

Extension Idea:

If students have tablets or smartphones, encourage them to check out the Mint.com app featured on the Quicken website at quicken.intuit.com. The app syncs bank accounts and creates graphs for tracking expenses, offering a budget based on spending habits. They can also go to TurboTax to see examples of how their tools can help students organize financial data for their taxes.

What is Reflection?

The Reflection part of the class gives students the opportunity to reflect on the bigger-picture meaning of the exercise, and to assimilate and personalize some of the concepts and ideas learned about in the class.



My Recordkeeping Plan

LESSON 20: STUDENT ACTIVITY SHEET 1

Recordkeeping is no fun, but compared to tearing the house apart looking for a paystub or your bank's contact information, it's a small price to pay. Knowing how long records should be kept and coming up with a system for saving bills and papers is also an important aspect of staying on top of your finances. Fill in the information about your accounts, payment schedule and recordkeeping plan below. Then keep the form with your records at home, updating it when any account or payment information changes. *Important:* Leave blank any personal information that should not be shared publicly—account numbers, Social Security or driver's license numbers, etc.

- What is the name and contact information for your bank?



STUDENT TIP

You may need to locate account paperwork at home in order to complete the form. If so, fill in what you are able to during the lesson and complete the remaining portions at home, bringing the completed form with you the following day.

- What are the names and contact information for any other accounts you have, such as a cell phone account or car loan?

- Where will you keep the following records? Indicate where you plan to store hard copies or online records of each item.

Paystubs and W-2 form: _____

Bank statements: _____

Where will you keep other account statements (phone, car insurance etc.): _____

Where will you keep your Social Security card, passport or other items: _____

Budget and receipts: _____

Continued on the next page.



My Recordkeeping Plan

LESSON 20: STUDENT ACTIVITY SHEET 1

6. Knowing when your bills are due and having a set time when you will review your budget, spending, and account statements for errors is also key. Indicate which days of the month you plan to do the following:

Pay monthly bills (phone, bus pass etc.): _____

Receive your paycheck or allowance: _____

Review bank and other statements for errors: _____

Compare your spending to your budget and adjust your budget as needed: _____

7. There are many online tools and resources that can help you keep on top of your financial records. Spend 5 minutes researching the resources available at the following websites to help determine whether any would be helpful to you.

- Quicken.com
- Mint.com
- Yodlee.com
- Mvelopes.com

As you organize your records and work toward your financial goals, which online tools will you use to manage your finances?



Buy, Sell or Hold?: An Overview of Investing

LESSON 21: TEACHERS GUIDE

Most of us take financial gambles every day. For example, we might hold off on purchasing a new video game or smart phone in hopes that the price will go down. But when it comes to investments, gambling without knowing all available information can be costly. In this lesson, students will analyze risks and rewards in investments and discuss factors that impact return on investments. Students will learn about buying and selling stocks, and related consumer protection laws.

Topic: Investing and Wealth Accumulation

Time Required: 70 minutes

SUPPLIES:

- Computers or tablets
- Internet access
- Projector
- Student activity sheets (2)
- Notebooks

PREPARATION:

- Copy student activity sheets

STUDENT ACTIVITY SHEETS:

Know When to Hold 'Em

In this activity, students will learn the concepts of buying, selling, holding and trading investments.

Stock Up

Students will learn how to read a stock table.

LEARNING OBJECTIVES:

Students will...

- Learn basic stock market concepts and terminology
- Explore factors that impact returns on investments
- Understand how the government protects investors

STANDARDS:

Jump\$tart Standards:

- Savings Standards 4, 5 and 6
- Financial Responsibility Standard 3

National Economics Standards:

- Standard 11: Money and Inflation

Common Core ELA Anchor Standards:

- Reading: Integration of Knowledge and Ideas
- Language: Vocabulary Acquisition and Use

Common Core Math Standards:

- Number and Quantity: Quantities
- Modeling
- Statistics and Probability: Interpreting Categorical and Quantitative Data



Essential Question

"How do investing and the stock market work?"

Investigate: Buy, Sell, or Trade?

[Time Required: 10 minutes]

1. Open the class by distributing the activity sheet ***Know When to Hold 'Em***. Give students ten minutes to read the scenarios and determine what they believe the "seller" should do.
2. Invite volunteers to share their responses with the class and ask what final decision the "seller" should make. Should Jack hold, sell or trade the comic book?
3. Engage the class in a discussion about buying, selling and trading investments. Using the answer key as a guide, explain that Jack bought the investment low and can now sell high, making it a great **return on investment**. Help students understand that like Jack, when individuals invest money in the **stock market** they have to consider potential losses on investments. Review the terms and concepts on the answer key, including **caveat emptor**, meaning "buyer beware."
4. Next, ask members of the class what they would do in the same situation. Would they hold, sell or trade the comic book? What are the potential risks and benefits of each decision? Explain that just like the scenario, investing in the stock market means analyzing different options and making calculated decisions by weighing risks and rewards. Buying, selling, holding and trading investments bring different levels of risk and reward, and so we need to educate ourselves on potential losses and gains before making investment decisions.

Student Preparation: The Stock Market

[Time Required: 25 minutes]

5. Explain that one common investment strategy is to buy stocks. Ask students what they know about the stock market and explain that buying a stock means that you are buying a **share**, or portion, of ownership of a company. Inform them that a share has a dollar value, and that there are many theories about how this dollar value is determined. Help students understand that we do know some of the factors that affect the price of a stock. Explain that one factor is how investors feel about a company and the products or services it provides. Another is supply and demand of that

**TEACHER'S TIPS****What is the Essential Question?**

The Essential Question is designed to "hook" the learner, promote inquiry and engagement with the lesson, and allow students to exercise problem-solving abilities. It addresses a larger concept, does not have a right or wrong answer, and requires higher order thinking skills.

Link to Lesson 20:

Connect your discussion with **Lesson 20**, reminding students of the value in using financial resources to help us make smart investments.

stock in the market. Stock price is also influenced by the **price-to-earnings ratio**, or **P/E ratio** of a stock, which is a measure of the price paid for a share compared to the annual profit earned per share.

6. Engage the class in a discussion about how investors choose stocks for purchase. What do investors do to help ensure they get a strong return on investment? How do they decide what stocks to pick? Explain that there are several factors investors may consider when assessing investment potential in stocks, including studying stock market reports, finding companies that match their values, observing trends and picking stocks from multiple industries to diversify investments.
7. Next, ask the class if they know what a stockbroker is. Explain that a **stockbroker** is a professional that helps investors buy, sell and trade stocks on the **stock exchange**. Explain that there are three major stock exchanges in the U.S. and they include the **New York Stock Exchange (NYSE)**, **American Stock Exchange (AMEX)** and the **National Association of Securities Dealers Automated Quotations (NASDAQ)**. In addition to knowing the basic stock exchanges, tell students that it's also important to evaluate the performance of an investment based on a **benchmark**, or a standard.
8. In the stock market, we call benchmarks an **index** and there are different types of indices that can be used to determine an investment's performance. Explain that a **stock market index** is a hypothetical portfolio of stocks representing a particular market or portion of it. For example, the Standard and Poor's 500 (S&P 500), measures the performance of 500 large company stocks chosen for their market size, liquidity, industry grouping and other factors. Another common index is the Dow Jones Industrial Average, which tracks the performance of 30 large companies.
9. Ask students how they think investors make money from stocks. Invite volunteers to share their answers and explain that stocks make money through **capital gains** and **dividends**, among other factors. Capital gain is when the value of a stock goes up. For example, if a stock increases from \$50 to \$55, the \$5 increase is the capital gain. However, you don't have to pay capital gains tax until you sell the stock. Dividends are when a company makes regular (quarterly or annual) or one-time payments of company profits to their shareholders, or owners of the stock.
10. Tell students that there are specific rules and regulations for the stock exchange and that the government created the **U.S. Securities and Exchange Commission (SEC)** to help protect investors by maintaining a fair and equitable market.

Challenge: Investing in Stocks

[Time Required: 30 minutes]

12. Next, explain to students that understanding how to read a stock table is one way to analyze the stock market and make smart investment choices.
13. Distribute the student activity sheet **Stock Up** and review the NYSE's How to Read Stock Tables as a class found at practicalmoneyskills.com/HS33. Help students understand each of the terms found on the NYSE stock table including **rate of return**, which is the yield percent, and a stock's **high** and **low**, which are the highest and lowest paid price for a stock. Tell students they will now answer a few questions about stock market basics and then read stock tables for five stocks of their choice. Give students twenty minutes to complete the activity.
14. Invite volunteers to share their findings with the class and discuss why stock tables are important to consider when making investment decisions. What can we learn by studying stock tables? Why is it important to understand a stock's high, low, yield and dividend?

Reflection

[Time Required: 5 minutes]

Ask students to reflect in their notebooks about how money can be made, and lost, through investments. What factors will students consider when investing their money and why?



TEACHER'S TIP

What is Reflection?

The Reflection part of the class gives students the opportunity to reflect on the bigger-picture meaning of the exercise, and to assimilate and personalize some of the concepts and ideas learned about in the class.



Know When to Hold 'Em

LESSON 21: ANSWER KEY 1

Jack is in a great position because of his smart investment. The comic book was purchased at a low rate and can now be sold at a high rate by taking Brooke's offer, creating a strong **return on investment**. This means that Jack **invested** \$5 to **buy** the comic book, but can now **sell** it for up to \$100, making a profit of \$95.

Jack can also choose to **trade** his comic book for triple the quantity by dealing with Caroline. However, Jack should understand **caveat emptor**, which means "buyer beware." Just because quantity is tripled doesn't mean it is worth more. If the comic books are from a popular artist last year, they may not hold the same value this year or anytime in the future. There is also no way of knowing the condition of the comic books—if they are ripped, folded or otherwise damaged, that could detract from their value, creating a higher **risk** investment.

Lastly, Jack has the option to **hold** the comic book and not make a deal with Brooke or Caroline. By holding the comic book, Jack takes a **risk** in waiting for prices to climb even higher before selling. If the creator's popularity dies out quickly, selling now could mean getting the highest price if it becomes unpopular quickly. However, the creator could also continue to grow in popularity, which would further increase the value of the signed comic book. Holding is a calculated risk that can either bring greater profits or greater losses.





Stock Up

LESSON 21: ANSWER KEY 2

1. A share of stock is a share of ownership in a corporation. Shareholders have a claim to part of a corporation's assets and earnings.
2. **Price-to-earnings ratio, or P/E ratio** of a stock is a measure of the price paid for a share compared to the annual profit earned per share. In mathematical terms, the P/E ratio equals the company's market value per share divided by its earnings per share.
3. Supply and demand.
This is the theory that when there is a low supply of a resource and/or a high demand for it, this will drive up the stock's share price. Conversely, the greater the supply and the lower the demand, the lower the price will be.

For remaining items, answers will vary depending on the stocks selected.



Know When to Hold 'Em

LESSON 21: STUDENT ACTIVITY SHEET 1

Jack, Brooke and Caroline are chatting after school about a new special edition comic book that just exploded on the scene. One of the friends owns a signed comic acquired before the author and artist became famous, while the other two friends are eager to get their hands on a signed copy. Read the scenarios below and decide if Jack should sell his comic book to Brooke, make a trade with Caroline or hold on to his signed comic.



JACK (SELLER):

Jack collects comic books and last year he went to a local convention to check out some new artists. He found one he thought was amazing and decided to buy an autographed comic by him at the show for \$5. Fast forward one year and the author is now hugely popular, with everyone clamoring to buy his comics. Autographed comic books are flying off local shelves at \$25 each and some are even selling for \$50 online. Jack's unsure if he should keep the comic, make a trade or sell it now that it's worth so much money.



BROOKE (BUYER):

Brooke collects rare and original comic books. She loves the new series and needs an autographed copy of the original comic book to add to her collection. She is willing to pay whatever it takes to buy it and offers Jack \$100 for it.



CAROLINE (TRADER):

Caroline would really like to have a signed copy of the comic book, but there's no way she can afford to pay \$25 or \$50 to buy one. She does have three comic books from another author that she, Jack and Caroline all like a lot. She offers Jack her three comic books for his autographed comic.

Should Jack sell, hold or trade? Why?



Stock Up

LESSON 21: STUDENT ACTIVITY SHEET 2

In order to make smart stock investments, it's important to understand the basics of what a stock is, and to keep up-to-date with how stocks perform. Many investors do this by reading stock tables. Before researching specific companies' stock performance, answer these questions about stock market basics:

1. What is a stock?

2. What is the price-to-earnings (P/E) ratio?

3. Identify some factors that might affect the price of a stock.

As a class, review the NYSE's How to Read Stock Tables found at www.nyse.com.

Next, select five companies that interest you and evaluate their stock performance. Think about companies that you know and like such as Disney, Coca Cola, Apple, etc. Visit the Wall Street Journal at online.wsj.com and search for the selected stocks. Record your findings in the chart below.

Continued on the next page.





Stock Up

LESSON 21: STUDENT ACTIVITY SHEET 2

Stock Name	52 Week High	52 Week Low	Stock Symbol	Yield (rate of return)	Price/Earnings Ratio (P/E)	Last Close

How did each stock perform?

Which stock closed at the highest and lowest?

Which stock had the greatest rate of return?



Kindness Counts: Understanding Charitable Giving

LESSON 22: TEACHERS GUIDE

One life lesson never goes out of style: treat others how you would like to be treated. But it can be easy for teens to lose sight of this rule and to overlook the value of charitable giving. In this lesson, students will explore the benefits of participating in a charity, whether by donating time or money. They will conduct research to discover their charitable interests and evaluate potential charities based on credible criteria.

Topic: Charitable Giving

Time Required: 65 minutes

SUPPLIES:

- Projector
- Computers or tablets
- Internet access
- Student activity sheet
- Notebooks

PREPARATION:

- Copy student activity sheet

STUDENT ACTIVITY SHEET:

Charity Checklist

In this activity, students will research charitable interests and evaluate those interests based on a range of criteria.

LEARNING OBJECTIVES:

Students will...

- Learn how to identify upstanding charities
- Research and evaluate charities using specific criteria
- Explore how charitable giving can add to one's life

STANDARDS:

Jump\$tart Standards:

- Planning Standard 5

National Economics Standards:

- Standard 2: Decision Making

Common Core ELA Anchor Standards:

- Reading: Key Ideas and Details
- Writing: Research to Build and Present Knowledge
- Speaking and Listening: Comprehension and Collaboration
- Speaking and Listening: Presentation of Knowledge and Ideas
- Language: Vocabulary Acquisition and Use



Essential Question

"Why should I incorporate charitable giving into my financial plan?"

Investigate: Compassionate Giving

[Time Required: 10 minutes]

1. Open the class by writing a quote from Ghandi on the board: "Be the change you want to see in the world." Ask students to write in their notebooks about what the quote means to them.
2. Invite volunteers to share their reflections and ask the class why Ghandi may have made such a statement. Why is it important to "be the change" in the world? What can we do to be the change? What resources do we need to take into consideration when implementing change (e.g., time, money, expertise)?
3. Ask students if they have ever volunteered or donated to charity. Encourage them to share any charitable contributions they have made and engage the class in a discussion about why charitable giving is important. What do we gain by giving? Why is it important to think about giving to others when making financial plans? How is sharing money connected to spending and saving?

Student Preparation: Charitable Interests

[Time Required: 25 minutes]

4. Next, ask students what types of charities they already support or would be interested in supporting (e.g., if they enjoy reading, then a literacy nonprofit could work for them; or if they love sports they might donate to the Special Olympics).
5. Invite volunteers to share their interests and keep a running list on the board. Next, distribute the student activity sheet **Charity Checklist** and tell students they will now have the opportunity to research a charity that matches their interests.
6. Give students 10 minutes to complete part one of **Charity Checklist** and then reconvene as a class. What organizations, charities and nonprofits did they discover in their research? Ask students why they are interested in these charities and what they might do to contribute. Invite volunteers to share their ideas, adding them to your list on the board.

**TEACHER'S TIPS****What is the Essential Question?**

The Essential Question is designed to "hook" the learner, promote inquiry and engagement with the lesson, and allow students to exercise problem-solving abilities. It addresses a larger concept, does not have a right or wrong answer, and requires higher order thinking skills.

Extension Activity:

Share examples of teens that have started their own charities such as CNN's "Teen Turns Escape From Pain into Charity" at practicalmoneyskills.com/HS43. Discuss how the 16-year-old in the story launched her charity through advertising, online promotion and fundraising.

Take It Local:

Model charitable giving by working together as a class on a charitable project. Options could include gathering gently used clothing and shoes to donate to a shelter, starting a nonperishable food drive, or collecting coins to donate to a local organization. Visit FundraisingIdeas.org for more information.

Evaluating Credibility

[Time Required: 25 minutes]

7. Explain to students that while there are many excellent charities in the world, it is important to conduct research before giving time or money to a charity. Help them understand that in an age when anyone can post anything online, it's important to verify authenticity and credibility.
8. Ask students to refer to part two of **Charity Checklist** and discuss each of the factors to consider when evaluating a charity. Ask them if they can think of any other criteria to consider.
9. Invite students to pick one charity from their lists from part one to research further and evaluate based on the factors discussed in class. Give students 15 minutes to complete the activity, and then invite volunteers to present their findings to the group.
10. Engage the class in a discussion about why it is important to research a charity before "blindly" donating money. Why should we look at a charity's website and contact information? Why should we review the work the charity has done in the past? Help students understand that transparency is important in a charity so they know how their time or money will be spent.
11. Next, engage the class in a discussion about what we gain from being charitable. Why do people set aside money for charity instead of spending or saving it? Why is it important to work charity into our financial lives?
12. Next, ask students how we can plan for charitable giving in our budgets. Divide them into small groups and ask each group to brainstorm a list of strategies they could use in budgeting for charitable giving. For example, how can we be sure to set aside enough money? Invite each group to share their ideas and help students understand that we can allocate a certain percentage of our money each month, donate a certain amount during the holidays, or create long-term giving by including donations in an estate plan or will. Explain that we can also plan for charitable giving by allocating resources such as gently used clothing, or donating time on a weekly, monthly or yearly basis.

Reflection

[Time Required: 5 minutes]

Ask students to reflect in their notebooks on why it is important to consider charitable giving. What are the benefits of being charitable and how can we integrate it into our financial plans?



TEACHER'S TIPS

Extension Idea:

To emphasize the importance of researching a charity, share examples of charities that have been questioned by the public, such as the Central Asia Institute found at practicalmoneyskills.com/HS44, which was profiled in the best-selling and controversial book Three Cups of Tea.

What is Reflection?

The Reflection part of the class gives students the opportunity to reflect on the bigger-picture meaning of the exercise, and to assimilate and personalize some of the concepts and ideas learned about in the class.





Charity Checklist

LESSON 22: STUDENT ACTIVITY SHEET

Part 1: Charitable Interests

Find the right charity for you by recording your interests and then researching charities to match. In the table below, record your charitable interests in the left column and then research charities that match your interests, recording your findings in the middle column. After you've discovered possible charities (also known as nonprofit organizations), use the right column to explain why the organizations interest you.



STUDENT TIP

Check out these websites to kick-start your research:

- Idealist.org
- Volunteermatch.org
- Justgive.org
- Giveback.org
- Smartgivers.org

Charitable Interests	Possible Charities	Why These Nonprofits Interest Me

Continued on the next page.



Charity Checklist

LESSON 22: STUDENT ACTIVITY SHEET

Part 2: Evaluating Credibility

Select one charity from your list above to evaluate. Using the charity's website and other web searches, complete the table below by learning as much information as you can about your charity for each of the criteria. Record your findings in the table and determine if this is the right charity for you.

To learn more about the credibility of your charity, search for it at one of these sites: CharityNavigator.org or practicalmoneyskills.com/HS45.

Evaluation Criteria	What Did You Learn?
"About" Page	
Contact Information	
Internet Research and Reviews	
Financial Information	
Accomplishments and Track Record	
Transparency	

Based on your checklist, do you believe this charity is credible?
Why or why not?



STUDENT TIPS

What to look for:

- "About" Page: Read the "About" page and learn as much as you can about the organization.
- Contact Information and Tax ID Number: Make sure there is contact information listed on the charity's website, including a complete address, telephone number and email address. An eligible tax ID number means that the IRS has given the organization nonprofit status.
- Internet Research and Reviews: Research the charity using a search engine, read what others are saying about it and check to see if the charity has been in the news (and for what reasons—is the publicity positive or negative?).
- Financial Information: What can you learn about the charity's finances? Are they spending their money the way they say they are? Do they have a rainy day fund? Do they openly share this information with the public?
- Accomplishments and Track Record: What has the charity accomplished? Look for a proven track record and success stories.
- Transparency: Is the charity transparent with the public about what they do?

Visit the website of your state's Attorney General to see if it has a charity section.