MONEY SMART

for Young People

Grades 9 – 12 Educator Guide

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Caution: Coins are a leading cause of choking-related injury and death for young children, particularly for those aged 3 and under.

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Lesson 12: Halls of Knowledge

TOPIC: Financing College

Time: 80 min

Subject Connections:
- English Language Arts
- Math

Supplies:
- Sticky notes and poster board (optional)
- Projector (for teacher presentation slides)
- Access to the internet (optional)

Preparation:
- Make copies of student handout
- Set up projector with presentation slides

Glossary with key vocabulary 11

OVERVIEW:
With college a looming expense for many young people, researching colleges and how to finance an education enables students to fully assess their choices. This lesson explores different ways to finance a college education, from building savings to student **financial aid** and **loans**. **Financial aid** is any grant or scholarship, loan, or paid employment offered to help a **student** meet his/her college expenses. Such **aid** is usually provided by various sources such as federal and state agencies, colleges, high schools, foundations, and businesses. This lesson emphasizes research to build knowledge, as students employ strategies of weighing costs, benefits, and options to make prudent personal choices regarding higher education.

OBJECTIVES:
1. Research and compare different college financial aid choices.
2. Discuss the earning potential of a degree in relationship to its cost.
3. Identify the costs of college.
4. Understand student loan management.

INDIVIDUAL HANDOUTS:
- Postsecondary Planning Prep*
- Federal Student Aid Options*
- Comparing Choices*
- College ROI* (Return on Investment)

TEACHER PRESENTATION SLIDES:
- What Is Your Skill and Will?
- Cost of College
- The Financial Aid Process (6)

ESSENTIAL QUESTIONS:
- How much does college cost?
- How can I pay for college?
- What types of financial aid are available and how do I learn more about them?

ASSESSMENT ACTIVITIES:

Pre-Assessment:
- **Handout:** Postsecondary Planning Prep
- **Activity:** College Tips
- **Handout:** Comparing Choices
- **Handout:** College ROI

Post-Assessment:

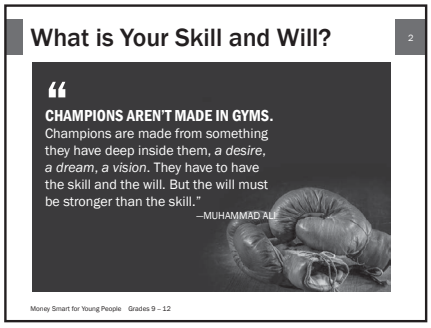
***Money Smart Portfolio Handouts**

Instruction Steps

WARM UP

College Planning Prep

15 MINUTES



Open the lesson by sharing the ***What Is Your Skill and Will?*** slide. Ask students what the famous quote from Muhammad Ali means to them. *What is the "skill" and "will" he refers to?*

Engage students in thinking about their own "wills" for their future.

- *What do they want to accomplish?*
- *What type of career do they see for themselves?*

Next, ask students to contemplate the "skills" needed to meet their goals. *What type of training and education goes into achieving your vision?* Guide the discussion to explain that going to college is one way to build your skills to achieve your goals.

MONEY SMART TIP!
Refer back to Lesson 1, ***Working Hard for the Money,*** and have students review the career options they researched.

Help students understand that, whereas pursuing a college degree can be both time-consuming and expensive, college graduates usually see a **return on their investment (ROI)** and benefit from long- term payoffs (for example: more career options, better promotion opportunities, higher earnings, and lower unemployment on average).

Explain that continuing education beyond high school is a large investment that takes a lot of planning and research. Whether they are interested in going to a college or university, community college, trade, career, or technical school, or entering the workforce, tell students that it is never too late to think about how to pay for expenses.

Next, distribute the ***Postsecondary Planning Prep*** handout. Explain that postsecondary education takes place beyond high school and does not have to include a four-year college degree. For instance, postsecondary education also includes vocational training and apprenticeships.

Working in small groups, assign students one type of postsecondary education choice (e.g., vocational, two-year college, four-year college or university, apprenticeship, etc.). Have students conduct research and become "experts" on the topic, recording their findings on the ***Postsecondary Planning Prep*** handout.

Then invite each group to serve as a panel for other students to ask questions.

After each panel presents and answers questions, have students reflect on how their research applies to their personal education paths.

Ask:

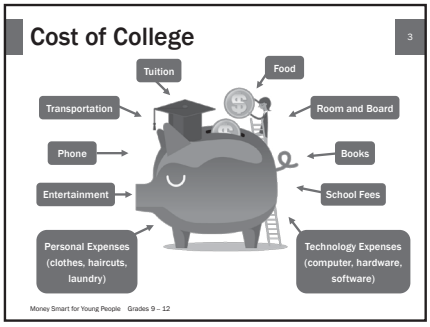
- *How can you chart your personal path based on the information you learned?*
- *What career interests do you have, and which postsecondary option will help you get there?*

Lead the discussion by showcasing that there are many different elements to consider when planning for what to do after high school, including how skills and abilities direct career choices, the jobs available within postsecondary education and training options, and the outlook of future employment within a career sector. Postsecondary planning includes a variety of components that all need to be considered equally.

MONEY SMART TIP!
Transform student research from the ***Postsecondary Planning Prep*** handout into a comprehensive resource for ongoing reference by combining student findings into a shared spreadsheet. For example, teachers can use Google Sheets to collect all of the web resources students discover through the completion of the handout.

GUIDED EXPLORATION
Cost of College

35 MINUTES

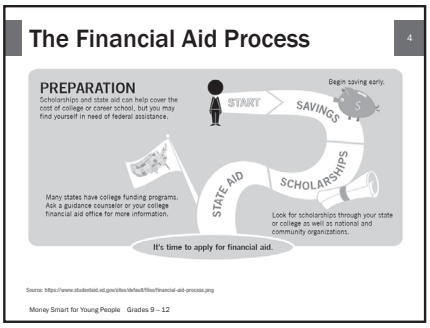


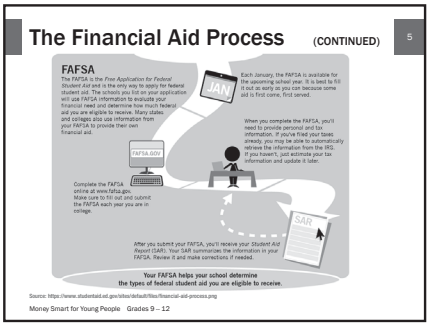
Display the ***Cost of College*** slide and review the different expenses that are part of preparing a budget for college. Ask students why they think it's important to consider costs beyond just tuition and have them explain why they think it is important to budget living expenses as part of a college prep plan. Explain that, if you are moving out on your own for the first time, expenses may be much different than what you are used to. Likewise, attending college may also bring new expenses into the budget by way of books and technology needed to perform schoolwork.

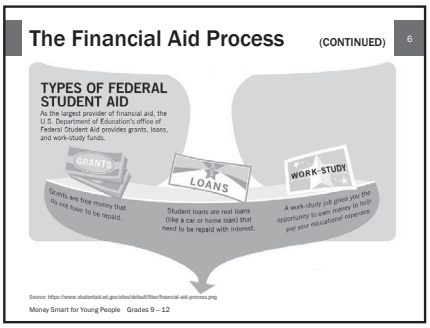
Grade-Level Modifications:

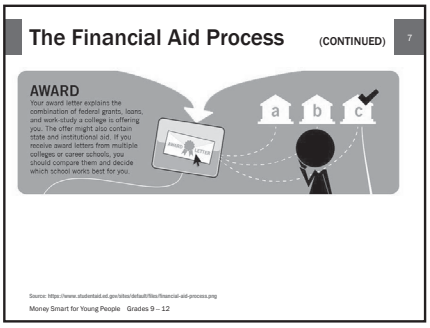
Beginner: Review the principles of budgeting from Lesson 3, Can You Pay Your Bills?, and have students reiterate the basic building blocks of a budget.

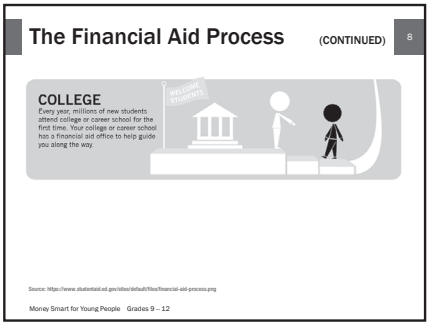
Advanced: Challenge students to create a projected budget for each of the expenses included on the ***Cost of College*** slide.











Next, ask students how they think it is possible to pay for college expenses. In addition to saving and working to pay for education, explain that financial aid can also help offset the costs of college. Display the (6) ***Financial Aid Process*** slides (**www.studentaid.ed.gov/sites/default/files/financial- aid-process.png**).

Review each of the steps with students and discuss the differences between **scholarships**, **grants**, and **loans**.

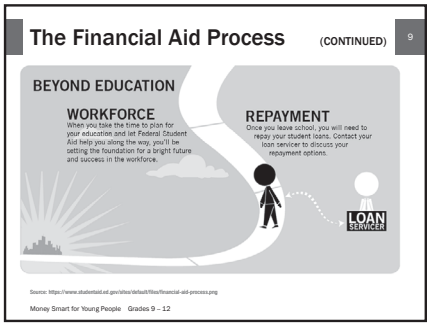
- **Scholarships:** money for college that you will not be expected to repay. Scholarships may be need-based or merit-based. Merit-based aid is given by universities to students who do exceptionally well on standardized tests and who have high grade point averages. This type of award is usually given by public schools. Many private schools, and the federal government, give need-based aid, which means they consider how much money a family has when determining a student's scholarship. It is important to check each school's financial aid office to see what type of aid is offered.
- **Grants:** money for college that you are not expected to repay. Often awarded based on need.
- **Loans:** money borrowed that must be repaid with interest.
- **Work-Study Programs:** money earned for college by working part-time to help pay for educational expenses.

MONEY SMART TIP!
Expand the discussion of loans to include repayment information. Have students contemplate the terms of loans and ramifications of making late payments or missing payments altogether. Connect back to Lesson 7, *Capacity, Character, Collateral, and Capital*, to reiterate the impact loans can have on credit.

Engage students in a discussion next about the **Free Application for Federal Student Aid (FAFSA)**, which is an application for federal student financial aid such as Pell grants, student loans, and college work-study programs.

Explain that filling it out is the first step in order to apply for federal student aid. Help students understand that many states and schools also use FAFSA information to award their financial aid.

Distribute the ***Federal Student Aid Options*** handout and divide the class into small groups. Assign each group a different financial aid item to research and then have groups present their findings to the class.



MONEY SMART TIP!

Show students the FAFSA form and how to fill it out. Explain how the Expected Family Contribution (EFC) works in the context of FAFSA and how parent and student income and savings are used to calculate EFC. For example, when a student fills out financial aid documentation, his or her net cost (or total cost to attend a particular school) will be determined by the school and government. based on savings and income data. Encourage students to share this information with their parents and to complete one if they haven't done so already. **https://fafsa.gov/**

FAFSA is now mobile
Students and parents can complete the FAFSA form using the myStudentAid app. Download the myStudentAid app in the Apple App Store(iOS) or Google Play (Android).

INDEPENDENT EXPLORATION

Comparing Choices

25 MINUTES

Note: These activities are more independent than the Guided Exploration activities and may be used as homework assignments, collaborative group work, or independent study.

Distribute the ***Comparing Choices*** handout and have students work individually or in small groups to research and record the different costs associated with the three colleges in the sample scenario.

Next, encourage students to research and compare three colleges of their own choice (or use three colleges or universities in your area).

MONEY SMART TIP!

The ***Comparing Choices*** handout works well as a homework assignment to offer students additional time to research and reflect on their college choices. Additionally, share with your students the resources on understanding loans and grants, as well as comparing financial aid packages from multiple institutions (**https://collegecost.ed.gov/shopping_sheet.pdf**). Additionally, discuss with your students the seriousness of making student loan decisions and inform them that even in a bankruptcy, student loans are not automatically discharged.

Invite volunteers to share the expenses they researched, and reiterate the importance of looking at college costs not just from a tuition point of view, but also to include other expenses such as books, transportation, housing, and food.

Next, explain that comparing costs is important in making a college decision, but so is considering the ROI (return on investment). If you spend a certain amount of money to attend college, how much money will you be able to earn in your lifetime as a result of the money spent? Invite volunteers to share their thoughts and then distribute the ***College ROI*** handout.

WRAP UP
Take-Home Pay

5 MINUTES

Close the lesson by asking students to write down one tip on a sticky note or piece of paper about how to prepare for college costs. Have students give you their sticky notes as a ticket out of class and then compile them on a poster board or classroom wall to create a comprehensive college planning resource.

Extended Exploration

Note: Use the following ideas to extend financial literacy concepts throughout the school year within core content areas through English Language Arts, Math, Social Studies and Economics, and Technology activities, projects, and discussions. Duration of activities will vary.

ENGLISH LANGUAGE ARTS

Writing Prompts:

Do student loans help or hurt the U.S. economy? Choose a position and support your argument.

What is your opinion of for-profit schools? Do you agree or disagree with a profit-driven model for offering a college education? Explain your reasoning.

Suggested Readings:

What's Holding You Back? student profiles with videos, by the College Board: Read about and watch videos (approximately 1 minute each) of real college students and their experiences on the path to college. **https://bigfuture.collegeboard.org/get-started/student-profile**

In 18 Years, A College Degree Could Cost About $500,000? Read and investigate the future of college costs. **www.cnbc.com/2017/03/17/in-18-years-a-college-degree-could-cost-about-500000.html**

MATHEMATICS

Activity/Project Ideas:

Have students calculate and analyze the impact of inflation on higher-education costs. How much will college cost five years from now? Ten years? Fifty years?

SOCIAL STUDIES AND ECONOMICS

Discussion Topics:

Explore the connection between education and earnings. Ask students: If you go to college does that guarantee economic success? Why or why not?

Discuss different positions on what role the government should play in supporting higher education, such as levels of federal financial aid, interest rates on federal loans, and for- profit institution regulations.

TECHNOLOGY

Online Resources:

Strive for College: A web resource that helps empower first-generation college students. **https://imfirst.org**

College Savings Calculator: An online calculator that calculates how much to save for college. **www.360financialliteracy.org/Calculators**

The College Board: A web resource that helps students reach success and opportunity through college. Resources include college planning, college searches, and preparing for college entrance exams. **www.collegeboard.org/**

Federal Student Aid: a comprehensive resource on federal financial aid for college, including preparing for college, qualifying for aid, and applying for and managing loans. **www.studentaid.ed.gov/**

T*he Financial Aid Toolkit :*provides federal student aid information and outreach tools for counselors, college access professionals, nonprofit mentors, and other advisors.
https://financialaidtoolkit.ed.gov/tk/

College Scorecard: by the US Department of Education: Make informed decisions by reviewing college affordability and assessing personal factors such as location, size, and programs offered.
https://collegescorecard.ed.gov.

Compare and Pay for College: A web resource housing information on comparing colleges, obtaining financial aid, and searching for scholarships.
www.nerdwallet.com/nerdscholar/compare-colleges-and-pay

Paying for College: by the Bureau of Consumer Financial Protection: An online tool to help consumers make informed financial decisions about how to pay for college by comparing financial aid offers and understanding loan repayment options.
www.consumerfinance.gov/paying-for-college/

Activity/Project Ideas:

Have students use spreadsheet software to create a college budget. Students may start with a template at **https://templates.office.com/en-us/My-college-budget-TM02347374**

Classroom activities from the Consumer Financial Protection Bureau (CFPB)

The CFPB has developed a set of classroom activities to help teachers develop and support the building blocks of financial capability in their students. Each activity is designed to be completed within a single class period and includes a teacher guide and supporting student material. Some specific activities that are relevant to this lesson include:

Exploring community colleges	Students learn about the benefits of community college and consider whether attending community college could be a good option to help them prepare for the future. **www.consumerfinance.gov/practitioner-resources/youth-financial-education/teach/activities/exploring-community-colleges/**
Choosing a student loan that's right for you	Students use a graphic organizer to compare and contrast federal and private student loans to help them find the one best suited for their needs. Students play a game to explore how tax revenues pay for various events and services they encounter in daily life. **www.consumerfinance.gov/practitioner-resources/youth-financial-education/teach/activities/investigating-taxes-your-life/**
Communicating ways to pay for higher education	Students use the Internet to explore ways to pay for their higher education and record their findings in an informational brochure. **www.consumerfinance.gov/practitioner-resources/youth-financial-education/teach/activities/communicating-pay-higher-education**
Composing songs and verse about paying for college	Students write a song, a rap, or a poem that captures some key strategies people use to pay for college. **www.consumerfinance.gov/practitioner-resources/youth-financial-education/teach/activities/composing-songs-verse-paying-college**

Learning how FAFSA works	Students learn about how the Free Application for Federal Student Aid (FAFSA) works by completing a simulation activity. **www.consumerfinance.gov/practitioner-resources/youth-financial-education/teach/activities/learning-how-fafsa-works**
Using a student loan calculator	Students use a student loan calculator to calculate monthly loan payments and how much they can save on interest by paying a little extra each month. **www.consumerfinance.gov/practitioner-resources/youth-financial-education/teach/activities/using-student-loan-calculator**

Answer Key

Student Handout 1:

Postsecondary Planning Prep

Answers will vary. Use handout to assess student ability to articulate research for each section based on one postsecondary option.

Student Handout 2:

Federal Student Aid Options

Pell Grant:

How does it work?

A Federal Pell Grant, unlike a loan, does not have to be repaid. Federal Pell Grants usually are awarded only to undergraduate students who have not earned a bachelor's or a professional degree.

How much money is it for?

Amounts can change yearly. The maximum Pell Grant award is $6,095 for the 2018–19 award year (July 1, 2018, to June 30, 2019). The amount you get, though, will depend on your financial need, your cost of attendance, your status as a full-time or part-time student, and your plans to attend school for a full academic year or less. You may not receive Pell Grant funds from more than one school at a time.

Who is eligible to receive it?

Undergraduate students; in some cases, however, a student enrolled in a post- baccalaureate teacher certification program might receive a Pell Grant. You are not eligible to receive a Federal Pell Grant if you are incarcerated in a federal or state penal institution or are subject to an involuntary civil commitment upon completion of a period of incarceration for a forcible or nonforcible sexual offense. Where can we learn more about it? **https://studentaid.gov/understand-aid/types/grants/pell**

Direct Loan:

How does it work? Direct Loans are low-interest loans for students and parents to help pay for the cost of a student's education after high school. The lender is the U.S. Department of Education (the Department), though most of the contact will be with your loan servicer.

How much may be borrowed?
The maximum amount you can borrow each year in Direct Subsidized and Unsubsidized Loans depends on your grade level and on whether you are a dependent student or an independent student.

What are the terms of the loan?
The interest rate varies depending on the loan type and (for most types of federal student loans) the first disbursement date of the loan.

Current rates can be found at: **https://studentaid.ed.gov/sa/types/loans/interest-rates#rates**.

Who is eligible to receive it?
Available to undergraduate and graduate students. Where can we learn more about it? **https://studentaid.ed.gov/sa/eligibility**

College Work-Study Programs:
How does it work?
Provides funds for part-time employment to help needy students finance the costs of postsecondary education.

How much do you earn?
Hourly wages are at least the federal minimum wage.

What kinds of jobs are available?
Community service jobs, including: reading tutors for preschool-age or elementary school children; mathematics tutors for students enrolled in elementary school through 9th grade; literacy tutors in a family literacy project performing family literacy activities; or emergency preparedness and response.

Who is eligible for this program?
Available to undergraduate, vocational, and graduate students enrolled or accepted for enrollment at participating schools.

Where can we learn more about it?
www2.ed.gov/programs/fws/index.html

Student Handout 3: ***Comparing Choices***

	University of Michigan	Indiana State University	Butler University
Location	Ann Arbor, MI	Terre Haute, IN	Indianapolis, IN
Type	Public	Public	Private Nonprofit
Number of Students	29,821	11,591	4,229
Admissions	Very Selective	Less Selective	Somewhat Selective
Tuition Costs	In-state: $15,262; Out-of-state: $49,350	In-state: $9,090; Out-of-state: $19,836	In-state: $41,120; Out-of-state: $41,120
Room and Board Costs	$11,534	$10,590	$13,830

1. Which university will be the most expensive for Mariel to attend? Why do you think this is?
   University of Michigan, because Mariel will pay much more for out-of-state tuition.
2. If you were Mariel, which school would you pick, and why?
   Answers will vary.
3. Based on your research, which college do you think you would like to attend, and why?
   Answers will vary. Use handout to assess student ability to compare data and make an informed choice.
4. What other factors go into deciding which college to attend?
   Answers will vary, but encourage students to think about other benefits and drawbacks of different college choices, such as location and size, marketability to employers, and internship opportunities.

Student Handout 4: ***College ROI (Return on Investment)***.

Answers will vary. Use handout to assess student ability to compare data and make an informed choice.



Lesson 12: Halls of Knowledge

POSTSECONDARY PLANNING PREP

Name: _____

Directions: Choose one postsecondary option (e.g., vocational, two-year college, four-year college or university, apprenticeship) to research and become an expert on. Record your research in the table below and be prepared to present your findings to the class.

Helpful websites to guide you in research include the following:

www.careeronestop.org
www.bls.gov/ooh/
www.apprenticeship.gov

Research Questions	**Postsecondary Option:**
Overview ▪ Provide a brief definition of the postsecondary option. ▪ Why does this option interest you? ▪ Why do people choose this option?	
Education and Training ▪ What qualifications, skills, and abilities are needed to pursue this postsecondary option? ▪ What does the education or training look like (e.g., traditional classroom, on-the-job training, etc.)? ▪ How long is the education or training and what type of credentials are earned (e.g., certification, academic degree)?	
Careers ▪ What career opportunities are available as a result of this postsecondary choice? Describe at least three career options. ▪ What does a typical workday look like for the three careers you researched? ▪ What are the average salaries available for the careers? ▪ What is the employment outlook for the careers (e.g., how many people are employed in the sector, is the career expected to grow, etc.)?	
Learn More What resources provide more information about the postsecondary option? Include at least three relevant websites beyond those provided on this handout where people can learn more about how to pursue the postsecondary option.	



Lesson 12: Halls of Knowledge

FEDERAL STUDENT AID OPTIONS

Name: _____

Directions: Working with your group, research the student aid option assigned by your teacher and record your findings in the chart below. Be prepared to present your research to the class and explain where we can find more information about your assigned aid.

PELL GRANT

- How does it work?
- How much money is it for?
- Who is eligible to receive it?
- Where can we learn more about it?

DIRECT LOAN (SUBSIDIZED AND UNSUBSIDIZED)

- How does it work?
- How much may be borrowed?
- What are the terms of the loan?
- Who is eligible to receive it?
- Where can we learn more about it?

COLLEGE WORK-STUDY PROGRAMS

- How do they work?
- How much do you earn?
- What kinds of jobs are available?
- Who is eligible for these programs?
- Where can we learn more about them?



Lesson 12: Halls of Knowledge

COMPARING CHOICES

Name: _____

Meet Mariel

Mariel is 18 years old and from Indiana. She is heading to college soon and can't wait for dorm life! She loves meeting new people. She plans on majoring in biology and hopes to earn her bachelor's degree.

The Problem?

While Mariel is so excited to start college, she is really torn on which college to attend. She has been accepted to University of Michigan, Indiana State University, and Butler University. To help her make a decision, research the costs associated with each category in the chart below and compare and contrast her three choices.

Research Tip

Use a comparing college costs tool at https://bigfuture.collegeboard.org/compare-colleges.

	University of Michigan	Indiana State University	Butler University
Location			
Type			
Number of Students			
Admissions			
Tuition Costs	$	$	$
Room and Board Costs	$	$	$

Which university will be the most expensive for Mariel to attend?
Why do you think this is?

If you were Mariel, which school would you pick, and why?

What other factors go into deciding which college to attend?



Lesson 12: Halls of Knowledge
COMPARING CHOICES *(continued)*

Your Turn!
Now that you have helped Mariel research her college choices, pick three new colleges of your own to research, and complete the chart below. Remember to consider in-state versus out-of-state tuition costs and the cost of living in one geographical area versus another.

Use a comparing college costs tool at **https://bigfuture.collegeboard.org/compare-colleges**.

	1:	2:	3:
Location			
Type			
Number of Students			
Admissions			
Tuition Costs	$	$	$
Room and Board Costs	$	$	$

Which college was the most expense?

Which was the least expensive?

Based on your research, which college do you think you would like to attend, and why?



Lesson 12: Halls of Knowledge

COLLEGE ROI (RETURN ON INVESTMENT)

Name: _____

Directions: Deciding on a college involves a number of factors, including location, cost, and academic programs. Learn more about how to measure your potential return on investment by following the steps below.

STEP 1: Write down the names of three colleges or universities that you are interested in attending.

1. _____

2. _____

3. _____

STEP 2: Write down three different majors you are interested in pursuing.

1. _____

2. _____

3. _____

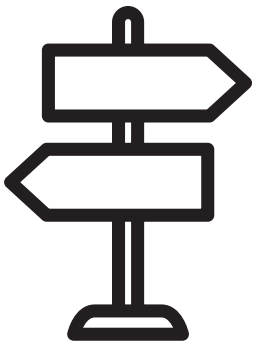
STEP 3: Using the college names and majors you wrote above, visit the College ROI Report at **www.payscale.com/college-roi/**. Review your 20-year net ROI for each academic area and school and then answer the following questions.

Which major and degree had the greatest ROI?

Which had the lowest?

What was surprising to you about the different ROIs?

What did you learn that you didn't know before?



Lesson 13: The Policy of Personal Choice

TOPIC: Understanding the Economy

Time: 55 min

Subject Connections:
- Social Studies
- English Language Arts

Supplies:
- Projector (for teacher presentation slides)
- Access to the Internet (optional)

Preparation:
- Make copies of student handout
- Set up projector with presentation slides

Glossary with key vocabulary 11

OVERVIEW:
Understanding economic conditions empowers students to make smart financial choices regardless of the economic circumstances they face in their lifetimes. Because financial decision-making rarely happens in isolation, and is instead a combination of economic forces and personal choices, understanding the broad contexts of the economy is a critical component of building a well-rounded financial perspective. This lesson explores **monetary** and **fiscal policy** and why it is important to pay attention to economic conditions.

OBJECTIVES:
1. Understand how the economy impacts personal financial choices
2. Summarize monetary and fiscal policy
3. Understand inflation
4. Understand economic cycles

INDIVIDUAL HANDOUTS:
- You're in Charge!*
- Economic Future*

TEACHER PRESENTATION SLIDES:
- Economic Cycles
- Fiscal Policy
- Monetary Policy

ESSENTIAL QUESTIONS:
- What are monetary and fiscal policies and how do they relate to me?
- How do economic conditions influence me?

ASSESSMENT ACTIVITIES:

Pre-Assessment:
- **Slide:** Inflation

Post-Assessment:
- **Handout:** You're in Charge!
- **Handout:** Economic Future

***Money Smart Portfolio Handouts**

Instruction Steps

WARM UP
Inflation

15 MINUTES

Begin the lesson by asking students if they know what a "Five and Dime" store is.

Explain that they were variety stores that sold an array of products, from candles to soda to candy — all for only a nickel or dime! Tell students that, in the past, you could buy a soda for five cents, but today that same soda costs well over a dollar.
Why is this?

Invite students to share their ideas and explain that **inflation** is when the items we buy increase in price. That same soda you purchase today for a little over a dollar may cost more than two dollars in the future because of inflation.

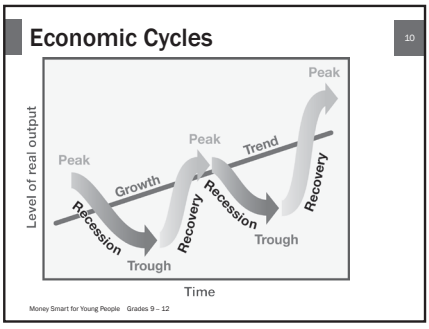
MONEY SMART TIP!
Have students compare inflation rates on items over time. For example, how much did a loaf of bread cost in 1950 compared to today? Discuss how inflation rates have changed over time by reviewing a table of historical interest rates, such as the one found at **www.usinflationcalculator.com/inflation/historical-inflation-rates/**.

GUIDED EXPLORATION
Monetary And Fiscal Policy

15 MINUTES

Continue to engage students in a discussion about inflation and ask them to consider what would happen if that same five-cent soda went up to today's price not in a matter of decades, but in a matter of days. What would be the consequences of this?

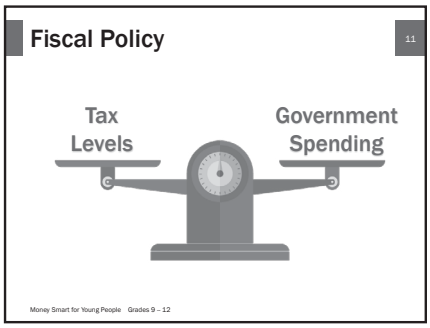
Explain that the government is able to control, to some degree, the level of inflation to help keep the economy stable.



Display the ***Economic Cycles*** slide and explain that the economy goes through cycles of growth and recession. Ask students whether they are familiar with the term "recession" and what they know about it.

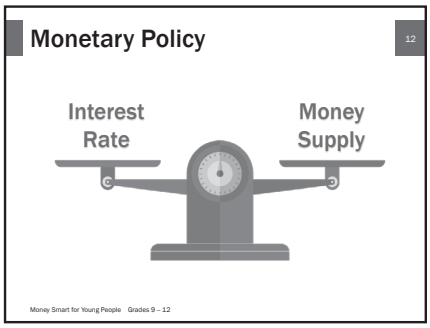
Invite volunteers to share their ideas and explain that low national levels of income and employment are what lead to a recession.

MONEY SMART TIP!
Share with students the Federal Reserve's website at **www.federalreserve.gov.** Discuss the purpose of the Federal Reserve and explain that it is the central bank of the United States and was created by Congress in 1913 to provide a safe and stable monetary and financial system.



Display the ***Fiscal Policy*** slide next and tell students that one way the government helps to regulate the economy is through fiscal policy.

Explain that fiscal policy is essentially the government's budget, and, in the same way individuals make a budget for their income and expenses, the government does too. The government's "income" is in the form of collected tax dollars and its "expenses" are in the form of government spending for programs, schools, highways, and so on.



Next, display the ***Monetary Policy*** slide and tell students that another way the economy can be regulated is through monetary policy, which is when the Federal Reserve influences the growth of money supply when economic conditions are slow.

Explain that the goal of monetary policy is to balance recession factors like unemployment with rising costs of inflation.

Ask students to think about how monetary policy works.
How does the Federal Reserve achieve balance?

Explain that adjusting credit is a key factor. For example: when interest rates are low, that means that credit is less expensive and more people and businesses are able to obtain credit and use it to purchase large items like homes (or for businesses, to invest in new developments and expand). This, in turn, creates economic growth. Likewise, high interest rates on credit make it challenging for consumers and businesses to afford it, thus limiting their buying capabilities and slowing the economy down.

MONEY SMART TIP!
Help students understand that it is not only important to think about money on a personal level, but also on a national and international level. Guide students in seeing the value of building a global landscape for their financial understanding, because what happens to money all around the world does have an impact on the U.S. economy. Advise students to pay attention to policies and to read the news, because it matters all the way to the bank…their bank!

Ask students how they think interest rates might impact them personally. Invite volunteers to share their ideas and tell students that, even though policies may seem distant from us, the consumers, they impact our lives in very meaningful ways.

For example: if you need to take out a loan to pay for college, the rate at which you can borrow money can dramatically influence the final cost to you. If interest rates are low, you will be able to borrow money at a much lower cost than if interest rates are high.

Grade-Level Modifications:
Beginner: Have students spend additional time discussing inflation and understanding why $1 in 1950 does not have the purchasing power of $1 today. For example, have students select an item that interests them and examine inflation for that item over time using a web resource such as **https://data.bls.gov/cgi-bin/surveymost?ap**.

Advanced: Expand the lesson to discuss business cycles and the patterns of economic booms and recessions.

INDEPENDENT EXPLORATION

You're In Charge!

20 MINUTES

Note: These activities are more independent than the Guided Exploration activities and may be used as homework assignments, collaborative group work, or independent study.

Ask students:
- *What they would do if they were in charge of monetary policy.*
- *Would they know how to balance recession and inflation?*

Tell students they will get a chance to manage monetary policy by playing the Fed Chairman Game at **http://sffed-education.org/chairman/.**

Distribute the ***You're in Charge!*** handout and remind students that their goal is to control monetary policy and work to keep inflation low and stable while balancing the unemployment rates. Allow students at least ten minutes to play the game and then additional time to answer the follow-up questions.

After students have used the game to assess their monetary management skills, reconvene as a class and ask for volunteers to share their results.
- *Were they successful in managing monetary policy?*
- *Unsuccessful? Under what conditions did inflation or unemployment rise?*

Close the discussion by reminding students about the importance of paying attention to economic policies and current events, since they have the ability to affect each individual's ability to borrow and buy.

WRAP UP
Economic Future

5 MINUTES

Close the lesson by distributing the ***Economic Future*** handout and allow students time to complete it.

Extended Exploration

Note: Use the following ideas to extend financial literacy concepts throughout the school year within core content areas through English Language Arts, Math, Social Studies and Economics, and Technology activities, projects, and discussions. Duration of activities will vary.

ENGLISH LANGUAGE ARTS

Writing Prompts:

How would you budget income and expenses if you were in charge of the U.S. government's budget?

What do you think is the best way to stimulate economic growth? Is it possible to overstimulate the economy? Why or why not?

Suggested Readings:

Monetary Policy Principles and Practice: An exploration of the principles of sound monetary policy.
www.federalreserve.gov/monetarypolicy/monetary-policy-principles-and-practice.htm

America First: A Budget Blueprint to Make America Great Again: An overview of President Trump's budget, including categories of spending.
www.whitehouse.gov/wp-content/uploads/2017/11/2018_blueprint.pdf

MATHEMATICS

Activity/Project Ideas:

Have students calculate inflation rates for different goods and services. For example: if a bag of apples costs $3.99 today, what will it cost next year? In five years? In ten years?

SOCIAL STUDIES AND ECONOMICS

Discussion Topics:

Have students research and analyze how business models such as dollar stores handle inflation when every item remains for sale at $1. How are they able to maintain low prices?

Challenge students to analyze historical examples of policy changes and the impact they had on the economy.

TECHNOLOGY

Online Resources:

Monetary Policy: Part Art, Part Science by the Federal Reserve Bank of Atlanta: A video (9 min.) exploring both the science and art of monetary policy.
www.frbatlanta.org/education/monetary-policy-art-science/video.aspx

The Budget of the U.S. Government: A web resource detailing the U.S. government's budget. **www.whitehouse.gov/omb/budget/**

Activity/Project Ideas:

Have students conduct research and create an infographic of inflation on items they personally value, such as electronics, sporting goods, or clothing. Students may use a digital infographic creator such as **www.canva.com**.

Answer Key

Student Handout 1:

You're in Charge!
Answers will vary.
Use handout to assess student ability to analyze the impact of their choices in the game.

Student Handout 2:

Economic Future.
Answers will vary.
Use handout to assess student ability to understand inflation as it relates to their lives and the ability to reflect on how economic conditions can personally impact one's borrowing and buying power.



Lesson 13: The Policy of Personal Choice

YOU'RE IN CHARGE!

Name: _____

What would you do if you were in charge of monetary policy? Would you know how to balance recession and inflation? Visit the Fed Chairman Game at **http://sffed-education.org/chairman** and try your hand at managing monetary policy. When you are finished, analyze your results and answer the questions below.

How successful were you in keeping inflation low and stable while balancing unemployment rates?

What headlines did you get? What did the headlines tell you about your management strategies?

Under what circumstances did inflation rise and fall?

Under what circumstances did unemployment rise and fall?



Lesson 13: The Policy of Personal Choice

ECONOMIC FUTURE

Name: _____

Directions: Write a brief, one-page reflection answering the following questions.

- *What prices have you witnessed rise or fall in your life so far?*
- *Are there items you used to buy at lower prices that are now more expensive? Why do you think the cost has gone up?*
- *How do you think prices will change in the future?*
- *How will economic conditions affect your financial decisions, such as whether to borrow money or make a large purchase?*



Lesson 14: Increasing the Value of Your Money

TOPIC: Financial Markets and Investing

Time: 65 min

Subject Connections:
- English Language Arts
- Math

Supplies:
- Projector (for teacher presentation slides)
- Access to the Internet (optional)

Preparation:
- Make copies of student handout
- Set up projector with presentation slides

Glossary with key vocabulary 11

OVERVIEW:
Helping teens and young adults think long-term is the central goal of this lesson. While students may already see the value in setting aside savings, they may not know how to achieve long-term savings by **investing**. This lesson explores basic concepts young adults need to know about **investment vehicles** and tools needed to create the future they envision for themselves. Using real-world applications, students engage in topics ranging from **diversification** to different types of investments.

OBJECTIVES:
1. Understand how investing helps meet financial goals and build wealth over time
2. Research and evaluate investment vehicles and resources
3. Explain how investments are regulated
4. Explain how investments can be affected by economic and business cycles

INDIVIDUAL HANDOUTS:
- Bucket List
- Investment Products
- What Type of Investor Are You?
- Action Plan*

TEACHER PRESENTATION SLIDES:
- Investment Vehicles (5)
- Investor Considerations

ESSENTIAL QUESTIONS:
- What is an investment?
- How is investing different from savings?
- How do I invest my money?

ASSESSMENT ACTIVITIES:

Pre-Assessment:
- **Handout:** Bucket List

Post-Assessment:
- **Handout: I**nvestment Products
- **Handout:** What Type of Investor Are You?
- **Handout:** Action Plan

***Money Smart Portfolio Handouts**

Instruction Steps

WARM UP
Bucket List

10 MINUTES

Open the lesson by distributing the ***Bucket List*** handout. Give students time to complete it, and when they are finished, invite volunteers to share ideas from their lists.

Continue the discussion by asking students what financial actions they would need to take in order to pay for the items on their bucket lists.

GUIDED EXPLORATION
Investment Vehicles

25 MINUTES

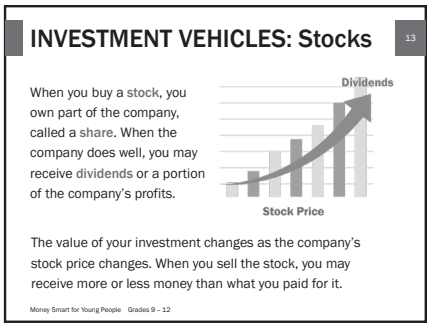
Using students' bucket list items as examples, explain that one strategy to help pay for long-term goals is to invest your money. Ask students whether they know the difference between savings and investing, and invite volunteers to share their thoughts.

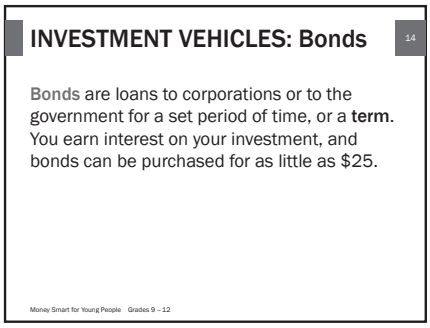
Explain that when you deposit money into a savings account your money is protected because it is federally insured, whereas investments are not. When a person invests money, there is a greater risk of losing it than with a savings account. Tell students that the entire investment can be lost if it doesn't perform well, but that the investment may also earn and grow more than a regular savings account.

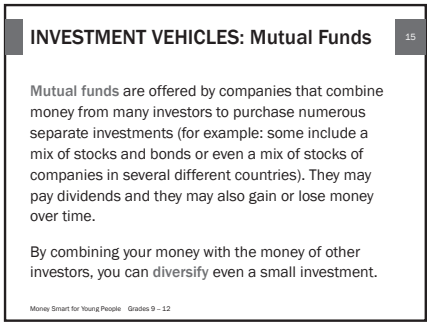
Explain that the higher the **risk**, the higher the reward, or the expected **rate of return** on the investment. In other words, you take the risk that you could lose some or all of your money for the potential of earning a higher return on it than you would obtain keeping it in an insured deposit account. Explain that, although there are risks to investing, investments could increase in value, provide current income, or offer a combination of both.

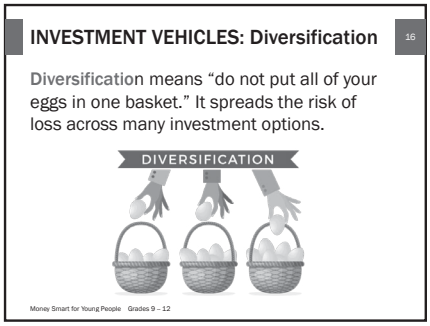
MONEY SMART TIP!

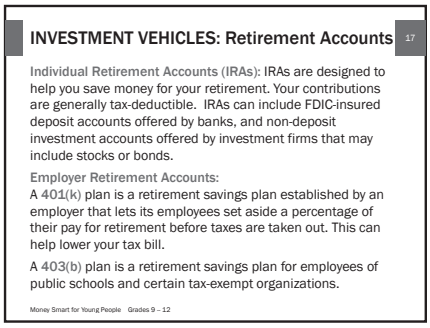
Connect back to Lesson 4, Boost Your Savings, and remind students how their money is protected in financial institutions. Review that FDIC insurance covers all deposit accounts, including checking and savings accounts, money market deposit accounts, and CDs. Help students understand this means that money deposited in insured financial institutions is guaranteed up to the maximum amount allowed by law ($250,000 per depositor, per bank) if the financial institution goes out of business and cannot pay you your money. Likewise, the National Credit Union Administration (NCUA) provides similar insurance coverage at insured credit unions.











Next, display the ***Investment Vehicles*** slides and explain how each type of investment works (detailed definitions for each investment can also be found in the glossary).

Remind students that diversification is a key component of building a strong investment portfolio because it helps minimize the risk of losing money. When you spread money over multiple investments, if you lose money in one investment then you might gain in another, which helps create balanced growth.

Ask students to think about why we save and invest money.

Invite volunteers to share their thoughts, and explain that we save and invest money to achieve goals, have a sense of security (be prepared for financial emergencies), maintain self-esteem, and have control over our financial future.

Grade-Level Modifications:

Beginner: Limit the discussion to one type of investment, such as stocks, and explore the nuances of it before integrating other investment vehicles.

Advanced: Expand the discussion of investment vehicles to include variable annuities and how they combine an insurance product with an investment product. Discuss why variable annuities are often more costly than other investments. Explain that brokers and agents selling variable annuities earn a commission when they sell an annuity. As a result of the commission- based structure, brokers may be motivated to sell you something that isn't in your best financial interest. In addition to exploring variable annuities, expand the discussion of investment vehicles by having your students research exchange-traded funds (ETFs) at **www.sec.gov/answers/etf.htm.**

MONEY SMART TIP!

Connect back to Lesson 4, Boost Your Savings, and remind students of the power of earning money with money through interest.

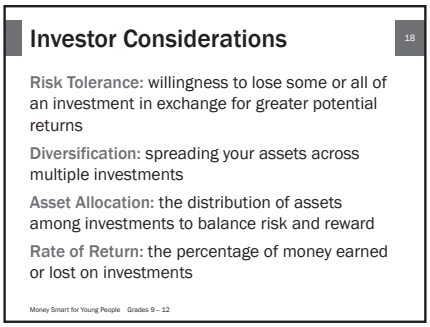
Distribute the ***Investment Products*** handout and have students work in small groups to answer each question. Invite groups to share their answers, and reiterate the differences between investment products available to consumers.

MONEY SMART TIP!

Share and review with the class the guide Saving and Investing for Students from Investor.gov.
http://investor.gov/Saving-and-Investing-Students#.VBmmwmRdVNs

INDEPENDENT EXPLORATION
Investment Choices

20 MINUTES



Note: These activities are more independent than the Guided Exploration activities and may be used as homework assignments, collaborative group work, or independent study.

Remind students that, just like choosing to spend or save money, we also have choices when it comes to investment. We can choose how much money to invest and where to invest it.

Display the ***Investor Considerations*** slide and discuss the different terms with students.

Distribute the ***What Type of Investor Are You?*** handout and show students how to calculate compounding interest using the formula FV = P (1 + r/n) (nt), where FV is future value, P is the principal (the initial deposit or loan amount), r is the annual interest rate, n is the number of times interest is compounded, and t is the number of years money is invested or borrowed.

Alternatively, students may use a compound interest calculator, such as the one available at **Investor.gov**. **www.investor.gov/tools/calculators/compound-interest-calculator#.VBou9yiNZdQ**

Allow students to complete the ***What Type of Investor Are You?*** handout. Ask for volunteers to share their final outcome and reflect on the importance of thinking through our personal comfort with levels of risk, how to distribute our money in investments, and how to weather the ups and downs of investments.

Ask students:

- *What surprised them about this activity?*
- *Did their money grow more or less than expected?*

Grade-Level Modifications:

Beginner: ***Work through the What Type of Investor Are You?*** handout together as a class.

Advanced: Challenge students to work through the ***What Type of Investor Are You?*** handout and calculate the same scenario but compounding monthly and quarterly. Have students compare their results between annual, monthly, and quarterly compounding.

Additionally, have students analyze how investments can be affected by economic and business cycles. Connect back to Lesson 13, *The Policy of Personal Choice*, to discuss fluctuations in the economy.

MONEY SMART TIP!

Introduce students to the time value of money and show them that one dollar today is worth more than one dollar tomorrow because it earns interest. The longer you are able to invest your one dollar, the more time it has to earn interest.

WRAP UP

Action Plan

10 MINUTES

Close the lesson by handing out the ***Action Plan*** worksheet and allowing students time to complete it. Invite volunteers to share their action plans with the class and close the discussion by emphasizing the importance of building a plan to reach financial goals, not just for savings and spending but also for long-term investments.

Extended Exploration

Note: Use the following ideas to extend financial literacy concepts throughout the school year within core content areas through English Language Arts, Math, Social Studies and Economics, and Technology activities, projects, and discussions. Duration of activities will vary.

ENGLISH LANGUAGE ARTS

Writing Prompts:

What do you think makes a good investment, and why?
For example: what level of risk and reward are you comfortable with? Do you think it is better to put money in risky investments that can pay big rewards or invest conservatively with mild risks and rewards? Explain your reasoning.

In what ways should the stock market be regulated? For example: how should issues of fraud or illegal trading be addressed?

Suggested Readings:

3 Investors Confess: What I've Learned from the Ups and Downs of the Stock Market by Forbes magazine: An article on the lessons learned in the stock market, told through the perspectives of three investors.
www.forbes.com/sites/learnvest/2013/11/19/3-investors-confess-what-ive-learned-from-the-ups-and-downs-of-the-stock-market/#708257f49e0e

The Motley Fool Investment Guide for Teens: A how-to book for teen investors. (ISBN: 0743525566)

Millennials: Bonds Aren't Just for Old People by Nasdaq: An article exploring how bonds are useful tools in many life stages.
www.nasdaq.com/article/millennials-bonds-arent-just-for-old-people1-cm391645

Compound Interest: The Most Powerful Force in the Universe? by CBS News: An overview of the power of compound interest.
www.cbsnews.com/news/compound-interest-the-most-powerful-force-in-the-universe

MATHEMATICS

Activity/Project Ideas:

Have students compare investments and calculate how long it will take to double an investment with different interest rates.

Challenge students to use exponential functions to calculate compound interest over different amounts of time.

SOCIAL STUDIES AND ECONOMICS

Discussion Topics:

Examine how investments are a source of income and explore how economic policies influence rates of return. For example: read about how inflation and employment levels can influence broader economic conditions at **www.federalreserve.gov/faqs/money_12856.htm.**

Activity/Project Ideas:

Have students research historical stock market crashes, such as the stock market crash of 1929, the dot-com bubble of 2000, and the financial crisis of 2008, and discuss the reasons and outcomes.

Have students complete a simulation in which they practice buying and selling stocks, such as *The Stock Market Game* at **www.stockmarketgame.org.**

Engage students in current events topics about the stock market by having them read a daily piece of investment news, such as articles posted on the Nasdaq website.
www.nasdaq.com

TECHNOLOGY

Online Resources:

Investor.gov by the U.S. Securities and Exchange Commission: A comprehensive website with information on investment markets, how to invest, researching and managing investments, and how investing fits in with life events.
http://investor.gov/

The Stock Market Game: An online game that allows students to simulate actions in the stock market.
www.stockmarketgame.org

Activity/Project Ideas:

Have students follow the stock market for a set period of time and record their observations in spreadsheet software. Challenge students to graph the ups and downs of specific stocks and analyze historic stock behaviors.

Classroom activities from the Consumer Financial Protection Bureau (CFPB)

The CFPB has developed a set of classroom activities to help teachers develop and support the building blocks of financial capability in their students. Each activity is designed to be completed within a single class period and includes a teacher guide and supporting student material. Some specific activities that are relevant to this lesson include:

*C*omparing saving and investing	Students explore the differences between saving and investing and answer questions about which of the two financial strategies they'd choose to address different financial goals. **www.consumerfinance.gov/practitioner-resources/youth-financial-education/teach/activities/comparing-saving-investing**
Comparing stock investments	Students learn how calculating capital gains and capital losses can help them evaluate stock investments. **www.consumerfinance.gov/practitioner-resources/youth-financial-education/teach/activities/comparing-stock-investments**
Discovering the benefits of investing early	Students use an online calculator and answer questions to learn about the value of investing early. **www.consumerfinance.gov/practitioner-resources/youth-financial-education/teach/activities/discovering-benefits-investing-early**
Playing the investment game	Students work in groups to explore real-world scenarios that can affect stock investments. **www.consumerfinance.gov/practitioner-resources/youth-financial-education/teach/activities/playing-investment-game**

Answer Key

Student Handout 1:	***You're in Charge!*** Answers will vary. Use handout to assess
Student Handout 1:	***Bucket List.*** Answers will vary. Use handout to assess student ability to articulate goals.

Student Handout 2: ***Investment Products***

1. What type of investment does Olivia have?
   Bonds
2. What type of investment does Ian have?
   Stocks
3. What type of investment does Anna have?
   Retirement account
4. What type of investments does Rujul work with?
   Mutual funds

Student Handout 3: ***What Type of Investor Are You?***

Aggressive:

You're 25 now...How much is your investment worth today?
$9,254.65

When you're 50... How much money do you have after the five years?
$76,700.65

From 55 to 65...How much is your balance at age 65?
$165,590.95

Conservative:

I'll invest some, and save some. Here's how much I will invest:
Answers will vary.

You're 25 now...How much is your investment worth today?
Answers will vary.

When you're 50... How much money do you have after the five years?
Answers will vary.

From 55 to 65...How much is your balance at age 65?
Answers will vary.

Student Handout 4: ***Action Plan.***

Answers will vary.
Use handout to assess student ability to connect long-term goals with long-term investing strategies.



Lesson 14: Increasing the Value of Your Money

BUCKET LIST

Name: _____

What are the experiences, adventures, and accomplishments you want to achieve in your life? If you had unlimited money and time, what would you do?

Write your top ten bucket list items below!

1.

2.

3.

4.

5.

6.

7.

8.

9.

10.



Lesson 14: Increasing the Value of Your Money

INVESTMENT PRODUCTS

Name: _____

Read the scenarios below and then identify the type of investment in each story.

1. Olivia received an electronic investment gift from her grandmother through **www.TreasuryDirect.gov** that was purchased for $25. Her grandmother told her the investment was a loan to the government and that she could collect her repayment and interest at the end of the term.
   What type of investment does Olivia have?

2. Ian bought a share in his favorite company last year, and he periodically receives dividends or a portion of the company's profits.
   What type of investment does Ian have?

3. Anna's new employer offers her the opportunity to set aside a percentage of pay to invest for retirement.
   What type of investment does Anna have?

4. Rujul works for a company that combines money from many different investors in order to purchase numerous separate investments.
   What type of investments does Rujul work with?



Lesson 14: Increasing the Value of Your Money

WHAT TYPE OF INVESTOR ARE YOU

Name: _____

You're 18 years old and you have just inherited $5,000! What will you do with it? First, decide your risk tolerance. Select Aggressive if you can handle the ups and downs of the market or Conservative if you prefer less volatility. Use the formula for compounding interest annually and follow the prompts for your path to see what happens to your $5,000 from age 18 to 65.

Compound Interest Formula $FV = P (1 + r/n) (nt)$

	AGGRESSIVE	CONSERVATIVE
Risk Tolerance ↓	Go big, or go home! I'll invest all **$5,000.**	I'll invest some and save some. Here's how much I will invest:
Asset Allocation ↓	Put it all in stocks and let's see what happens!	Diversify me, please! Give me a mix of stocks and bonds.
Steady Growth ↓	You're 25 now, and your money is growing fast. For the past eight years, you have been earning an annual return of 8% on your investments. **How much is your investment worth today?**	You're 25 now, and your money is growing steadily. For the past eight years, you have been earning an annual return of 4% on your investments. **How much is your investment worth today?**
Holding Steady ↓	From age 25 to 30 the market holds steady and your investment is still bringing in an 8% return.	From age 25 to 30 the market holds steady and your investment is still bringing in a 4% return.
Down It Falls ↓	When you're 50, the market drops slightly and you're earning a 2% return. The market lasts five years. **How much money do you have after the five years?**	When you're 50, the market drops, and now you're earning 3%. The market low lasts five years. **How much money do you have after the five years?**
	STOP AND THINK…You'll be nearing retirement soon and you just weathered a down market. Should you adjust your risk level? Why or why not?	
How Did You Do?	From age 55 to 65 you're earning a steady 8% return. **How much is your balance at age 65?**	From age 55 to 65 you're earning a steady 4% return. **How much is your balance at age 65?**



Lesson 14: Increasing the Value of Your Money

ACTION PLAN

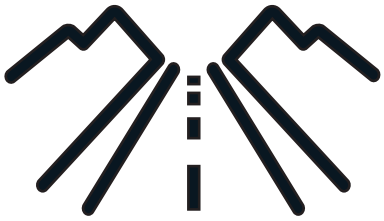
Name: _____

Review your bucket list created in the first activity and pick your top three favorite choices. Next, consider at what age you want to achieve your bucket list item and then what investment actions you can take today to start financially planning to make your dream a reality.

WE SAVE AND INVEST TO...

- Achieve goals
- Have feelings of security (be prepared for financial emergencies)
- Maintain self-esteem
- Have control over our financial future

Bucket List Goal	Age You Want to Accomplish This Goal?	What Investment Strategies Can You Use to Reach the Goal?
1.		
2.		
3.		



Lesson 15: Road to Retirement

TOPIC: Retirement Planning

Time: 70 min

Subject Connections:
- English Language Arts
- Math
- Social Studies

Supplies:
- Projector (for teacher presentation slides)
- Access to the Internet (optional)

Preparation:
- Make copies of student handout
- Set up projector with presentation slides

Glossary with key vocabulary 11

OVERVIEW:
Although retirement may seem a distant future for many high school students, this lesson demonstrates why thinking about retirement now means building retirement savings and securing one's future. Students research and compare different retirement plans, and assess how retirement savings are built through different retirement options, such as **Traditional** and **Roth IRAs** and **401(k)'s** and **403(b)'s**.

OBJECTIVES:
1. Explain how long-term retirement savings through investing builds wealth
2. Identify differences in retirement planning strategies
3. Create a retirement plan
4. Understand Social Security benefits

INDIVIDUAL HANDOUTS:
- Retirement Trivia
- On the Road to Retirement
- Plan It!*

TEACHER PRESENTATION SLIDES:
- Money Grows
- Retirement Vehicles: Where to Save?
- Retirement Vehicles: Where to Save if Self-Employed?

ESSENTIAL QUESTIONS:
- Why do I need to think about retirement now?
- How do I make sure I have enough for my future?
- How does someone become a millionaire?

ASSESSMENT ACTIVITIES:
Pre-Assessment:
- **Slide:** Money Grows

Post-Assessment:
- **Handout:** Retirement Trivia
- **Handout:** On the Road to Retirement

***Money Smart Portfolio Handouts**

Instruction Steps

WARM UP
A Day In The Life Of A Millionaire

10 MINUTES

Begin the lesson by asking students to imagine what it would be like to be a millionaire when they retire:

- *What would you do?*
- *What would you buy?*
- *Where would you go?*

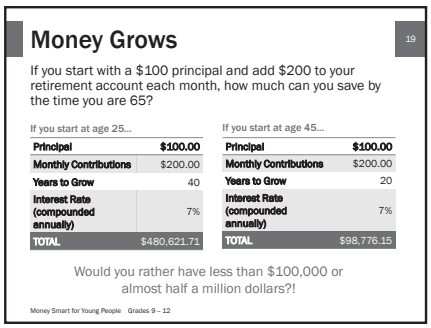
Invite volunteers to share their responses. Explain that it may seem like an unattainable goal, but many people become millionaires over time by saving and investing wisely.

Help students understand that it is a misconception that you have to start out rich or become famous to be a millionaire. With a well-developed financial plan and self-discipline to save and invest regularly over the course of your life, your money has the chance to grow in big ways.

MONEY SMART TIP!
Share with students "everyday" millionaires, those individuals who are not famous actors, businesspeople, or athletes, but rather average citizens working hard and saving hard. For example: share with students an article in the news or watch a short video compilation of "everyday" millionaires, such as *How These Average Joes Retired Millionaires* (3.5 minutes) at **http://finance.yahoo.com/blogs/daily-ticker/how-these-average-joes-retired-millionaires-142631833.html.**

GUIDED EXPLORATION
Retirement Vehicles

25 MINUTES


Money Grows

19

If you start with a $100 principal and add $200 to your retirement account each month, how much can you save by the time you are 65?

If you start at age 25...		If you start at age 45...	
Principal	$100.00	Principal	$100.00
Monthly Contributions	$200.00	Monthly Contributions	$200.00
Years to Grow	40	Years to Grow	20
Interest Rate (compounded annually)	7%	Interest Rate (compounded annually)	7%
TOTAL	$480,621.71	TOTAL	$98,776.15

Would you rather have less than $100,000 or almost half a million dollars?!

Money Smart for Young People Grades 9 – 12

Next, display the ***Money Grows*** slide and review the power of compound interest observed in each example. Encourage students to reflect on the difference between starting at age 25 versus 45.

Ask students: *Why has the money grown so much more in the first example?*

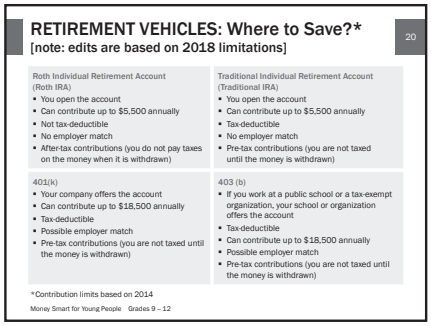
Help students understand that, even though both scenarios contribute $200 a month, the ability to start at a younger age means that you maximize the opportunity to compound interest over a longer period of time, resulting in a higher balance than if you contribute the same monthly amount later in life.

Grade Level Modifications:

Beginner: Spend time circling back to Lesson 4, *Boost Your Savings*, and Lesson 14, *Increasing the Value of Your Money,* to review the power of compounding interest over time.

Advanced: Challenge students to do their own calculations on how money can grow.

Have students use the compound interest calculator at **www.investor.gov/tools/calculators/compound-interest-calculator** and experiment with different interest rates and years. For example: how much does a principal of $2,000 grow over 30 years with an interest rate of 2 percent, 4 percent, 6 percent, and 8 percent?



Display the ***Retirement Vehicles: Where to Save?*** slide and highlight the similarities and differences among different retirement accounts (definitions for each are also included in the glossary).

Next, share the ***Retirement Vehicles: Where to Save if Self-Employed?*** slide and discuss how options are slightly different if you own a business or earn freelance income.



MONEY SMART TIP!

In addition to discussing retirement vehicles, discuss Social Security and how it plays a role in retirement planning. Connect back to Lesson 6, *Bread-and-Butter,* to discuss taxation, or have students explore the Social Security website at **www.ssa.gov.**

Distribute the ***Retirement Trivia*** handout and challenge students to work independently or in small groups to answer which retirement account each person has.

Review the answers together as a class and close the discussion by helping students understand that, your job, income, and retirement goals may determine the type of retirement account you establish.

Explain that many people consider age 65 to be the ideal retirement age, but retiring at that age may not be possible if one does not save enough. While there is no right way to plan for retirement, since different people use different retirement vehicles, it is important to start young and save diligently throughout the course of your life so that you are able to retire at the age of your choosing.

INDEPENDENT EXPLORATION

On The Road To Retirement

25 MINUTES

Note: These activities are more independent than the Guided Exploration activities and may be used as homework assignments, collaborative group work, or independent study.

Distribute the ***On the Road to Retirement*** handout and allow students time to work through both scenarios either with a partner or in small groups.

MONEY SMART TIP!
Provide students with an online compound interest calculator to complete the *On the Road to Retirement handout,* such as the one found at **Investor.gov**. **www.investor.gov/additional-resources/free-financial-planning-tools/compound-interest-calculator#.VBsXuyiNZdQ**

When students are finished, discuss their results and explain that Jessica's decision to borrow $20,000 from her 401k ended up costing her almost $300,000 in lost income over the course of her life! She also paid immediate fees from early withdrawal and tax payments.

Help students understand that a decision she made at age 30 had a lasting impact on her financial future. Even though she still continued to contribute $250 to her 401k each month, her contributions would have grown dramatically if she chose to leave the $20,000 in her account.

MONEY SMART TIP!
Extend the *On the Road to Retirement* activity by having students write a cause and effect essay based on Jessica's retirement choices.

WRAP UP
Plan It!

10 MINUTES

End the lesson by distributing the ***Plan It!*** handout and allow students time to reflect and write their answers. Invite students to share their plans with the class and use student responses as an opportunity to reiterate the importance of starting early with retirement savings.

MONEY SMART TIP!
Extend the conversation of retirement planning by discussing saving habits and how they can create long-term retirement security. For instance, explore how developing a habit of paying yourself first can lead to sufficient retirement funds.

Extended Exploration

Note: Use the following ideas to extend financial literacy concepts throughout the school year within core content areas through English Language Arts, Math, Social Studies and Economics, and Technology activities, projects, and discussions. Duration of activities will vary.

ENGLISH LANGUAGE ARTS

Writing Prompts:

At what age do you want to retire? What do you think retirement will be like? What would you like to do when you're retired?

How much money do you think you will need in five years? Ten years? Twenty years? Forty years? What actions can you take now to start saving so that you have enough money when you are ready to retire?

Suggested Readings:

Borrowing Against a 401k: Why You Should or Should Not: An overview of outcomes when you borrow against a 401k. **www.fool.com/retirement/401k/2014/09/13/borrowing-against-a-401k-why-you-should-and-should.aspx**

The Secret to Saving for Retirement When You Have Nothing Saved at All by Time magazine: A question-and-answer column on how to start saving for retirement. **http://time.com/money/3222252/retirement-strategy-when-nothing-saved**

MATHEMATICS

Activity/Project Ideas:

Challenge students to calculate long-term savings with retirement accounts, including variables such as early withdrawal fees, spikes and dips in the market, and frequency and amount of contributions.

SOCIAL STUDIES AND ECONOMICS

Discussion Topics:

Discuss well-known investors such as Warren Buffet and how their personal philosophies on managing money have shaped their long-term investments. Explore, for instance, how Buffet has lived in the same home for more than 50 years despite having an estimated net worth of over $60 billion. How do choices such as spending less than what you have help support long-term savings goals?

Activity/Project Ideas:

Have students research retirement practices around the world. How do people living in other nations plan for retirement? What similarities and differences exist between the United States and other countries in terms of retirement saving?

TECHNOLOGY

Online Resources:

Compound Interest Calculator by **Investor.gov**: An online calculator that calculates compound interest.
www.investor.gov/additional-resources/free-financial-planning-tools/compound-interest-calculator#.VBsXuyiNZdQ

Retirement Calculator by the Financial Industry Regulatory Authority (FINRA): An online calculator used to plan investment strategies.
https://tools.finra.org/retirement_calculator/

Practical Money Skills Countdown to Retirement by Visa: An online game that walks students through their first job through retirement, and the choices they will make along the way.
www.practicalmoneyskills.com/games/

My Plan by 360 Degrees of Financial Literacy: A planning guide that lets students pick areas of interest. A detailed list of resources and related articles are presented based on selected goals to guide students in planning for their future.
www.360financialliteracy.org/my360/dashboard

The Truth About Millionaires by The Mint: An online quiz testing students' knowledge of what millionaires are really like.
www.themint.org/teens/the-truth-about-millionaires.html

Activity/Project Ideas:

Have students build their own compound interest calculator using spreadsheet software.

Answer Key

Student Handout 1:

Retirement Trivia

1. Meet Lindsey... Which accounts do I have?"
   Roth IRA and 401b
2. Meet Kushal... What type of account do I have?"
   401k
3. Meet Alisha... What type of account do I have?"
   SEP IRA

Student Handout 2: ***On the Road to Retirement***

Jessica is 30 years old now and has been contributing $250 to her 401k each month since she started at age 23. How much is in her 401k at age 30?

$35,337.53

She has been wanting to buy a new truck for a while... Should she do it?

NO!

How much is her account worth now at 40?
$119,750.77

Jessica is 50 now ... How much is her 401k worth today?
$301,992.61

What is the final balance of her account?
$1,039,427.98

YES!

What is her balance at age 40?
$76,572.26

Jessica is 50 now ... How much is her 401k worth today?
$208,773.45

What is the final balance of her account?
$743,721.03

Which path yielded Jessica a higher return? Why is this?
NO! Not borrowing money from her retirement account yielded Jessica a much higher return because the money she would have borrowed had a longer period of time to earn interest and grow.

Student Handout 3: ***Plan It!***

Answers will vary.



Lesson 15: Road to Retirement

RETIREMENT TRIVIA

Name: _____

Read the scenarios below and determine the appropriate retirement account for each.

1. MEET LINDSEY
   "I'm a teacher, and my retirement strategy is to have a mix of after-tax and pretax contributions, so I save my money in two different accounts. One account is offered by my employer and I started the other account on my own. Which accounts do I have?"

2. MEET KUSHAL
   "I'm a manufacturing engineer, and when I first started my job I set up my retirement account so it would automatically put 7% of my income away each pay period. Plus, my company gives me 4% on top of that. What type of account do I have?"

3. MEET ALISHA
   "I'm a freelance graphic designer, and I love what I do! I try to max out my retirement savings at 25% of my net earnings each year. I don't have the benefits of an employer match like I would if I worked for someone else, so I work hard to max out my contributions whenever I can. What type of account do I have?"



Lesson 15: Road to Retirement

ON THE ROAD TO RETIREMENT

Name: _____

Help Jessica see her account change through compounding interest annually at a rate of 8%.

Meet Jessica, a 23-year-old college graduate who just got her first job as a marketing assistant. While her employer offers a 401k, her company doesn't offer matches. But she heard that you should start saving early for later in life, so she's decided to set up her account so $250 is automatically deposited into her 401k each month. She's already started contributing with a **$5,000 principal.**

AGE 30

How much is in her 401k at age 30?

She has been wanting to buy a new truck for a while, and since she feels pretty far ahead with her retirement savings, she is considering borrowing $20,000 from her 401k to help pay for the truck.

SHOULD SHE DO IT?

NO!	**YES!**
AGE 40	
Jessica is 40 now; she decided not to borrow money from her 401k, and instead continued on saving $250 diligently each month for all of her 30s. **How much is her account worth now at 40?**	She didn't realize was that she would have to pay an early-withdrawal penalty of 10% ($2,000) because she was under age 59½, federal income tax of 15% ($4,000), and state income tax of 4% ($800). The $20,000 cost her $6,800 at the time of withdrawal from taxes and penalties! Even though she borrowed money, she maintained the automatic $250 monthly deposit into her 401k. **What is her balance at age 40?**
AGE 50	
She has kept up her savings goal of $250 a month. **How much is her 401k worth today?**	She has kept up her savings goal of $250 a month. **How much is her 401k worth today?**
AGE 65	
She is ready for retirement. She was a diligent saver her whole life and continued to contribute $250 each month. **What is the final balance of her account?**	She is ready for retirement. She was able to keep up with $250 monthly contributions. **What is the final balance of her account?**

Which path yielded Jessica a higher return? **NO!** **or** **YES!**
Why is this?

What amount did Jessica miss out on by withdrawing money at age 30? _____



Lesson 15: Road to Retirement

PLAN IT!

Name: _____

It's never too early to start planning for retirement. In fact, the earlier you plan, the more time your money has to grow! Answer each of the questions below in detail to help launch your plan today.

1. Why is it important to plan for retirement now when you won't be retiring until later?

2. At what age do you think you will start planning for retirement? Why?

3. What types of retirement vehicles might you use to build your retirement savings, and why? (For example: will you search for a job with 401k benefits? Will you open your own Roth IRA?)

4. Once you determine which type of retirement account(s) you will open, how much will you be able to contribute monthly or annually?

5. What can you do today to decrease expenses in order to increase money you can save for your future?



Lesson 16: Crash Pad

TOPIC: Homeownership and Renting

Time: 60 min

Subject Connections:
- English Language Arts
- Math

Supplies:
- Projector (for teacher presentation slides)
- Access to the Internet (optional)

Preparation:
- Make copies of student handout
- Set up projector with presentation slides

Glossary with key vocabulary 11

OVERVIEW:

Living on your own for the first time brings up challenges teens and young adults have never considered before. From managing expectations, to weighing the costs and benefits of renting versus **owning**, students explore how to find their ideal crash pad in this lesson. Students will explore the costs of **renting** and **buying**, as well as understanding **mortgages**. Students will also consider the costs and benefits within the context of their short-, medium-, and long-term goals of renting versus buying a home.

OBJECTIVES:

1. Explain the responsibilities and expenses of renting versus owning
2. Analyze renting versus homeownership
3. Evaluate sound financial decision making for renting and owning property
4. Discuss costs related to homeownership
5. Discuss how homeownership can create wealth
6. Understand the mortgage approval process

INDIVIDUAL HANDOUTS:

- Renter's Review
- Buyer's Review
- Housing Needs*

TEACHER PRESENTATION SLIDES:

- Pros & Cons of Renting
- Pros & Cons of Buying
- Renting Costs
- Buying Costs
- Housing Challenge (3)

ESSENTIAL QUESTIONS:

- Should I rent or buy?
- How does homeownership work?

ASSESSMENT ACTIVITIES:

Pre-Assessment:
- **Slide:** Pros & Cons of Renting
- **Slide:** Pros & Cons of Buying

Post-Assessment:
- **Handout:** Renter's Review
- **Handout:** Buyer's Review
- **Handout:** Housing Needs
- **Slide:** Housing Challenge slides (3)

***Money Smart Portfolio Handouts**

Instruction Steps

WARM UP
Would You Rather?

5 MINUTES

Begin the lesson by playing a short game of "Would You Rather?" by posing a series of housing- related questions to the class with either/or options.

For example: ask students:

- *Would you rather live alone or with a roommate?*
- *Would you rather rent or buy?*
- *Would you rather have a big house with a big payment or a small house with a small payment?*

Allow students to answer and provide their reasoning.

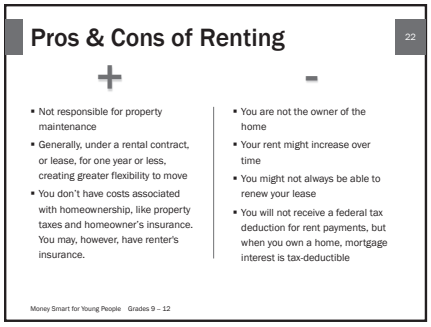
Engage students in thinking through their positions on each question, and explain that, when it comes to where we live, we have many choices. We can choose to rent or buy, we can choose to have roommates, we can choose to take out a mortgage to help pay for a home, or we can choose not to buy a home at all.

Emphasize that, like in other financial areas (such as spending, saving, and budgeting), we make personal choices based on our needs and wants; and housing is no different.

Informed consumers (those that understand all of the options available to them) are able to make financially savvy choices when it comes to their housing.

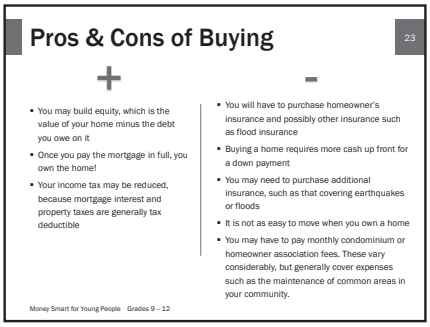
GUIDED EXPLORATION
Renting Versus Buying

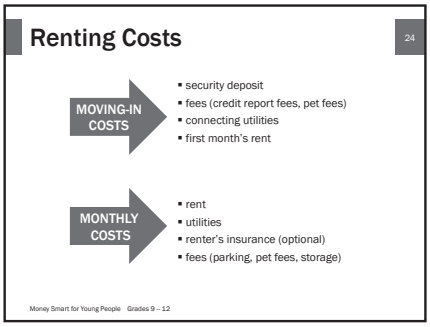
30 MINUTES



Tell students that perhaps one of the biggest choices they will make regarding housing is whether to rent or buy.

First, display the ***Pros & Cons of Renting*** slide and review the lists. Invite students to share their own ideas on the advantages and disadvantages of renting.





Next, display the ***Pros & Cons of Buying*** slide and engage students in a discussion about the advantages and disadvantages that go along with buying a home.

Display the ***Renting Costs*** slide and discuss the different expenses associated with moving into a new rental home or apartment, as well as ongoing monthly expenses once you have moved in.

For example: some renters choose to pay for renter's insurance, which protects the renter's personal items against theft or damage. Explain that, while a landlord will likely have insurance, that insurance will only protect the building of the renter's apartment and not the renter's personal items inside the apartment.

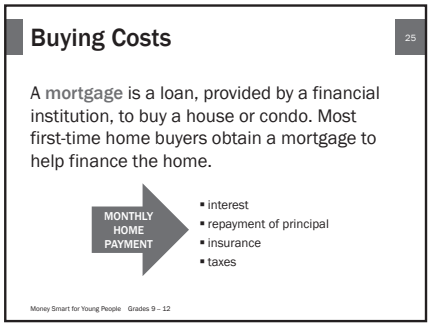
Remind students that it is important to review your income and expenses before making a housing decision so that you can be sure you can afford all of the expense categories.

Grade-Level Modifications:

Beginner: Circle back to Lesson 3, *Can You Pay Your Bills?,* and review spending and budgeting strategies. Discuss how to weigh income and expenses in order to create a smart spending plan, and then help students connect those concepts to the context of housing.

Advanced: Have students create a housing budget as if they are about to move out on their own for the first time. Challenge students to list all of their personal expenses as well as new housing expenses that will need to be worked into the budget.

Next, distribute the ***Renter's Review*** handout and have students work with a partner or in small groups to complete the challenge. When students are finished, discuss their answers and reiterate the importance of creating and analyzing a budget before making major decisions, like renting, for the first time.



Transition the discussion next to buying a home. Show students the ***Buying Costs*** slide and discuss how costs differ from renting versus buying.

MONEY SMART TIP!

Have students review the Fair Housing Act, and explain that this law protects you from discrimination throughout the loan process from the time you submit a loan application until you receive the final loan approval. It also covers you as a renter, beginning from the time you are shopping for a rental property. **http://portal.hud.gov/hudportal/HUD?src=/program_offices/fair_housing_equal_opp/FHLaws/yourrights**

Help students understand that a mortgage is a loan provided by a financial institution to buy a house or condo and that there are a number of costs associated with a mortgage, including:

- **Closing costs:** Fees associated with buying and settling, or finalizing, your loan. They can include property taxes, broker and attorney fees, inspection fees, and title insurance.
- **Taxes:** Taxes are included in your monthly mortgage payment or either paid once or twice a year, depending on the requirement of the financial institution that made the mortgage loan. Taxes can amount to several thousand dollars per year, depending on the value of your house and the state where you live.
- **Insurance:** Homeowner's insurance will cover you in the event of an accident (for example: if your house catches on fire, the basement floods in a storm, someone falls or is injured on your property, or if a window breaks due to a flying rock/debris from a lawn mower).
- **Interest:** Interest is the cost of borrowing money. You pay the mortgage company interest every month as a portion of your monthly mortgage payment.

MONEY SMART TIP!
Connect back to Lesson 7, *Capacity, Character, Collateral, Capital*, and discuss the Four Cs as they relate to mortgages. Explain that mortgage lenders will inquire about your Four Cs before qualifying you for a loan.

Tell students they will now get the chance to assess a homebuyer like they did in ***Renter's Review***. Distribute the ***Buyer's Review*** handout and have students regroup with their partners or small groups to work through the challenge.

Invite students to share their answers, and discuss the differences between the renting and buying reviews.

Ask students:

- *How do different stages in our life affect our decision to rent versus buy?*
- *Have you considered Ramón's life stage of graduating college and starting his career versus the renter*'s challenge of moving out on your own for the first time?
- *How are housing choices based on different needs?*

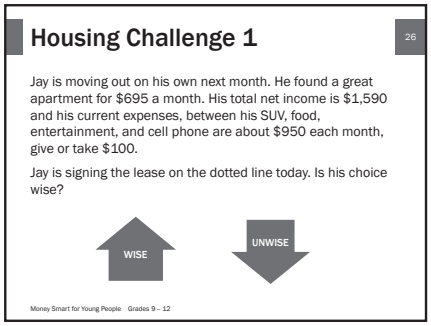
MONEY SMART TIP!
Expand the discussion by exploring predatory lending practices. Explain that predatory lending occurs when companies offer loan products using sales tactics, propose loan terms that deceive borrowers, and use collection practices that frighten people. Refer to Lesson 20, *Protect Yourself,* for more information.

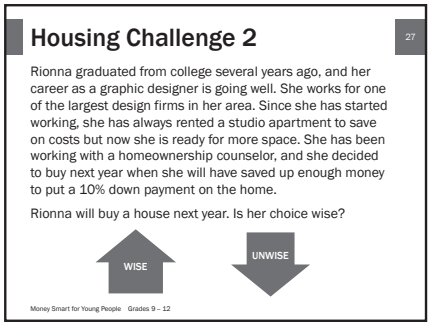
INDEPENDENT EXPLORATION
Housing Challenge

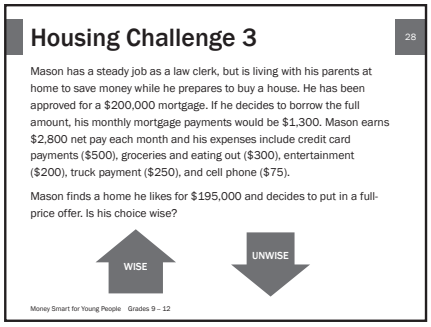
20 MINUTES

Note: These activities are more independent than the Guided Exploration activities and may be used as homework assignments, collaborative group work, or independent study.

Tell students that they are going to test their renting and buying skills by assessing different scenarios. Display the (3) ***Housing Challenge slides*** one at a time and read the scenarios to students.







Students will have to assess whether or not the actions in the scenario are wise or unwise to the character's overall financial health.

Designate parts of the classroom to represent "Wise" and "Unwise" and have students move to the area that aligns with their assessment for each scenario. Pause after each scenario and have students defend their positions.

Ask students to contemplate why some actions are harmful and why others are helpful. Encourage a lively debate and help students understand that:

- the first scenario is unwise because Jay will have negative cash flow if he makes his housing choice;
- the second scenario is wise because Rionna is saving money for a down payment and is preparing to then buy her home; and
- the third scenario is unwise, because even though Mason was approved for a mortgage amount, that doesn't necessarily mean his monthly budget can afford it.

MONEY SMART TIP!
The *Housing Challenge* activity may be completed individually by having students write down their assessments of the scenarios and then share them in a group discussion.

WRAP UP
Housing Needs

5 MINUTES

Close the lesson by distributing the ***Housing Needs*** handout and give students five minutes to reflect on their housing needs today, tomorrow, and in the long-term future. Invite students to share their responses.

Extended Exploration

Note: Use the following ideas to extend financial literacy concepts throughout the school year within core content areas through English Language Arts, Math, Social Studies and Economics, and Technology activities, projects, and discussions. Duration of activities will vary.

ENGLISH LANGUAGE ARTS

Writing Prompts:

What type of home do you need? Think of your needs in terms of location, space, and amenities. What type of home do you want? What do you envision your home looking like?

What is your position on renting versus owning a home? Define and defend your position while considering opposing viewpoints.

Suggested Readings:

Fair Housing Rights and Obligations by the U.S. Department of Housing and Urban Development: Read detailed information on the Fair Housing Act.
www.hud.gov/program_offices/fair_housing_equal_opp/fair_housing_rights_and_obligations

Looking for the Best Mortgage: Shop, Compare, Negotiate by the U.S. Department of Housing and Urban Development: Investigate how to shop for the best mortgage.
www.hud.gov/sites/documents/BOOKLET.PDF

Know Before You Owe by the Bureau of Consumer Financial Protection: Read an overview of the mortgage process.
www.consumerfinance.gov/know-before-you-owe

MATHEMATICS

Activity/Project Ideas:

Have students calculate how long it would take to pay off a mortgage using different principal amounts, interest rates, and taxes.

SOCIAL STUDIES AND ECONOMICS

Discussion Topics:

Analyze and discuss the U.S. housing bubble that peaked in 2006 and crashed in 2008 and the implications the housing market has on broader economics. What are the ramifications of increased foreclosures on both a personal and national level?

Activity/Project Ideas:

Have students research rental properties and homes for sale in your area and compare and contrast prices. Students may also compare and contrast the cost of renting versus buying by using an online comparison calculator such as the one found at **http://calculators.freddiemac.com/response/lf-freddiemac/calc/home10**.

TECHNOLOGY

Online Resources:

U.S. Department of Housing and Urban Development: Review this comprehensive website for information on housing, including renting, buying, discrimination, avoiding foreclosure, and more. **http://portal.hud.gov/hudportal/HUD**

Rent Versus Buy Calculator: An online calculator that compares costs of renting versus buying a home. **www.realtor.com/mortgage/tools/rent-or-buy-calculator/**

Mortgage Calculator: An online calculator used to calculate monthly mortgage payments. **www.knowyouroptions.com/find-resources/information-and-tools/financial-calculators/mortgage-calculator**

Home Mortgage Disclosure Act by the Consumer Financial Protection Bureau: Obtain data, facts, and figures on U.S. mortgages. **www.consumerfinance.gov/hmda**

Answer Key

Student Handout 1:

Renter's Review

1. Based on your total initial funds, can you afford to move into a one-bedroom apartment at the Pine-Woods Apartments today?
   No; you would need at least $910, and you only have $625.
2. How much more money would you need to save to move into a one-bedroom apartment?
   $285
3. How long will it take you to save that amount if you continue to save $50 a month?
   6 months

4. Could you afford the monthly rent (for a one-bedroom apartment) and your estimated expenses based on your income?
   You could pay for the rent and your expenses. However, you would have only $124 remaining each month for any additional (for example: entertainment and personal expenses) or unexpected (for example: medical or vehicle repair bills) expenses.
5. You and your best friend decide to rent a two-bedroom apartment together. If you split the costs to move in (security deposit, application fee, and first month's rent), what would it cost each of you to move in, and could you afford it?
   $605. You could afford it, but it would leave you with only $20 until you received your next paycheck. You should save at least $1,481 for the move-in costs and your first month's expenses. It would be better if you had several months' worth of savings as a cushion in case you are unable to work (from illness or injury) or you become unemployed (that is, laid off or fired).
6. Could you afford the monthly rent and your expenses if you shared a two-bedroom apartment?
   Yes. You would have about $349 left each month for any additional (for example: entertainment and personal expenses) or unexpected (for example: medical or vehicle repair bills) expenses if you split the rental costs and utilities.

Student Handout 2: ***Buyer's Review***

1. Does Ramón have enough money for the down payment and closing costs? No
2. If not, how much more does he need? $2,800
3. Do you think Ramón is ready to buy a home? If not, what can he do to be better prepared?
   Answers will vary. For example: Ramón would need to save some additional money to cover the closing costs. However, he may be able to negotiate and have the seller pay some or all of the closing costs. We still do not know enough about Ramón's situation (for example: whether he can afford the monthly mortgage payment, or his debt and savings).

Student Handout 3: ***Housing Needs***

Answers will vary. Use handout to assess student ability to reflect on personal short, medium, and long-term housing needs.



Lesson 16: Crash Pad
RENTER'S REVIEW

Name: _____

Review the rental costs at Pine Woods Apartments outlined below. Compare these costs with your estimated income and rental and living expenses, and then answer the following questions.

THE CHALLENGE
You have $500 in savings and $125 in cash. You start a full-time job and your take-home pay is $1,400 a month.

You are currently living with your parents and only have to pay a monthly vehicle payment of $195 and a cell phone bill of $56. You also spend about $100 on gas and have been saving $50 a month. That leaves you with about $800 each month for entertainment, food/eating out, personal expenses, and additional savings toward an apartment.

You are anxious to move out on your own. You begin to look at one- or two-bedroom apartments at the Pine Woods Apartments to determine whether you can afford it yet.

Pine Woods Apartments:

Rental Expenses	Bedroom	
	1	2
Security Deposit:	$500	$650
Application Fee:	$10	$10
First Month's Rent:	$400	$550
Total to Move In:	**$910**	**$1,210**

Income

Savings:	$500
Available Cash:	$125
Total Initial Funds:	**$625**
Total Monthly Funds:	**$1,400**

Estimated Living Expenses if Renting

Utilities (for example: water, electric/gas, cable, Internet, and phone):	$200
Food:	$200
Vehicle payment:	$195
Vehicle insurance:	$75
Gas:	$100
Cell phone:	$56
Savings:	$50
Estimated Total:	**$876**

1. Based on your total initial funds, can you afford to move into a one-bedroom apartment at the Pine Woods Apartments today?

2. How much more money would you need to save to move into a one-bedroom apartment?

3. How long will it take you to save that amount if you continue to save $50 a month?

4. Could you afford the monthly rent (for a one-bedroom apartment) and your estimated expenses, based on your income?

5. You and your best friend decide to rent a two-bedroom apartment together. If you split the costs to move in (security deposit, application fee, and first month's rent), what would it cost each of you to move in, and could you afford it?

6. Could you afford the monthly rent and your expenses if you shared a two-bedroom apartment?



Lesson 16: Crash Pad
BUYER'S REVIEW

Name: _____

Review the scenario and then answer the questions.

THE CHALLENGE

Ramón has graduated from college and started his career as an engineer. Now he thinks he may be ready to buy a condo or townhouse.

Ramón's gross pay is $4,100 a month, and his net, or take-home pay, is $3,075. He has been saving for a down payment and closing costs and has $4,200 saved so far. Ramón contacted his state's Housing Finance Authority and learned about a program that helps first-time home buyers with their down payment and closing costs. The program matches the amount the buyer has saved to buy a home. That means he would have $8,400 he could put toward a down payment and closing costs. He enrolls in the program and completes several homeownership classes that are part of the program's requirements.

Ramón's Funds

Down payment and closing costs:	$4,200
Matched savings:	$4,200
Total funds available:	**$8,400**

Purchase Cost

Cost of house:	$140,000
Down payment:	$4,200
Closing costs:	$7,000
Total funds to purchase:	**$11,200**

In the middle of his homeownership training, a banker works with Ramón and pre-qualifies him for a maximum mortgage amount of $165,000. (Pre-qualification is an informal way to find out how much money you can borrow.) Ramón is also eligible to pay only a 3% down payment because he is a first-time home buyer.

As a rule of thumb, many people estimate they are able to afford a mortgage of two to three times their household income. Ramón's annual income is $49,200, so he might be able to afford a mortgage of $98,400 to $147,600.

$49,200 x 2 = $98,400
$49,200 x 2.5 = $123,000
$49,200 x 3 = $147,600

Keep in mind that, if you qualify for a higher amount, that does not mean you can afford or will be comfortable with those monthly payments. Consider your own circumstances and your future financial needs and goals.

Ramón has found a townhouse that he likes. It is listed for $140,000. The lender estimates that Ramón would need $4,200 for a 3% down payment and $7,000 (5% of house cost) for closing costs.

1. Does Ramón have enough money for the down payment and closing costs?

2. If not, how much more does he need?

3. Do you think Ramón is ready to buy a home? If not, what does he need to do to be better prepared?



Lesson 16: Crash Pad
HOUSING NEEDS

Name: _____

While we can't predict the future, we can think ahead and make a plan! Think about what your housing needs are today (for example: number of bedrooms, square footage, location, amenities, security, comfort, view) and how those might change over the course of your life. Answer the questions below.

SHORT-TERM
What are my housing needs now? How much space do I need? What location do I need to live in? How important are amenities and security to me? What actions can I take today to meet those needs?

MEDIUM-TERM
What do I think my housing needs will be five years from now? How will my needs change if I have children or relocate to a new area? How much space will I need then? How important will location, security, and amenities be to me? What financial choices can I make today that will help support my future housing needs?

LONG-TERM
What do I think my housing needs will be 15 years from now? 30 years? How will my needs change if my family grows? How will my housing needs change as I grow older? Will I need more or less space? What financial choices can I make today that will help support my future housing needs?



Lesson 17: Pocket Giving

TOPIC: Charitable Giving

Time: 55 min

Subject Connections:
- English Language Arts
- Math
- Social Studies

Supplies:
- Projector (for teacher presentation slides)
- Access to the Internet (optional)

Preparation:
- Make copies of student handout
- Set up projector with presentation slides

Glossary with key vocabulary 11

OVERVIEW:
As students continue to strengthen their budgeting and spending skills, incorporating **charitable giving** into their long-term financial plan is an important element to plan and save for. This module explores philanthropic giving, how to devise a spending plan to meet your giving goal, and what to do if you are the recipient of a gift. The lesson also delves into charitable giving in nonmonetary ways, showing students that giving extends beyond cold, hard cash.

OBJECTIVES:
1. Evaluate charitable giving
2. Analyze monetary and non-monetary forms of giving
3. Create a spending plan to include giving
4. Discuss tax deductions for giving

INDIVIDUAL HANDOUTS:
- Charity Research Challenge*
- Giving Tree*
- Pay It Forward*

TEACHER PRESENTATION SLIDES:
- Spend, Save, Give
- Philanthropy
- Budget: Spend, Save, Give

ESSENTIAL QUESTIONS:
- What is philanthropy?
- How do I give if I don't have enough money?
- What type of giving should I do?

ASSESSMENT ACTIVITIES:
Pre-Assessment:
- **Slide:** Spend, Save, Give

Post-Assessment:
- **Handout:** Charity Research Challenge
- **Handout:** Giving Tree
- **Handout:** Pay It Forward

***Money Smart Portfolio Handouts**

Instruction Steps

WARM UP
Spend, Save, Give

5 MINUTES



Begin the lesson by displaying the ***Spend, Save, Give*** slide and ask students to think about what each of the images means. *What do they represent?*

Explain that they stand for spend, save, and give—three powerful ways we make choices with our money.

Ask students to contemplate why we would consider giving as part of our financial plan.

- *What do we receive by sharing our resources with others?*
- *What do we receive when others share their resources with us?*

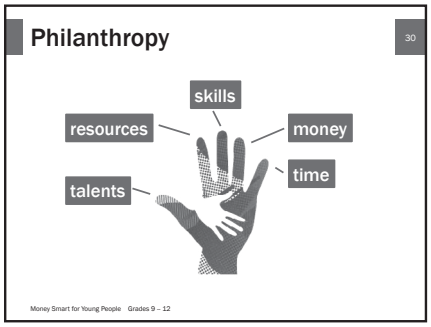
Engage students in a discussion about the reciprocal benefits of giving, from both the giver's perspective and the receiver's perspective.

MONEY SMART TIP!

Have students explore real-life philanthropists such as Bill Gates, or other children and teen philanthropists such as those featured at **http://listverse.com/2011/01/27/10-great-philanthropists-who-are-kids/** (approximately 1–7 minutes per video) and **www.themint.org/teens/give-time-and-energy.html.**

GROUP EXPLORATION
Budget

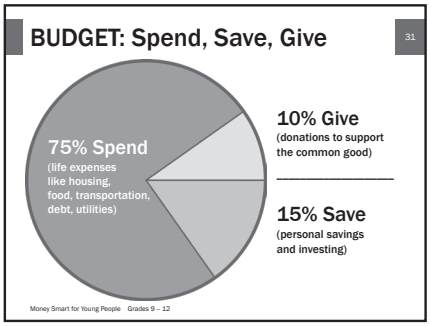
15 MINUTES



Display the ***Philanthropy*** slide, ask students if they have ever heard of the term "philanthropy" and invite volunteers to share their understanding of the term. Explain that **philanthropy** is based on promoting the welfare of others, or the **common good**, and that it is expressed not just through donating money but also through using our talents, skills, resources, and time to help support causes we care about.

MONEY SMART TIP!

Discuss with students how charitable contributions are tax deductible. Review and discuss the Internal Revenue Service's ***Eight Tips for Deducting Charitable Contributions guide*** at **www.irs.gov/uac/Eight-Tips-for-Deducting-Charitable-Contributions.**



Explain that monetary donations are often a common choice for charitable giving and that, when we decide to donate money, it should be planned for and included in our budget. Display the ***Budget: Spend, Save, Give*** slide and explain that the graph represents a sample income allocation, with 15 percent going toward personal saving and investing, 10 percent toward charitable giving, and 75 percent toward all other life expenses.

Ask students why it is important to think ahead about how much to give. Encourage volunteers to share their reasoning, and remind students that donating money is still an expense and that, by keeping track of it as you would other expenses like groceries, vehicle payments, and entertainment purchases, you can ensure you have enough cash flow to meet all of your needs and wants.

Grade-Level Modifications:

Beginner: Connect back to Lesson 3, Can You Pay Your Bills?, and review with students the importance of creating and following a spending plan.

Advanced: Have students create their own budgets to include charitable giving. Using spreadsheet software or an online budgeting tool, challenge students to track their life expenses and determine a reasonable percentage within their net income that could be allocated for charitable giving.

MONEY SMART TIP!

Share with students fun statistics about charitable giving (for example: historically, charitable giving rises about one-third as fast as the stock market).

For more statistics, visit the National Philanthropic Trust website at **www.nptrust.org/philanthropic-resources/charitable-giving-statistics/.**

INDEPENDENT EXPLORATION

Research Challenge

25 MINUTES

Note: These activities are more independent than the Guided Exploration activities and may be used as homework assignments, collaborative group work, or independent study.

Tell students that, after you make a spending plan and determine how much of your net income you want to set aside for charitable giving, the next step is to research and evaluate charitable organizations before making your donation. Distribute the ***Charity Research Challenge*** handout and allow students time to complete it.

MONEY SMART TIP!
Share with students the Federal Trade Commission's ***Before Giving to a Charity guide*** at **www.consumer.ftc.gov/articles/0074-giving-charity.** Discuss how people take advantage of goodwill through charity scams and why it is important to conduct thorough research on a charity or organization before making the decision to donate.

When students have completed t3heir research, distribute the ***Giving Tree*** handout and allow students time to complete it.

When students are finished, invite volunteers to share their charity selections with the class and discuss ways that different organizations may benefit from a variety of donations. For instance, a fund-raising event not only needs monetary donations, but also volunteers to support and organize the event by helping to set up, advertise the event, and work at the event itself.

Reiterate that philanthropy does not have to be viewed as solely a monetary donation and that there are many ways we can make meaningful impacts by sharing our talents and skills with others.

WRAP UP
Pay it Forward

10 MINUTES

Close the lesson by distributing the ***Pay It Forward*** handout and allow students time to reflect on how they will "pay it forward" in their lives. Invite students to share their lists with the class.

MONEY SMART TIP!
Have students use the lists they developed in *Pay It Forward* to compose a future email message to themselves using Future Me at **www.futureme.org.**

Extended Exploration

Note: Use the following ideas to extend financial literacy concepts throughout the school year within core content areas through English Language Arts, Math, Social Studies and Economics, and Technology activities, projects, and discussions. Duration of activities will vary.

ENGLISH LANGUAGE ARTS

Writing Prompts:

Analyze the meaning of the following quote from Victor Hugo: "As the purse is emptied, the heart is filled." *What do you think Hugo means*?

Suggested Readings:

Giving by The Mint: Tips for teens on how to incorporate giving into their financial plan.
www.themint.org/teens/giving.html

378 Starbucks Customers "Pay It Forward" by Tween Tribune: Read about a real-life moment of giving through a simple act of paying for someone else's coffee. **www.tweentribune.com/article/tween56/378-starbucks-customers-pay-it-forward**

MATHEMATICS

Activity/Project Ideas:

Have students calculate tax deductions on different types of charitable donations, such as monetary donations and gifting an item like a vehicle.

SOCIAL STUDIES AND ECONOMICS

Discussion Topics:

Have students discuss the benefits of corporate giving programs. How does corporate giving help to support the common good?

TECHNOLOGY

Online Resources:

Charity Scams Guide by The Federal Trade Commission: A comprehensive guide to charity scams. **www.consumer.ftc.gov/features/feature-0011-charity-scams**

Charity Checklist by The Federal Trade Commission: A checklist used to verify the authenticity of a charity. **www.consumer.ftc.gov/articles/0074-giving-charity**

Eight Tips for Deducting Charitable Contributions by the IRS: Information on how charitable donations are tax deductible. **www.irs.gov/uac/Eight-Tips-for-Deducting-Charitable-Contributions**

Activity/Project Ideas:

Have students research and debate the pros and cons of using social media to help a charitable cause go "viral." For example, review record-breaking fund-raising campaigns that spread around the world, such as the ALS Ice Bucket Challenge of 2014, popular Twitter hashtags, and awareness months like "Movember" in which men are challenged to grow moustaches during the month of November to raise awareness for men's health issues and cancer. Debate whether social media is an appropriate platform to raise awareness and what happens to such charitable causes after the rush of going "viral"is over.

Answer Key

Student Handout 1: ***Charity Research Challenge***

Answers will vary. Use handout to assess student ability to conduct research and evaluate and compare data.

Student Handout 2: ***Giving Tree***

Answers will vary. Use handout to assess student ability to articulate in what ways they can incorporate charitable giving into their overall financial plan.

Student Handout 3: ***Pay It Forward***

Answers will vary. Use handout to assess student ability to reflect on ways they can incorporate charitable giving into their lives.



Lesson 17: Pocket Giving

CHARITY RESEARCH CHALLENGE

Name: _____

Using an Internet search engine, research three organizations or charities in your local community that would benefit from philanthropy. These may include religious programs, animal shelters, health programs, environmental preservation programs, or performing arts organizations. Think about what your interests are and how they would best align with an organization in need.

RESEARCH TIPS

Use the websites below to start your charity search.

- **CharityNavigator.org**
- **GuideStar.org**
- **CharityWatch.org**

	1:	2:	3:
Website			
Type of charity or organization			
What is their central purpose or goal in helping others?			
What type of donation could they benefit from? Money, time, talent?			
How can I help?			
What ways could I donate to this cause?			

If you decide to donate to any of the charities you have researched, be sure to follow the Federal Trade Commission's Charity Checklist at **www.consumer.ftc.gov/articles/0074-giving-charity**.



Lesson 17: Pocket Giving

GIVING TREE

Name: _____

Using your research from the Charity Research Challenge activity, select one organization and fill in the giving tree below based on ways that you could share your time, talents, resources, money, and skills.

REMEMBER TO ASK YOURSELF...

What am I good at? What talents do I have that I could use to benefit others?

What are ways in which I could use my time to help a cause?

Am I able to donate money? If so, how much money could I donate?

What are skills that I have that could benefit others?



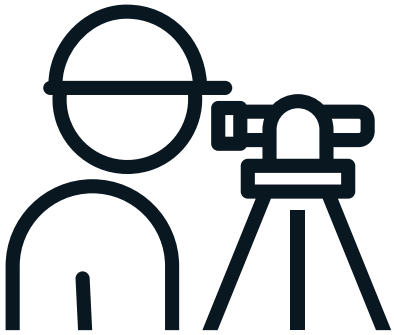
Lesson 17: Pocket Giving

PAY IT FORWARD

Name: _____

Part of a strong financial plan is thinking through our actions today, tomorrow, and well into the future. To help you think through your charitable goals, write a list of ways you will "pay it forward" in your life both now and later.

Now	In 5 Years	In 20 Years
1.		
2.		
3.		
4.		
5.		



Lesson 18: Paving the Future

TOPIC: Estate Planning

Time: 50 min

Subject Connections:
- English Language Arts

Supplies:
- Projector (for teacher presentation slides)
- Access to the Internet (optional)

Preparation:
- Make copies of student handout
- Set up projector with presentation slides

Glossary with key vocabulary 11

OVERVIEW:
Part of planning a financial future means thinking ahead and putting strategies into place now for future actions. To help students understand the benefits of long-term planning, an interactive and thought-provoking "what if" game is played to engage students in seeing the power of **estate planning**. Using the game to tie together each facet of the lesson, students walk through the long- term planning process by exploring **wills**, **trusts**, and insurance strategies for different phases of one's life. Students recognize long-term financial strategies and why they are important to building a financially sound future.

OBJECTIVES:
1. Identify elements of an estate plan
2. Evaluate how to title property
3. Explain the importance of a will
4. Understand the consequences of not having an estate plan

INDIVIDUAL HANDOUTS:
- Estate Planning in Action
- Prepare Your Plan*

TEACHER PRESENTATION SLIDES:
- Money Marooned
- Estate Planning (4)

ESSENTIAL QUESTIONS:
- What is estate planning?
- Why do I need to plan for a distant future?

ASSESSMENT ACTIVITIES:
Pre-Assessment:
- **Slide:** Money Marooned

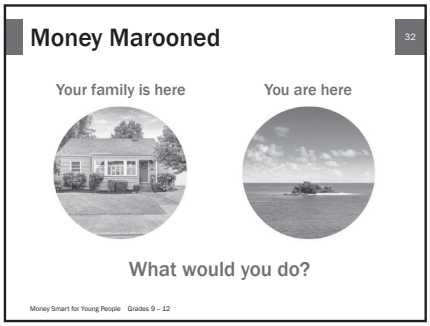
Post-Assessment:
- **Handout:** Estate Planning in Action
- **Handout:** Prepare Your Plan
- **Wrap Up:** Planning Reflection

***Money Smart Portfolio Handouts**

Instruction Steps

WARM UP
Money Marooned

10 MINUTES



Open the lesson by having students imagine that they have just been stranded on an island alone. Tell students that they have a family to care for and that they are an integral part of the financial upkeep of their family. Display the ***Money Marooned*** slide and tell students that, while they are stuck on the island, their families are at home.

Ask students:

- *If this happened, what would you do?*
- *What would your family do?*
- *If you were unable to get off the island and make it home, would your family be OK?*
- *Would they have enough money to buy groceries and pay rent or a mortgage?*

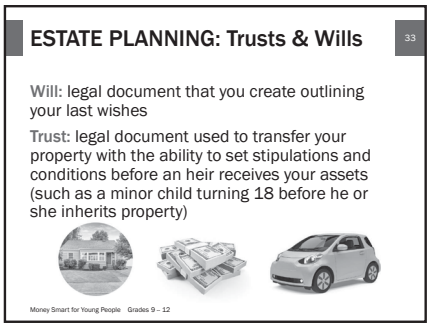
Invite students to share their thoughts and then ask, *what would happen to all of your possessions if you didn't make it off the island?*

Ask students if they know what an estate plan is, and use student responses to guide the discussion. Explain that, if you have an estate plan in place, it outlines what should happen with your possessions and money in the event of death. In the same way that we make a plan for our everyday use of money with a budget, we make a long-term plan for what will happen to our money and other assets like property, jewelry, or vehicles after we die.

Connect back to the ***Money Marooned*** slide and help students understand that having an estate plan ensures that your family is fully protected in the event that you are unable to leave the island.

GUIDED EXPLORATION
Estate Planning

20 MINUTES



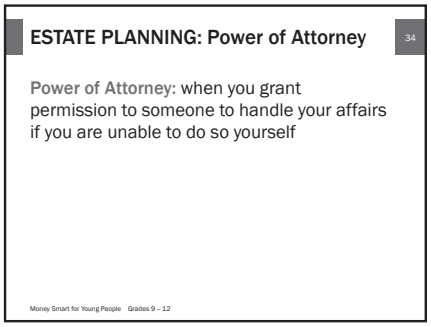
Next, display the ***Estate Planning*** slides and review each of the estate planning elements below.

MONEY SMART TIP!
Expand the estate planning discussion by introducing the concept of estate tax. Explain that estate tax is how you are taxed in the transfer of property at the time of death. Have students visit the Internal Revenue Service's website to read more about how estate tax works:
www.irs.gov/Businesses/Small-Businesses-&-Self-Employed/Estate-and-Gift-Taxes.

- **Will:** legal document that you create outlining your last wishes that names **beneficiaries**, or the people you want to inherit your possessions.

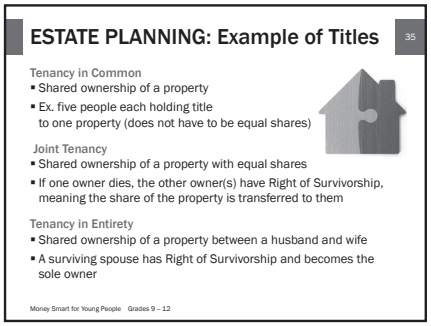
  Wills include naming a guardian for minor children, how property should be distributed, instructions for paying off debts, and other final wishes. You also name an **executor** in your will, or the person who will handle your finances when you pass away.

- **Trust:** legal document used to transfer your property with the ability to set stipulations and conditions before an heir receives your assets (such as a minor child turning 18 before he or she inherits property).

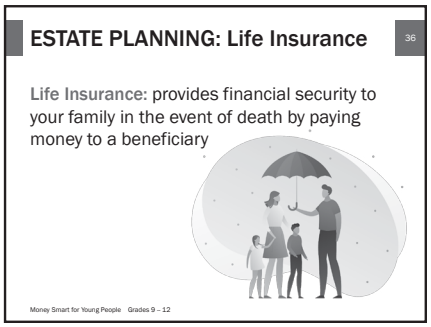


- **Power of Attorney:** when you grant permission to someone to handle your affairs if you are unable to yourself while you are still alive.

  For instance, if you are in a coma or seriously ill and unable to make health or financial decisions, your power of attorney can act on your behalf to make decisions. Unlike an executor of a will, who can manage your assets after your death, a power of attorney's power ends at your death.



- **Titles:**
  - **Tenancy in Common:** shared ownership of a property in which more than two people hold the title. Unlike joint tenancy, tenancy in common does not have to be equal shares. For example: one sibling might inherit two-fourths of a property, while two other siblings each inherit one-fourth.
  - **Joint Tenancy:** shared ownership of a property with equal shares. If one owner dies, the other owner(s) have Right of Survivorship, meaning the share of the deceased property is transferred to the remaining owner(s).
  - **Tenancy in Entirety:** Shared ownership of a property between a husband and wife. A surviving spouse has Right of Survivorship and becomes the sole owner.



- **Life Insurance:** provides financial security to your family in the event of death by paying money to a beneficiary or beneficiaries.

Grade-Level Modifications:

Beginner: Narrow the scope of the lesson to focus exclusively on wills and help students understand that it is important for everyone to have a will, no matter your age, because it explains exactly what your final wishes are.

Advanced: Broaden the scope of the lesson by dividing students into small groups and assigning each group a specific estate-planning topic to research (for example: wills, trusts, power of attorney, types of title arrangements, life insurance). Have students present their research to the class.

MONEY SMART TIP!
Connect back to Lesson 11, ***Risky Business,*** and review with students how insurance helps protect you from financial burdens in the event of an unforeseen circumstance.

INDEPENDENT EXPLORATION
Prepare Your Plan

15 MINUTES

Note: These activities are more independent than the Guided Exploration activities and may be used as homework assignments, collaborative group work, or independent study.

Next, distribute the ***Estate Planning in Action*** handout and review the sample scenario. Have students answer the follow-up questions working in small groups or engage students in a whole-class discussion to gauge their level of understanding regarding the important points about estate planning.

Ask students the following:
- *Why does Kendall feel compelled to create a will even though she is only 25?*
- *What problems will a will solve if something should happen to Kendall?*
- *Why do you think it is important to think through beneficiaries, an executor of a will, and a power of attorney?*

Distribute the ***Prepare Your Plan*** handout next and allow students time to complete it. Invite volunteers to share their plans with the class, and reiterate the importance of planning ahead so that we can clearly communicate our final wishes.

MONEY SMART TIP!
Discuss with students how to handle social media accounts in the event of death. Who has control of your online identity if you pass away? How would you like your online identity to be handled? Have students consider creating a social media will that outlines their preferred actions. For more information, have students read Why ***You Need a Social Media Will*** (**www.huffpost.com/entry/social-media-will_b_1683487**). Encourage students to consider what they would include in a social media will.

WRAP UP
Planning Reflection

5 MINUTES

Close the lesson by asking students to discuss or write their answers to the following questions:
- *How do you create an estate plan?*
- *What elements should be included?*
- *When do you think you will begin putting planning strategies together for your financial future?*
- *When do you think you will create a will?*

Extended Exploration

Note: Use the following ideas to extend financial literacy concepts throughout the school year within core content areas through English Language Arts, Math, Social Studies and Economics, and Technology activities, projects, and discussions. Duration of activities will vary.

ENGLISH LANGUAGE ARTS

Writing Prompts:

Why do you think people create estate plans? Why do people choose estate planning as a way to protect their assets?

"Let our advance worrying become advance thinking and planning," Winston Churchill. What does Churchill mean in this quote? How does his advice relate to estate planning?

Suggested Readings:

Creating a Will by USA.gov: Read about how to write a will. **www.usa.gov/family-legal#item-212733**

Trusts by USA.gov: Investigate the importance and purpose of trusts. **www.usa.gov/family-legal#item-211666**

Prepare Your Estate Plan by eXtension: Learn about how to prepare an estate plan.
https://personal-finance.extension.org/prepare-your-estate-plan/

MATHEMATICS

Activity/Project Ideas:

Review the intricacies of estate tax and have students calculate deductions on different taxable estate scenarios, such as charitable donations or funeral expenses.

SOCIAL STUDIES AND ECONOMICS

Discussion Topics:

Have students explore the economic factors associated with estate planning. For example: how does economic growth or decline affect what is left to distribute at the time of death? Students may also explore taxation policies and how estate and gift tax affect an inheritance.

Activity/Project Ideas:

Have students research the outcomes of famous estate cases that made the news, such as celebrities like Michael Jackson or Paul Walker, and discuss the pros and cons of how the estates were managed. Students may research current events and celebrities or review existing case studies such as those found in *Celebrity Estate Planning Mistakes.* **www.aarp.org/money/taxes/info-2016/celebrity-estate-mistakes-photo.html#slide1**

TECHNOLOGY

Online Resources:

Estate Tax Planning: An online calculator that calculates estate tax. **www.360financialliteracy.org/Topics/Retirement-Planning/Estate-Planning-Basics/Estate-Tax-Planning**

Life Insurance Calculator: An online calculator that calculates how much life insurance you may need based on assets, expenses, and income. **www.360financialliteracy.org/Calculators/Life-Insurance-Calculator**

Answer Key

Student Handout 1: ***Estate Planning in Action***

1. Why does Kendall feel compelled to create a will even though she is only 25?

   Kendall wants to ensure her daughter will be cared for after she is gone. She also wants to put a plan in place to ensure her belongings go to the people she wants them to.

2. What problems will a will solve if something should happen to Kendall?

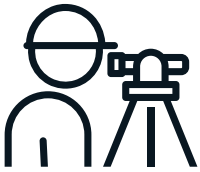
   By creating a plan, Kendall eliminates any ambiguity about what might happen to her property and to the welfare of her daughter.

3. Why do you think it is important to think through beneficiaries, an executor of a will, and a power of attorney?

   Answers will vary. For example: by not creating a plan, distribution of property may not be handled in the way that you wished it would. A power of attorney and an executor of a will can help carry out your final wishes.

Student Handout 2: ***Prepare Your Plan.***

Answers will vary. Use handout to assess student ability to articulate an initial estate plan.



Lesson 18: Paving the Future

ESTATE PLANNING IN ACTION

Name: _____

Kendall is 25 years old and a single mother of one-year-old daughter Skylar. Kendall is young and she knows that death seems like a far-off distant future, but she also realizes that unexpected accidents can happen. While she doesn't want to dwell on death, she does want to make a plan for the "what ifs" of life. She wants to make sure Skylar is well cared for if something should happen to her. Kendall is meeting with a lawyer next week to draw up a will. Before her meeting, Kendall decides to write down her ideas for what should be included in her will. Read her notes below and then answer the questions.

What assets do I have?
I own a vehicle, I have about $10,000 in a savings account and $5,400 in a 401k. I also inherited a necklace from my grandmother that I think is worth a few thousand dollars.

Who should be my executor?
My mom. She is good with tough situations and I think she would know how to handle my requests.

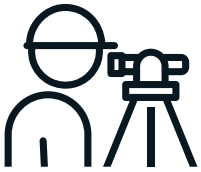
Who would be the guardian of Skylar?
I would want my sister and her husband to take care of Skylar if something happened to me. They already have a child and are great parents! I think they would be the best people to care for Skylar and give her a happy home if I am unable to.

Who are my beneficiaries?
Skylar should definitely inherit my money, 401k, and grandma's necklace. But I think my sister should have my vehicle. She may need it in order to care for Skylar, or she could sell it and use the money to help support Skylar.

Who would be my power of attorney?
My dad would probably be best to be my power of attorney. He always has my best interests at heart and if I became too ill to care for Skylar, he would know what to do.

DISCUSSION QUESTIONS

Why does Kendall feel compelled to create a will even though she is only 25?



Lesson 18: Paving the Future

PREPARE YOUR PLAN

Name: _____

Making a plan for your future involves thinking through what you own and how you would like those items to be distributed. Answer each question below to help get you started in preparing a long-term plan.

What assets do I have? *List all of your valuable items that you wish to distribute.*

Who should be my executor? *This is the person in charge of executing your plan.*

If you have children, or plan to have children someday, whom would you designate as their guardians? *This is the person(s) who would take care of your children.*

Who are my beneficiaries? *These are the individuals you want to receive your assets.*

Who would be my power of attorney? *This is the person who would make decisions for you if you became unable to yourself.*



Lesson 19: Financial Sleuth

TOPIC: FINANCIAL RESOURCES

Time: 55 min

Subject Connections:
- English Language Arts
- Technology

Supplies:
- Projector (for teacher presentation slides)
- Access to the Internet (optional)

Preparation:
- Make copies of student handout
- Set up projector with presentation slides

Glossary with key vocabulary 11

OVERVIEW:
With an overload of content and "free" information available in the marketplace, young adults need to practice differentiating between credible and useful resources and those that are aiming to sell or deceive. This lesson combines financial resources by demonstrating how to research and build a team of financial experts to have in your back pocket, such as a **financial advisor** and certified **public accountant**. Learners will also investigate financial websites and applications that are credible and relevant to planning for their future and assess what items to consider when selecting financial experts to work with.

OBJECTIVES:
1. Demonstrate how to find and use financial resources
2. Differentiate between credible and dishonest financial resources
3. Define and explain the role of a financial planner
4. Understand federal and state consumer protection laws and self-regulatory organizations

INDIVIDUAL HANDOUTS:
- Solid or Scam?
- Build Your Team*
- Financial Lifeboat*

MONEY SMART PORTFOLIO HANDOUTS:
- Build Your Team
- Financial Lifeboat

TEACHER PRESENTATION SLIDES:
- Credibility (2)

ESSENTIAL QUESTIONS:
- What financial resources are available to me?
- How do I know what resources to trust?

ASSESSMENT ACTIVITIES:
Pre-Assessment:
- **Slide:** Credibility (2)

Post-Assessment:
- **Handout:** Build Your Team
- **Handout:** Financial Lifeboat

***Money Smart Portfolio Handouts**

Instruction Steps

WARM UP
Building Financial Knowledge

10 MINUTES

Open the lesson by asking students where they go when they need to get their vehicle fixed or when they need a haircut. Tell students we can take our vehicle to the auto shop to get it repaired or visit a hairdresser to cut our hair, but we can also do these tasks ourselves if we have the skill, knowledge, and desire.

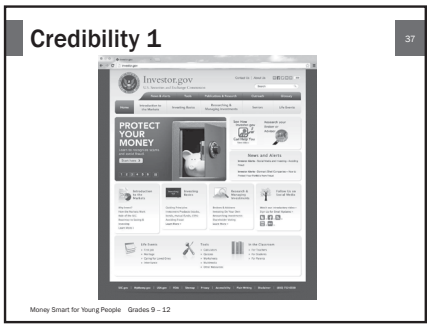
Help students understand that the same is true in building our financial knowledge. We can teach ourselves how to find the answers we need, but we can also work with financial experts who, like the auto mechanic who knows the ins and outs of vehicles, know the ins and outs of finances.

Help students understand that throughout our lives we will likely use a combination of teaching ourselves and working with financial experts to help guide our financial future in the right direction.

GUIDED EXPLORATION
Self-Educate

15 MINUTES

Explain to students that, when we teach ourselves about something, we will likely turn to the Internet to find the answers we need. In doing so, we have to wade through advertisements, scams, and deceitful information in order to get to credible, trustworthy advice that we can learn from.





Display the ***Credibility*** slides one at a time and discuss the two different website images shown. Ask students to evaluate whether or not they are credible, authentic resources. Explain that the first image is credible because it is created by a trusted entity, the U.S. Securities and Exchange Commission.

The information is unbiased and direct. In contrast, the second example is not credible because it is full of vague, lofty phrases to lure the consumer in. There is no information to confirm whether the creators of the website are trusted, experienced, or realistic in their offerings.

MONEY SMART TIP!
Refer to Lesson 20, *Protect Yourself,* for more information about scams, frauds, and misleading advertisements.

Next, ask students to explain what measures they can take in order to evaluate the credibility of an online source. Help students understand that there are often red flags for untrustworthy sites, including poor writing style, spelling or grammar errors, and lack of information about the author of the site.

Explain to students that domain names can also be a clue to the credibility of a website (for example: .gov means it is a government website and .edu means it is an educational institution, both of which are trusted entities).

Explain that, just as we review websites to assess credibility, it is also important to review credibility of the people we choose to work with on our finances.

Explain that the majority of financial experts are ethical and credible, but, as in any other industry or profession, there are individuals who scam and take advantage.

For example: a financial advisor is someone who offers financial advice, but if he or she is promising a return on your investments that sounds too good to be true, they probably are.

Financial experts should also be transparent with their actions and fees, and you should be able to track down their credentials. To track down credentials, share with students FINRA's Broker Check website at **https://brokercheck.finra.org/.**

Next, distribute the ***Solid or Scam?*** handout and have students work with a partner to answer the questions.

Regroup as a class and invite pairs to share their answers, reviewing why each is either a solid source or a scam-worthy situation. Explain that having the ability to distinguish between a solid, trustworthy resource and one that is misleading is one of the best tools you can have in your financial toolbox.

Grade-Level Modifications:

Beginner: Before moving on to the Extended Exploration section, spend additional time reviewing scam sources versus credible sources and make sure students are able to recognize the difference between the two.

Advanced: Have students research and discuss different types of investment fraud, such as Ponzi schemes or insider trading. For more information, have students visit the SEC website at **www.sec.gov/index.htm.**

INDEPENDENT EXPLORATION

Build Your Team

25 MINUTES

Note: These activities are more independent than the Guided Exploration activities and may be used as homework assignments, collaborative group work, or independent study.

Explain that self-educating is important, but so is building a team of financial professionals who can help answer questions and guide you through decision making processes. While you can accomplish many financial tasks on your own, sometimes the advice of an expert can save you time and even money in the long run.

Distribute the ***Build Your Team*** handout and allow students time to conduct research and complete the worksheet.

Next, ask students to share their research with the class, and discuss how different financial experts can help us achieve a solid financial plan.

Ask students to think about when in their lives they may need to call upon such experts and how they will approach finding the right person when the time comes.

WRAP UP
Financial Lifeboat

10 MINUTES

Close the lesson by distributing the ***Financial Lifeboat*** handout and allowing students time to complete the activity. Invite students to share their financial lifeboat selections and the reasoning behind their selections.

Extended Exploration

Note: Use the following ideas to extend financial literacy concepts throughout the school year within core content areas through English Language Arts, Math, Social Studies and Economics, and Technology activities, projects, and discussions. Duration of activities will vary.

ENGLISH LANGUAGE ARTS

Writing Prompts:

What are the advantages and disadvantages to teaching yourself something versus hiring a financial expert? In terms of your financial life, when do you think you would do something yourself? When do you think you might need a financial professional's help? Why?

What are three ways to spot a website scam? How do you know if a financial website is credible or not? Brainstorm criteria you can use to evaluate the legitimacy of a website.

Suggested Readings:

What You Can Do to Avoid Investment Fraud by Investor.gov: Read tips on how to avoid investment fraud. (**www.investor.gov/protect-your-investments/fraud/how-avoid-fraud/what-you-can-do-avoid-investment-fraud**)

Types of Frauds by Investor.gov: Explore different types of frauds ranging from Ponzi schemes to Internet fraud. (**www.investor.gov/protect-your-investments/fraud/types-fraud#.VB2WnmRdVNs**)

Investment Advisers by Investor.gov: Read about how to select an

investment advisor and important questions to ask. **(www.investor.gov/research-before-you-invest/methods-investing/working-investment-professional/investment-advisers#.VB2XAGRdVNs)**

Financial Coaching: A Strategy to Improve Financial Well-Being by the Consumer Financial Protection Bureau: Review two briefs that present findings on how financial coaching programs help increase financial well-being. **(www.consumerfinance.gov/data-research/research-reports/financial-coaching-strategy-improve-financial-well-being)**

MATHEMATICS

Activity/Project Ideas:

Use investment fraud scenarios to challenge students to calculate financial losses on different investments.

SOCIAL STUDIES AND ECONOMICS

Discussion Topics:

Discuss what ethical standards exist for financial investors and advisors. Engage students in assessing how effective standards are, who determines the standards, and what the consequences are for violating ethical practices.

Activity/Project Ideas:

Have students research and assess different Ponzi schemes, such as those found at **www.sec.gov/spotlight/enf-actions-ponzi.shtml.**

TECHNOLOGY

Online Resources:

Financial Fraud Enforcement Task Force: Comprehensive information on how to protect yourself from fraud, including identity theft, mortgage fraud, credit card fraud, and much more. **www.stopfraud.gov**

Identity Theft Infographic: An infographic highlighting financial fraud statistics in the United States. **www.businesswire.com/news/home/20160421005455/en/New-Survey-Americans-Expect-Identity-Theft-Financial**

Broker Check by Investor.gov: A website that allows you to search the backgrounds and qualifications of individual brokers and brokerage firms. **www.investor.gov**

Certified Financial Planners Board of Standards (CFP Board): The CFP Board sets the standards for financial planning services, including education, examination, experience, and ethics. **www.cfp.net/home**

Activity/Project Ideas:

Have students research and assess additional financial websites and assess what specific elements make the resources credible. Challenge students to put together criteria to evaluate the legitimacy of the websites.

Classroom activities from the Consumer Financial Protection Bureau (CFPB)

The CFPB has developed a set of classroom activities to help teachers develop and support the building blocks of financial capability in their students. Each activity is designed to be completed within a single class period and includes a teacher guide and supporting student material. Some specific activities that are relevant to this lesson include:

Wondering about virtual currencies	Students practice their nonfiction reading skills as they read a consumer advisory about virtual currency written **www.consumerfinance.gov/practitioner-resources/youth-financial-education/teach/activities/wondering-about-virtual-currencies**

Answer Key

Student Handout 1:

Solid or Scam?

Scenario 1. **SCAM**. A bank will not ask you to respond to a text message with your account number. The request for personal details via text message is a red flag that this could be a scam.

Scenario 2. **SCAM**. If an offer sounds too good to be true, then it likely is!

Student Handout 2:

Build Your Team

Financial Team Member: YOU! Answers will vary. Students should convey that they are ultimately in control of the decisions they make, making them the most vital aspect to their financial team.

Financial Team Member: Financial Advisor

1. *What is a financial advisor?* A person who provides financial information and advice.
2. *What role or function does a financial advisor play in helping you with your finances?* A financial advisor can help with investment and savings strategies, formulating a plan to reach financial goals, and offer general consulting on financial issues.

3. *Where can we find more information about financial advisors?* Answers will vary. Students should be able to demonstrate the ability to research and present credible sources and websites for additional information.

Financial Team Member: Certified Public Accountant (CPA)

4. *What is a CPA?* An accountant who has met the requirements of a state law and has been granted a certificate.
5. *What role or function does a CPA play in helping you with your finances?* A CPA helps with income tax preparation and returns, financial accounting, and general accounting consulting.
6. *Where can we find more information about CPAs?* Answers will vary. Students should be able to demonstrate the ability to research and present credible sources and websites for additional information.

Financial Team Member: Lawyer

7. *What is a lawyer?* A person whose job it is to guide and assist people in matters relating to the law
8. *What role or function does a lawyer play in helping you with your finances?* A lawyer can help you with legal questions related to important financial topics, from buying a home to writing a will.
9. *Where can we find more information about lawyers?* Answers will vary. Students should be able to demonstrate the ability to research and present credible sources and websites for additional information.

Financial Team Member: Insurance Agent

10. *What is an insurance agent?* A person employed to sell insurance policies.
11. *What role or function does an insurance agent play in helping you with your finances?* Insurance agents help answer questions about different insurance options, help you select the right insurance for your needs, and offer strategies to manage potential risks.
12. *Where can we find more information about insurance agents?* Answers will vary. Students should be able to demonstrate the ability to research and present credible sources and websites for additional information.

Student Handout 3: ***Financial Lifeboat***

Answers will vary. Use handout to assess student ability to prioritize financial resources that will personally benefit them.



Lesson 19: Financial Sleuth

SOLID OR SCAM?

Name: _____

Read each scenario below and decide whether the situation is a solid, credible resource or a deceitful scam. Be prepared to explain your answers.

Scenario 1: Larry gets a text from his credit card provider saying there is a problem with his account and action is required in order to keep the card open. The text instructs him to reply with his account number and the most recent purchase amount made on the card in question.

SOLID or SCAM?

Why?

Scenario 2: Jillian has been researching new laptops but the brand she wants costs $500 and she has been reluctant to spend that much. While she's scrolling through her social media accounts, Jillian sees an ad from an online store selling the same computer she wants plus a bonus set of headphones, a laptop case, and a software package for only $50. She's so excited she clicks through and starts to place an order.

SOLID or SCAM?

Why?



Lesson 19: Financial Sleuth

BUILD YOUR TEAM

Name: _____

Knowing how to find trusted experts for different financial needs is an important part of managing your personal finances. Using an Internet search engine, research the roles that each of the following individuals play in assisting with your finances, and answer the questions below.

Financial Team Member: YOU! Remember that you are the ***first*** person on your financial team. You are in the driver's seat of your financial car, so it is important to teach yourself how to find the answers that you need!

Financial Team Member: Financial Advisor

1. What is a financial advisor? .

2. What role or function does a financial advisor play in helping you with your finances?

3. Where can we find more information about financial advisors? A

Financial Team Member: Certified Public Accountant (CPA)

4. What is a CPA?

5. What role or function does a CPA play in helping you with your finances?

6. Where can we find more information about CPAs?



Lesson 19: Financial Sleuth
BUILD YOUR TEAM *(continued)*

Financial Team Member: Lawyer

7. What is a lawyer?

8. What role or function does a lawyer play in helping you with your finances?

9. Where can we find more information about lawyers?

Financial Team Member: Insurance Agent

10. What is an insurance agent?

11. What role or function does an insurance agent play in helping you with your finances?

12. Where can we find more information about insurance agents?



Lesson 19: Financial Sleuth

FINANCIAL LIFEBOAT

Name: _____

THE PROBLEM...

You are the captain of a large boat in charge of carrying financial resources from one island to another. The boat is filled to the brim with financial resources — financial advisors, accountants, and lawyers, oh my! The boat is in the middle of the Pacific Ocean and begins to sink. There is one lifeboat, but it can only hold four financial resources. Since you are the captain of your financial boat, you must be one of the four resources in the lifeboat. Therefore, only three other financial resources can be saved.

THE TASK...

As captain, decide which financial resources you will save and the three resources most able to help you in your financial journey. You must be able to justify your choices for choosing or not choosing each resource.

SURVIVING RESOURCES...

1. You! Remember...you are your best financial resource because you have the power to control your personal finances. You are first on the lifeboat!

2.

3.

4.



Lesson 20: Protect Yourself

TOPIC: CONSUMER PROTECTION

Time: 70 min

Subject Connections:
- English Language Arts
- Social Studies
- Technology

Supplies:
- Projector (for teacher presentation slides)
- Access to the Internet (optional)

Preparation:
- Make copies of student handout
- Set up projector with presentation slides

Glossary with key vocabulary 11

OVERVIEW:
In this lesson, students explore **identity theft**, prevention strategies for protecting personal information, and the consequences of identity theft in different real-world scenarios. From **phishing**, **pharming**, and **text message scams** to detecting **employment fraud**, students learn how to differentiate between multiple unethical deceptions. After identifying identity compromises, students also research methods to protect themselves through consumer rights and discover ways to prevent identity theft. Students learn the essential steps to take if their information has been breached and what to do after those first action steps are taken.

OBJECTIVES:
1. Explain identity theft
2. Evaluate consumer rights and protection laws
3. Demonstrate how to protect personal information

INDIVIDUAL HANDOUTS:
- Spot Identity Theft
- This Job, Not That Job*
- Steps to Take*

TEACHER PRESENTATION SLIDES:
- Identity Theft
- What Do Thieves Do with Your Information?
- Types of Identity Theft (3)
- Job Scams

ESSENTIAL QUESTIONS:
- What is identity theft?
- How do I protect myself?

ASSESSMENT ACTIVITIES:

Pre-Assessment:
- **Slide:** Identity Theft
- **Slide:** What Do Thieves Do with Your Information?
- **Handout:** Steps to Take

Post-Assessment:
- **Handout:** Spot Identity Theft
- **Handout:** This Job, Not That Job

***Money Smart Portfolio Handouts**

Instruction Steps

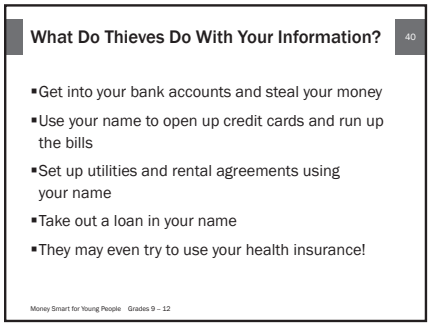
WARM UP
You Are The Only You, Right?

10 MINUTES



Open the lesson by showing the ***Identity Theft*** slide. Tell students there is only one of each of you. Or is there? DNA analysis can prove you are the only you scientifically, but there are many crafty criminals that may be able to steal personal information (for example: your Social Security number, birth date, or credit card numbers) and use your identity to commit fraud or other crimes.

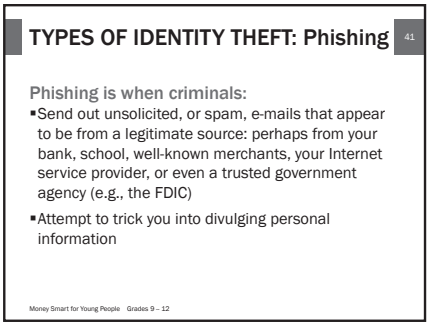
Tell students that identity theft is a serious problem because, despite the efforts of law enforcement, identity theft is becoming more sophisticated and the number of new victims is growing. If the crime is not detected early, you may face months or years of cleaning up the damage to your reputation and credit rating. You may even lose out on loans, jobs, and other opportunities.



Next, display the ***What Do Thieves Do with Your Information?*** slide and review the motives behind identity theft.

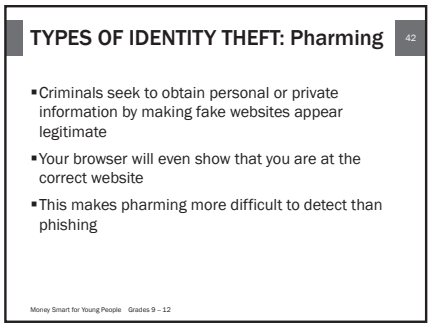
GUIDED EXPLORATION
Compromising Information

25 MINUTES

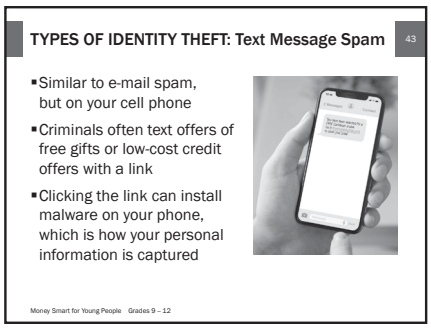


Share the (3) ***Types of Identity Theft*** slides and review each of the different tactics thieves use to steal information.

- **Phishing** is when criminals send out unsolicited, or "spam," e-mails that appear to be from a legitimate source: perhaps from your bank, school, well-known merchants, Internet service provider, or even a trusted government agency (for example: the FDIC). Criminals attempt to trick you into divulging personal information.



- **Pharming** is when criminals seek to obtain personal or private information by making fake websites that appear legitimate. Your browser will even show that you are at the correct website. This makes pharming more difficult to detect than phishing.



- **Text message spam** is similar to e-mail spam, but on your cell phone. Criminals often text offers of free gifts or low-cost credit offers with a link. Clicking the link can install malware on your phone, which is how your personal information is captured.

MONEY SMART TIP!
Visit the Federal Trade Commission's scam alert website at **www.consumer.ftc.gov/features/scam-alerts**. Review several trending scams, such as Bitcoin blackmail scams, and discuss how technology advancements are changing the way identity thieves initiate fraudulent activities.

Invite students to share experiences they have had with **phishing, pharming,** or **text message spam.**

Ask students if they have ever received any spam e-mails or texts and what they did when it happened. Explain that if an offer sounds too good to be true, then it probably is!

Next, ask students how they think they can protect themselves and what could be some ways to avoid identity theft. Invite students to share their answers, and emphasize that we can take the following actions to protect ourselves:

- Do not share Social Security number, credit/debit card numbers, PIN numbers, or passwords.
- Always review bank statements thoroughly.
- Lock financial documents and records in a safe place.
- Lock personal devices, such as phones, with passcodes.
- Utilize smartphone security features such as remote wipe, which will delete data on a device in the event of theft.
- Online, only "friend" people you know and don't overshare personal details on social networking sites.
- Shred old documents that include personal information such as account numbers and Social Security number.
- Before getting rid of an old computer or phone, dispose of all personal information stored on it.

- Choose combinations of upper- and lower-case letters, numbers and symbols that are hard for a hacker to guess. Don't, for example, use your birthdate or address. Also don't use the same password for different accounts because a criminal who obtains one password can log in to other accounts. Finally, make sure to change your passwords on a regular basis.
- Some people opt to use online tools to create and keep track of passwords or other information from multiple accounts. If you want to use their services, thoroughly research the company behind the website, including making sure that you're dealing with a legitimate entity and not a fraudulent site. Also ask what protections the website offers if it experiences a data breach or loss of data.
- If someone asks you to share personal information, such as at a place of employment or doctor's office, ask why they need it and how your information will be protected.
- Although website privacy policies can be long and complex, it is important to familiarize yourself with them to understand how your personal information is collected and used.
- Before paying for a purchase online, make sure the website you're on has "https" at the beginning of its URL with a lock symbol. This means the site has a protected network connection. Websites with "http" at the beginning of the URL with no "s" are more vulnerable to attacks by scammers who steal credit card information by monitoring network traffic.
- Avoid using public Wi-Fi to make purchases online, login to your financial accounts, or access other sites that have sensitive information about you.
- Monitor your credit report. You have a right to one free credit report every 12 months from each credit reporting agency.

Grade-Level Modifications:

Beginner: Share with students additional examples of the types of identity theft and make sure students can identify the differences among each before moving on to the Free Exploration section.

Advanced: Have students research current events and find a news article that addresses any of the types of identity theft. Have students present their article and analyze it together as a class. For recent examples, visit the Federal Trade Commission's Scam Alerts at **www.consumer.ftc.gov/scam-alerts.**

Help students understand that while they should work to minimize risks such as by not oversharing information, they are also protected by law. Explain that federal law requires financial institutions to keep your personal financial information private and ensures that the general public does not have access to your personal financial information.

Tell students that federal privacy laws give them the right to stop or "opt out" of sharing some of their personal financial information, and that, if you opt out, you limit the extent to which the company can provide your personal financial information to nonaffiliated, or groups outside of the company.

MONEY SMART TIP!

Discuss with students the importance of contacting credit-reporting agencies in the event of identity theft and checking your credit score. Refer to Lesson 7, ***Capacity, Character, Collateral, Capital,*** for more information on the three major credit-reporting agencies: Equifax (**www.equifax.com**), Experian (**www.experian.com**), and TransUnion (**www.transunion.com**).

Next, distribute the ***Spot Identity Theft*** handout and review each scenario. Ask students to raise their hands for "Yes" or "No" for each story, and then engage students in a discussion about why or why not identity theft is possible.

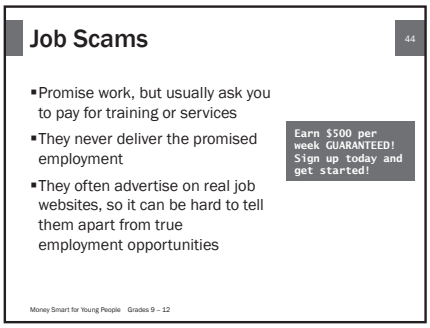
MONEY SMART TIP!

In today's online world, students often share personal information freely, without fully considering who exactly might have access to that information. Ask students whether they know what personal information is and is not OK to share about themselves online.

Tell students that, if they participate in online discussions or social media, personal information such as their full name, Social Security number, bank account numbers, or parents' credit card account numbers should always be kept private. While it may be OK for students to share some personal information on social media, such as what movies they like to watch or names of books they like to read, they must understand who will read their information. Identity thieves often find information about people's lives through social media and use it to answer "challenge" questions on their accounts to gain access to their money and personal information.

INDEPENDENT EXPLORATION
More Scams

30 MINUTES



Note: These activities are more independent than the Guided Exploration activities and may be used as homework assignments, collaborative group work, or independent study.

Tell students that it is not just spam we have to be on the lookout for and that there are other scams that can cause significant financial turmoil.

Display the ***Job Scams*** slide and review with students that employment scams are growing in popularity among criminals because they offer a "solution" to finding work, such as a paid certification or training with the promise of a job at the end—only the job never comes. The criminals take your cash and move on to the next victim.

Distribute the ***This Job, Not That Job*** handout and have students work together in small groups to analyze each of the job offerings. Challenge each group to identify which job is legitimate and which is not, documenting their supporting reasons.

Invite volunteers to share their conclusions with the class, and review why one job offer is more credible than the other. Reiterate that employment scams often make false promises, and if an opportunity sounds too good to be true, then it likely is.

MONEY SMART TIP!
Share and discuss with students the *Job Scams* video (3 minutes) from the Federal Trade Commission's website at **www.consumer.ftc.gov/articles/0243-job-scams.** Expand the discussion of scams by reviewing the many additional kinds of fraudulent behavior at **OnGuardOnline.gov** (**www.consumer.ftc.gov/features/scam-alerts**).

Next, tell students that being aware of the types of spams and scams to look out for is critical, but it is also important to know what to do if their personal data are compromised. Ask students what steps they think they should take if they suspect their identity has been stolen.

Distribute the ***Steps to Take*** handout and have students work in small groups to gather research and complete the worksheet.

Invite volunteers to share their answers with the class and help students understand that taking no action when you suspect identity theft is not a good approach. It is better to address the issue and seek assistance in resolving it so that minimum financial damage is done.

WRAP UP
Shield Of Protection

5 MINUTES

Close the lesson by asking students to write a brief reflection to the following prompt: Using what you have learned in this lesson, define what you will do to help create a shield of protection for your personal data.

Extended Exploration

Note: Use the following ideas to extend financial literacy concepts throughout the school year within core content areas through English Language Arts, Math, Social Studies and Economics, and Technology activities, projects, and discussions. Duration of activities will vary.

ENGLISH LANGUAGE ARTS

Writing Prompts:

Why is cybercrime so popular? What is it about the Internet that has made it possible for thieves to expand their network of crimes?

What rights do you feel you should have as a consumer in order to keep your identity safe and protected?

What role should the government play in protecting your privacy rights?

Suggested Readings:

Taking Charge: What to Do if Your Identity Is Stolen by The Federal Trade Commission: Learn about the steps to take if your identity becomes compromised. **www.consumer.ftc.gov/articles/pdf-0009-taking-charge.pdf**

When a Criminal's Cover Is Your Identity: Minimizing the Risk of Identity Theft by the FDIC: Read a checklist for identity theft prevention and what to do if your identity is stolen. **www.fdic.gov/consumers/consumer/news/cnsum18/idtheft.html**

How to Spot a Scammer by the Bureau of Consumer Financial Protection: Read about ways to avoid identity theft. **www.consumerfinance.gov/about-us/blog/how-spot-scammer/**

MATHEMATICS

Activity/Project Ideas:

Have students review identity theft statistics and calculate the probability of becoming a victim of identity theft based on national averages.

SOCIAL STUDIES AND ECONOMICS

Discussion Topics:

Explore and discuss what role the government should play in protecting citizens from identity theft.

Discuss identity theft on a global level and compare how identity thieves work around the world. Use examples from the FBI's list of common fraud schemes **www.fbi.gov/scams-and-safety/common-fraud-schemes**.

TECHNOLOGY

Online Resources:

Spam Scan Slam by OnGuardOnline: An online game that tests students' ability to identify potential spam scams.
www.onguardonline.gov/media/game-0012-spam-scam-slam

Phishing Scams by OnGuardOnline: An online game that tests students' ability to identify potential phishing scams.
www.consumer.ftc.gov/media/game-0011-phishing-scams

The Case of the Cyber Criminal by OnGuardOnline: An online game where identity thieves attempt to gain personal information and players must protect themselves online.
www.consumer.ftc.gov/media/game-0013-case-cyber-criminal

Consumer Financial Privacy by the FDIC: A web resource for understanding financial privacy and how to protect your identity.
www.fdic.gov/consumers/privacy/index.html

Classroom activities from the Consumer Financial Protection Bureau (CFPB)

The CFPB has developed a set of classroom activities to help teachers develop and support the building blocks of financial capability in their students. Each activity is designed to be completed within a single class period and includes a teacher guide and supporting student material. Some specific activities that are relevant to this lesson include:

Defining fraud and identity theft	Students define key terms related to fraud and identity theft and create a word wall in the classroom. **www.consumerfinance.gov/practitioner-resources/youth-financial-education/teach/activities/defining-fraud-identity-theft**
Acting out fraud and identity theft	Students develop and act out skits depicting possible fraud and identity theft and ask classmates to guess which type of crime is occurring. **www.consumerfinance.gov/practitioner-resources/youth-financial-education/teach/activities/acting-fraud-identity-theft**

Speaking publicly about consumer financial protection rights	Students gather evidence and write a speech that they could deliver at a school assembly or town hall meeting focusing on a specific consumer right or consumer financial protection issue and related laws. **www.consumerfinance.gov/practitioner-resources/youth-financial-education/teach/activities/speaking-publicly-about-consumer-financial-protection-rights**
Giving advice about consumer financial protection	Students put their developing understanding of fraud and identity theft to use as they play the role of a consumer affairs advice columnist responding to letters from readers. **www.consumerfinance.gov/practitioner-resources/youth-financial-education/teach/activities/giving-advice-consumer-protection**
"Protecting your money" campaign	Students design a poster or pamphlet to teach consumers what to do if their ATM, debit, or credit card or card number is lost or stolen. **www.consumerfinance.gov/practitioner-resources/youth-financial-education/teach/activities/protecting-your-money-campaign**
Wondering about virtual currencies	Students design a poster or pamphlet to teach consumers what to do if their ATM, debit, or credit card or card number is lost or stolen. **www.consumerfinance.gov/practitioner-resources/youth-financial-education/teach/activities/wondering-about-virtual-currencies**

Answer Key

Student Handout 1: ***Spot Identity Theft***

1. No way! They could use the number to commit fraud.
2. No way! It could be anybody trying to do damage to your login account.
3. Provide it. If you researched the institution, you know it is legitimate and OK to give information to receive the service you need.
4. Ask him to borrow a pair of scissors to cut them up before you throw them away, so no one else can get his information from them.
5. Yes, you should make sure that the number you are instructed to call is really the credit card company's phone number, and then call the phone number to find out if it is true or not.

Student Handout 2: ***This Job, Not That Job***

Job 1 is a potential scam because it does not provide full, detailed information (for example: there is no company name and the e-mail looks suspicious). The offer also sounds too good to be true at $600/week and advertising very little work needed. In contrast, Job 2 offers details about the company, including a website where applicants can verify the company's credentials, as well as training/education requirements needed to perform the job and specific hours and pay. Job 2 is more forthright in information and is transparent in expectations and hours.

Student Handout 3: ***Steps to Take***

1. *How soon should you act if you suspect identity theft?*
   Immediately! If you take action quickly, you can stop an identity thief from doing more damage.

2. *What are immediate steps you should take if you suspect identity theft?*
   Place an initial fraud alert, order your credit reports, and create an identity theft report.

3. *What is involved in each step?* Describe how each step works.
   The first step is to place an initial fraud alert. Three national credit reporting companies keep records of your credit history. If someone has misused your personal or financial information, call one of the companies and ask for an initial fraud alert on your credit report. A fraud alert is free. You must provide proof of your identity.

   The second step is to order your credit report. The credit reporting company will explain your rights and how you can get a free copy of your credit report. Order the report and ask the company to show only the last four digits of your Social Security number on your report.

   The third step is to create an identity theft report, which will help you deal with credit reporting companies, debt collectors, and businesses that gave the identity thief credit or opened new accounts in your name.

4. *What's next? After immediate action, what else can you do to ensure your identity is safe?*
   Monitor your progress and pay attention to all of your accounts.



Lesson 20: Protect Yourself

SPOT IDENTITY THEFT

Name: _____

Read each scenario and answer the questions. Check the box of the correct answer.

1. You answer the phone one evening at home. The voice on the other end is offering a free weekend trip to a ski resort, but to get your coupon you must give a credit card number. It sounds like a great idea. Do you give the number?

   ☐ Yes! I need a vacation!

   ☐ No way! They could use the number to commit fraud.

2. You receive a text message from someone who says he is in your math class, but you do not know him. He says that he needs to get on the school network to check homework, but he lost his password. He wants to "borrow" yours. Should you give it to him?

   ☐ We had homework tonight, so it must be someone from class.

   ☐ No way! It could be anybody trying to do damage to your login account.

3. You want to open a savings account at an online-only bank. But when you start filling in the information to open the account, it asks you for your Social Security Number to verify your identity. Do you provide it or consider another bank?

   ☐ Provide it. If you researched the institution, you know it is legitimate and OK to give information to receive the service you need.

   ☐ Consider another bank. You should never give out your Social Security Number.

4. Your dad just paid all the family bills for the month. He hands you a stack of bill stubs and asks you to throw them away. You should:

   ☐ Trash them. You do not want to disobey your dad.

   ☐ Ask him to borrow a pair of scissors to cut them up before you throw them away, so no one else can get his information from them.

5. You receive a letter in the mail from a well-known credit card company. It says they are "concerned about recent activity on your account" and they want to protect their customers. But you have never had a credit card with that particular company. There is a 1-800 number to call to speak with a fraud service representative. Should you call it?

   ☐ Yes, you should make sure that the number you are instructed to call is really the credit card company's phone number, and then call the phone number to find out whether it is true or not.

   ☐ No, they will ask for private information from you and you know not to give it out.



Lesson 20: Protect Yourself

THIS JOB, NOT THAT JOB

Read the job advertisements below and decide which job may be a scam and which one is the real deal. Be prepared to support your reasons.

JOB 1

Title: Customer Service Rep. (looking for HIGH-ENERGY, SMILING FACES!)

Description: Do you want to get paid now and work from home? Do you want the freedom and flexibility to spend your day the way YOU want to and earn up to $600/week? If that sounds like you, then this is the opportunity of a LIFETIME. We are hiring work-from-home customer service reps…and ALL you have to do is call our customers with a friendly and helpful style.

We PAY well — up to $600/week — and if you are the right person, you may even be able to grow into a full-time position!

What are you waiting for? E-mail us at trainingseminarpros49@tsp.com to enroll in our low-cost $49 training today! All trainings lead to BIG work…all while staying in the comfort of your own home.

JOB 2

Title: Care for Customers, Inc. hiring Customer Service Representative

Description: Care For Customers, Inc., is a full-service customer sales organization with over 50 years in business. Visit our website at www.CareForCustomersInc.com and learn about our many satisfied customers.

We are currently hiring one Customer Service Representative that has at least five years of experience in the customer service industry. A high school diploma is required, and an associate's or bachelor's degree in business, communications, or related field is a plus.

The position is part-time (20–28 hours each week) for $14.00/hour. Please send your resume and three references to jobs@CareforCustomersInc.com.



Lesson 20: Protect Yourself

STEPS TO TAKE

Name: _____

What do you do if you think your identity may have been compromised? Find out now by putting your research skills to the test. Visit the Federal Trade Commission's website at **www.consumer.ftc.gov** and locate information to complete the chart below. Be prepared to present your answers to the class.

QUESTIONS	YOUR ANSWERS
How soon should you act if you suspect identity theft?	
What are immediate steps you should take if you suspect identity theft?	
What is involved in each step? Describe how each step works.	
What's next? After immediate action, what else can you do to ensure your identity is safe?	



Lesson 21: Launching Your Dream

TOPIC: Entrepreneurship 1: Starting a Business

Time: 80 min

Subject Connections:
- English Language Arts
- Social Studies

Supplies:
- Projector (for teacher presentation slides)
- Access to the Internet (optional)

Preparation:
- Make copies of student handout
- Set up projector with presentation slides

Glossary with key vocabulary 11

OVERVIEW:
For students interested in starting their own business, this lesson combines disciplines covered in earlier modules and applies them to the lens of an **entrepreneur**. Compounding knowledge to transfer budgeting and financing strategies from a personal to business perspective, this lesson empowers students with crucial knowledge needed to launch the business of their dreams while doing so smartly.

OBJECTIVES:
1. Identify and consider risks and rewards of entrepreneurship
2. Evaluate business start-up practices
3. Explain how entrepreneurship and innovation are sources of economic growth
4. Identify the types of business organizations (sole proprietorship, corporations, LLC, and so on)

INDIVIDUAL HANDOUTS:
- Engaging Entrepreneurs*
- Entrepreneurial Adventures*
- Entrepreneur Advice*

TEACHER PRESENTATION SLIDES:
- Business Types
- Business Budgeting: Financial Statements
- Start-Up Capital

ESSENTIAL QUESTIONS:
- What is an entrepreneur?
- What are the steps needed to start a business?

ASSESSMENT ACTIVITIES:
Pre-Assessment:
- **Warm Up:** Dream Business

Post-Assessment:
- **Handout:** Engaging Entrepreneurs
- **Handout:** Entrepreneurial Adventures
- **Handout:** Entrepreneur Advice

***Money Smart Portfolio Handouts**

Instruction Steps

WARM UP
Dream Business

10 MINUTES

Begin the lesson by asking students if they could start their own business, what it would be, and why. Invite volunteers to share their ideas, and write a list on the board.

Tell students they will come back to their dream business idea later in the lesson and explore what it would take to launch that business.

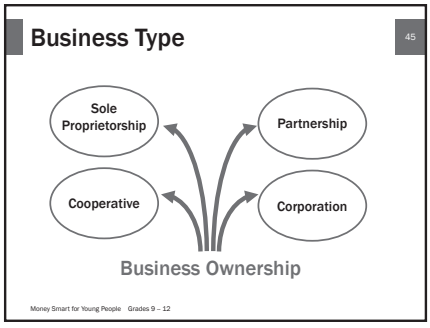
Next, ask students what an entrepreneur is. Share with students the definition of an entrepreneur from the U.S. Small Business Administration:

> "An entrepreneur is a person who organizes and manages a business undertaking, assuming the risk for the sake of profit. An entrepreneur sees an opportunity. Makes a plan. Starts the business. Manages the business. Receives the profits."

Help students understand that, while entrepreneurs receive the profits, they take on all of the risk, so it is important to practice sound financial planning with businesses just as you would for your personal budget.

GUIDED EXPLORATION
Start-Up

25 MINUTES



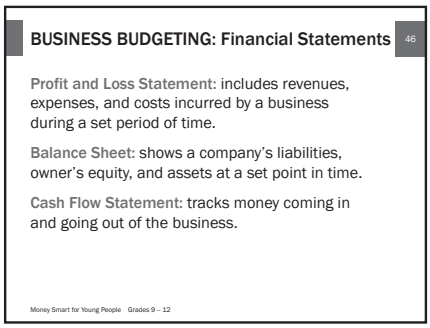
Next, display the ***Business Type*** slide and review each of the different ways an entrepreneur can legally structure his or her business.

- **Sole Proprietorship:** a simple structure where there is only one person who owns and operates the business. There is no separation between you and your business, which means your personal assets could be at risk if sued.
- **Partnership:** when a business is owned and operated by more than one person. Depending on the partnership agreement, one or all partners could be held personally liable if sued.
- **Limited Liability Company (LLC):** in between a partnership and a corporation. It offers similar tax rules to a partnership but protects you like a corporation so you are not personally liable if sued.
- **Corporation:** this is the most complex structure but offers more protection against risk because a corporation is considered a separate entity from an owner's personal assets.

Have students stop and think back to the business ideas created in the warm up activity.

- *Which business type would work best for their idea, and why?*
- *Is their business idea something that would require having partners or could they do it on their own?*

Encourage students to share their initial ideas on business structure, and then move the discussion to budgets. Explain that, just like a personal budget, a business has to keep track of its expenses and income in order to maintain positive cash flow.



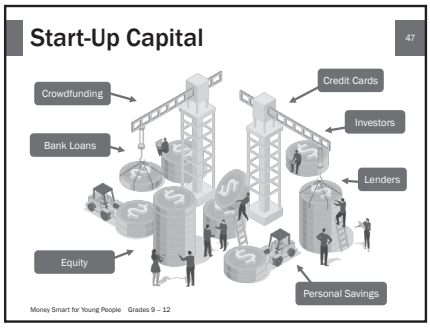
Display the ***Business Budgeting: Financial Statements*** slide and review each of the statements.

- **Profit-and-Loss Statement**: includes **revenues**, expenses, and costs incurred by a business during a set period of time.
- **Balance Sheet**: shows a company's liabilities, owner's **equity**, and **assets** at a set point in time.
- **Cash Flow Statement**: tracks money coming in and going out of the business.

Grade-Level Modifications:

Beginner: Have students review activities completed in Lesson 3**,** *Can You Pay Your Bills?*, and discuss why it is important for businesses to also create spending and savings plans.

Advanced: Have students review and analyze sample profit-and-loss statements, balance sheets, and cash flow statements.



Next, ask students how new businesses get the money, or capital, they need to launch a business. Invite volunteers to share their ideas and then display the ***Start-Up Capital slide*** and review the options with the class.

- **Crowdfunding**: raising money from a large group of people, usually done online.
- **Grants/Competitions**: receiving money from local or national business start-up competitions.
- **Bank Loans**: borrowing money from the bank to finance start-up costs.
- **Credit Cards**: using credit cards to fund start-up costs.
- **Personal Savings**: using your own savings and cash to fund expenses.
- **Lenders**: people who lend you money to start your business.
- **Investors**: people who take risk with you to start your business.
- **Equity**: providing partial ownership of the company, such as through shares or stocks, in exchange for money.

MONEY SMART TIP!
Have students visit popular crowdfunding websites such as Kickstarter (**www.kickstarter.com**) and Indiegogo (**https://www.indiegogo.com**), and discuss the different entrepreneurial ventures that have been funded. Additionally, explore the concept of "lean startup" and how entrepreneurs develop businesses and products in much shorter time periods than previously possible, such as by reading "The Lean Startup Methodology" at **http://theleanstartup.com** principles.

INDEPENDENT EXPLORATION

Entrepreneurial Exploration

35 MINUTES

Note: These activities are more independent than the Guided Exploration activities and may be used as homework assignments, collaborative group work, or independent study.

Tell students that they will now have a chance to research an entrepreneur and learn from his or her journey in starting a business. Distribute the ***Engaging Entrepreneurs*** handout and allow students time to select an entrepreneur and conduct research. When students have finished gathering information, invite volunteers to present their entrepreneurs to the class.

Use the sample case studies to discuss the effect of entrepreneurial actions on the economy.

Ask students the following questions:

- *How do innovative businesses spur economic growth?*
- *What products do you own that may have been developed by an entrepreneur?*
- *How do these products benefit you?*
- *How do they benefit others?*

Help students understand that entrepreneurial ventures not only help solve a problem for consumers or businesses, but they can also create employment opportunities.

MONEY SMART TIP!
Introduce students to the concept of social entrepreneurship, which is the development of businesses that focus on providing innovative solutions to social, cultural, and environmental problems. Share with students examples of social entrepreneurship in action, such as by reading "5 Reasons Why Social Entrepreneurship is the New Business Model" at **www.forbes.com/sites/meimeifox/2016/08/08/5-reasons-why-social-entrepreneurship-is-the-new-business-model/#2a76852344ca**.

Next, have students think through their own business ideas by distributing the ***Entrepreneurial Adventures*** handout. Give students time to complete the handout and invite them to share their ideas with the rest of the class. Reiterate the steps an entrepreneur takes, from seeking opportunities, to making a plan, to carrying out that plan.

WRAP UP

Entrepreneur Advice

10 MINUTES

Close the lesson by distributing the ***Entrepreneur Advice*** handout and have students fill in tips for someone who is interested in starting their own business. Ask students to share their tips and decide as a class which five pieces of advice would be most useful to a new entrepreneur.

Extended Exploration

Note: Use the following ideas to extend financial literacy concepts throughout the school year within core content areas through English Language Arts, Math, Social Studies and Economics, and Technology activities, projects, and discussions. Duration of activities will vary.

ENGLISH LANGUAGE ARTS

Writing Prompts:

What are the benefits and disadvantages to working for someone else versus being your own boss?

What kind of job would you like to have? How could you create this job yourself?

What characteristics do you think make up an entrepreneur?

Suggested Readings:

USA Today Collegiate Case Studies: Read about Generation Y entrepreneurs through case study examples. **http://usatoday30.usatoday.com/educate/college/casestudies/20071015-genyentreps.pdf**

Global Entrepreneurship and the United States by the Small Business Administration: An essay asserting the impact of global entrepreneurship on the United States. **www.sba.gov/advocacy/global-entrepreneurship-and-united-states**

Looking Ahead: Opportunities and Challenges for Entrepreneurship and Small Business Owners by the Small Business Administration: A report about different challenges and opportunities small business owners face. **www.sba.gov/sites/default/files/rs332tot.pdf**

MATHEMATICS

Activity/Project Ideas:

Challenge students to review sample business financial statements and balance business budgets.

SOCIAL STUDIES AND ECONOMICS

Discussion Topics:

Explore and discuss social entrepreneurship and how it is changing the global economic landscape.

Activity/Project Ideas:

Have students research and explore economic growth of entrepreneurship by investigating individual inventions or entrepreneurs and analyzing economic impact (for example: Steve Jobs and the creation of the iPhone).

TECHNOLOGY

Online Resources:

Office of Entrepreneurial Development by the Small Business Administration: A comprehensive website to help entrepreneurs launch, manage, and grow their business.
www.sba.gov/offices/headquarters/oed

Be Your Own Boss Challenge by The Mint: An online quiz that helps students determine whether they might one day want to be their own boss.
www.themint.org/teens/be-you-own-boss-challenge.html

10 Steps to Start Your Business: A series of steps to consider before starting a business.
www.sba.gov/business-guide/10-steps-start-your-business/

Young Entrepreneurs by the Small Business Administration: A self-paced online course designed to guide young entrepreneurs through the start-up process.
www.sba.gov/tools/sba-learning-center/training/young-entrepreneurs

Checklist for Young Entrepreneurs by the Small Business Administration: An online form that guides young entrepreneurs through a checklist of important start-up considerations.
www.sba.gov/sites/default/files/Checklist_YoungEntrepreneurs_ENGLISH.pdf

Answer Key

Student Handout 1: ***Engaging Entrepreneurs***

Answers will vary. Use handout to assess student ability to conduct and analyze research.

Student Handout 2: ***Entrepreneurial Adventures***

Answers will vary. Use handout to assess student ability to articulate and reflect on an entrepreneurial venture.

Student Handout 3: ***Entrepreneur Advice***

Answers will vary. Use handout to assess student ability to relay research into reflective pieces of advice.



Lesson 21: Launching Your Dream

ENGAGING ENTREPRENEURS

Name: _____

Using an Internet search engine or the websites provided, select an entrepreneur to research, and answer the questions below. Be prepared to present your entrepreneur to the class and explain how he or she fits the model of an entrepreneur.

"An entrepreneur sees an opportunity. Makes a plan. Starts the business. Manages the business." (SBA.gov)

1. What is the name of the entrepreneur you researched?

2. What product or service did your entrepreneur develop?

3. What opportunities do you think your entrepreneur observed? What need was he or she trying to fill or what problems was he or she trying to solve?

4. How did your entrepreneur make a plan for the business? How did he or she turn ideas into action?

5. What steps did your entrepreneur take to start the business? What business structure did your entrepreneur select? How was the start-up funded?

6. How did your entrepreneur manage the business after its launch? What challenges did the business have to overcome? What risks did the business experience?



Lesson 21: Launching Your Dream

ENTREPRENEURIAL ADVENTURES

Name: _____

Before an entrepreneur can launch a business, he or she must first think carefully through each phase of development. Think back to the ideas you brainstormed for your dream business and select one idea to answer the questions below.

1. What is my business idea?

2. What is the opportunity I see for this idea?

3. Who would benefit from my idea, and why?

4. What problem does my idea solve?

5. How much money would I need to launch this idea?

6. Where would I get that money?

7. What type of business structure would I use, and why?

8. What risks and challenges might I experience with this idea?



Lesson 21: Launching Your Dream

ENTREPRENEUR ADVICE

Name: _____

You are in charge of writing an entrepreneur advice column for a business blog. Use the prompts below to offer your best advice for someone thinking of starting his or her own business or taking his or her invention to the next level.

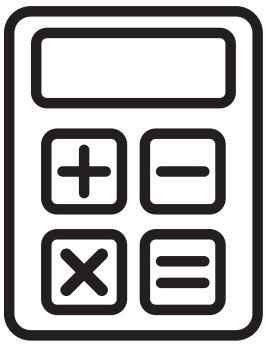
1. Be ready for

2. Always remember to

3. Research the following:

4. Watch out for these challenges:

5. Make a plan by



Lesson 22: Maintenance Mode

TOPIC: Entrepreneurship 2: Maintaining a Business

Time: 75 min

Subject Connections:
- English Language Arts
- Social Studies

Supplies:
- Projector (for teacher presentation slides)
- Access to the Internet (optional)

Preparation:
- Make copies of student handout
- Set up projector with presentation slides

Glossary with key vocabulary 11

OVERVIEW:

While starting a business requires a vast understanding of business management concepts, maintaining a successful business requires an additional set of tools. This lesson engages students in exploring how a business is maintained as it grows, and addresses critical management strategies, ethical tax practices, and insurance. Through the lens of entrepreneurship, students will build upon prior lessons to explore the different management strategies needed to run a successful business.

OBJECTIVES:

1. Understand and describe tax planning and reports
2. Debate business management strategies
3. Explain insurance choices for businesses

INDIVIDUAL HANDOUTS:

- Business Management*
- Letter of Advice*

TEACHER PRESENTATION SLIDES:

- Failure = Fuel to Success
- Tax Requirements
- Business Insurance
- Business Management

ESSENTIAL QUESTIONS:

- How do you maintain a business?
- What actions do entrepreneurs take to maintain success?

ASSESSMENT ACTIVITIES:

Pre-Assessment:
- **Slide:** Failure = Fuel to Success

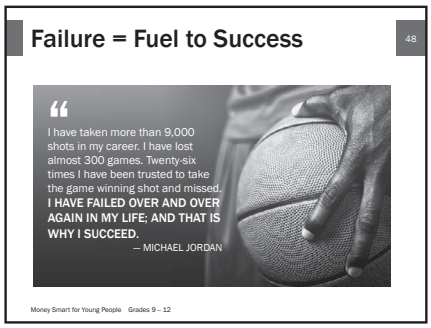
Post-Assessment:
- **Handout:** Business Management
- **Handout:** Letter of Advice

***Money Smart Portfolio Handouts**

Instruction Steps

WARM UP
Words Of Wisdom

5 MINUTES



Open the lesson by displaying the ***Failure = Fuel to Success*** slide and discuss Michael Jordan's quote and what it means in the business world. Ask students: *How does missing game-winning shots equal success in business? Why do entrepreneurs fail and get back up and try again?* Help students understand that fear and failure do not have to be negatives in the business world; they are valuable learning opportunities that lead to success and growth.

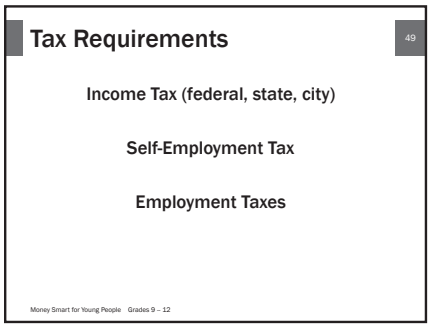
MONEY SMART TIP!
Share examples of entrepreneurs and businesses that have failed and used their setbacks to create growth and opportunity, such as those listed at **www.businessinsider.com/successful-people-who-failed-at-first-2014-3?op=1**.

GUIDED EXPLORATION
How To Maintain Momentum

25 MINUTES

Ask students

- What an *entrepreneur should consider once a new business is launched and growing.*
- *What do entrepreneurs do to maintain momentum and keep their business on the upswing?*
- *What factors do new businesses need to take into consideration in order to expand?*



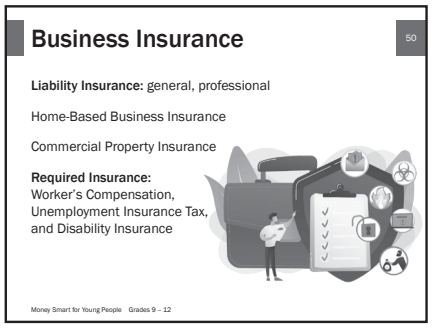
Invite students to share their ideas, and then display the ***Tax Requirements*** slide.

- **Income Tax:** this is a pay-as-you-go tax so that, as profit is coming into the business, you are expected to pay taxes on those earnings. Estimated taxes are generally due quarterly. Income tax includes federal, state, and some local taxes.
- **Self-Employment Tax:** if you own your business and are considered self-employed, you are responsible for paying Social Security and Medicare taxes.
- **Employment Taxes:** when your business grows to the point where you hire employees, there are certain employment taxes that you must pay. These include Social Security and Medicare tax, unemployment insurance tax, and disability tax.

Help students understand that cash flow is critical for any business, especially new start-ups. This means that managing taxes is a big part of ensuring positive cash flow. For instance, because taxes are generally due quarterly, not anticipating the amount of taxes due can mean that a business misappropriates its money and spends it

on business operations. This can leave a business short on funds when it comes time to pay taxes.

Tell students that it is important to set aside a percentage of profits to ensure that tax obligations are met. Knowing when taxes are due and estimating how much they will cost help entrepreneurs ensure they have enough funds to cover them and continue to grow their business at the same time.



Next, display the ***Business Insurance*** slide and review with students how business insurance protects an entrepreneur's investment. Tell students that, like employment taxes, if your business has employees you are also required by law to have certain types of insurance. Insurance protects a business from a multitude of risks, from loss of income to natural disasters.

- **Liability Insurance:** For service-based businesses, such as medical practices, you should have **professional liability insurance**, which protects your business if you are sued for errors or negligence (some states require certain businesses hold this insurance). There is also **general liability insurance**, which generally protects businesses from lawsuits.
- **Home-Based Business Insurance:** For individuals who operate their business from their home, additional insurance coverage may be added to an existing homeowner's insurance policy to ensure full protection from unforeseen events.
- **Commercial Property Insurance:** Property insurance covers any damage to property, whether it is caused by vandalism or a natural event like a storm.
- **Required Insurance:** If your business has employees, you are also required by law to hold worker's compensation insurance, unemployment insurance, and disability insurance.

Grade-Level Modifications:

Beginner: Simplify the discussion by focusing on general liability insurance and why businesses need to protect themselves. Connect back to Lesson 11, *Risky Business,* and review the reasons individuals obtain insurance to help students understand that businesses face similar risks and more, especially when a business has emplo*yees.*

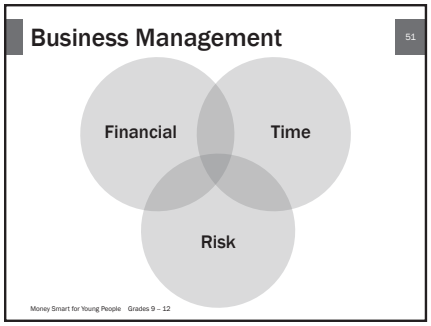
Advanced: Expand the discussion of insurance to include industry-specific options such as contractor liability insurance, malpractice insurance, and automotive liability insurance.

INDEPENDENT EXPLORATION
Management Mode

35 MINUTES

Note: These activities are more independent than the Guided Exploration activities and may be used as homework assignments, collaborative group work, or independent study.

Explain to students that managing a business is a complex endeavor that requires strategic thinking and the ability to forecast potential business growth today and in the future. To manage a new or existing business efficiently, it is helpful to break down management strategies into three main categories: financial management, time management, and risk management.



Display the ***Business Management*** slide and ask students why it is important to juggle financial, time, and risk management strategies.

Ask: *What do we gain by keeping all three balls in the air?*
Invite students to share their initial ideas and tell students that they will now get the chance to become "experts" on a management category and present their expert opinion to the class.

Distribute the ***Business Management*** handout and divide students into small groups. Assign each group a management topic to research: financial, time, or risk. Allow students time to research their topic and complete the activity sheet.

When students are finished, arrange the class into three separate sections—one for students who researched financial management, one for time management, and one for risk management.

Next, ask volunteers from each section to present their research to the class. Once each group has had a chance to share their "expert" findings, open up the discussion to the class for questions and answers among all of the groups. Guide the discussion to emphasize that successful businesses use a healthy balance of all three management strategies and are continually evaluating and analyzing actions and behaviors within each.

WRAP UP
Letter Of Advice

10 MINUTES

Close the lesson by distributing the ***Letter of Advice handout*** and allowing students time to reflect and write their letter.

Extended Exploration

Note: Use the following ideas to extend financial literacy concepts throughout the school year within core content areas through English Language Arts, Math, Social Studies and Economics, and Technology activities, projects, and discussions. Duration of activities will vary.

ENGLISH LANGUAGE ARTS

Writing Prompts:

What risks do businesses face that are similar and different to those of individuals?

What qualities do entrepreneurs need in order to grow a new business? In what ways are entrepreneurs' leaders?

If you were to become CEO of a start-up company, how would you grow the business, and why? What would you do? What wouldn't you do?

Suggested Readings:

Deducting Business Expenses by the IRS: Detailed information on business tax deductions.
www.irs.gov/businesses/small-businesses-self-employed/deducting-business-expenses

Generation Sell by the NY Times: Read about generational shifts on self-employment, particularly Millennials and their perspectives on starting businesses.
www.nytimes.com/2011/11/13/opinion/sunday/the-entrepreneurial-generation.html?pagewanted=all&_r=0

MATHEMATICS

Activity/Project Ideas:

Have students calculate the amount of estimated taxes required for different businesses based on projected income.

SOCIAL STUDIES AND ECONOMICS

Discussion Topics:

Discuss how entrepreneurial decisions are influenced by tax policies. For example: do tax deductions offer incentives for entrepreneurs to launch their ideas into a business? Why or why not?

Explore the ways in which entrepreneurial ventures help to create employment opportunities and enhance economic growth.

TECHNOLOGY

Online Resources:

Small Business Taxes: The Virtual Workshop by the IRS: A complete online workshop with information on federal tax obligations for small businesses.
www.irsvideos.gov/SmallBusinessTaxpayer/virtualworkshop

Ready.gov: Information on preparedness planning for businesses.
www.ready.gov/business

U.S. Department of the Treasury Small Business and Community Development Programs: Information on initiatives available to help small businesses succeed.
https://home.treasury.gov/policy-issues/small-business-programs

Write Your Business Plan: A web resource with information and assistance on how to prepare a business plan.
www.sba.gov/business-guide/plan-your-business/write-your-business-plan

Answer Key

Student Handout 1:

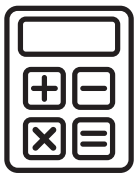
Business Management

Answers will vary. Use handout to assess student ability to conduct research, evaluate and compare data, and present research findings.

Student Handout 2:

Letter of Advice

Answers will vary. Use handout to assess student ability to reflect on research.



Lesson 22: Maintenance Mode

BUSINESS MANAGEMENT

Name: _____

Managing a business takes practice! It requires putting systems in place to help every aspect of operations run smoothly. It also requires thinking strategically to solve problems today and anticipate and prevent future problems. Entrepreneurs do this through three management strategies: financial management, time management, and risk management.

Your teacher will assign you one of the three management areas, and it is your job to investigate and learn everything you can about your topic. Using sources provided by your teacher as well as an Internet search engine, work with your group to record your research findings below. You will be the "expert" on your assigned topic, so be prepared to share what you learn with the class!

RESEARCH QUESTIONS

1. What is your assigned management topic?

2. What did you know about this topic before your research?

3. What is the main purpose of your management topic?

4. Why do entrepreneurs use your management topic in their businesses? What are the benefits?

5. What are the key components of your topic?

6. Summarize, using supporting research, why your management topic is a valuable tool to have in an entrepreneur's business toolbox.

Lesson 22: Maintenance Mode

LETTER OF ADVICE

Name: _____

Your friend has just launched a new online business. He currently operates as a sole proprietor, but his business is growing so fast he is thinking about hiring employees. He's written you an e-mail asking for advice on how to make a smooth transition as he grows his company. How would you respond? What advice would you give him about growing and managing his business? What should he think about if he decides to take on employees?

Write your response to him below.

