

# TEACH MONEY WORKBOOK

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Financial Literacy for Tomorrow's Teachers and their Students



# TEACH MONEY

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# PRESIDENT'S ADDRESS

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Dear Teachers,

We respect the awesome responsibility you carry, nurturing the minds and inspiring the spirits of thousands of young people over the course of your career. We thank you for championing the cause of financial literacy in your classroom as we know firsthand that financial problems harm individuals, burden families and sap communities of their true potential.

Our mission is simply stated on the cover of this guide: Teach Money. As we recover from a national financial crisis, it is clear now more than ever that financial literacy is a valuable life skill that has the potential to pay lifelong dividends. In the following pages, we aim to provide you with resources you can use in your classroom, tools and guidance you can use for your own finances, and a directory of free resources you can access online.

Thank you for your participation in Teach Money. Keep in touch and let us know how we can best support your efforts to grow a new generation of financially empowered Americans.

With Gratitude,

Etta Money

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**WHY  
TEACH  
MONEY?**

## FINANCIAL LITERACY IS A VALUABLE LIFE SKILL

Between the ages of 15-19, students make major financial decisions, with little formal education, including:

- Buying a car
- Choosing where to go to college and how much to borrow
- Choosing a career
- Opening a credit card and accumulating personal debt
- Establishing banking relationships and habits

A large percent of parents admit that they have poor financial literacy, and that they do not feel qualified to teach their children how to manage money.

Money Problems are cited as the number one reason why students drop out of college.

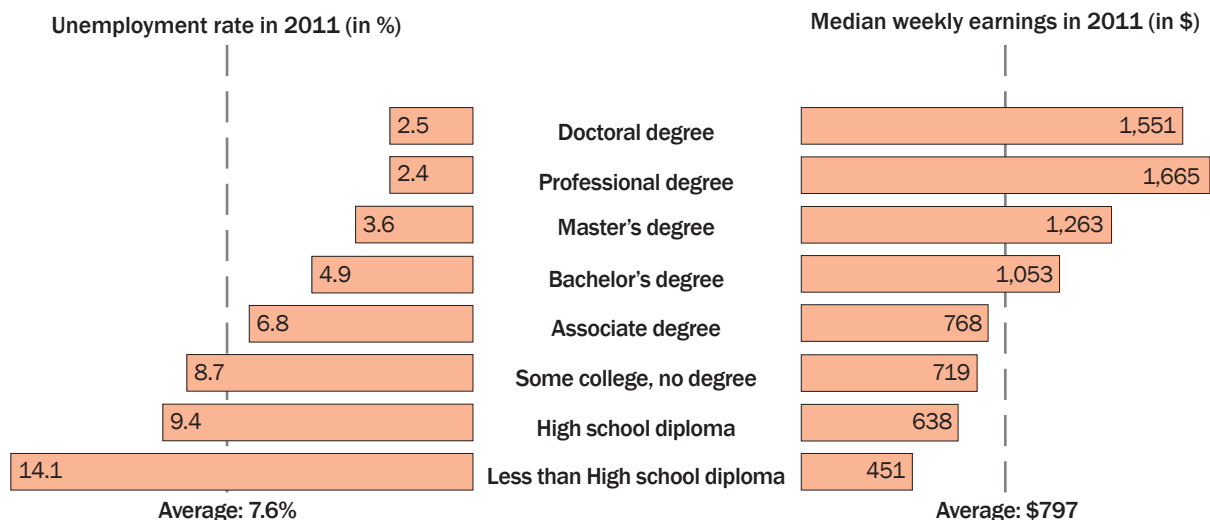
Establishing good budgeting and saving skills early will help more students stay in school, graduate, accumulate assets and achieve social mobility.

Students are interested in money and want to learn more about it.

The best time to teach someone about personal finance is *before* they've made major mistakes.

Students need to learn the relationship between higher education and income, and higher education and sustained employment:

## Education Pays



Source: Bureau of Labor Statistics Current Population Survey

**FINANCIAL LITERACY EDUCATION IS FUN.**

**SUNSHINE  
STATE  
FINANCIAL  
LITERACY  
STANDARDS**



# SUNSHINE STATE FINANCIAL LITERACY STANDARDS

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## KINDERGARTEN

SS.K.E.1.1: Describe different kinds of jobs that people do and the tools or equipment used.

### Classroom Activities

- Invite parents with interesting jobs to visit the classroom and talk about their work. Limit to 20-30 minutes.
- Assign classroom jobs (like watering plants, organizing the bookshelf, line leader, light switch operator) and rotate each week.

SS.K.E.1.2: Recognize that United States currency comes in different forms.

### Classroom Activities

- Hang pictures of coins and paper currency on the wall to familiarize students with money.

SS.K.E.1.3: Recognize that people work to earn money to buy things they need or want.

SS.K.E.1.4: Identify the difference between basic needs and wants.

## FIRST GRADE

SS.1.E.1.1: Recognize that money is a method of exchanging goods and services.

### Classroom Activities

- Establish a classroom currency. Deposit money into a jar for participation and good deeds. Buy something for the class to enjoy from an educational catalog with prices clearly marked. Let the students help make the purchasing decision.

SS.1.E.1.2: Define opportunity costs as giving up one thing for another.

### Classroom Activities

- Have the students practice making choices based on money. Use catalogs and newspaper circulars advertising toys and other goods.

SS.1.E.1.3: Distinguish between examples of goods and services.

SS.1.E.1.4: Distinguish people as buyers, sellers, and producers of goods and services.

SS.1.E.1.5: Recognize the importance of saving money for future purchases.

### Classroom Activities

- Share stories about how animals like squirrels store up for the winter and explain how people can do this too.

SS.1.E.1.6: Identify that people need to make choices because of scarce resources.

## SECOND GRADE

SS.2.E.1.1: Recognize that people make choices because of limited resources.

SS.2.E.1.2: Recognize that people supply goods and services based on consumer demands.

# SUNSHINE STATE FINANCIAL LITERACY STANDARDS

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SS.2.E.1.3: Recognize that the United States trades with other nations to exchange goods and services.

SS.2.E.1.4: Explain the personal benefits and costs involved in saving and spending.

## Classroom Activities

- Read [The Three Little Pigs](#) and talk about the “quick fix” vs. “slow and steady.”
- Read Alexander, [Who Used to Be Rich Last Sunday](#), by Judith Viorst. Talk about spending vs. saving.

MA.2.G.5.3: Identify, combine, and compare values of money in cents up to \$1 and in dollars up to \$100, working with a single unit of currency.

## THIRD GRADE

SS.3.E.1.1: Give examples of how scarcity results in trade.

SS.3.E.1.2: List the characteristics of money.

## Classroom Activities

- Identify five key characteristics of money (currency, denomination, country of issue, date, issuing authority). Ask the students to create their own currency with these characteristics.

SS.3.E.1.3: Recognize that buyers and sellers interact to exchange goods and services through the use of trade or money.

SS.3.E.1.4: Distinguish between currencies used in the United States, Canada, Mexico, and the Caribbean.

## Classroom Activities

- Divide the students into nations. Print currency and have them exchange money based on exchange rates posted on the board.

## FOURTH GRADE

SS.4.E.1.1: Identify entrepreneurs from various social and ethnic backgrounds who have influenced Florida and local economy.

## Classroom Activities

- Start a classroom business. Identify a charity for the proceeds.
- Have students design a new product and create a print advertisement for it.

SS.4.E.1.2: Explain Florida’s role in the national and international economy and conditions that attract businesses to the state.

## SIXTH GRADE

SS.6.E.1.3: Describe the following economic concepts as they relate to early civilization: scarcity, opportunity cost, supply and demand, barter, trade, productive resources (land, labor, capital, entrepreneurship).

SS.6.E.2.1: Evaluate how civilizations through clans, leaders, and family groups make economic decisions for that civilization providing a framework for future city-state or nation development.

# SUNSHINE STATE FINANCIAL LITERACY STANDARDS

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SS.6.E.3.1: Identify examples of mediums of exchange (currencies) used for trade (barter) for each civilization, and explain why international trade requires a system for a medium of exchange between trading both inside and among various regions.

## Classroom Activities

- Review the history of gold as a medium of exchange. Discuss its properties and debate its relevance to the current US economy.

## SEVENTH GRADE – SOCIAL STUDIES

SS.7.E.1.1: Explain how the principles of a market and mixed economy helped to develop the United States into a democratic nation.

SS.7.E.1.2: Discuss the importance of borrowing and lending in the United States, the government's role in controlling financial institutions, and list the advantages and disadvantages of using credit.

## Classroom Activities

- The Monopoly board game teaches the risks and benefits of borrowing to buy and rent real estate.
- Create an amortization table to show students the true cost of borrowing at varying interest rates.
- Create an opportunity cost example that shows how money paid in interest toward a loan could be otherwise invested.

SS.7.E.1.3: Review the concepts of supply and demand, choice, scarcity, and opportunity cost as they relate to the development of the mixed market economy in the United States.

SS.7.E.1.4: Discuss the function of financial institutions in the development of a market economy.

SS.7.E.1.5: Assess how profits, incentives, and competition motivate individuals, households, and businesses in a free market economy.

SS.7.E.1.6: Compare the national budget process to the personal budget process.

## Classroom Activities

- Have students make a balanced budget for the federal government. 2012 Income: \$2.3 Billion; Categories with 2011 allocations: Defense (20%), Social Security (20%), Medicare/Medicaid (21%), Debt Interest (6%), Education, Science and Medical Research (2%), Transportation Infrastructure (3%), Benefits for Federal Employees including Veterans (7%). After they've made a budget, show them the actual allocations.
- Have students make a budget for themselves. See budget form on page 95.

SS.7.E.2.1: Explain how federal, state, and local taxes support the economy as a function of the United States government.

SS.7.E.2.2: Describe the banking system in the United States and its impact on the money supply.

SS.7.E.2.3: Identify and describe United States laws and regulations adopted to promote economic competition.

# SUNSHINE STATE FINANCIAL LITERACY STANDARDS

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SS.7.E.2.4: Identify entrepreneurs from various gender, social, and ethnic backgrounds who started a business seeking to make a profit.

## Classroom Activities

- Entrepreneurs to profile: Henry Ford (Ford Motors), Debbie Fields (Mrs. Fields Cookies), Steve Jobs (Apple), Mark Zuckerberg (Facebook), Oprah Winfrey (Harpo Productions), Martha Stewart (Martha Stewart, Inc.), Ben Cohen and Jerry Greenfield (Ben & Jerry's).

SS.7.E.2.5: Explain how economic institutions impact the national economy.

SS.7.E.3.1: Explain how international trade requires a system for exchanging currency between and among nations.

SS.7.E.3.2: Assess how the changing value of currency affects trade of goods and services between nations.

SS.7.E.3.3: Compare and contrast a single resource economy with a diversified economy.

SS.7.E.3.4: Compare and contrast the standard of living in various countries today to that of the United States using gross domestic product (GDP) per capita as an indicator.

## Classroom Activities

- Challenge the students to create a household budget for a family in a third world country. Have them compare it with their own family's budget.
- Challenge the students to create a budget for a region of the United States with a drastically different cost of living (New York City vs. rural Georgia, for example). Use department of labor wage tables to estimate income for the same job in different regions.

## EIGHTH GRADE – SOCIAL STUDIES

SS.8.E.1.1: Examine motivating economic factors that influenced the development of the United States economy over time including scarcity, supply and demand, opportunity costs, incentives, profits, and entrepreneurial aspects.

## Classroom Activities

- Identify Entrepreneurs in American history who have shaped industry and culture. Examples include Benjamin Franklin, Henry Ford, Walt Disney, Ray Kroc (McDonald's), Steve Jobs (Apple).

SS.8.E.2.1: Analyze contributions of entrepreneurs, inventors, and other key individuals from various gender, social, and ethnic backgrounds in the development of the United States economy.

SS.8.E.2.2: Explain the economic impact of government policies.

## Classroom Activities

- Review the economic situation of elderly in the United States before and after the institution of Social Security in 1935.
- Have students debate the impact of war on the US economy.

SS.8.E.2.3: Assess the role of Africans and other minority groups in the economic development of the United States.

SS.8.G.2.2: Use geographic terms and tools to analyze case studies of regional issues in different parts of the United States that have had critical economic, physical, or political ramifications.

# SUNSHINE STATE FINANCIAL LITERACY STANDARDS

SS.8.G.3.1: Locate and describe in geographic terms the major ecosystems of the United States.

SS.8.G.5.2: Describe the impact of human modifications on the physical environment and ecosystems of the United States throughout history.

## NINTH THROUGH TWELFTH GRADE – SOCIAL STUDIES

SS.912.A.3.10: Review different economic and philosophic ideologies.

SS.912.A.3.12: Compare how different nongovernmental organizations and progressives worked to shape public policy, restore economic opportunities, and correct injustices in American life.

### Classroom Activities

- Debate the positive and negative impacts of government support of housing (through the Federal Housing Administration).
- Debate the positive and negative economic impacts of government funded student loans.
- How does unemployment insurance work? How can it impact the financial security of employees?

SS.912.A.5.1: Discuss the economic outcomes of demobilization.

SS.912.A.5.3: Examine the impact of United States foreign economic policy during the 1920s.

SS.912.A.5.4: Evaluate how the economic boom during the Roaring Twenties changed consumers, businesses, manufacturing, and marketing practices.

### Classroom Activities

- Compare the conditions in the 1920s leading up to the Great Depression with the conditions in the mid-2000s preceding the Great Recession. Reference worksheet on page 100.

SS.912.A.5.11: Examine causes, course, and consequences of the Great Depression and the New Deal.

SS.912.A.7.1: Identify causes for Post-World War II prosperity and its effects on American society.

SS.912.A.7.2: Compare the relative prosperity between different ethnic groups and social classes in the post-World War II period.

SS.912.A.7.12: Analyze political, economic, and social concerns that emerged at the end of the 20th century and into the 21st century.

SS.912.A.7.13: Analyze the attempts to extend New Deal legislation through the Great Society and the successes and failures of these programs to promote social and economic stability.

SS.912.E.1.3: Compare how the various economic systems (traditional, market, command, mixed) answer the questions: (1) What to produce?; (2) How to produce?; and (3) For whom to produce?

SS.912.E.1.7: Graph and explain how firms determine price and output through marginal cost analysis.

SS.912.E.1.8: Explain ways firms engage in price and nonprice competition.

SS.912.E.1.9: Describe how the earnings of workers are determined.

### Classroom Activities

- Show students how to estimate future wages at the Department of Labor's website (<http://www.bls.gov/bls/blswage.htm>).
- Demonstrate how paycheck calculators can illustrate typical paycheck deductions.
- Review wages for various occupations. Compare with education investment required.

# SUNSHINE STATE FINANCIAL LITERACY STANDARDS

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SS.912.E.1.10: Explain the use of fiscal policy (taxation, spending) to promote price stability, full employment, and economic growth.

SS.912.E.1.11: Explain how the Federal Reserve uses the tools of monetary policy (discount rate, reserve requirement, open market operations) to promote price stability, full employment, and economic growth.

SS.912.E.1.12: Examine the four phases of the business cycle (peak, contraction - unemployment, trough, expansion - inflation).

SS.912.E.1.13: Explain the basic functions and characteristics of money, and describe the composition of the money supply in the United States.

SS.912.E.1.14: Compare credit, savings, and investment services available to the consumer from financial institutions.

## Classroom Activities

- Challenge students to research the best savings account rate, using the internet.
- Review a credit card agreement. Discuss balance transfer fees, interest rate, overdraft fees and other typical costs of credit.

SS.912.E.1.15: Describe the risk and return profiles of various investment vehicles and the importance of diversification.

## Classroom Activities

- Give students a hypothetical \$100,000 to invest using a diversification approach. Review stock market average returns over the past 50 years. Compare with gains in real estate.

SS.912.E.1.16: Construct a one-year budget plan for a specific career path including expenses and construction of a credit plan for purchasing a major item.

## Classroom Activities

- Calculate the total cost of borrowing for the major item. Discuss opportunity cost. How could this money be otherwise invested?

SS.912.E.2.1: Identify and explain broad economic goals.

SS.912.E.2.2: Use a decision-making model to analyze a public policy issue affecting the student's community that incorporates defining a problem, analyzing the potential consequences, and considering the alternatives.

SS.912.E.2.3: Research contributions of entrepreneurs, inventors, and other key individuals from various gender, social, and ethnic backgrounds in the development of the United States.

SS.912.E.2.4: Diagram and explain the problems that occur when government institutes wage and price controls, and explain the rationale for these controls.

SS.912.E.2.5: Analyze how capital investments may impact productivity and economic growth.

SS.912.E.2.6: Examine the benefits of natural monopolies and the purposes of government regulation of these monopolies.

SS.912.E.2.7: Identify the impact of inflation on society.

## Classroom Activities

- Review costs for various consumer goods from 100 years ago, 50 years ago and 25 years ago.
- Share a vintage consumer goods catalog with your students.

# SUNSHINE STATE FINANCIAL LITERACY STANDARDS

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SS.912.E.2.8: Differentiate between direct and indirect taxes, and describe the progressivity of taxes (progressive, proportional, regressive).

SS.912.E.2.9: Analyze how changes in federal spending and taxation affect budget deficits and surpluses and the national debt.

SS.912.E.2.10: Describe the organization and functions of the Federal Reserve System.

SS.912.E.2.11: Assess the economic impact of negative and positive externalities on the local, state, and national environment.

SS.912.E.2.12: Construct a circular flow diagram for an open-market economy including elements of households, firms, government, financial institutions, product and factor markets, and international trade.

## NINTH THROUGH TWELFTH GRADE – MATH

MA.912.F.1.1: Explain the difference between simple and compound interest.

### Classroom Activities

- Ask the students to design short and long-term loans (simple interest). Show them how to create amortization tables online and review the costs at varying interest rates.

MA.912.F.1.2: Solve problems involving compound interest.

### Classroom Activities

- Provide each student with a hypothetical \$1000. Ask them to determine the number of years required for it to grow to \$10,000 at varying interest rates (5%, 10%, 15%).

MA.912.F.1.3: Demonstrate the relationship between simple interest and linear growth.

MA.912.F.1.4: Demonstrate the relationship between compound interest and exponential growth.

MA.912.F.2.1: Calculate the future value of a given amount of money with and without technology.

MA.912.F.2.2: Calculate the present value of a certain amount of money for a given length of time in the future with and without technology.

MA.912.F.2.3: Use a consumer price index to express dollars in constant terms with and without technology.

MA.912.F.2.4: Calculate the present value of an income stream with and without technology.

MA.912.F.3.1: Compare the advantages and disadvantages of using cash versus a credit card.

### Classroom Activities

- Ask students to calculate the total cost of a \$1000 computer purchased on a credit card at 24% interest and paid over 4 years.

MA.912.F.3.2: Analyze credit scores and reports.

MA.912.F.3.3: Calculate the finance charges and total amount due on a credit card bill.

MA.912.F.3.4: Compare the advantages and disadvantages of deferred payments.

MA.912.F.3.5: Calculate deferred payments.

# SUNSHINE STATE FINANCIAL LITERACY STANDARDS

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MA.912.F.3.6: Calculate total cost of purchasing consumer durables over time given different down payments, financing options, and fees.

MA.912.F.3.7: Calculate the following fees associated with a mortgage: discount points, origination fee, maximum brokerage fee on a net or gross loan, documentary stamps, prorated expenses (interest, county and/or city property taxes, and mortgage on an assumed mortgage).

MA.912.F.3.8: Substitute to solve a variety of mortgage formulas, including but not limited to Front End Ratio, Total Debt-to-Income Ratio, Loan-to-Value Ratio (LTV), Combined Loan-to-Value Ratio (CLTV), and Amount of Interest Paid Over the Life of a Loan.

MA.912.F.3.9: Calculate the total amount to be paid over the life of a fixed rate loan.

MA.912.F.3.10: Calculate the effects on the monthly payment in the change of interest rate based on an adjustable rate mortgage.

## Classroom Activities

- Use historical mortgage rates to predict whether a home bought in the year the students were born will cost more with a fixed rate or adjustable rate 15-year mortgage.

MA.912.F.3.11: Calculate the final pay out amount for a balloon mortgage.

MA.912.F.3.12: Compare the cost of paying a higher interest rate and lower points versus a lower interest rate and more points.

MA.912.F.3.13: Calculate the total amount paid for the life of a loan for a house including the down payment, points, fees, and interest.

MA.912.F.3.14: Compare the total cost for a set purchase price using a fixed rate, adjustable rate, and a balloon mortgage.

## Classroom Activities

- Visit Realtor.com and find a property for sale near your school. Use amortization tables to show the total costs based on varying mortgage scenarios (fixed rate, adjustable rate and balloon). Ask students to repeat with one additional property from realtor.com of their choice.

MA.912.F.3.15: Interpret the legal description using the metes and bounds; lot and block (plat); government survey; and monument methods.

MA.912.F.3.16: Estimate real property value using the sales comparison approach, cost-depreciation approach, or the income capitalization approach.

MA.912.F.3.17: Compare interest rate calculations and annual percentage rate calculations to distinguish between the two rates.

MA.912.F.4.1: Develop personal budgets that fit within various income brackets.

MA.912.F.4.2: Explain cash management strategies including debit accounts, checking accounts, and savings accounts.

MA.912.F.4.3: Calculate net worth.

MA.912.F.4.4: Establish a plan to pay off debt.

MA.912.F.4.5: Develop and apply a variety of strategies to use tax tables, and to determine, calculate, and complete yearly federal income tax.

MA.912.F.4.6: Compare different insurance options and fees.



# SUNSHINE STATE FINANCIAL LITERACY STANDARDS

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MA.912.F.4.7: Compare and contrast the role of insurance as a device to mitigate risk and calculate expenses of various options.

MA.912.F.4.8: Collect, organize, and interpret data to determine an effective retirement savings plan to meet personal financial goals.

## Classroom Activities

- Practice financial modeling. Ask students to set a retirement goal of \$1,000,000 and model how they will accumulate this sum by age 65. Require that they include 3 major asset categories (mutual funds, real estate and cash, for example) and details on annual investment and rate of return for each asset.

MA.912.F.4.9: Calculate, compare, and contrast different types of retirement plans, including IRAs, ROTH accounts, and annuities.

MA.912.F.4.10: Analyze diversification in investments.

MA.912.F.4.11: Purchase stock with a set amount of money, and follow the process through gains, losses, and selling.

MA.912.F.4.12: Compare and contrast income from purchase of common stock, preferred stock, and bonds.

MA.912.F.4.13: Given current exchange rates be able to convert from one form of currency to another.

## Classroom Activities

- Use the Internet to shop for popular items in foreign countries (iPhone, Xbox, etc.). Using current exchange rates, where are the best prices?

MA.912.F.4.14: Use data to compare historical rates of return on investments with investment claims to make informed decisions and identify potential fraud.

MA.912.F.5.1: Demonstrate how price and quantity demanded relate, how price and quantity supplied relate, and how price changes or price controls affect distribution and allocation in the economy.

MA.912.F.5.2: Use basic terms and indicators associated with levels of economic performance and the state of the economy.

# FINANCIAL LITERACY FOR TEACHERS

## WHAT IS IN THIS SECTION?

BUDGET WORKSHEET  
BUDGET GUIDELINES  
ATTITUDES ABOUT MONEY  
SETTING FINANCIAL GOALS

DESIGNING YOUR SPENDING PLAN  
DEVELOPING A SAVINGS STRATEGY  
UNDERSTANDING CREDIT & DEBT  
UNDERSTANDING INSURANCE

# BUDGET WORKSHEET

	Month
<b>Monthly Income</b>	
Take Home Pay (self)	
Take Home Pay (spouse)	
Alimony / Child Support	
Social Security	
Other Income	
<b>A: Total Income</b>	
<b>Housing</b>	
Rent	
Mortgage	
Home Maintenance	
<b>B: Housing Total</b>	
<b>Transportation</b>	
Car Payments	
Auto Insurance	
Gas / Fuel Costs	
Parking / Tolls	
Vehicle Maintenance	
<b>C: Transportation Total</b>	
<b>Utilities</b>	
Telephone	
Cellular Phone	
Electric	
Water	
Natural Gas	
Cable / Satellite Television	
Trash Services	
<b>D: Utilities Total</b>	

	Month
<b>Food</b>	
Groceries	
Eating Out	
<b>E: Food</b>	
<b>Health &amp; Personal</b>	
Clothing	
Laundry / Dry Cleaning	
Medication / Prescriptions	
Doctor Bills	
Health Insurance	
Life Insurance	
Alimony / Child Support	
Education	
Childcare	
Contributions	
Other	
<b>F: Health &amp; Personal Total</b>	
<b>Savings</b>	
<b>Debt</b>	
Student Loans	
Other	
<b>H: Debt Total</b>	
<b>Monthly Cash Flow</b>	
<b>I: Total Income</b> (Total From Line A)	
<b>J: Total Expenses</b> (Add Totals From Lines B,C,D,E,F & G)	
<b>K: Disposable Income</b> (Subtract Line I From Line H)	

# BUDGET GUIDELINES

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## HOUSING (RENT/MORT)

25-35%

### Housing: Mortgage, Insurance, Property Taxes, HOA fees, Home Maintenance

A mortgage of 40% or more of your take home pay puts you at risk of foreclosure.

## TRANSPORTATION

5-10%

### Transportation: Car payments, gas, insurance, parking, tolls

#### Tips:

- Save \$100-\$1000 (per year): Review your insurance. Make sure you aren't paying for coverage you don't need. Shop around.
- Save \$250-\$400 (per month): Pay off your car loan.
- Save \$\$\$: If you owe big money on your car, you may be better off selling it, getting an inexpensive used car, and paying off the difference. Repeatedly financing new cars can cost you \$1,000,000 over the course of your lifetime!

## UTILITIES

8-10%

### Utilities: Telephone, electric, gas, cable/internet, trash & sewer.

- Save on your smart phone: buy an inexpensive 'pay-as-you-go' phone
- Find air leaks and save on energy: order a free energy audit from your electric company
- Give up cable, watch your favorite programs online
- Buy Energy Star appliances

## FOOD

5-15%

- Save \$50-\$100 (per month): learn to cook (stop eating out)
- Save \$50-\$100 (per month): Use coupons and shop at wholesale clubs; plan your meals
- Save \$20 (per month): Freeze leftovers and perishable food before it goes bad
- Save \$\$\$: Put yourself on a clothing allowance. Allow yourself to shop, but within limits.

### DECLINING COSTS:

#### In 1970, The average family of 4 spent:

- 22% more on food than today.
- 44% more on major appliances than today
- 21% more on clothing

## SAVINGS IS DREAM FUEL

10%

### Savings: savings account deposits, retirement contributions

- Have your savings automatically deposited in a savings account (pay yourself first)
- Save your tax return (or 50%)
- Participate in your company's 401K, especially if there is a match
- Make saving a habit
- If you "plan to start saving next month/year" it will never happen. Start today.

### Savings Rates

- 1960s: 14%
- 2012: 1%



# BUDGET GUIDELINES



## BUDGET RANGES BASED ON SALARY: BUDGET ESTIMATES

Annual Gross Salary % of Take Home Pay	Estimated Monthly take-home	Housing Low 25%	Housing High 35%	Transportation Low 5%	Transportation High 10%	Utilities Low 8%	Utilities High 10%	Food Low 5%	Food High 15%	Savings 10%	Student Loans 10%
\$22,000	\$1,482	\$371	\$519	\$74	\$148	\$119	\$148	\$74	\$222	\$148	\$148
\$25,000	\$1,676	\$419	\$587	\$84	\$168	\$134	\$168	\$84	\$168	\$168	\$168
\$30,000	\$1,998	\$500	\$699	\$100	\$200	\$160	\$200	\$100	\$300	\$200	\$200
\$32,000	\$2,127	\$532	\$745	\$106	\$213	\$170	\$213	\$106	\$319	\$213	\$213
\$35,000	\$2,321	\$580	\$812	\$116	\$232	\$186	\$232	\$116	\$348	\$232	\$232
\$37,000	\$2,450	\$612	\$857	\$122	\$245	\$196	\$245	\$122	\$367	\$245	\$245
\$40,000	\$2,630	\$658	\$921	\$132	\$263	\$210	\$263	\$132	\$395	\$263	\$263
\$42,000	\$2,742	\$686	\$960	\$137	\$274	\$219	\$274	\$137	\$411	\$274	\$274
\$45,000	\$2,911	\$728	\$1,019	\$146	\$291	\$233	\$291	\$146	\$437	\$291	\$291
\$47,000	\$3,023	\$756	\$1,058	\$151	\$302	\$242	\$302	\$151	\$453	\$302	\$302
\$50,000	\$3,191	\$798	\$1,117	\$160	\$319	\$255	\$319	\$160	\$479	\$319	\$319

## STUDENT LOAN PAYMENT ESTIMATES

Student Loan Balance	Standard Repayment (10 years)	Extended Fixed Repayment (25 Years)	Extended Graduated Repayment	Graduated Repayment (10 years)	Income Based Repayment (\$37,000)
\$5,000	\$50.54	n/a	n/a	\$39.51 - \$86.31	\$57.54
\$10,000	\$115.08	n/a	n/a	\$79.02 - \$172.62	\$115.08
\$15,000	\$172.62	n/a	n/a	\$118.53 - \$258.93	\$172.54
\$20,000	\$230.16	n/a	n/a	\$158.04 - \$345.24	\$230.16
\$25,000	\$287.70	n/a	n/a	\$197.54 - \$431.55	\$253.00
\$30,000	\$345.24	n/a	n/a	\$237.05 - \$517.86	\$253.00
\$35,000	\$402.78	\$242.93	\$201.39	\$276.56 - \$604.17	\$253.00
\$40,000	\$460.32	\$277.63	\$230.16	\$316.07 - \$690.48	\$253.00
\$45,000	\$517.86	\$312.33	\$258.93	\$355.58 - \$776.79	\$253.00
\$50,000	\$575.40	\$347.04	\$287.70	\$395.09 - \$863.10	\$253.00
\$55,000	\$632.94	\$381.74	\$316.47	\$434.60 - \$949.41	\$253.00
\$60,000	\$690.48	\$416.44	\$345.24	\$474.11 - \$1035.72	\$253.00
\$65,000	\$748.02	\$451.15	\$374.01	\$513.61 - \$1122.03	\$253.00
\$70,000	\$805.56	\$485.85	\$402.78	\$553.12 - \$1208.34	\$253.00
\$75,000	\$863.10	\$520.55	\$431.55	\$592.63 - \$1294.65	\$253.00
\$80,000	\$920.64	\$555.26	\$460.32	\$632.14 - \$1380.96	\$253.00
\$85,000	\$978.18	\$589.96	\$489.09	\$671.65 - \$1467.27	\$253.00

\* All estimates are based on Federal Student loans at 6 - 8.1% interest

\*\*Income based repayment based on an annual salary of \$37,000

# ATTITUDES ABOUT MONEY

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## INTRODUCTION

Money makes the world go round. Money is the root of all evil. Money can't buy you love. Time is money. Penny pincher. Tight wad. Spendthrift. Big spender. Money grubbing. Gold digger.

As you can see, we place a lot of emotion onto money. Money inspires love, hate, and envy.

Our attitudes about money develop over time, and research shows that most of these attitudes originated with our parents and how they felt about money.

Did your parents talk to you about responsible spending or were they irresponsible in the way they spent money? Did you view your parents as savers or spenders?

It's not hard to see how other people use money to express their power and success, even when the money they are using is not their own. Many people who appear to have "money to burn" are living beyond their means with credit cards, car loans, and big mortgages. They are hurting their own financial future to impress you.

It is also not rare to hear of people who appear to have no money at all, wear second-hand clothing, and live simply with millions of dollars in the bank.

Most people are somewhere between these two extremes.

The attitudes you formed about money early in your life probably affect how you save, spend, and invest today. Think about how your money habits differ from your parents, or are they the same?

The first activity will help you identify the money characteristics that drive you.

The Attitudes about Money workbook will:

- Help you identify the attitudes about money that drive your financial decisions.
- Identify the five negative attitudes people have toward money and find ways to overcome those attitudes.



## “WHAT’S MY ATTITUDE” PROFILE ACTIVITY

Complete the following activity. Read all the statements in each category and then rank them from 1 (least like you) to 6 (most like you). Try to use each number just once in a category. If you read a statement that you feel is absolutely not like you, place a “0” next to the statement. You can use the “0” option more than once in each category.

### 1. GENERAL

- a. \_\_\_ Watching my savings grow gives me great pleasure.
- b. \_\_\_ Wandering around stores puts me in a good mood.
- c. \_\_\_ Making my own financial decisions makes me happy.
- d. \_\_\_ Being free of rules and stereotypes is my dream.
- e. \_\_\_ The more money I have, the more I’ll be able to do what I want.
- f. \_\_\_ I work hard and I want to be valued for the work I do.

### 2. LIFESTYLE

- a. \_\_\_ I spend money when I need something rather than when I want it.
- b. \_\_\_ Spending now is definitely more important than saving for the future.
- c. \_\_\_ Having things that I want is my goal.
- d. \_\_\_ Possessions tend to drag me down so I don’t own much.
- e. \_\_\_ Saving money gives me the freedom to do things that cost money in the future.
- f. \_\_\_ Having things helps people know who I am.

### 2. EATING OUT

- a. \_\_\_ When I eat out with others, everybody pays for his own food.
- b. \_\_\_ I order whatever I want.
- c. \_\_\_ I like to buy food for others because I have the money.
- d. \_\_\_ I prefer paying my own way.
- e. \_\_\_ I like to pay for others to impress them.
- f. \_\_\_ Paying for others helps me feel good about myself.

### 3. SHOPPING

- a. \_\_\_ I know a real deal when I see one because I shop around.
- b. \_\_\_ I like everything I try on; it’s hard not to buy it all.
- c. \_\_\_ Name brands fill my closets and drawers.
- d. \_\_\_ I like to make my own fashion statements.
- e. \_\_\_ When I go shopping, I buy something that will help me accomplish my goals.
- f. \_\_\_ I go shopping to make myself feel good.

### 4. SAVING

- a. \_\_\_ I have a secret stash of money just in case I need it.
- b. \_\_\_ Saving money is hard for me. I always have something I want to buy.
- c. \_\_\_ When I take charge of my money, I feel in control.
- d. \_\_\_ Saving money is easy because I’d rather be doing things that don’t cost a lot.
- e. \_\_\_ The more money I have saved, the more options I have open to me.
- f. \_\_\_ Having a large amount of savings makes me feel valuable.

### 5. GIFTS

- a. \_\_\_ It’s easier to give gifts to others than to buy them for myself.
- b. \_\_\_ I love buying the perfect gift for someone.
- c. \_\_\_ I buy expensive gifts because it means more.
- d. \_\_\_ Handcrafted/homemade gifts have more meaning; people think they are special.
- e. \_\_\_ The gifts I give others lets them know that I like them or I want them to like me.
- f. \_\_\_ The price of my gift earns me respect for being able to afford it.

# ATTITUDES ABOUT MONEY

## DETERMINING YOUR SCORES

Your scores will help you identify your money personality profile. The higher the number for each profile, the more this tendency may motivate your money behavior. It's okay to be high in several profile areas. It just shows that your financial decisions are based on a variety of motivators or beliefs. The closer together the totals, the more balanced you may be in your motivators. If you have one or two profiles that have high numbers, it may mean that your financial decisions are more strongly influenced by those motivators. Now, score your answers.

- a. Add up the number of your “a” statements and put your total here: \_\_\_\_\_ Frugal Focus
  
- b. Add up the number of your “b” statements and put your total here: \_\_\_\_\_ Pleasure Focus
  
- c. Add up the number of your “c” statements and put your total here: \_\_\_\_\_ Status Focus
  
- d. Add up the number of your “d” statements and put your total here: \_\_\_\_\_ Indifference Focus
  
- e. Add up the number of your “e” statements and put your total here: \_\_\_\_\_ Powerful Focus
  
- f. Add up the number of your “f” statements and put your total here: \_\_\_\_\_ Self-Worth Focus

This exercise is modified and reprinted from 4HCCS BU-07710 2002, Money Fundamentals; “Money Personality Profile”. With permission of the National 4-H Cooperative Curriculum System, Inc. © (2004) 4HCCS. Attitudes About Money

NOTE: ANY OF THESE “PERSONALITIES” MAY HAVE POSITIVE AND NEGATIVE TRAITS



## DEFINITIONS

### FRUGAL

- Loves to hold and save money
- Believes that money is security
- Saves money because it provides some protection against uncertainties
- Being good at budgeting, prioritizing, and waiting until things are on sale.

### PLEASURE

- Loves to spend money on whatever will make them happy
- Doesn't like saving
- Being generous to themselves and others
- Borrows money to spend now

### STATUS

- Having money and "things" bring happiness
- Thinks more money and "things" will bring more happiness
- Believes that people can't be happy without possessions

### INDIFFERENCE

- Avoids money
- Feels nervous about money
- Rather spend time on things they enjoy doing, such as hobbies, sports, outdoors

### POWERFUL

- Wants to make things happen
- Believes money is power, the more one has the more powerful he/she will be
- Believes money makes one feel in control of his/her life
- Takes risks to make more money

### SELF-WORTH

- Measures own value by how much money one has
- Thinks people judge others on the amount of money they have
- Values how much they have accumulated, not relationships with other people

# ATTITUDES ABOUT MONEY

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## CHARACTERISTIC TYPES

You just learned that there are six major characteristic types in how people view money. They are Frugal, Pleasure, Success, Indifference, Powerful, and Self-worth.

**FRUGAL:** Frugal people seek financial security by living below their means and saving money. Frugal people rarely buy luxury items and some even have a hard time buying necessities. They save money because they believe money will offer protection from life's uncertainties; money makes them feel more secure.

**PLEASURE:** Pleasure seekers use money to bring pleasure to themselves and others. This money profile is more likely to spend than to save. Pleasure seekers often live beyond their means by spending more than they make. Pleasure seekers can find themselves in deep debt if they are not careful.

**STATUS:** Some people use money to express their social status. Having the best and buying popular brand names are important to people in this profile. Status-spenders like to “show off” their purchases.

**INDIFFERENCE:** People who treat money with indifference tend to place very little importance on having money. Having money makes them nervous. They would rather spend time and resources being independent by growing their own food or making their own clothes. They are hobby-oriented and involved with arts and crafts.

**POWERFUL:** Some people use money to express their power. This profile may also use money to control other people, including their spouses, children and friends.

**SELF-WORTH:** People who spend money for self-worth tend to judge their own worth by how much money they have. They believe that people only judge them based on the amount of money they have. They value how much they have accumulated.



## CHARACTERISTICS ACTIVITY

Choose one of the six characteristics listed on the previous page and answer the following question.

Which characteristic did you choose?

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Define your understanding of how individuals use this characteristic.

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## DEVELOPING A POSITIVE FINANCIAL ATTITUDE ABOUT MONEY

Think of your money profile as a “diagnosis.” Now that you know what you are, what kinds of goals do you need to set to move toward where you want to be? Remember, these goals can be short, medium and long-term.

Does this scenario sound familiar: Cheryl lives paycheck-to-paycheck. She gets a raise every 1-2 years. Each time her salary is increased, she increases her spending. Her financial picture is stagnant. She never puts money away for a rainy day and constantly adjusts her living to her income. What should Cheryl do to change her financial future?

By letting her paycheck dictate her monthly spending, Cheryl has lost control. Cheryl needs to create a budget and control her spending on her own, allocating money for savings.

For most people, money is a limited resource. Do you manage this resource or does this resource manage you?

Now is the time to take control of your money.

You can build a positive money attitude by overcoming five major obstacles:

- 1) Fear
- 2) Cynicism
- 3) Laziness
- 4) Bad Habits
- 5) Pride

Even if you feel you already have a positive money attitude, it is important to keep these obstacles in check.

# ATTITUDES ABOUT MONEY

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## FINANCIAL TERMS

Take a moment to review the list of personal finance terms on the proceeding pages. Write down your understanding of the below as well as any questions you may have regarding the term.

**Money Characteristic**

Term or Concept

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**Money as Power**

Term or Concept

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**Money as Pleasure**

Term or Concept

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**Positive Attitude toward Money**

Term or Concept

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## DEVELOPING A FINANCIAL ATTITUDE

The key to creating a positive financial attitude is to remain open to learning and putting new behaviors into action. The following are simple steps you can take to get started:

- Go to your bank and talk about your accounts with a bank representative. Ask questions. Go to financial seminars hosted by the bank. Don't purchase or utilize costly bank services until you've compared against other banks.
- Have an open discussion with a family member about what you have learned in class.
- Balance your checkbook.
- Have lunch with a friend and discuss a financial product such as savings accounts.
- Watch a financial show on TV.
- Start using an online budgeting tool, like the one provided at [mint.com](http://mint.com) or through your banks online checking.
- Find someone you trust who appears to manage money well. Ask them to be your financial mentor.

By taking action, you will develop a better understanding of finances.

## THE JONES FAMILY ACTIVITY

Maria took your advice and has now saved \$2000 in an interest-bearing (no fee) savings account. She rests easy now knowing that she has several months' rent put away "just in case."

Maria is confused about her money attitude. "If I actually had some money, I might know what my money attitude was..." she tells you in your financial planning session. "But the fact of the matter is that I've never had money and I don't think I ever will."

"Is there a box for pessimist?," She asks.

How can you help encourage Maria to envision a future with money in it? What advice can you give her to believe in her own abilities to improve her financial situation? As a financial planner, you need to motivate and inspire your client.

List five strategies for helping Maria envision a positive money future.

1. \_\_\_\_\_
2. \_\_\_\_\_
3. \_\_\_\_\_
4. \_\_\_\_\_
5. \_\_\_\_\_

# ATTITUDES ABOUT MONEY

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**FEAR:** Fear of losing what you have is the top reason why people struggle financially. Everyone has a certain amount of fear when it comes to his or her finances. There is uncertainty with employment, illness, or unexpected expenses (car and home repairs). People can become so fearful of their finances, that they live in denial. How can you turn fear into a positive motivator?

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**CYNICISM:** Cynics always see the glass as half empty. Does this statement sound familiar: "I'll never get ahead." Our friends and family can contribute to cynicism by saying things like "You will never amount to anything." The key to overcoming cynicism is to combat negative thoughts with positive ones (remember the little blue engine who made it up the hill by chanting "I think I can"?). How can you keep cynical statements away from your daily thoughts?

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**LAZINESS:** Laziness is failing to act, or saying "I'll do it tomorrow." People fighting the laziness obstacle fail to make financial matters a priority. This person fails to seriously review their financial situation, make a budget, or even pay bills. What are some steps you can take to cure laziness?

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**BAD HABITS:** Bad habits develop over time. Most bad habits are developed because of convenience or comfort. It is convenient to pay bills at the end of the month, no matter when they are due. On the other hand, it is comfortable to buy breakfast every morning rather than preparing breakfast at home. Our bad habits cause us to spend more than we should and miss important deadlines. What actions can you take to overcome a bad habit?

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**PRIDE:** Everyone has an opinion about personal finance, but not all opinions are correct. As adults, we are expected to know how to manage our finances. It is difficult to admit what we do not know. Finance is a topic where many have strong opinions but few have knowledge. What do you recommend when someone doesn't know or understand a financial issue, but is too prideful to ask for help?

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- Have lunch with a friend and discuss a financial product such as savings accounts.
- Watch a financial show on TV.
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1. \_\_\_\_\_
2. \_\_\_\_\_
3. \_\_\_\_\_
4. \_\_\_\_\_
5. \_\_\_\_\_

# SETTING FINANCIAL GOALS

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Setting financial goals is your first step to managing your financial future. Setting financial goals is not easy. You may save money for months for a vacation only to have an unexpected medical bill knock your fund back to zero. But success can be achieved with the right mindset. Without that vacation fund, you may have been forced into debt (or worse) by an unexpected medical bill. With it, you met your obligation in full and on time.

Our focus is to help you be financially prepared to deal with surprises rather than have surprises deal with you.

## What are Goals?

A goal is something you're willing to work for. The best way to reach your goal is by making a plan AND following it. A goal has to be SMART.

**S – Specific**

**M – Measurable**

**A – Attainable**

**R – Rewarding**

**T – Timely**

**SPECIFIC** – State your intention. All your goals should begin with “I will...”

**MEASURABLE** – In order to evaluate how you are doing, you need some measure of your success.

**ATTAINABLE** – Goals can't be so challenging that they are impossible to meet. You need to feel a sense of accomplishment (regularly) after meeting attainable goals.

**REWARDING** – This feeling is important, as it confirms that your goal is worth achieving. Set priorities to your goals, so you focus on what is most important to you.

**TIMELY** – Choose a reasonable timeframe for the achievement of your goals. Goals are frequently classified in terms of how long they will take to accomplish.

When you examine your own goals, you'll discover that some are broad and far-reaching, while others are narrow in scope. While you should dare to dream, you need to be realistic about what you can attain.

When writing financial goals it's best to focus on three types of goals: short-term (0 to 1 month), medium-term (1 to 6 months), and long-term (more than 6 months). All goals must be realistic and actionable.

# SETTING FINANCIAL GOALS

## SHORT-TERM FINANCIAL GOALS

Short-term goals should be measured in weeks. Short-term goals provide immediate feedback and gratification. The following are examples of short-term financial goals:

- I will go to the bank and start a savings account with \$50 by next Friday. (3/15/0000)
- I will put \$50 into my new savings account from each paycheck starting with the next paycheck. (3/31/0000)
- Starting Monday of next week, I will bring lunch to work every day.

Write two short-term financial goals that you can accomplish within the next thirty days.

**1. I will**

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**2. I will**

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# SETTING FINANCIAL GOALS



## MEDIUM-TERM FINANCIAL GOALS

Medium-term goals should be accomplished within 6 months. They are achievement-oriented and provide the opportunity for reflection and feedback. The following are examples of medium-term goals.

- By the end of three months (August 31, 0000) I will have \$500 in my savings account.
- I will shop for car insurance and find ways to save at least 15% on my payment by November 15, 0000.

Write two medium-term financial goals that you can accomplish in one to six months.

**1. I will**

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**2. I will**

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## LONG-TERM FINANCIAL GOALS

Long-term financial goals can take years to achieve. These include saving money for a down payment on a home, a child's college education, and your retirement. They may also include paying off a car, your student loans or credit card debt. The following are examples of long-term goals:

- I will be in a new home in two years, with a 20% down payment.
- I will send 1/12th of the total debt I owe to one of my credit cards each month to pay it off in one year, and will cut it up so I don't use it again.

Write two long-term financial goals that you can accomplish.

### 1. I will

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### 2. I will

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Reaching your goals may be a challenge, so you'll constantly need to remind yourself of your goals. Envision yourself achieving them.

Here are some tips to stay motivated:

- Write out your goals and place them in a public place where you will be able to see them every day.
- Rallying friends and relatives to encourage your goals
- Developing your goals hand-in-hand with your budget and spending plan Rewarding yourself once a goal is accomplished is a very important part of goal setting. Special rewards should take place when you achieve your medium- and long-term goals. However, short-term goals provide immediate feedback and recognition. When you achieve a short-term goal, recognize your achievement and reward yourself right away. Ways to reward yourself include:
  - *Tell a loved one or friend about your accomplishment.*
  - *Write a "Way to go!" note to yourself and post it on the refrigerator.*
  - *Treat yourself to a special dessert next time you go to a restaurant.*

# SETTING FINANCIAL GOALS

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## EXERCISE TWO: THE JONES FAMILY

Maria Jones, a single mom with two boys, with an annual income of \$22,000 would like to save money for an emergency fund. She lives in fear that an unexpected expense could sink her. On \$22,000 a year, it is hard for Maria to not only support her family, but also to cut many expenses. Additionally, she cannot make enough in a second job to cover childcare expenses.

How can Maria make extra money to achieve her emergency fund goal?

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## HOMEWORK - TAKING ACTION

Before the next lesson, take a moment to complete the following.

### Action One

Take one of the short-term goals that you wrote in this workbook and write down the actions you have taken so far to accomplish that short-term goal.

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### Action Two

Everyone meets roadblocks on the path to achieving their goals. What is the biggest roadblock in the way of your financial goals? Identify the obstacle and then list five ways you can combat it.

Obstacle \_\_\_\_\_

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These are ways that I can combat this obstacle:

1. \_\_\_\_\_
2. \_\_\_\_\_
3. \_\_\_\_\_
4. \_\_\_\_\_
5. \_\_\_\_\_

# DESIGNING YOUR SPENDING PLAN

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Are you thrifty or have you been accused of spending money carelessly? Or are you somewhere in between? We all have different spending patterns. By taking time to analyze your personal spending habits, you'll be more able to come up with a financial improvement plan.



Let's look at two common spending patterns.

## Habitual Spending

Habitual spending occurs when you spend out of habit. You buy the same item daily, weekly, or monthly. Daily items may include a cup of coffee and the newspaper. Weekly items may be eating out with friends or a regular trip to the salon for a manicure or pedicure. An example of a monthly item is your cable bill.

Most people enjoy the comfort that a predictable routine brings, which is why breaking habitual spending habits can be very difficult. Habitual spending can also inspire boredom. Why not shake up your routine and try something new? Cut the cable TV and push yourself to go to the library regularly for free movies, or frequent free cultural events.

## Impulsive Spending

Impulsive spending occurs when you purchase an item that you do not need, without much forethought. It is the goal of marketers and advertisers to get you to purchase impulsively, as often as possible. Grocery stores create eye-catching displays that attract you to the items that are on "sale." Impulsive spending makes us feel good. It is best to place a 24-hour rule on all impulsive buying. Chances are, if you make yourself wait, you will no longer want the item the next morning.



# DESIGNING YOUR SPENDING PLAN

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## LAST PURCHASE

Tell us about your last purchase:

**What was the last item you bought prior to coming to today's session?**

Item \_\_\_\_\_ Habit or Impulse? \_\_\_\_\_

Why did you buy this item?

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**What was the last item you bought that was approximately \$10?**

Item \_\_\_\_\_ Habit or Impulse? \_\_\_\_\_

Why did you buy this item?

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**What was the last item you bought that was about \$100 in price?**

Item \_\_\_\_\_ Habit or Impulse? \_\_\_\_\_

Why did you buy this item?

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**What was the last item you bought that was about \$1,000 in price?**

Item \_\_\_\_\_ Habit or Impulse? \_\_\_\_\_

Why did you buy this item?

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# DESIGNING YOUR SPENDING PLAN

## STEP ONE: DAILY TRACKING OF ALL EXPENSES

Record your daily purchases in a table like the one below.

Today's Date \_\_\_\_\_

PURCHASE DESCRIPTION	AMOUNT
Coffee, 7-Eleven	\$1.59



If you are spending more money than you make, consider giving yourself a daily budget. Do not leave home with more than you can afford to spend that day.



# DESIGNING YOUR SPENDING PLAN



## STEP THREE: USING YOUR BUDGET WORKSHEET

Your daily and category spending plans roll up into the budget worksheet. Use the category totals to fill in your monthly budget.

Without spending data, it will be very difficult to create an accurate budget.

Add up your spending for the first month and put the total in the Monthly Budget column.

Take a look at the below example for Transportation:

Category Name: \_\_\_\_\_TRANSPORTATION\_\_\_\_\_

Month: \_\_\_\_\_ JUNE \_\_\_\_\_

CATEGORY ENTRIES DETAIL	AMOUNT
Car Payment	\$250.00
Auto Insurance	\$75.00
Gas/Fuel Costs	\$120.00
Parking/Tolls	\$5.00
Vehicle Maintenance	\$0.00

Category total: \_\_\_\_\_\$450.00\_\_\_\_\_

# DESIGNING YOUR SPENDING PLAN

## BREAKING SPENDING HABITS

Not all spending habits are bad. The ones that you should aim to break, however, are those based on “wants” instead of “needs.” By denying yourself momentary pleasures, you’ll be able to work toward longer term financial security. Understanding how to save \$5-\$10 a day can result in thousands of dollars saved each year.

Like with any habit, the hardest part is getting started. The good news is that it only takes a few days to start a new habit (one that doesn’t cost money). So, if you are used to buying a soda at the vending machine every day at work, consider switching to ice water. It’s healthier and could save you hundreds of dollars a year. Challenge yourself to break old habits and create new healthier ones.

Other habits you should consider breaking are paying for certain services that you could do yourself (or go without). These include paying to cut your grass, having a pedicure/manicure, having your home cleaned or your car washed. Think about your grandparents. Would they have paid for these services? Chances are they would not. Past generations were great savers and very frugal, compared to more recent ones. Go retro, simplify and save!

### Spending Habits Activity

Complete the following activity by writing down three spending habits you’d like to break. Estimate the cost/month. Also, list ways you can help yourself kick the habit.

SPENDING HABIT	COST/MONTH
1.	
2.	
3.	

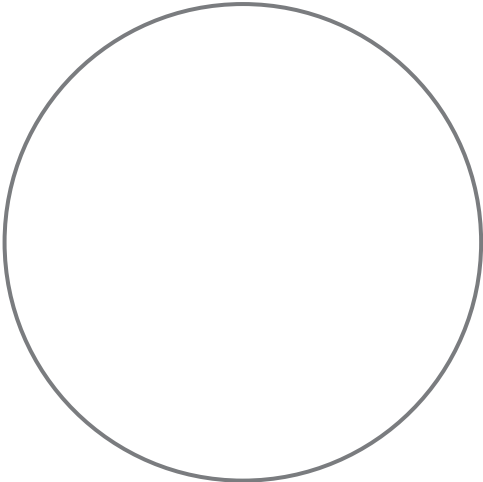
WAYS TO KICK MY SPENDING HABIT

# DESIGNING YOUR SPENDING PLAN

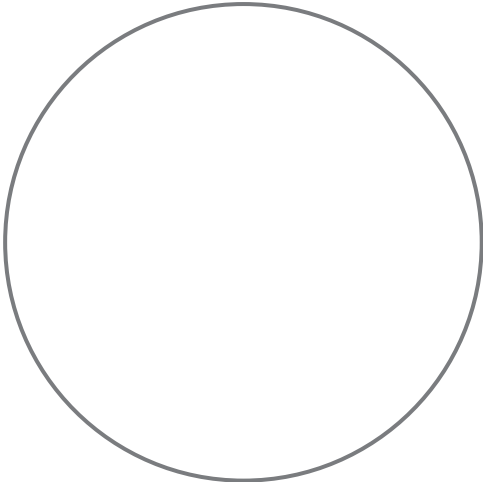
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## THE BUDGET PIE: WHAT DOES YOUR PIE LOOK LIKE?

Draw Your Current Budget

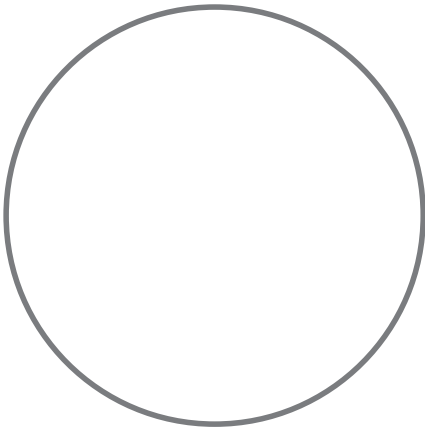


Draw Your Ideal Budget Here



Map the BIG FIVE (see example):

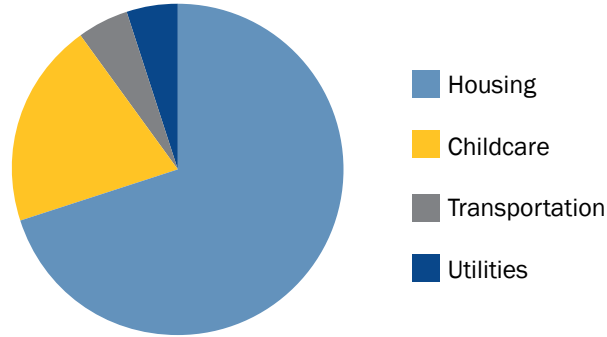
- 1. Food
- 2. Housing
- 3. Water & Electric
- 4. Transportation
- 5. Childcare



# DESIGNING YOUR SPENDING PLAN

## SICK BUDGETS: DIAGNOSE WHAT'S WRONG WITH THESE BUDGETS?

### Tanya's Budget

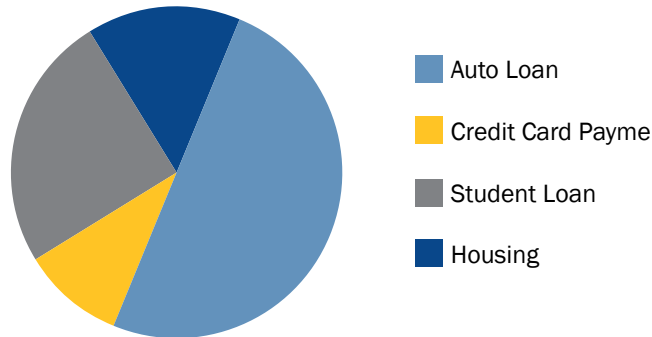


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### Bob's Budget

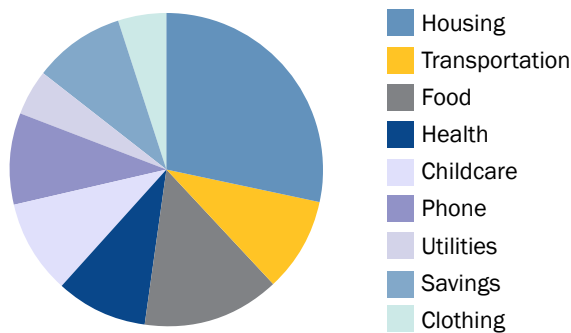


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### A Heathy Budget



# DESIGNING YOUR SPENDING PLAN

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## WHY IS BUDGETING IMPORTANT?

Living life without a budget is like going somewhere without a MAP. You may never reach where you want to go without it.

Personal budgets can help you in four major areas:

- 1. As a money management tool:** By keeping a personal budget, you'll know how much you are spending and where you are spending it.
- 2. As a way to gain control over your finances:** Sticking to a personal budget puts you in charge of your money. By tracking what you spend, you will make better financial choices for yourself.
- 3. As a way to get organized & de-stress:** Personal budgeting allows you to better organize bills, receipts, payments, and any other financial statements you may receive. You'll worry less about bills once you start keeping track of when they are due, which ones you've paid, and which still need to be paid.
- 4. As a communication tool:** Your budget will provide a way for you and your family to talk through financial issues. By learning where and how money is being spent, your family can discuss ways to achieve smarter spending and saving.

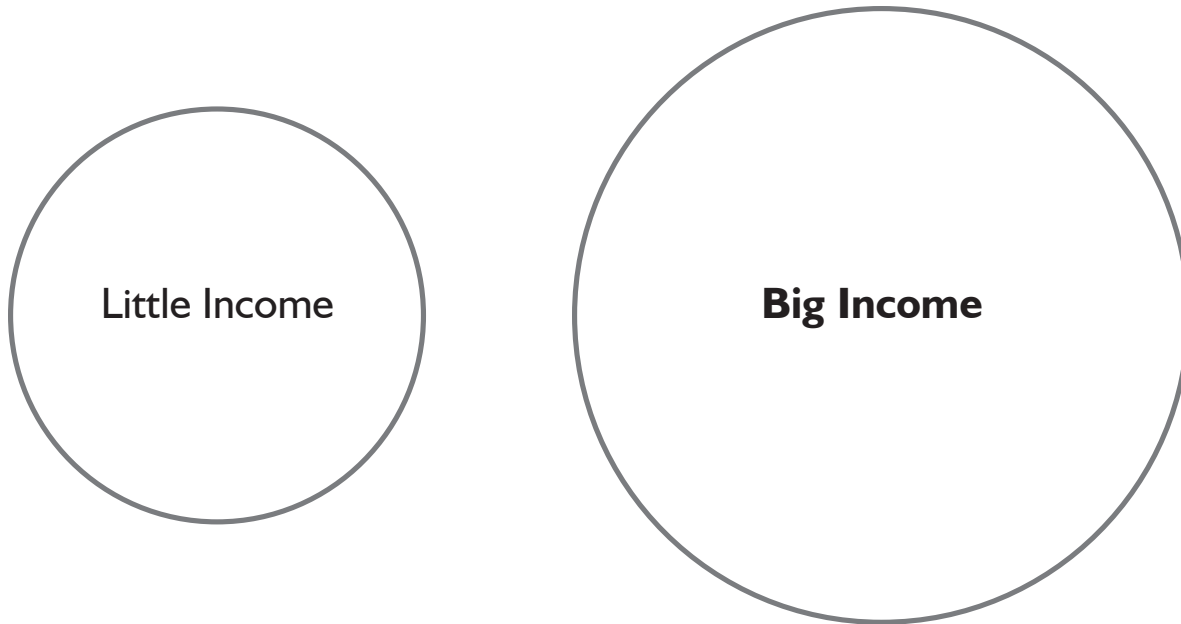
MOST IMPORTANTLY, a BUDGET will help you SET and TRACK GOALS!



## BUILDING A BUDGET

The first step to starting your budget is understanding the major components that make up a budget. A budget includes income (money coming in) and expenses (money going out).

**Income (or the SIZE of your pie)**



**Income** is the money that is available each month to pay bills, buy groceries, etc. Your main source of income is almost always your paycheck from your job(s), but other income can include child support payments, alimony, or government funds such as Social Security or Disability payments.

**Activity:** Fill in your income on your budget worksheet.

# DESIGNING YOUR SPENDING PLAN

## EXPENSES:

### Fixed vs. Variable

There are two main types of expenses to understand as you create your budget. They are **fixed** and **variable** expenses.

- **Fixed expenses** do not change from month to month—they remain the same year-round. Your rent or mortgage payment is considered a fixed expense. A car payment is also a fixed expense.
- **Variable expenses** occur on a regular basis, but the amount you pay varies. Examples of variable expenses include your gas, electric, and phone bills. You can also think of food costs and gasoline for your car as variable expenses because they vary monthly

Which are fixed and which are variable?

MONTHLY TOTAL	FIXED	VARIABLE
Food		
Car insurance		
Cell phone		
Electricity		
Cable TV		
Health		
Clothing		
Childcare		

### Needs vs. Wants

In addition to being either **fixed** or **variable**, every expense in your budget is either a need or a want.

- **Needs** can be fixed or variable expenses, but what they have in common is that you **NEED** to have these things, such as a roof over your head or electricity.
- **Wants** are expenses that you'd like to have but could live without, such as a new outfit or a nice dinner in a restaurant. You **WANT** them but don't necessarily need them. This type of spending makes us feel good or provides us a way to reward ourselves, but be careful: Too many wants can ruin a budget!

# DESIGNING YOUR SPENDING PLAN

## NEEDS VS. WANTS

The list below provides examples of how money can be spent

Place a check mark next to each comment either as a Need or as a Want. \*

	NEED	WANT
Groceries		
Weekly manicure		
New shoes for work		
Monthly bus pass to get to work		
Movies and dinner with your spouse*		
A night out playing Bingo		
Clothing		
Cable TV		

\* Not all wants are bad. In fact, taking the special person in your life out every once in a while may be the right thing to do. You can always keep costs down by going to an early showing and having dinner at a favorite inexpensive restaurant.



# DEVELOPING A SAVINGS STRATEGY

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The act of saving money has become a very hard thing to do in this economy. Rather than being able to save even a small amount of money each week or month, many people wind up using most of their income just to keep up with bills.

The total amount you earn each week or month may not change drastically, but what you can change is how you allocate or use the money. With careful planning, you can end up with extra money each month. This “found” money can be used to pay more on current bills or to start savings.

**The Developing a Savings Strategy book will:**

- Help you understand the importance of saving
- Provide you with savings strategies & ways to save

# DEVELOPING A SAVINGS STRATEGY

## THE PRINCESS & THE SAVINGS ACCOUNT

Princess Maria loved saving money. When she filled up the space between one set of mattresses, she added another mattress. When she filled up that space, she added yet another mattress. As time went on, constant fears of thievery and nightly altitude sickness started to take their toll.

“There must be another way to save,” she exclaimed one night from the top of her tower of mattresses?

Can you name some other ways to save money?



# DEVELOPING A SAVINGS STRATEGY

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## OPENING A BANK ACCOUNT: QUESTIONS TO ASK

### 1. DO YOU OFFER NO-FEE CHECKING ACCOUNTS?

**If no:** leave.

- If yes:**
- What is the minimum balance I need for free checking?*
  - Can a portion of the minimum balance be held in a linked savings account?*
  - How much do you charge to cover an overdraft?*
  - How much do you charge for non-bank ATM withdrawals?*
  - How much do you charge to receive paper statements?*

### 2. DO YOU OFFER NO-FEE SAVINGS ACCOUNTS?

**If no:** leave.

- If yes:**
- What is the minimum balance I need for free savings?*
  - Will you pay me interest? If so, how much?*

Interview AT LEAST two banks before opening an account.



### WHEN YOU DO OPEN AN ACCOUNT:

- DO NOT sign up for overdraft protection.*
- Do check your statements each month – if you see fees, inquire about them.*
- DO NOT carry an ATM card or checks to your savings account. This will help you stay away from spending your savings.*
- DO set up an automatic transfer from your direct deposit to your savings account each month: make saving automatic.*



## YOUR GOAL: FREE CHECKING

Once you start saving money in a savings account, you should also set a goal to have free checking. Free checking is a checking account with no fees. Generally, you need to have a minimum deposit before a bank will grant you free checking.

Checking account fees are often referred to as “Monthly Maintenance Fees.” The average \$11.75 monthly fee charged by banks is \$141 for a calendar year. That’s \$141 that could be in your savings account!

**Two of the most common ways to get free checking are:**

- Maintain an average minimum balance in your checking and/or other linked accounts. Check with different banks to find out what this balance is.
- Agree to have your pay direct deposited to the bank or credit union. Nationwide, the average deposit required for free checking is \$4122.66.

**Other common fees consumers pay connected with their checking account is:**

- Average overdraft fee: \$28.85.
- The average total fee for using another bank’s ATMs rose from \$3.06 in January to \$3.22 in July, driven by an increase in the portion of the fee charged by the ATM-operating bank.

Banks make billions of dollars each year on these common fees, but you don’t have to pay them. Ask questions when you open your account, understand the fee schedule and read your statements carefully each month.

# DEVELOPING A SAVINGS STRATEGY

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## SET A SAVINGS GOAL

A goal is a promise that you make – not to your boss, your parents, not to your kids, or your spouse – but to yourself.

Take a few minutes to set a goal, and list how you plan to accomplish it. You do not have to share your dollar amount – but be ready to present to the class the steps you will take to meet this goal.







## LET'S GET INSPIRED

Remember those great savings rates from the 50s and 60s?

Just how did they do it?

- Made food from scratch.
- No cable TV.
- Didn't have credit cards.
- Made their own clothing.
- Lived without "big box" retail stores like Walmart and Best Buy.
- Only treated themselves on special occasions.

How else do you think previous generations lived on less and managed to save 10% of their income?



## Go Green

Going green can help you SAVE green. Here's how:

- Skip meat a few nights a week.
- Start a garden. Can fruits and vegetables.
- Produce in its natural form is cheaper than processed foods.
- Recycle & reuse. Avoid highly packaged new things.

How else can you save money by going green?



# Be Original

Often, our desire to “keep up” and be like everyone else comes in conflict with our savings goals. Forget about trying to impress other people and be original. Here’s how:

- Buy cool antiques from re-sale shops, estate sales and garage sales (dishes, housing items) – forget about paying retail at Walmart and other stores. (Example: a garage sale blender costs \$5, a Walmart blender costs \$40 – 8x more)
- Experiment at home with your own coffee blends – take it with you in a travel mug

How else can you be original and save money?

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# DEVELOPING A SAVINGS STRATEGY

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## ACQUIRE IDEAS – NOT THINGS

Be Wired to the world around you

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## THE BEST THINGS IN LIFE ARE FREE

(and many of them are in Florida)

A family trip to the beach would cost most Americans over \$1000 in airfare and hotel fees.

You can go for the cost of a ¼ tank of gas: \$10.



## HOW TO MAKE THE SAVINGS HABIT STICK

1. Commit to a month
2. Find an accountability partner (could be someone in this class) – call them if you are on the verge of making an unnecessary purchase
3. Find a savings role model (someone who you know or someone you can learn about through reading) who is successful with their money, through tried and true savings
4. Write your goal down – track it.
5. Avoid tempting situations (don't go to the mall to “hang out”).

# DEVELOPING A SAVINGS STRATEGY

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## ADDITIONAL READING: DIFFERENT TYPES OF SAVINGS FUNDS

When you start a personal savings fund, you should have a clear understanding of what you are saving for. Understanding your saving goals will help provide the drive and motivation to save. For example, your goal may be to save for a home, for emergencies, or for college.

There are many reasons why people have savings funds. Three of the most common reasons are:

- Emergencies
- Investments/Retirement
- Special Occasions

**EMERGENCY FUND:** One of the most important types of saving funds is the emergency fund. You should save money for emergencies to avoid going into debt to pay for them. This could involve any number of unexpected issues: a job layoff and sudden loss of income, an accident resulting in out-of-pocket medical expenses, or other costly issue you can't avoid. Ideally, every family should have enough money saved in their emergency fund to last six months. This money is to cover the basics: rent/mortgage, food, utilities, etc.

**INVESTMENT/RETIREMENT FUNDS:** Once your emergency fund is set, you should begin saving for retirement and long-term investing within a separate account. As you accumulate savings funds in your retirement/investment account, you can begin to look for ways to invest your money. A good way to start is to invest in a certificate of deposit (CD) at the bank. The interest rate paid on a CD is generally a little higher than on a savings account.

**SPECIAL SAVINGS ACCOUNTS:** Special savings accounts are often considered “fun” accounts. These accounts are set up with a specific goal in mind, such as to save for a birthday present, an anniversary, or a family reunion. You can use an envelope if the amount you plan to save is not too large, or to be safer you could open an account at a local bank for this purpose. One of the best benefits of special savings accounts is that they keep you from using credit cards or having to borrow for these special occasions.

# DEVELOPING A SAVINGS STRATEGY

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## SAVING MONEY

Saving money can be difficult if spending on immediate needs always seems to take priority over saving. However, if you are serious about saving money, you must make a commitment to doing so.

There are two ways to save money:

- The first is to save before you spend.
- The second is to save after you spend wisely.

Both ways require your dedication and commitment.

## TWO WAYS TO SAVE

Both ways of saving money require you to have a spending plan and to budget effectively. The first method of savings is to pay yourself first.

Paying yourself first is a method that goes back many years. Farmers would keep a certain percentage of their harvest to feed their family before selling or trading the rest of the harvest. Paying yourself first requires that you deposit a certain percentage of your paycheck (your harvest) into your savings account.

How does it work? Prior to paying any of your bills and other expenses, you literally pay yourself first. You can decide to pay yourself 5 or 10% of your income, or less if 5-10% is simply not possible. As soon as you are paid, put the pre-determined percentage aside, ideally in a separate savings account, before you pay your bills. Even if you can only “pay yourself” 3 or 4% of your earnings, you’ll still have more to put into savings than you did before you began the process.

The second method way to save is first spend more wisely. For example, you take a look at your spending plan for a first month and you see that you spent \$60 on snacks during work. Ouch! For the next month, you budget to spend only \$30 on snack food. At the end of the month, you’ll have \$30 extra you didn’t spend that can go into savings!

Effectively managing your spending plan helps save you money. Some months you may not be able to save as much as other months, but keep your goals in mind and try to adjust your spending so you can save as much as possible.

# DEVELOPING A SAVINGS STRATEGY

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## GETTING STARTED ON YOUR SAVING STRATEGY

For many, the hardest part about creating an effective savings strategy is getting started. You may think “I just don’t make enough money” or “I have too many expenses to put any money into savings.” But you can prove to yourself these things aren’t true. Let’s examine ways to get you started on savings.

**PAYING OFF CREDIT CARDS:** Paying off credit cards is not impossible, but it does require setting a goal that makes paying off your credit cards a priority. This begins with taking inventory of all your credit cards and how much you owe on each card. The next step is deciding which credit card you will stop using first. Once that is decided, take that card and cut it up. Send as much money as you can each month to pay off the card. You are now rid of one card. Repeat the process until all the cards are paid in full. Sure, it won’t happen overnight but it will happen if it is your goal!

**PRICE COMPARISON SHOPPING:** Comparing prices is a very easy way to save money. Here are some basic ways to price comparison shopping:

- *The 24 hour rule:* Let’s say you see something you really want to buy. It may even be on sale. Make sure the item will still be available at that price the next day. Wait 24 hours and then see if you really still want it. You may decide while it would be nice to have, you really don’t need it. Bravo!
- *Shop around:* Use the Internet or telephone to find out where else the item is being sold and at what price. Find out if the item will be on sale soon and look for coupons or discounts. For some items, you may even be able to find a used alternative by checking out Craigslist.com or the classifieds.

**SAVE YOUR CHANGE:** Have a place (a jar works well) in your home where you can put your pocket change. When the jar is full, deposit the funds into your savings account.

**BE A SMARTER FOOD SHOPPER:** Always shop with a list so you only buy what you need and avoid impulse purchases. Take advantage of “buy one, get one free” offers but only on items you already buy – the same goes for coupons. Buy generic/store brands – they are usually made by the same companies as the name brands, just sold with different packaging for less.

# DEVELOPING A SAVINGS STRATEGY

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## WHY IT'S SO IMPORTANT TO SAVE

No one can predict the future with certainty. If we could, we would know precisely how much money we would need for the things we want and need in the future. But because we can't do this, it is critically important to save money.

Here are some of the main reasons why saving is important:

**EMERGENCY CUSHION.** You should save money for emergencies to avoid going into debt to pay for them. This could involve any number of needs: a new roof for the house, unexpected out-of-pocket medical expenses, or a job layoff and sudden loss of income.

**RETIREMENT.** If you intend to retire someday, you'll almost certainly need savings and/or investments to take the place of the income you'll no longer receive from your job.

**AVERAGE LIFE EXPECTANCY.** With more advances in medicine and public health, people are living longer, and that requires more savings.

**VOLATILITY OF SOCIAL SECURITY.** Social Security never was intended to be the primary source of retirement income. Instead, you should treat it as a supplemental source of income.

**A LITTLE GOES A LONG WAY.** You may ask yourself, "How can I save money when I barely make ends meet?" This is a common reaction of many people when considering the idea of planning for their financial future.

**EDUCATION.** The costs for educating your children are rising every year, and it's getting tougher to meet these demands.

But remember: The journey of a thousand miles begins with a single step.

In other words, just get started! The amount you can afford to save may seem small at first. You may think, "What's the use? This little bit never will add up to anything." But that attitude is plain wrong.

When you save money in an interest-bearing account at the bank or invest it in a retirement account at work, your money grows – not only because you will keep those dollars for future use but also because you will earn additional income, such as interest or dividends, on the dollars you save.

So, what are YOU waiting for?





## THE CREDIT SCORE

A credit score is like a “grade” on your creditworthiness. The higher the score, the better. So what makes up a credit score?

Banks and companies have to make thousands of decisions every day regarding how much credit to provide their customers. Credit is the maximum amount of money they are willing to allow you to borrow. The decisions they make are based on what is known as the 5 Cs of Credit.

### The Five Cs of Credit

**CAPACITY:** Capacity refers to the ability to repay the debt. The lender looks at your income and your other financial obligations to determine your “capacity” or ability to repay. If you have a lower income but no other debt obligations, you may have a higher capacity than someone with high income but a large mortgage and student loan debt.

*High Capacity Example: Executive making \$1 million each year with no debts.*

*Low Capacity Example: A person who has been unemployed for 3 years. No income=no capacity to repay.*

**CAPITAL:** Capital refers to the borrower’s net worth, or wealth. The lender will be less worried about loaning to a person with a high savings account balance with few debts than to a person with no emergency fund and high auto loans.

*High Capital: Someone who has money in the bank and few large loans.*

*Low Capacity Example: A person with no emergency fund and large debts.*

**CONDITIONS:** Conditions refer to the state of the economy (national and local) and the availability of money. If the economy is not doing well, the lender will be less willing to provide credit.

*Good Conditions: Thriving Economy*

*Bad Conditions: Depression or recession*

**COLLATERAL:** Collateral refers to an asset pledged against a loan to give the lender more security that the loan will be repaid. The lender is more confident about getting at least some of the money back when there is collateral.

*Example of Collateral: A car or home that you are borrowing on*

**CHARACTER:** Character refers to the lender’s assessment of the person’s experience repaying debt. Consumers who have failed to repay debt to other banks or companies will find that credit is harder to get and more expensive in the future. Credit becomes more expensive when banks and companies feel that the risk in providing credit is very high. When the risk is high, they charge higher interest rates on the credit they provide.

*Good Character: Always pay bills on time.*

*Bad Character: Never open bills, pay them late if ever.*

# UNDERSTANDING CREDIT & DEBT

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## GOOD CREDIT VS. BAD CREDIT

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### BENEFITS OF GOOD CREDIT

- Easier to get a job (many employers check credit history)
- Qualify for lower interest rates on all kinds of loans
- Lower car insurance premiums
- Lower home insurance premiums

### COST OF BAD CREDIT

- Harder to get a job
- Hard to get credit when you need it
- Credit will cost you more
- Higher car insurance premiums
- Higher home insurance premiums
- Higher deposits to establish new services

### RECIPE FOR GREAT CREDIT

1. ALWAYS pay your bills on time
2. Borrow as little as possible
3. Keep your oldest card open forever (if no annual fee)
4. Don't apply for new credit too often

### PERCENT OF POPULATION FICO SCORE RANGE

- Top 20% Above 780
- Next 20% 740-779
- Middle 20% 690-739
- Next 20% 620-689
- Bottom 20% Below 619

## CREDIT COUNSELING AGENCIES

### What if you get into credit card debt over your head?

Credit counseling agencies help people who are overextended and need help paying their debts. Many people fall into this category today because they do not have the discipline or confidence to fix their situations. Credit counseling assists people so they can deal with financial stress, develop workable budgets, bring credit accounts up to date, resolve specific credit problems, and make plans to get out of debt.

Not-for-profit credit counseling organizations provide counseling and debt management services at low fees and are focused on helping their clients get out of debt. Many of these organizations work over the phone so that the client can be at home near all of his or her financial information.



Most not-for-profit credit counseling organizations offer a debt management program (DMP) as a way to help you get out of debt faster and with a lot less hassle. These programs have a strong commitment to personal financial education for their clients so that debt problems stay away once they are solved.

Under a DMP, the not-for-profit agency will negotiate with creditors for lower interest rates and lower payments on unsecured debts. Typically, DMP programs only focus on unsecured debt.

The credit counseling organizations also work with creditors to “re-age” debts. That is, the creditor waives administrative fees and late charges and brings credit accounts up to date. The person participating in the DMP makes monthly payments to the credit counseling agency, which then disburses payments to all creditors who have agreed to the plan. A DMP can help the consumer pay off all unsecured debts in as few as three or four years, rather than ten or more years for those not enrolled in the program.

### Discussion Question

Considering that many people get themselves into financial trouble by borrowing too much money, are there ever any GOOD reasons to borrow?

# UNDERSTANDING INSURANCE

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## AN OLD STORY.

It was a common practice for ancient caravans to split up goods and take different routes to the delivery point. In this way, the risk of losing the full cargo to thieves was lessened.

During the 12th and 13th centuries, artisans in Europe worked in guilds. They'd pay money into the guilds and if their shop burned down (common because most dwellings were made of wood), the guild would help them rebuild. If they were injured or killed, the guilds would pay for the care of their widows and children.

## A NEW STORY.

Gloria was a 65-year old widow. She worked hard all her life in the tourism industry. She started as a waitress at the age of 15, and for the next fifty years worked many jobs, with very little time off. She worked as a waitress, a maid, and a hostess in a large hotel. Gloria had just retired. With a paid off home, she was looking forward to a mortgage-free retirement.

One January morning, the wiring in her walls caught fire. When she returned from running errands, her home was nearly gone. She didn't know it at the time, but her dog had escaped into a neighbor's backyard.

At 65, Gloria didn't have the time or the strength to start over.

- QUESTIONS:** What can Gloria do?  
Do you agree with this statement?  
Insurance is great to have, if you can afford it.

## LIFE IS RISKY. WHAT CAN WE DO ABOUT IT?

Hurricanes. Car crashes. Illness. Fire. Earthquakes. Tornadoes. Flooding. Tsunamis. Accidents.

### What you need to know about insurance.

1. Insurance helps you pay for and/or replace what you cannot afford to lose.
2. People with few resources need it more.

A wealthy person can afford to lose much, because she knows she can replace what is lost. A person with limited resources can afford to lose little.

### Types of Insurance

There are many different kinds of insurance including: car insurance, homeowner's insurance, health insurance, life insurance, and renter's insurance. There's also insurance for many common products like cell phone insurance, computer insurance and insurance for major appliances.

Think about your experience with insurance. List the kinds of insurance policies you've had over your lifetime:

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### WHAT DO THESE INSURANCE POLICIES PROTECT?



# UNDERSTANDING INSURANCE

## AUTOMOBILE INSURANCE

Automobile insurance is the most common form of insurance. Most states require that you have proof of insurance if you operate any motor vehicle. Auto insurance protects you if your car is damaged or if you are injured in a car accident. Auto insurance also protects others who suffer injury or whose car or property is damaged by you in a car accident.

**Protecting Others: Liability Coverage** Liability coverage is associated with damage or injuries done to someone else or to someone else's property. Liability coverage does not cover damage to your car or injuries to you. There are two kinds of Liability Coverage. They are:

- **DAMAGE TO PROPERTY:** This provides coverage for damage done by your car to someone else's auto or property. Property can include a building, home, telephone pole, fence, and other similar types of property.
- **HARM TO ANOTHER PERSON:** This provides coverage if someone other than you is injured in a car accident that you are a part of. The person can be in your car, can be in another car, or can be someone who is not in a car but you injured with your car.
- **PROTECTING YOURSELF:** Physical Damage Coverage Physical Damage coverage is associated with damage to your car only.

There are two kinds of Physical Damage coverage. They are:

- **COLLISION DAMAGE COVERAGE:** This provides payment for damages to your car, no matter who is at fault.

When you sign up for auto insurance, you and the insurer agree on a deductible, which is an amount of money you will pay before the insurance pays anything. This amount is deducted from the payment you receive from the insurance company. For example, if you have \$2,000 in damages to your car and your deductible is \$500, then you must pay \$500 and the Insurance Company pays \$1,500.

**Total Damages – Deductible = Total Paid By Insurance Company (\$2000-\$500=\$1500)**

Sometimes, the cost of fixing the damage to your car will be more than the value of your car. If this is the case, then the insurance company will only pay the full fair market value of your car. For example, if your car is six years old and is valued at \$2,000, but the damage caused will cost \$4,000 to repair, then the insurance company will only pay you \$2,000 (excluding your deductible).

- **COMPREHENSIVE COVERAGE:** This provides payment for damage to your car caused by most hazards other than collisions. This includes fire, hailstorms, floods, vandalism, theft, and so on.



## UNINSURED AND UNDERINSURED MOTORIST COVERAGE

There are thousands of people driving without insurance. They either have no insurance which is breaking the law, or they have limited coverage. You need to be protected if you are ever in an accident with someone who does not have insurance or does not have enough insurance.

- **UNINSURED AND UNDERINSURED PROPERTY DAMAGE COVERAGE:** This provides coverage when the person who is insured sustains property damage but the other driver does not have insurance or the insurance he has is insufficient to cover the damage.
- **UNINSURED AND UNDERINSURED MOTORIST COVERAGE:** This provides coverage when the insured person or passengers are injured or die in an accident where the other driver is at fault and does not have insurance, or the insurance he has is insufficient to cover the expenses.



### Auto Insurance: Other Coverage

Other types of auto insurance coverage are typically optional. You may or may not choose to have these as part of your auto insurance policy. These are two of the more popular options:

- **TRAVEL PROTECTION:** This reimburses you for emergency repair and towing costs if you need to get your car towed due to either an accident or mechanical breakdown.
- **RENTAL CAR PROTECTION:** this provides coverage for when you need to rent a car if your car isn't drivable or if your car is being repaired because of a covered accident.

# UNDERSTANDING INSURANCE

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## HOMEOWNER'S INSURANCE

If you own a home, or are about to, you will want to purchase homeowner's insurance. This will protect your home and possessions against major damage and theft. If you are a renter, you can purchase renter's insurance to protect your personal property. It also protects you if someone gets hurt in your apartment or home and incurs medical costs.

You should purchase homeowner's insurance to protect yourself against financial risk, however if you have a mortgage your mortgage lender will require you to open a homeowner's policy.

Homeowners insurance provides the following types of coverage:

- **THE PHYSICAL STRUCTURE OF YOUR HOME:** This provides coverage to repair or rebuild your home if it is damaged or destroyed by disasters. Make sure to read your policy carefully to see what types of natural disasters are in your policy.
- **PERSONAL ITEMS:** This provides coverage for your personal belongings that are stolen, destroyed, or damaged during disasters. Each policy has a formula that tells you how much is covered. Also, it's a good idea to have pictures and receipts of items in case you need to show proof.
- **LIABILITY COVERAGE:** This provides protection if someone sues you or a family member for personal injury or damage to their property. For example, a neighbor could sue you for slipping and falling on a skateboard left on the sidewalk in front of your home. You could also be sued if one of your child's friends were to fall down the stairs at your house.
- **OTHER COVERAGE:** Many homeowner policies provide for additional living expenses if you are unable to live in your home for an extended period due to a disaster.

How to save money on homeowner's insurance:

1. Often, you can save money by consolidating your home and auto insurance. Compare insurance rates between those offered by your auto company.
2. Don't over-insure. For example, if you only have \$30,000 in personal property (or less), make sure that you are not paying for a policy with 3x that limit.
3. If you have an emergency savings fund, you can afford a policy with a higher deductible.



## HEALTH INSURANCE

Living without health insurance can be financial suicide. Did you know that more than 50% of bankruptcy filers cite high medical bills as a major contributing factor to bankruptcy?

Most people get health insurance through their employer (group policies). Others sign up for individual policies.

- **GROUP HEALTH INSURANCE:** Each company or organization has its own guidelines for what qualifies you to participate in their group plan. You may be required to work a certain number of hours each month. Or, you may be asked to pay a certain portion of the monthly payment as your contribution to the plan. Many companies today only pay for the employee. If the employee wants to include his or her spouse or children, he or she must pay the full monthly payment for the coverage. This will still be less expensive than purchasing similar coverage under an individual health plan.
- **INDIVIDUAL HEALTH INSURANCE:** Many Americans today must purchase individual health insurance coverage. Individual plan coverage is for the individual or the individual and his/her family. Typically, these plans are more expensive and have higher deductibles. You must do your homework if you want to purchase an individual health insurance plan. The companies that provide individual health insurance coverage are the same as the ones that provide group coverage. Information about these plans is available by contacting the companies directly or by speaking to a licensed health insurance agent.

When you choose a health plan you will typically be offered three types of Managed Health Care Plans plus a Dental plan. They are:

- **PREFERRED PROVIDER ORGANIZATION (PPO):** This type of health insurance consists of a group, collection of doctors, hospitals, clinics, and other types of health care providers. You can go to anyone within the system but must pay a co-pay for each visit. A typical co-pay may be \$20-\$50. The rest of the payment is based on what your policy will pay, less any deductible you may have.
- **POINT OF SERVICE PLAN (POS):** This type of health insurance asks that you choose a primary care physician who refers you to other doctors, hospitals, and clinics within the plan. If you do not want to stay within the guidelines of the plan, you are welcome to go to your own doctor; but the percentage amount of the bill you will be required to pay will be much greater.
- **HEALTH MAINTENANCE ORGANIZATIONS (HMO):** This type of health insurance provides you with a group of doctors, hospitals, clinics, and other health care providers that are a part of the plan. You must have a primary care physician who must make all referrals to other doctors and other health care services within the plan. You are restricted to doctors and health care services provided within the plan and can't choose doctors or services outside of the plan.
- **DENTAL INSURANCE PLANS:** Companies and organizations may also offer dental insurance as part of their group plan coverage. Most offer a managed care plan where you must use a primary dentist from a list of approved dentists.

# UNDERSTANDING INSURANCE

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## LIFE INSURANCE

Life insurance provides for long-term security for you and your family. If something happens to you, your family has the comfort in knowing they will be taken care of financially. There are two basic types of life insurance: Term Life and Whole Life.

With both, it is important to determine the amount of life insurance you will need. This typically is based on your income and on the number of financial dependents you have (e.g., your spouse, children, aging parent).

**TERM LIFE INSURANCE:** Term Life insurance provides for a certain amount of coverage for a yearly fee. The term life policy is in effect as long as you pay the premiums. With term insurance, there is no cash value to the policy. The benefits to a term life policy are that you can get a large amount of coverage and pay very low premiums. The drawback to a term life policy is that you are betting against yourself.

**WHOLE LIFE INSURANCE:** Whole life insurance provides for a certain amount of life insurance coverage. The amount of coverage is typically smaller than what you would get with term life, and the premiums are higher. There usually is no time limit on the length of the coverage. The policy will provide coverage for you for the rest of your life, as long as you make premium payments. You pay more for whole life insurance, but you are able to build cash value with your policy.

The benefit of a whole life insurance policy is its use as an investment option while providing insurance coverage. Drawbacks include the higher cost for the same level of coverage as with term life.

With all life insurance plans, make sure that you completely understand the conditions of your policy. With some policies, you will be asked to have periodic physicals. Other policies award discounts to non-smokers.

## IDENTIFYING INSURANCE NEEDS

The amount and type of insurance needed will be different for everyone. The four types listed are those that are the most important to you in your everyday lives. Buying the maximum amount of coverage in each of the four areas may be too expensive, so you have to look at your health and lifestyle and make choices about how much insurance you really need. Chris has a savings account with a \$10,000 balance.

### Chris

Chris is single and 27 years old. He is in perfect health, drives a 10-year old car, and lives in an apartment. What will Chris need for insurance? Where do you think he can save money?

**AUTO INSURANCE:** Chris is male and under thirty so his premiums are very high. How can he save money on his auto insurance premiums?

**HOME INSURANCE:** Chris just moved into his first apartment and does not have anything of real value. In fact, his sofa is his bed. Should he purchase a renter's insurance policy?

**HEALTH INSURANCE:** Chris is very healthy and does not have a need to visit a doctor on a regular basis. Should he purchase health insurance?

**LIFE INSURANCE:** Chris is 27 and does not have a family. His best friend is trying to sell him life insurance. Should he buy a life insurance policy?

### Mattie

Mattie is married with three children and is 41 years old. She has high blood pressure and one of her children has asthma. She drives a new car and has lived in her house for the past six years. Her husband is an independent contractor who works from home.

**AUTO INSURANCE:** Mattie's family has two cars so they qualify for a multi-car discount. She still would like to pay less. What can she do?

**HOME INSURANCE:** Mattie was required to get homeowners insurance by the bank that holds her mortgage. She has never had to use her policy. Should she get rid of it?

**HEALTH INSURANCE:** Mattie goes to a special doctor who is out-of-state. Which plan would be best for her?

**LIFE INSURANCE:** Mattie has term life insurance on herself, and her husband has a term life policy. They shopped around to find the lowest rates and both have \$50,000 in coverage. Is this enough coverage?

# UNDERSTANDING INSURANCE

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## WARRANTIES, “PROTECTION PLANS” AND PRODUCT INSURANCE

You’ve probably been offered insurance policies on appliances, electronics and other goods over the years. These plans are another form of insurance.

What kind of insurance consumer are you? Do you:

1. Buy every protection plan that crosses your path
2. Pick & choose, depending on the product, price & coverage
3. Avoid protection plans like the plague... if something happens, you’ll deal

### Why or why not?

Please share personal stories where protection plans & product insurance (cell phone insurance, for example) came in handy or seemed like a waste of money.

### Some advice

#### **EXAMINE YOUR PERSONAL HISTORY.**

You know you better than anyone else. If you’ve had a cell phone for 10 years and never needed to replace it, \$5/month insurance charge is probably not worth it. However, if you tend to break/lose a phone regularly, this may be something to consider.





### Self Insure.

Having a healthy savings account is a way to ‘self insure.’ You know that you can replace essential items in life, if necessary. Sometimes having a savings is the most cost-effective protection plan you could ever have – and it is free.



# UNDERSTANDING INSURANCE

## AN INSURANCE WORKSHEET

INSURANCE TYPE	ANNUAL COVERAGE COST	DEDUCTIBLE	TIPS
 Home Owner's Insurance/ Renter's Insurance			You should have Replacement Value Home Owner's Insurance – an amount sufficient to rebuild your home
 Car Insurance			Find out what your deductible is and ALWAYS have AT LEAST that much in your emergency fund.
 Health Insurance			Maintain insurance between jobs through COBRA.
 Life Insurance			Rule of Thumb: Life insurance should cover 10X your annual salary. If you make \$30K, get insured for \$300,000.
TOTAL INSURANCE BUDGET			

# UNDERSTANDING INSURANCE

## AVOIDING FINANCIAL PITFALLS

### Protect Your “Rep”

When you agree to co-sign on a loan, you are agreeing to make the payment on the loan as if it was YOUR LOAN. If you are not financially prepared to 100% take over the payments, DO NOT co-sign on a loan. Many good people with great intentions have ruined their credit histories by co-signing for irresponsible people. Don't become one of them. Protect your rep by keeping your credit to yourself.

## A LETTER FROM JAMIE

Dear InCharge,

I'm 22 years old and I need some help. When I was 19, I co-signed on my boyfriend's truck. He really needed help, and my credit was good. Unfortunately, he didn't keep up with the monthly payment and the car was repossessed. The bank is now sending me notices that I owe \$15,000. I am barely getting by as it is. There is no way I can pay this.

Please help.

*Jamie*

P.S. – we are no longer together



- QUESTIONS:** What do you think has happened to Jamie's credit as a result of this situation?  
Where did she go wrong?  
What should she do now?

## FINANCIAL PITFALL SELF-ASSESSMENT

Check the box if you've fallen into any of these financial traps

YES	NO	PITFALL
		Bouncing checks
		Post-dating checks
		Paying credit card minimums
		Taking out high interest cash advances on my credit card
		Taking out a payday loan
		Going on an unaffordable spending spree
		Paying credit card late fees
		Someone else ruining your credit
		Victim of identity theft
		Agreeing to pay high fees for a product or service, without realizing it

### Causes of Financial Pitfalls

Lack of knowledge

Lack of discipline

Not paying attention

Not planning or prioritizing spending

**QUESTION:** What caused your financial pitfall? What could you have done differently?

# UNDERSTANDING INSURANCE

## PRESCRIPTION FOR SUCCESS

Financial pitfalls are like diseases that capitalize on our weaknesses. Follow this prescription for success and build up an immunity to fees, fines and scams.

### FINANCIAL HEALTH CENTRAL



Name \_\_\_\_\_ Date \_\_\_\_\_

Address \_\_\_\_\_ Age \_\_\_\_\_

- 1. Budget*
- 2. Pay Attention*
- 3. Take your time*
- 4. Do your research & shop around*
- 5. Understand that the best things  
in life are free*

**Dr. InCharge** 5750 Major Boulevard Suite 300 Orlando FL 32819  
**877-906-5599**



## 1. BUDGET

### InCharge Budget Pledge

I will live within my means.

I will save a portion of my monthly income in an emergency fund (savings account).

I will not rely on cash advances, credit cards or payday loans to stretch my monthly budget.

I will strive to reduce my expenses.

I will strive to increase my income.

Read the InCharge Budget Pledge out loud, all together.



**QUESTION:** Which one of these is the hardest for you to do?

# UNDERSTANDING INSURANCE

**I will not rely on cash advances, credit cards or payday loans to stretch my monthly budget.**

Cash advances, payday loans and charging to a credit card can create a vicious circle. The more you take advantage of these “quick fixes” the more you will pay over the long term. If you do not have enough income to pay your monthly expenses, you need to:

Lower your expenses

Increase your income

## MEET TANYA AND HER VICIOUS CIRCLE

Dear InCharge,

The last few months have been rough. Unexpected car repairs forced me to take out a cash advance on my credit card. I missed a few days of work when my car was down, so I had to take out a payday loan just to make my rent payment by month’s end. The next month, I was already down the payday loan fee and had spent my first paycheck catching up from the month before, so I paid the minimum on the credit card and charged my groceries for the last week of the month. It seems like each month I’m falling farther and farther behind. I don’t know how I can possibly catch up let alone start saving money for the next unexpected event.

*Tanya*



**QUESTIONS:** Can you explain this statement? Do you agree or disagree?

“Using short term high interest credit and loans to fight a budget shortfall is like pouring gasoline on a fire.”

## 2. IT'S YOUR MONEY SO PAY ATTENTION

Not paying attention can cost you thousands of dollars over time. Here are some common examples:

### MARIA

Maria received an offer for a no-fee checking account in the mail and signed up for it. One of the conditions of no-fee checking was to receive the statements online. Since Maria received A LOT of email, she rarely noticed or checked her online statement email. Unfortunately, the clerk who opened her account made a mistake and did not designate it as “no-fee.” Maria paid the \$10 monthly fee for 2 years before noticing the debit. This NOT PAYING ATTENTION problem cost her \$240.



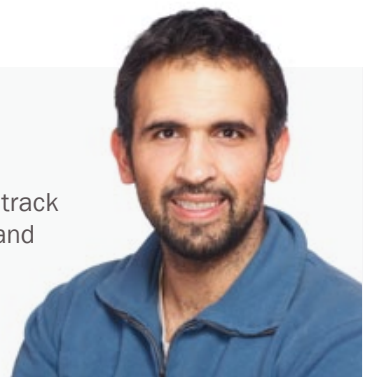
### JOHN

John uses his credit card for everything to build up points for rewards. He rarely scours his statements, which are typically several pages long. Unfortunately, he never realized that an online music service he thought he'd cancelled was billing him \$15.95/month. By not reviewing his statement carefully, he lost more than \$300 before noticing the recurring charge.



### SAM

Sam uses automatic bill pay for a number of his bills. Since he doesn't keep track of the auto-debits, he often overdrafts his account by poorly timing his rent and credit card statements at the same time. Overdraft and late fees add up to several hundred dollars each year.



- QUESTIONS:**
- Always read your statements!
  - Check your balances often, especially before paying large bills.
  - Balance your checkbook.
  - Keep your financial life simple by having FEW accounts.
  - Make bill pay an ACTIVE process – don't rely on auto debits.

# UNDERSTANDING INSURANCE

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## 3. TAKE YOUR TIME

### What technique is this advertisement using to promote sales?

People are more likely to overspend when they are pressured and rushed. This is why sellers of big ticket items (cars, appliances, electronics) rely on “limited time offer” marketing. By pushing you to make a fast decision, sellers are limiting your ability to:

- Think your purchase through
- Comparison shop

If you are being pressured to make a purchasing decision in a short amount of time, here are three pieces of advice to help you resist a tempting offer.

#### 1. TELL YOURSELF: THERE'S ALWAYS GOING TO BE ANOTHER DEAL.

Have you ever noticed the same store holding a “liquidation sale” every month? Or an auto dealer offering “limited time only” deals all year round? The fact of the matter is that there are always going to be deals. Buy on your terms and your calendar, not those set by others.

#### 2. SLEEP ON IT.

By instituting a “24 hour rule,” you will be better able to defend yourself against ‘impulse buys.’ You will be surprised at the number of items you DON’T want to buy the next morning.

#### 3. IF IT SOUNDS TOO GOOD TO BE TRUE, IT PROBABLY IS.

This is a good piece of advice your grandmother may have told you. If something doesn’t “feel” right, don’t do it. Keep your money and wait for the next purchase/investment opportunity.

#### 4. LEAVE THE \$ AT HOME.

When you are researching a large purchase, don’t take your credit cards, checkbook or cash with you to the store. This way you will not be tempted to make a quick decision.

## 4. DO YOUR RESEARCH & SHOP AROUND

Have you ever filled out a credit card application you received in the mail?

Did you know that when it comes to credit cards, you have 1000s of options? Why settle for the one that arrived in your mailbox?

Don't let financial products choose you. You need to choose them based on interest rates and fees associated with them, not based on being "pre-approved."

Studies show that most people do not comparison shop when it comes to credit, checking and savings accounts, and even mortgage loans.

Just like with any purchase, the more research and comparison shopping you do, the more you'll be able to save.

### Make These Goals

Find no-fee checking and saving (check out advertisements in the newspaper and visit at least three banks/credit unions)

If you use credit cards, examine the terms of each. Cancel those with high interest and fees, apply for one with better terms. Compare card offers at [creditcards.com](http://creditcards.com)

Before making a major purchase (car, appliance, computer), research prices by visiting stores, reviewing sales in your local newspaper and going online (if you have access)

### Comparison Shopping Challenge (your homework)

Use Research to find the Lowest Cost Fridge

Use the newspaper, the internet, and/or your telephone to get a great deal on an 18-10 cubic foot refrigerator. The person with the lowest price wins a prize. If the refrigerator is not available locally, factor shipping charges into the price.

Store #1 \_\_\_\_\_

Store #2 \_\_\_\_\_

Store #3 \_\_\_\_\_

Store #4 \_\_\_\_\_

Store #5 \_\_\_\_\_

# UNDERSTANDING INSURANCE

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## 5. THE BEST THINGS IN LIFE ARE FREE

Let's face it, we all spend money to feel good. Some of us are able to keep our spending under control while others splurge and throw their entire budget off.

### What are some items or services you purchase to feel good about yourself?

If you are trying to build up your emergency fund and meet specific financial goals, it is hard to go long periods of time without splurging on "treats." One way to help with temptation is to teach yourself that the best things in life are free.

Your task is to find a way to feel good that does not involve spending money.

Here are some ideas:

- Enjoy nature (beaches, parks, nature walks)
- Socialize with friends by holding a backyard BBQ (not going out to eat)
- Visit the library with your children, take out books by the dozen & rent movies too
- Trade services with friends, instead of paying for them (hair, nail care, babysitting)
- Cultivate a handicraft or other hobby that does not involve spending money



### Brainstorming Exercise

Each person should spend 5 minutes brainstorming enjoyable activities that cost low to no money. Then we'll take turns sharing our ideas.



# FINANCIAL LITERACY FOR STUDENTS

**THIS SECTION IS FOR GRADES K-6**

STORY HOUR: BOOKS FOR FINANCIAL LITERACY

PENNYS AND NICKELS AND DIMES, OH MY

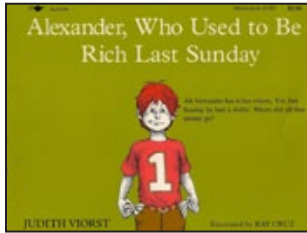
PENNY PINCHERS BUDGET GAME



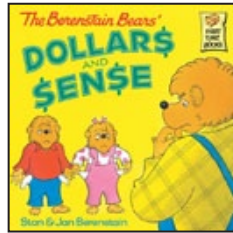
# STORY HOUR: BOOKS FOR FINANCIAL LITERACY

## STORY HOUR RECOMMENDATIONS

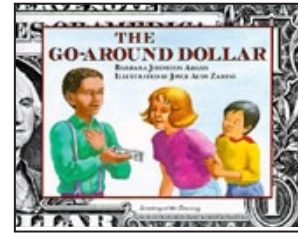
BOOKS THAT REINFORCE KEY CONCEPTS IN PERSONAL FINANCE CONCEPTS



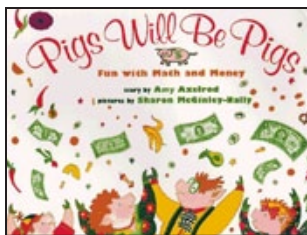
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The Berenstain Bears' Dollar\$ and \$en\$e. Stan & Jan Berenstain.



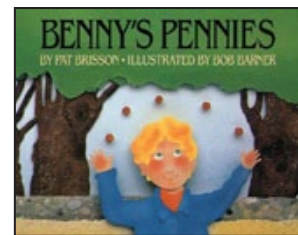
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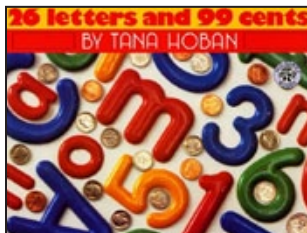
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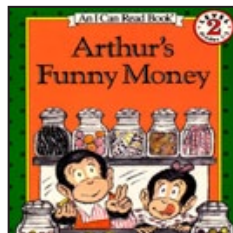
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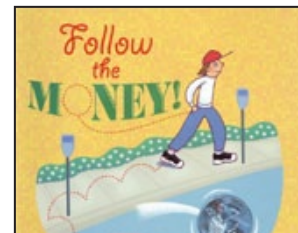
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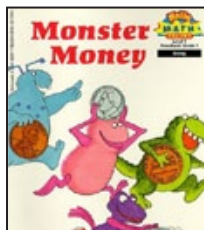
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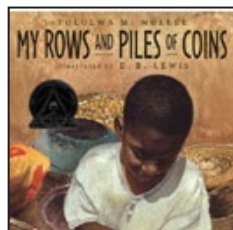
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## 6: Pennies and Nickels and Dimes...Oh, My!



### OBJECTIVES:

Students will play a game in which they determine the number of cents (pennies) that equal a nickel, dime, and quarter. The students will also identify which set of coins has more, fewer, or the same amount while also counting each collection and writing the corresponding value.



### MATERIALS:

- The “What’s The Value?” worksheet
- The “How Many Make a...?” worksheet
- Colored pencils and/or crayons
- One of each coin: cent, nickel, dime, and quarter
- Glue
- Scissors
- Value card sets



### PREPARATIONS:

- Make copies of the “What’s The Value?” worksheet (1 per student)
- Make copies of the “How Many Make a...?” worksheet (1 per student)
- Create value card sets, one per student plus a teacher set using the Value Cards resource page included.



### GROUPINGS:

- Whole group
- Small groups



### CLASS TIME:

1 30-minute session



### CONNECTIONS:

Mathematics



## Identifying and Adding Coin Values



### TERMS AND CONCEPTS:

- Cent
- Nickel
- Dime
- Quarter
- Value
- Greater than
- Less than
- Equal to



### BACKGROUND KNOWLEDGE:

Students should have basic knowledge of:

- The cent sign ( $\text{¢}$ )
- Counting by fives and tens
- Coins and the value of a cent, nickel, dime, and quarter



### STEPS:

1. To review the value of a cent, nickel, dime and quarter as a class, play the following game with your students.
  - Give each student a set of value cards. Tell them to lay out each card in front of them.
  - Hold up one of the four coins for all students to see. Ask students to select a value card and hold it up to show the number of cents that the coin is worth.
  - Ask the students how many cents this coin is worth. Solicit group response.
  - Show the students the correct value (selected from the teacher's set of value cards).
  - Ask students if that coin's value is greater than, less than, or equal to a different coin that you select.
  - Repeat numerous times, randomly selecting one of the four coins.

(As a challenge, display all four coins in a random order. Have the students place the corresponding value cards in that same order.)
2. Introduce the "How Many Make a ...?" worksheet. Review the directions with the class and ask students to complete this worksheet individually. When students finish, check worksheets for understanding.
3. Work with students to complete the "What's the Value?" worksheet. This can be completed as a class or in small groups with or without supervision as necessary.



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# Pennies and Nickels and Dimes...Oh, My!

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## ENRICHMENTS/EXTENSIONS:

Create an activity center in one section of the classroom where students can practice counting stacks of cents, nickels, and dimes in amounts up to \$1.00.

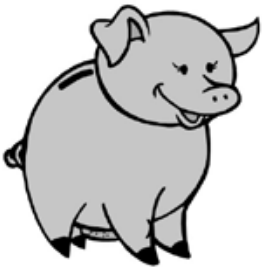
Create a classroom store center where students can practice matching basic price tags with coin amounts.

Refer to “Lesson 2: Money Matters” in the 1999/2000 50 State Quarter Program<sup>®</sup> lesson plans for more topic-related work.



## DIFFERENTIATED LEARNING OPTIONS:

- Use coins or other manipulatives to complete “What’s the Value?” questions.
- Compare coin amounts in terms of “more than,” “less than,” or “equal to.”
- Hold up a value card and invite students to find different combinations of coins that equal the amount on the value card.
- Have students use dice and change (cents, nickels, dimes, and quarters) to play a game in pairs. For each roll, the student will get that number of cents. Students will trade up for coins of greater value, and the first to reach a quarter wins.



## HPC CONNECTIONS

Are your students just starting to learn about using coins? Then test out the unit plan called “Pennies (Nickels and Dimes) From Heaven.” It’s in the “Teachers” area of the site.



# Value Cards

**1¢**

**5¢**

**10¢**

**25¢**



NAME \_\_\_\_\_

# How Many Make a...?

## DIRECTIONS

1. **Color in** the number of pennies that equal one **nickel**.



2. **Circle** the number of pennies that equal one **dime**.



3. **Underline** the number of pennies that equal one **quarter**.



NAME \_\_\_\_\_









# What's the Value?

## DIRECTIONS:



1. **Count** each group of coins and write its value in the line underneath the group.
2. **Circle** the set in each pair that has **more** coins. If the sets are the same, circle both sets.

 _____ ¢	 _____ ¢	 _____ ¢
---	--	---

 _____ ¢	 _____ ¢	 _____ ¢
--	---	--

# PENNY PINCHERS BUDGET GAME

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## FINANCIAL EMPOWERMENT FOR ELEMENTARY SCHOOL STUDENTS

### How To Open the Lesson

Start off the class with \$3.00 in pennies. Give everyone 10 pennies to start out with. (In a 25 person classroom, that will mean that 250 pennies will be dispersed). Keep the remaining 50 in a jar labeled BANK.

Give them a Budget Worksheet (see next page) and have them lay their pennies on top of the pennies on the worksheet.

### Start with Food.

1. First you need to eat. Put two pennies in the pie slice that says food.
2. Next, you need a roof over your head. You have three choices. If you'd like to live in the cabin, put one penny in the pie slice that says housing. If you'd like to live in the medium-sized home with the garage, put two pennies in the slice that says housing. If you want to live in the castle, put four pennies in that slice.
3. Let's look at entertainment. What do you think entertainment is in a budget? DVDs, computer games, going out to eat. Even a vacation could be considered entertainment. Put one penny in the entertainment slice.
4. How about a transportation? Here, again, you have two choices. If you want to take the bus, put one penny in the slice that says transportation. If you want to have your own car, put two pennies here.
5. Now let's talk about your utilities. Does anyone know what utilities are? Yes, utilities are things like gas, electric and water. They keep the lights on at night and the shower running. Who has money left for utilities.

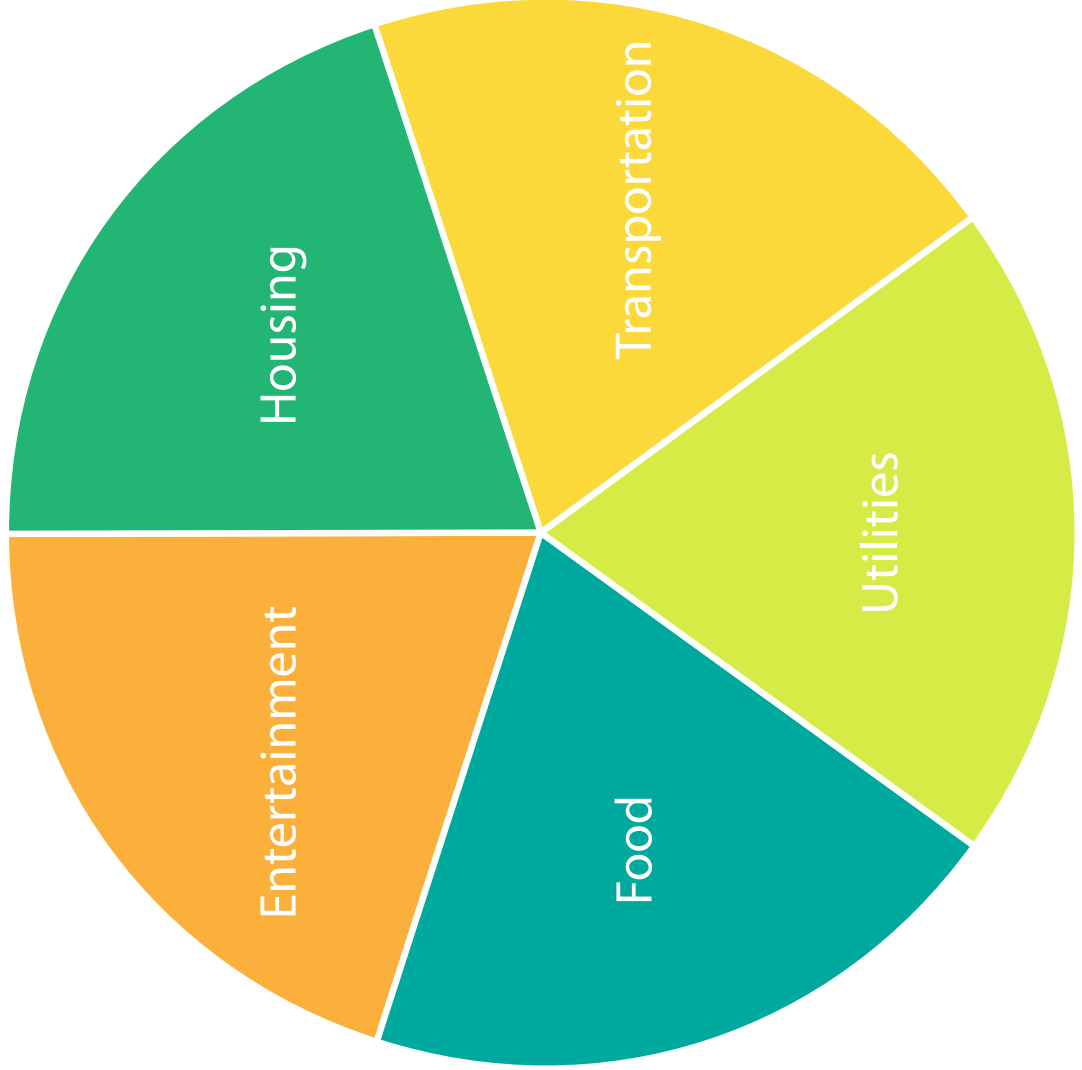
This is age-appropriate budget lesson is fun and plays out like a game. Children who chose the mansion and car might not have enough money left for electricity. The leader can make a joke about how it might not be much fun living in a mansion without a toilet, computer, television, etc. Without electricity you won't be having much fun.

This opening exercise can lead into a general discussion on CHOICES & WANTS vs. NEEDS.



NAME \_\_\_\_\_

## MY BUDGET



# FINANCIAL LITERACY FOR STUDENTS

**THIS SECTION IS FOR GRADES 7-12**

STUDENT BUDGET EXERCISE

MY EDUCATION ROI

GREAT DEPRESSION VS  
GREAT RECESSION

CELL PHONE ECONOMICS

# BUDGETING FOR SUCCESS **TEACHER'S RESOURCE**

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## Jump\$tart Standards:

### 8TH GRADE:

- Standard 1 (Planning and Money Management): Prepare a personal spending diary.
- Standard 2 (Income and Careers). Explain all items commonly withheld from gross pay

### 12TH GRADE:

Standard 1 (Planning and Money Management):

- Explain how to use a budget to manage spending and achieve financial goals.
- Given a scenario, design a personal budget for a young person living alone.
- Analyze how changes in circumstances can affect a personal budget

### CLASSROOM ACTIVITY: MODEL BUDGETING

This activity gives students an opportunity to model budgeting and early financial decision making.

Complete one budget together as a class and then assign each student to work on their own budget as homework.

**CLASSROOM ACTIVITY:** Have your class decide together on a career. This exercise is most effective if you stick to mid-income careers. Visit the Department of Labor's Bureau of Labor Statistics website ([www.bls.gov](http://www.bls.gov)) to find median salary information for specific job categories. You can also pull salary information by region. Find the median salary for the career chosen by your class, for your region.

Since this exercise is meant to help students build a budget for their first year out of school (high school or college), choose the bottom 10% salary as representative of "entry level" salary.

Now that you have estimated the entry level

# BUDGETING FOR SUCCESS

## MY FUTURE SALARY

My Career: \_\_\_\_\_

My City: \_\_\_\_\_

**FIND YOUR WAGE:** Visit the Department of Labor's website to find your wage for your first year of work. [www.bls.gov](http://www.bls.gov) You can view your occupation's wage by state. Choose the bottom 10% for entry level wage estimate.

My Annual Wage: \_\_\_\_\_

Go to [www.paycheckcity.com](http://www.paycheckcity.com) and calculate your net your monthly take-home pay.

Monthly Take-home Pay: \_\_\_\_\_

Use the percentages provided for each category to determine your maximum rent, transportation, utilities, food, clothing, health, personal, giving and debt.

### PERCENTAGES

Housing: 25-35%      Utilities: 8-10%      Savings: 10%  
Transportation : 5-10%      Food: 5-15%



# BUDGETING FOR SUCCESS

	Month
<b>Monthly Income</b>	
Take Home Pay (self)	
Take Home Pay (spouse)	
Alimony / Child Support	
Social Security	
Other Income	
<b>A: Total Income</b>	
<b>Housing</b>	
Rent	
Mortgage	
Home Maintenance	
<b>B: Housing Total</b>	
<b>Transportation</b>	
Car Payments	
Auto Insurance	
Gas / Fuel Costs	
Parking / Tolls	
Vehicle Maintenance	
<b>C: Transportation Total</b>	
<b>Utilities</b>	
Telephone	
Cellular Phone	
Electric	
Water	
Natural Gas	
Cable / Satellite Television	
Trash Services	
<b>D: Utilities Total</b>	

	Month
<b>Food</b>	
Groceries	
Eating Out	
<b>E: Food</b>	
<b>Health &amp; Personal</b>	
Clothing	
Laundry / Dry Cleaning	
Medication / Prescriptions	
Doctor Bills	
Health Insurance	
Life Insurance	
Alimony / Child Support	
Education	
Childcare	
Contributions	
Other	
<b>F: Health &amp; Personal Total</b>	
<b>Savings</b>	
<b>Debt</b>	
Student Loans	
Other	
<b>H: Debt Total</b>	
<b>Monthly Cash Flow</b>	
<b>I: Total Income</b> (Total From Line A)	
<b>J: Total Expenses</b> (Add Totals From Lines B,C,D,E,F & G)	
<b>K: Disposable Income</b> (Subtract Line I From Line H)	



# MY EDUCATION ROI TEACHER'S RESOURCE

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Since this exercise is meant to help students build a budget for their first year out of school (high school or college), choose the bottom 10% salary as representative of "entry level" salary.

Now that you have estimated the entry level salary, determine the monthly take-home pay by visiting [www.paycheckcity.com](http://www.paycheckcity.com). If the calculator has given you weekly net pay, you can multiply that by 52 (weeks) and divide by 12 (months) for the monthly take-home pay.

Now you can proceed to the budget worksheet. Use the percentage guidelines to come up with reasonable estimates for each category. For example, if the monthly take-home pay is \$2700, the housing expense should fall between \$675 and \$945.

After completing the budget for each category, you can then "go shopping" for an apartment, a car, cell phone...

After demonstrating this exercise to your class, assign them the task of completing the budget for their own chosen career. Push them to set aside 10% of their salary for retirement in the savings category.

### OTHER ASSIGNMENTS:

Ask your students to prepare three budgets. One based on a minimum wage, 40 hours per week salary. One based on middle income salary (\$50,000/year) and one based on a high income.

Encourage your students to use [realtor.com](http://realtor.com) and [cars.com](http://cars.com) to find apartments and cars that fit within their budget. What can they afford, based on the assumptions in their budget?

# MY EDUCATION ROI

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## Jump\$tart Standards:

### 8TH GRADE:

- Standard 1 (Income and Careers) Give an example of how education and/or training can affect lifetime income.

### 12TH GRADE:

Standard 1 (Income and Careers):

Identify a career goal and develop a plan and timetable for achieving it, including educational/training requirements, costs, and possible debt.

Standard 1 (Credit and Debt): Identify various types of student loans and alternatives to loans as a means of paying for postsecondary education.

### CLASSROOM ACTIVITY:

This lesson helps students learn borrowing guidelines that are in proportion to the income potential of their chosen career.

Explain the concept of “Return on Investment.” Education is an investment in a student’s future. Borrowing money for education can be a good investment, as long as you borrow in proportion to your future income.

### Share the student loan rule of thumb:

Student Loan Rule of Thumb: Never borrow more than you expect to make in your first year.

You wouldn’t want to borrow \$150,000 in student loans, and end up with a job that pays only \$30,000/year. In this case, you may find it difficult to pay back your loans. You would have a low return on your investment. However, if you borrowed \$30,000 and were able to find a job that paid \$150,000/year, you’d have a high return on investment for your education.

Now, have the class choose a profession. Visit [www.bls.gov](http://www.bls.gov) for wages by occupation and region. To estimate reasonable entry level wages, choose the lower 10% estimate.

This wage estimate represents the student’s borrowing ceiling to enter this profession. He or she should not borrow more than this number.

Now it’s time to make an education budget and see how it compares to projected income.

Choose a local popular university and visit the website. Find the “net cost calculator” (or a page itemizing tuition and expenses). Fill in the budget, sum it and multiply by the number of years required (will typically be 2 for an Associate’s degree or 4 for a Bachelor’s degree). Now compare the total cost to the projected salary. Is it higher or lower.

If it’s higher, look at ways to reduce borrowing listed on the student worksheet.

Now ask students to project their future salary and tally up education expenses for 3 schools. Where will they have the biggest ROI? Consider asking them to complete this exercise for different careers as well. Which career and which school make the most sense, financially?



# MY EDUCATION ROI

## WHAT IS EDUCATION ROI? ROI STANDS FOR RETURN ON INVESTMENT

### MY FUTURE SALARY

My Career: \_\_\_\_\_

My City: \_\_\_\_\_

**FIND YOUR WAGE:** Department of Labor's website to find your wage for your first year of work. [www.bls.gov](http://www.bls.gov)

You can view your occupation's wage by state. Choose the bottom 10% for entry level wage estimate.

My Annual Wage: \_\_\_\_\_

Student Loan Rule of Thumb: Do not borrow more than what you can expect to make your first year in your chosen career. The number entered above is the maximum you should borrow.

### TOTAL COST OF EDUCATION

Visit websites and estimate the total cost to attain your desired degree. Every college website is required to detail the cost for: tuition, room and board, and books.

### MY EDUCATION BUDGET

School Expenses

Tuition (1 year)

Books (1 year)

Room & Board (1 year; put '0' if you plan to live at home)

A. Education Expense

A: \_\_\_\_\_

B. Number of years you will attend school

X

B: \_\_\_\_\_

C. Multiply the sum in A by the total number of years in B for your total education expense.

C: My Total Education Cost: \_\_\_\_\_

Does the total in C exceed your future annual wage?

If no, congratulations! You're on your way to a positive education return on investment.

If so, consider the following to reduce your borrowing needs:

1. Work a part-time job in high school and save 50-75% of your wages.
2. Get a work study job at your school and save your earnings.
3. While enrolled in college, work each summer and save your earnings.
4. Consider attending college at a slower pace. Work more and pay for your education as you go.
5. If you were planning on living on campus, save \$20,000-\$30,000 by living at home and commuting to school.
6. Consider a less expensive university. Community and public colleges tend to have the lowest tuition rates.

# THE GREAT DEPRESSION & THE GREAT RECESSION **TEACHER'S GUIDE**

## **NATIONAL STANDARD\* CORRELATIONS**

### **Economic Fluctuations**

Standard 18: Fluctuations in a nation's overall levels of income, employment, and prices are determined by the interaction of spending and production decisions made by all households, firms, government agencies, and others in the economy. Recessions occur when overall levels of income and employment decline.

Explain what GDP is and how it can be used to describe a country's economic output over time, comparing outputs from year to year.

### **Standard 19: Unemployment and Inflation**

Unemployment imposes costs on individuals and the overall economy. Inflation, both expected and unexpected, also imposes costs on individuals and the overall economy. Unemployment increases during recessions and decreases during recoveries.

\*Standards courtesy of National Council for Economic Education

## **PRE-QUESTIONS:**

Encourage students to share what they know about the Great Depression (1929-1933). How do they think it compares to the most recent depression, 2007-2009?

How is a depression different from a recession?

## **DEFINITIONS:**

Read the definitions. Explain GDP in greater detail. Explain that "real GDP" is adjusted for inflation, making it possible to compare one year to the next, one decade to the next. Explain that economic growth and contraction occurs in cycles. There have been 13 recessions since the Great Depression.

## **UNEMPLOYMENT:**

Describe the viscous cycle of unemployment. As people lose their jobs, they purchase fewer goods and services, creating weaker demand for goods and services and further unemployment. What can be done to curb this cycle? Government can incentivize employers (through subsidies and tax cuts) to retain employees, even when revenues are down. Government can fund infrastructure and/or state budgets to stimulate hiring. Government can fund unemployment insurance so that the jobless have money to continue to consume necessary goods and services.

## **CAUSES:**

Explain that the causes are many and complicated, as well as debated. Some believe that too much government intervention causes economic paralysis while others argue the opposite, that lack of regulation causes economic bubbles that lead to contraction. Economists are still arguing over the causes for the Great Depression.

# THE GREAT DEPRESSION & THE GREAT RECESSION **TEACHER'S GUIDE**

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## GOVERNMENT ACTION:

Look at each measure and discuss the economic implications:

**Abandonment of the gold standard:** Freed the government to increase the monetary supply by printing money.

**Creation of the Federal Deposit Insurance Corporation (FDIC), guaranteeing deposits:** Increased people's confidence in the banking sector.

**Massive government hiring through programs like Civilian Conservation Corps Reforestation Relief Act and Works Progress Administration (WPA):** Created jobs, shored up infrastructure and improved overall morale.

**Social Security Act:** Provided a safety net for the nation's elderly.

**Ended prohibition:** Provided a new source of tax revenue.

## TROUBLED ASSET RELIEF PROGRAM 2008 (TARP):

Prevented several of the nation's largest corporations from bankruptcy.

## AMERICAN RECOVERY AND REINVESTMENT ACT 2009:

This act extended jobless payments to the nations long-term unemployed, reduced taxes, allocated monies for infrastructure and energy projects, subsidized health insurance for the unemployed, and provided additional monies to the states to pay for education and law enforcement costs, preventing lay-offs. Prevented further job loss, provided safety net for long-term unemployed.

## PERSONAL FINANCE EMERGENCY KIT

Explain that individuals have little control over the larger economy, but they can take action to minimize the effects of a recession. Here are a few:

1. Avoid debt. If you lose your job, you will have fewer bills to pay.
2. Have money saved for emergencies.
3. Get educated. Recent recessions show that the unemployment rate for those without a college degree is TWICE the rate for those with a college degree.
4. If you have a job, do whatever you can to keep it (work extra hours, improve your skills).
5. Learn to live frugally.

# THE GREAT DEPRESSION & THE GREAT RECESSION

## SECTION 1 - DEFINITIONS

### What is a Depression?

A decline in real gross domestic product (GDP) that exceeds 10% or a decline that lasts more than 3 years.

The Great Depression lasted 46 months (4 years, 7 months). During the Great Depression (1929-1933), the GDP fell by 26%.

### What is a Recession?

A recession is when the gross domestic product declines for two consecutive quarters.

The most recent recession was from December 2007 to June 2009 (19 months). During this period, the GDP fell by 4%.

### What is Gross Domestic Product?

Gross Domestic Product is a nation's total output in goods and services.



## SECTION 2—UNEMPLOYMENT PEAK & CAUSES

During the Great Depression: 25%

During the 2007-2009 Recession: 10%

## CAUSES

### THE GREAT DEPRESSION

- Stock market bubble
- Bank failures
- Tightened credit markets
- Consumers cut back on purchases...  
manufacturers cut back on production...  
great unemployment (vicious cycle)

### 2007-2009 RECESSION

- Housing bubble
- Overextension of credit
- Mortgage defaults

# THE GREAT DEPRESSION & THE GREAT RECESSION

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## SECTION 3 - GOVERNMENT ACTION

### THE GREAT DEPRESSION

- Abandonment of the gold standard
- Creation of the Federal Deposit Insurance Corporation (FDIC), guaranteeing deposits
- Massive government hiring through programs like Civilian Conservation Corps Reforestation Relief Act and Works Progress Administration (WPA)
- Social Security Act (established Social Security for the elderly)
- Ended prohibition

### 2007-2009 RECESSION

- Troubled Asset Relief Program 2008 (TARP): Under TARP, the government invested large sums of money in struggling firms to save them from collapse. These included many of the nations largest investment banks, insurance firms and auto manufacturers: JP Morgan Chase, Bank of America, Citicorp, General Motors, AIG and Chrysler. Many of the companies who accepted money under TARP have paid it back to the US government.
- American Recovery and Reinvestment Act 2009: This act extended jobless payments to the long-term unemployed, reduced taxes, allocated monies for infrastructure and energy projects, subsidized health insurance for the unemployed, and provided additional monies to the states to pay for education and law enforcement costs, preventing further lay-offs.

## Section 4—Personal Finance Emergency Kit

### WHAT ARE SOME WAYS YOU CAN PREPARE FOR A “FINANCIAL DISASTER”?

1. \_\_\_\_\_

\_\_\_\_\_

2. \_\_\_\_\_

\_\_\_\_\_

3. \_\_\_\_\_

\_\_\_\_\_

4. \_\_\_\_\_

\_\_\_\_\_

5. \_\_\_\_\_

\_\_\_\_\_

# CELL PHONE ECONOMICS TEACHER'S GUIDE

## NATIONAL STANDARD\* CORRELATIONS

### Financial Responsibility & Decision Making

Standard 4 Make financial decisions by systematically considering alternatives and consequences.

Standard 5 Develop communication strategies for discussing financial issues.

Knowledge Statement: Every spending decision has an opportunity cost.

### Planning & Money Management

Standard 4 Apply consumer skills to purchase decisions.

### Risk Management and Insurance

Standard 2: Explain the purpose and importance of property and liability insurance protection.

\*Standards courtesy of Jump\$tart Coalition for Personal Finance Literacy

## PRE-QUESTIONS:

How many of you have a cell phone?

Raise your hand if you pay the bill for your phone?

(Encourage your students to share information about the monthly costs that they or their parents pay for their cell phone usage.)

## SECTION A: COMPARISON SHOPPING

What will be the total cost for the first 12 months for each of these cell phone plans, assuming that you use 700 minutes/month (not going over anytime minutes)?

$$\text{Plan A: } \$199.00 + \$36.00 (\$39.00 \times 12) + (\$15.00 \times 12) + (\$30.00 \times 12) = \mathbf{\$1243.00}$$

$$\text{Plan B: } (\$59.00 \times 12) + (\$29.00 \times 12) = \mathbf{\$1056.00}$$

$$\text{Plan C: } (700/\$10.00) \times 12 + \$19.99 = \mathbf{\$859.99}$$

$$\text{Plan D: } (\$45.00 \times 12) + \$399.00 = \mathbf{\$939.00}$$

What will be the total cost for the second year for each of these plans?

$$\text{Plan A: } (\$39.00 \times 12) + (\$15.00 \times 12) + (\$30.00 \times 12) = \mathbf{\$1008.00 \text{ LESS}}$$

$$\text{Plan B: } (\$59.00 \times 12) + (\$29.00 \times 12) = \mathbf{\$1056.00 \text{ SAME}}$$

$$\text{Plan C: } (700/\$10.00) \times 12 = \mathbf{\$840.00 \text{ LESS}}$$

$$\text{Plan D: } (\$45.00 \times 12) = \mathbf{\$540.00}$$

Can you save money by paying for a phone upfront vs. getting a discounted or free phone?

**Yes. Look at the difference between Plan A and Plan D.**

# CELL PHONE ECONOMICS **TEACHER'S GUIDE**

## SECTION B: NEEDS VS WANTS

Distinguishing between needs and wants is a fundamental personal finance skill. Have your students evaluate their cell phone needs and wants. Also discuss the possibility that a cell phone, altogether, is a want, not a need.

## SECTION C: CELL PHONE INSURANCE

Ask your students: What is insurance? What are some common types of insurance?

**Car. Health. Homeowner's.**

Share the definition of insurance with your students:

Coverage by contract where one party guarantees another against loss.

Explain how a deductible relates to insurance. In this context, the consumer must pay \$50.00 to receive a replacement phone. Ask your students to do a personal cost/benefits analysis regarding cell phone insurance. A person who frequently loses or breaks things may be better off paying for insurance, whereas someone else may not.

If you declined cell phone insurance and put \$4.99 in a savings account instead, how many months would you need to save to equal the payout described in the above insurance plan?

**\$199.00 (cost of phone) - \$50.00 (deductible) = \$149.99/4.99 = 30 months (2.5 years).**

## SECTION D: CELL PHONE OPPORTUNITY COST

Explain the concept of opportunity cost. Opportunity cost, in this scenario, is the cost of not being able to buy, save or invest the money that is being spent for the cell phone. Look at the annual costs in year two. If you bought the most expensive plan (\$1008.00) when you could have purchased the cheaper plan (\$540.00), the opportunity cost is the difference, \$468 (annually) or \$39.00 (monthly). What could you do with this money if you were not spending it on a cell phone?

### HOURS FOR MINUTES

John, a junior in high school, works at a fast food restaurant. He makes \$7.25/hour. How many hours does John need to work to pay for the cheapest cell phone plan listed above?

**Cheapest plan is plan D. Add years 1 and 2 = \$1479.00 and divide by 24 months for the monthly average: \$61.60. Divide this by John's hourly rate of \$7.25. 8.5 hours/month.**

# CELL PHONE ECONOMICS

## SECTION 1 - COMPARISON SHOPPING

### PLAN A

- 2-year contract
- Phone Cost: \$199.00
- 700 mins per month w/Unlimited Nights & Weekends: \$39.00/mo.
- Unlimited Texting: \$15.00/month
- 1 time Activation Fee: \$36.00
- Unlimited Data Plan: \$30.00/month
- Phone features: Smart phone, camera

TOTAL COST FOR THE 1ST YEAR: \_\_\_\_\_

TOTAL COST FOR THE 2ND YEAR: \_\_\_\_\_

### PLAN B

- 2-Year contract
- Phone Cost: Free
- Unlimited Text & Talk: \$59.00/month
- Data: \$29.00/month
- 1 time Activation Fee: \$0.00
- Phone features: Smart phone, camera

TOTAL COST FOR THE 1ST YEAR: \_\_\_\_\_

TOTAL COST FOR THE 2ND YEAR: \_\_\_\_\_

### PLAN C

- Pay as you go
- Phone cost: \$19.99
- \$10.00 for every 100 minutes
- 5 cents for each incoming & outgoing text msg.
- Phone features: Talk and text only
- No camera

TOTAL COST FOR THE 1ST YEAR: \_\_\_\_\_

TOTAL COST FOR THE 2ND YEAR: \_\_\_\_\_

### PLAN D

- Pay as you go
- Phone cost: \$399.00
- Activation fee: \$0.00
- Monthly Fee: \$45.00
- Unlimited talk, text and data
- Phone features: Smart phone, camera

TOTAL COST FOR THE 1ST YEAR: \_\_\_\_\_

TOTAL COST FOR THE 2ND YEAR: \_\_\_\_\_

## SECTION 2—NEEDS VS WANTS

CELLPHONE FEATURES	NEED	WANT
Talk	<input type="checkbox"/>	<input type="checkbox"/>
Low texting	<input type="checkbox"/>	<input type="checkbox"/>
Moderate texting	<input type="checkbox"/>	<input type="checkbox"/>
Unlimited texting	<input type="checkbox"/>	<input type="checkbox"/>
Data plan	<input type="checkbox"/>	<input type="checkbox"/>
Camera	<input type="checkbox"/>	<input type="checkbox"/>
International calling	<input type="checkbox"/>	<input type="checkbox"/>
GPS	<input type="checkbox"/>	<input type="checkbox"/>
App compatible	<input type="checkbox"/>	<input type="checkbox"/>
MP3 player	<input type="checkbox"/>	<input type="checkbox"/>





# CELL PHONE ECONOMICS

## SECTION 3 - INSURANCE

Cell Phone Insurance for Plan B is \$4.99 per month. There is a \$50.00 deductible. This insurance policy covers lost and damaged phones.

What are the **costs** and **benefits** of cell phone insurance?

_____	_____
_____	_____
_____	_____
_____	_____
_____	_____

If you declined cell phone insurance and put \$4.99 in a savings account instead, how many months would you need to save to equal the payout described in the above insurance plan? The phone in Plan B costs \$199.

## SECTION 4 - CELL PHONE OPPORTUNITY COST

What is the **monthly** difference between the most expensive and cheapest plan featured above (for year 2)?

What is the **annual** difference between the most expensive and cheapest plan featured above (for year 2)?

What else could you do with this money **monthly**?

1. \_\_\_\_\_
2. \_\_\_\_\_
3. \_\_\_\_\_

How about **annually**?

1. \_\_\_\_\_
2. \_\_\_\_\_
3. \_\_\_\_\_

## HOURS FOR MINUTES

John, a junior in high school, works at a fast food restaurant. He makes \$7.25/hour. How many hours does John need to work to pay for the cheapest cell phone plan listed above?



# TEACH MONEY RESOURCES

## **WHAT IS IN THIS SECTION?**

PROFESSIONAL DEVELOPMENT OPPORTUNITIES IN  
FINANCIAL LITERACY FOR TEACHERS

RESOURCE DIRECTORY

# PROFESSIONAL DEVELOPMENT OPPORTUNITIES FOR TEACHERS

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## ONLINE COURSE

National Institute for Financial and Economic Literacy (NIFEL) provides teachers with the opportunity to learn from experts around the country and earn a certificate of completion which may be useful in obtaining continuing education credits in your state.

This course is designed to help you learn about the major life decisions many choose to do. This course will teach you how to understand your paycheck, social security, taxes and employee benefits. You will learn the basic principles of becoming financially organized and how to establish saving strategies for financial goals. This course will prepare you to teach grade school students prudent skills on making consumer decisions for cell phone contracts, purchasing or leasing a car, and homeownership. Your challenge will be to create effective strategies by communicating how to make positive financial habits every day. It will also provide an introductory understanding about family planning, education planning and retirement planning.

For more information, visit: <http://www.distance.ufl.edu/pfft>

## PROFESSIONAL ORGANIZATIONS

### JUMP\$TART COALITION FOR PERSONAL FINANCIAL LITERACY

The Jump\$tart Coalition for Personal Financial Literacy® is a 501-c-3 non-profit organization based in Washington, DC. It is a coalition—an organization of organizations that share an interest in advancing financial literacy among students in pre-kindergarten through college. Each year, Jump\$tart organizes a financial literacy conference for K-12 classroom teachers. This conference offers classroom educators an opportunity to see, learn about, and try educational resources to integrate immediately into current lesson plans; to attend informative workshops under three different strands—advocacy, curriculum/content, and personal growth; to meet with leaders from finance and education; and to network with colleagues from across the country.

For more information, visit: <http://www.jumpstart.org>

## COUNCIL FOR ECONOMIC EDUCATION

We carry out our mission by providing professional development to teachers, teaching resources across the curriculum and nationally-normed assessment tools. We deliver our programs through in-person local workshops, partner organizations and online. We are embracing online technology as the new vector for delivery because teachers have less time and money to spare from their classrooms for their own education.

For more information, visit: <http://www.councilforeconed.org>

# FINANCIAL LITERARY MATERIAL RESOURCE DIRECTORY

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## American Financial Services Association Education Foundation (AFSAEF)

MoneySKILL educates high school students on the basic understanding of money management fundamentals in the content areas of income, expenses, saving and investing, credit and insurance. Two versions are available: High School/College and Middle level.

888-400-7577 • <http://www.moneyskill.org>

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## American Institute of Certified Public Accountants, Inc

These lesson plans will introduce students to the world of accounting by placing them in a real-life situation as an accountant.

1-888-777-7077 • <http://community.startheregoplaces.com/>

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## Employee Benefit Research Institute (EBRI)

As part of its mission, Choose to Save develops user-friendly, multimedia materials to help individuals plan and save for their financial future.

(202) 659-0670 • <http://www.ebri.org>

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## Extension

eXtension provides objective and research-based information and learning opportunities that help people improve their lives.

814-863-2525 • <http://www.extension.org>

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## Federal Reserve Education

Provides programs and tools to help in the understanding of financial literacy.

<http://www.federalreserveeducation.org>

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## Federal Reserve Bank of Boston

The newly formed Financial Education Unit at the Boston Fed is dedicated to empowering consumers throughout New England with the knowledge and resources they need to pursue, achieve, and sustain their financial wellbeing.

1-800-409-1333 • <http://www.bostonfed.org>

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## Federal Reserve Bank of Cleveland Learning Center and Money Museum

The free Fed in the Classroom videoconference program can enhance your students' learning experience, expand their understanding of the U.S. central bank, and support your curriculum objectives.

216-579-3188 • <http://www.clevelandfed.org>

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# FINANCIAL LITERACY MATERIAL RESOURCE DIRECTORY

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## Federal Reserve Bank of Dallas

We provide classroom-ready resources and unique professional development opportunities for secondary educators

(214) 922-6000 • <http://www.dallasfed.org>

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## Federal Reserve Bank of Philadelphia

The Federal Reserve Bank of Philadelphia's economic teachers offer one-day, three-evening, and week-long professional development programs aimed at equipping K-12 teachers to better teach about economics and personal finance in their own classrooms.

(215) 574-6000 • <http://www.philadelphiafed.org/education>

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## Federal Reserve Bank of St Louis

We have award-winning, FREE classroom resources for K-16 educators to use to teach about money and banking, economics, personal finance and the Federal Reserve.

(314) 444-8444 • [www.stlouisfed.org/education](http://www.stlouisfed.org/education)

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## H&R Block

Financial health goes beyond dollars and cents. It includes a healthy relationship with money, a lack of money anxiety and a sense of financial fulfillment.

202-396-8201 • <http://www.hrblockdollarsandsense.com>

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## Jump\$tart

Jump\$tart is a national coalition of organizations dedicated to improving the financial literacy of pre-kindergarten through college-age youth by providing advocacy, research, standards and educational resources.

(888) 45-EDUCATE • <http://www.jumpstart.org/>

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## Junior Achievement

Junior Achievement is the world's largest organization dedicated to educating students in grades K-12 about entrepreneurship, work readiness and financial literacy through experiential, hands-on programs.

1 719 540 8000 • <http://www.ja.org> • <http://www.ja.org/programs/programs.shtml>

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## NASAA (North American Securities Administrators Association)

NASAA provides activities and resources specifically for younger investors to help you better understand the risks and rewards of investing.

202-737-0900 • <http://www.nasaa.org/2054/investor-education-resources-for-youth-and-educators/>

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# FINANCIAL LITERARY MATERIAL RESOURCE DIRECTORY

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## National Council Of Teachers Of Mathematics (NCTM)

Core Math Tools is a downloadable suite of interactive software tools for algebra and functions, geometry and trigonometry, and statistics and probability

(800) 235-7566 • <http://www.nctm.org/resources/default.aspx?id=230>

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## National Endowment for Financial Education (NEFE) High School Financial Planning Program (HSFPP)

Organized into six module topics (planning, borrowing, earning capability, investing, financial services, and insurance), the program includes six topical Student Guides, an assortment of 45-minute teacher lesson plans, and a growing collection of online resources and learning activities.

303-741-6333 • <http://www.hsfpp.org>

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## President's Advisory Council on Financial Capability

Money as You Grow, developed by the President's Advisory Council on Financial Capability, provides 20 essential, age-appropriate financial lessons—with corresponding activities—that kids need to know as they grow.

(202) 622-5770 • <http://moneyasyougrow.org>

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## Securities and Exchange Commission Office of Investor and Education Advocacy

Free booklets on saving and investing for students (9-12)

1-800-732-0330 • [www.investor.gov](http://www.investor.gov)

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## SIFMA Foundation for Investor Education

Our Philosophy provides you with an understanding of the SMG program's approach to teaching investing in the classroom.

212-313-1350 • <http://www.smgww.org>

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## The Stock Market Game

Your students have entered the world of business and finance by participating in The Stock Market Game program. The perfect companion, our teacher-designed writing component and competition, reinforces their newfound knowledge and hones critical thinking skills.

212-313-1350 • <http://www.investwrite.info/>

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## T. Rowe Price

This site, along with The Great Piggy Bank Adventure® game and interactive experience, is our initial effort to help you become more confident about money and investing.

1-800-638-7890 • <http://www.troweprice.com>

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# FINANCIAL LITERARY MATERIAL RESOURCE DIRECTORY

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The **Vanguard** Group, Inc.

Our program addresses many of the standards included in the Jump\$tart Coalition for Personal Financial Literacy's National Standards in K-12 Personal Finance Education.

<http://www.myclassroomeconomy.org>

## PAID EDUCATIONAL RESOURCES

### EverFi

EverFi - Financial Literacy™ is a new-media learning platform that uses the latest technology – video, animations, 3-D gaming, avatars, and social networking – to bring complex financial concepts to life for today's digital generation.

202-625-0011 • <http://everfi.com>

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### Far Beyond Publishing

From k-5 through high school, we publish financial literacy books which engage readers in fictional stories, infused with engaging illustrations on each page.

503-683-3013 • <http://farbeyond.com>

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### Goodheart-Willcox Publisher

G-W Online courses provide all of the material you need to successfully teach an online course, measure course progress, and interact with students.

800-323-0440 • <http://www.g-w.com>

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### Money Savvy Generation

Money Savvy Generation has those tools and products designed to teach kids and teens the basic building blocks for good financial decision making

1-866-390-5959 • <http://www.msgen.com>

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### Norm Hill Entertainment, LTD

Targeted to kids in the 6-12 age group, THE CENTSABLES initiative includes an interactive website, [www.centsables.com](http://www.centsables.com), comic books series, factivity workbooks, board game, mobile financial tour, plus a wealth of premiums including action figures, posters, trading cards and more.

Mark DiPippa @ 631-547-6210 • Tony Intelisano @ 518-668-2154 • <http://www.normhillentertainment.com>

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### Secret Millionaires Club

The Secret Millionaires Club Learn & Earn program teaches financial literacy and entrepreneurship through activities for the classroom, home, and other settings where students and families learn.

Judy Klym @ 203-921-9039 • <http://www.smclearnandearn.com>

# TEACH MONEY WORKBOOK

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Financial Literacy for Tomorrow's Teachers and their Students

