

Lesson 1: Working Hard for the Money

EXPLORING CAREERS

Job: work a person performs regularly in order to earn money
Career: a job or profession that a person holds for a long period of time
Profession: a type of job that requires special education, training, or skill

Job	Description	Training/Education	Average Income
Chemical Engineer	Chemical engineers combine knowledge of science and math to develop and design chemical manufacturing processes. Chemical engineers can work in a variety of areas to help facilitate manufacturing, from pharmaceuticals to food and environmental safety.	Bachelor's degree in chemical engineering	$102,160 per year or $49.12 per hour
Social Media Marketing Manager	A social media marketing manager plans social media campaigns to generate interest in products or services. Social media managers are responsible for overseeing a company's online presence, customer engagement, and online brand identity.	Bachelor's degree in marketing, advertising, or journalism	$132,230* per year or $63.50 per hour
Dental Hygienist	Dental hygienists clean teeth and help patients maintain oral health. Hygienists examine patients, take dental X-rays, and help to educate patients on good oral health.	Associate's degree in dental hygiene	$74,070 per year or $35.61 per hour
Registered Nurse	Nurses perform a variety of tasks to help care for patients. Nurses assess injuries and illnesses, create treatment plans for patients, and administer medicine, among other patient-care tasks.	Registered nurses are required to hold a nursing license, which is earned by graduating from a nursing program and passing a national exam. Nursing programs are available for both associate and bachelor degrees	$70,000 per year or $33.65 per hour
Masons	Using bricks and stones, masons build or repair a variety of structures, from walls, fences, and floors to fireplaces and chimneys.	A high school diploma or equivalent is required, and most masons complete a three- to four-year apprenticeship in order to learn the trade.	$42,900 per year or $20.62 per hour
High School Teacher	High school teachers help prepare students for life after graduation by teaching academic lessons and skills required for students to enter the job market.	Teachers must have a bachelor's degree and a state-issued certification or license.	$59,170 per year or $29.59 per hour
Multimedia Animator	Multimedia animators create two- and three-dimensional models, animations, and visual effects for various forms of media, including television, movies, and video games.	Most animators need a bachelor's degree in computer graphics, art, or a related field.	$70,530 per year or $35.27 per hour

Find more information about these and other careers in the Occupational Outlook Handbook at **www.bls.gov/ooh**.

* Salaries for Social Media Marketing Managers vary based on location, company size, and previous experience.



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CAREER RESEARCH

Name: _____

Select two different careers that interest you, or that you would like to learn more about, and write them in the spaces below. Using the research resources or an Internet search engine, investigate the job description, training and education required, and the average income for each career.

Not sure which career to start with? Take a moment to reflect on your interests and skills by answering the questions below or taking an interest survey to assess strengths and capabilities, such as **https://careertech.org/student-interest-survey** or **www.careeronestop.org/Toolkit/Careers/interest-assessment.aspx**.

- What do you like to do?
- What are you interested in?
- What excites you?
- What are you good at?
- What fields are you interested in learning more about?

Research Resources:

- Occupational Outlook Handbook. **www.bls.gov/ooh**
- Career One Stop. **www.careeronestop.org**

Check out the U.S. Bureau of Labor Statistics' A to Z guide for more career ideas! **www.bls.gov/ooh/a-z-index.htm**

Career	1.	2.
Description		
Training/ Education		
Average Income		



Lesson 1: Working Hard for the Money

MAKING CHOICES

Name: _____

Based on your current interests, select three different paths to employment from the following: two-year college, four-year college, apprenticeship, military, direct to workforce (job), and entrepreneur. Next, write down career opportunities that interest you that can be achieved by following each path.

Lesson 2: Designing Dreams

SETTING & REACHING GOALS

Name: _____

MEET AISHA

For as long as Aisha can remember, she has always wanted to be a nurse.

"I enjoy helping people," Aisha says. "When I was a little girl I would use up all of our band- aids pretending to fix anyone and everyone that crossed my path!"

Today, Aisha is 26 years old and working as a registered nurse. How did she do it?

"It took a lot of hard work, but really I think the key was to make a plan early on and to stick to my plan even when things got tough," Aisha says.

AISHA'S GOALS

Short-term goal:
work part-time in high school to save up money for college

→ **Intermediate goal:**
go to college for nursing and balance working part-time

→ **Long-term goal:**
obtain a job as a registered nurse

CHALLENGES FOR AISHA

Needs vs. Wants

"When I was going to nursing school, my friends were always hanging out on Friday nights, grabbing food and maybe catching a movie. But I was tight on cash. It was really tempting, but I knew that if I spent my money going out every weekend, I would be in trouble when it came time to pay tuition next semester. I did go out and have fun with my friends…but I was careful not to overdo it."

Budget Blues

"By far the biggest thing I've learned about reaching my goals is to spend my money on paper first by creating a budget. At the beginning of the month I write down all of the things I'm going to need to spend money on and how much each will cost. Some expenses are the same each month, like my rent. But other costs are harder to predict, like buying groceries. I give myself a set amount of money to spend in each area of my budget and then I stick to it. Trust me, the sticking-to-it part is the hardest! By the third month of following a budget though, it really became a natural part of my financial plan."

DEFINING VALUES

"After high school I was working at a local grocery store as a cashier and one day my manager asked if I would ever want to become a manager. This made me really stop and think about what I wanted to accomplish in my life. Being a manager sounded fantastic. More money and benefits… who wouldn't want that?! But I had this dream of becoming a nurse and I knew that what I was really good at was helping take care of people when they needed it the most. Thankfully, I was able to keep my job at the grocery store all during nursing school, but I knew for me the path I valued the most was getting my nursing license."



Lesson 2: Designing Dreams

SETTING & REACHING GOALS *(continued)*

Name: _____

In thinking of Aisha's story, what dreams and goals do you have for your life? What do you want to accomplish, whether it is reaching a certain career, buying a home, or going to college?

Write three goals you have for your future:

1.

2.

3.

What will you need to do in order to reach your goals? Like Aisha, think through what you would need to do today, in a few months, and in the next few years to reach your goals. These are your short-term, intermediate, and long-term goals. Write your ideas in the table below for each of your future goals.

	GOALS		
	1:	2:	3:
Short-Term (What actions can I take today to reach my goal?)			
Intermediate (What actions can I take over the next few months to reach my goal?)			
Long-Term (What actions can I take over the next few years to reach my goal?)			

Lesson 2: Designing Dreams

POOR OR POLISHED PLAN?

Name: _____

Read the scenarios about each person below and decide whether their financial plan is poor or polished. Circle the correct answer and then explain why.

Look for the following elements of a polished financial plan:

- Budgets income and expenses
- Makes a plan for spending, saving, and investing
- Weighs wants and needs
- Avoids peer pressure
- Limits expenses when necessary

Selena 17 years old, high school senior Poor Polished

"My friends are going to a concert in a few weeks and they're begging me to come. It's my favorite band and I really want to go. It's $100 for the ticket, plus I'll probably need extra because I'll want to buy a T-shirt and maybe food. I am trying to save up for a car so I can get to school and work easier, but if I don't go to the concert, I'll be the only one who misses it. I'll never hear the end of it from my friends! I think I'm going to go and I'll just borrow the money from my car savings to pay for it and then hopefully catch up on savings next month."

Why?

Mike 21 years old, college junior Poor Polished

"My financial aid came through today and I'm excited for classes to start. The first thing I need to do is pay tuition and then I'm hoping to be able to buy a new computer. There are so many different types of computers, though, so I'm going to make a list of what I need first and then figure out how much each computer option will cost. I'll do some web searches to compare different models and find one that fits within my budget. If I have to, I may need to use the computer lab on campus for one semester while I save up more money to buy a computer of my own."

Why?

Kaelan 22 years old, part-time construction worker Poor Polished

"I just moved into a new condo and it's pretty sweet. A little pricey at $1,100 month, but I have lots of amenities…gym, pool, even a lounge and pool table in the main building. It works out perfectly because I started a new job and I'm making $18 an hour. I can only get 20 hours a week right now, but my boss said in a few months I should be able to work full-time."

Why?



Lesson 2: Designing Dreams

MY PLAN

Name: _____

Scenario #1

You've just graduated college and are living on your own for the first time with a couple of roommates. In addition to paying rent and utilities, you also have a cell phone bill and daily costs of living, like buying groceries. You work full time at a retail store, and on the weekend you pick up extra work by mowing lawns and pulling weeds for neighbors. Growing up, you always had pets in your home and loved taking care of them. Now that you're on your own you are thinking about buying a pet. You're hoping that your roommates will help you out from time to time, like if you go out of town or need to work extra hours. You haven't talked with them yet about it, but they all love pets and you're sure they won't mind having one in the house and helping when needed.

Scenario #2

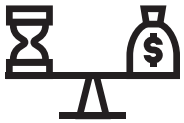
Spring break is coming up and all of the seniors in your high school class are traveling to a tropical destination. You really want to go but you're saving for college and the trip is expensive between airfare, hotel, food, and the excursions planned. You work part time after school at a retail store. You're fairly confident that you can get more hours between now and the vacation, but the hours are never guaranteed, and with school work and sports activities you may not always be able to work extra hours on the weekend.

Scenario #3

Last year you moved to a metropolitan city to take a new job in a real estate firm. The job opportunity came at a great time because you were starting to incur debt (from paying for college and purchasing a vehicle) that you wanted to pay down. Not knowing the area very well, you decided to rent an apartment for at least one year and then consider buying a condo somewhere in the city after that. It's been one year now and through your job you've learned a lot about the real estate market so you think you're ready to invest by buying a property. While you've been able to pay extra on your vehicle loan in the last year, the student loan debt hasn't gone down much.

Scenario #4

You're starting a new business as an independent consultant in the information technology sector. The job involves significant travel time as you meet customers onsite to help solve their tech problems. In the past you've always lived in a walkable city with good public transportation, so you never needed a vehicle, but now your clients are spread out within a 300-mile radius and you need transportation to get to each site. Luckily, you've been steadily saving and are hoping you can purchase a used car without having to borrow too much money, assuming you can find something reliable.



Lesson 3: Can You Pay Your Bills?

SPENDING TRACKER

Name: _____

Caitlin is 18 years old and about to graduate high school. She works part-time at her mom's office after school. She earns approximately $550 each month. Caitlin wants to move out of her parents' house and into her own apartment when she graduates, but she keeps coming up short on money and dipping into her savings account to pay for daily expenses. Over the years, Caitlin has built up her savings account by stashing away birthday gift money and any extra earnings from jobs like babysitting and walking her neighbor's dog. Now that she plans on living on her own, she wants to keep her savings account in place as an emergency fund, but she's worried about how to pay for new expenses like rent and utilities. Review her spending habits below and see if you can help her make a plan.

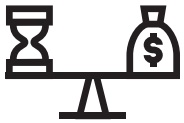
Sunday	Monday	Tuesday	Wednesday	Thursday	Friday	Saturday
Lunch: $6.99 Gas: $21.50	Coffee: $2.00 New pair of jeans & T-shirt: $52.86	Coffee: $2.00 Lunch: $8.50 Manicure: $25.00	Coffee: $2.00	Coffee: $2.00 Lunch: $7.65	Coffee: $2.00 Movie & Snacks: $15.00	Gas: $15.00 Concert: $89.00

If Caitlin spends at this pace for an entire month, how much money will she spend by the end of the month?

Compare Caitlin's monthly expenses to her monthly income. Does Caitlin have positive cash flow (more money coming in than going out) or negative cash flow (more money going out than coming in)?

What patterns do you observe in Caitlin's spending habits? What does she spend money on most often?

What advice would you give Caitlin to help her reduce expenses so she can afford to move out on her own?



Lesson 3: Can You Pay Your Bills?

INCOME & EXPENSES

Name: _____

Let's Practice!
Jayden brings home $425 each month. Help Jayden track his monthly income and expenses to determine how much money he has coming in, how much is going out, and whether or not he has enough income to pay his bills and expenses each month.

The chart below lists his income and expenses.
Total his income and expense categories.

Does Jayden have enough money to pay all of his bills?

MY INCOME	
After-school job	$300
Mowing neighbor's lawn	$125
TOTAL INCOME	$

FIXED EXPENSES	
Car payment	$150
Car insurance	$30
Loans/credit cards	$10
Savings	$25
TOTAL FIXED EXPENSES	$

FLEXIBLE EXPENSES	
Gas/car maintenance	$60
Cell phone	$30
Entertainment	$40
Personal expenses	$25
TOTAL FLEXIBLE EXPENSES	$

TOTAL EXPENSES	$

Income is money that comes to you from:
- Various jobs or work, like cutting grass or babysitting wages
- Full- or part-time employment
- Allowances
- Odd jobs
- Interest and dividends
- Other sources, including tips

Expenses are the items you spend money on. They might be from:
- Bills (for example: cell phone or cable bill, rent)
- Transportation expenses
- (for example: car payment, gas, insurance, and bus or transit fares)
- Movies, music downloads, or other entertainment
- Clothes
- Eating out
- Personal items (for example: makeup, cologne)
- Savings for college or other future purchases. Even though you aren't "spending" the money you put aside in savings on goods or services, considering it an expense helps build short-term savings (such as for emergencies) and long-term savings (such as for college expenses, buying a home, or retirement).

Fixed expenses do not change from month to month.

Flexible expenses might change from month to month, like a heating bill that is lower in May than in December

Lesson 3: Can You Pay Your Bills?

CASH FLOW CONUNDRUM

Name: _____

Help! Todd is in a real conundrum…he's overspending and needs a plan. Read his story below and help him put the pieces to a solid plan together before it's too late.

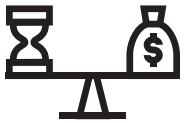
From Todd:
"I earn approximately $100 each month from mowing lawns. My cell phone bill is $50 a month. I use my phone for everything — texting, downloading movies, playing apps with my friends, you name it.



Let's see…the rest of my money goes toward hanging out with friends ($30); buying clothes, new music, video games ($45); and then into savings ($10). I have $70 in savings right now.

My problem is that I didn't realize how much I was using my phone last month until I went way, WAY over my allowable data. When I got my bill, I flipped! I really should have paid more attention. It was $256! I don't have that kind of money. If I keep paying my regular $50 a month, I'm going to continue to owe extra charges.

What else can I do? Do you have any ideas for how I can lower my expenses and increase my income so I can get rid of this debt?"



Lesson 3: Can You Pay Your Bills?

WHAT U=IF...

Name: _____

What happens if you remove a small, unnecessary item from a budget? How do you think one small act can lead to big savings?

Let's find out! Imagine that you buy a daily coffee for $2. Calculate the true cost of those java jolts for each of the time periods below.

One week: _____(Not so bad, right?)

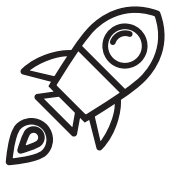
One month (30 days): _____(Not great, but still manageable.)

One year: _____(Ouch! That's adding up.)

Five years: _____(Whoa, slow down — Coffee costs that much?!)

Ten years: _____(That's the cost of a car!)

Twenty years: _____(OK…lesson learned: cutting small expenses can lead to big savings.)



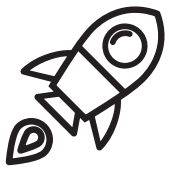
Lesson 4: Boost Your Savings

RAINY DAYS

Name: _____

What are different emergencies that can happen in life, and how much might they cost? Brainstorm a list of possible emergencies below, assess different cost implications, and then reflect on how a rainy day fund can help.

Emergency	What might be some of the unexpected costs?	How might a rainy day fund help?
Example: illness leading to hospitalization	▪ Ambulance-ride fees ▪ Hospital admittance fees ▪ Surgery fees	If you don't have health insurance or your insurance doesn't cover all medical expenses, a rainy day fund can help you avoid having to take out loans or go into debt to pay for the unexpected fees.



Lesson 4: Boost Your Savings

COMPOUNDING INTEREST OVER TIME

Name: _____

What would happen if you saved $1,000 under your mattress for a year? Assuming that it hasn't been lost or stolen, it will still be $1,000 at the end of the year. Your mattress is not paying you interest to keep your money.

But banks and financial institutions do pay interest on your deposited money, helping a $1,000 deposit grow over time. Compounding means calculating interest on both principal and previously earned interest.

Interest can be compounded daily, monthly, or annually. Review the chart below and determine which method of compounding yields the greatest return.

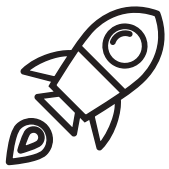
	5 years	**10 years**
Mattress compounding — NO interest!	$1,000.00 *(unless stolen or lost)*	$1,000.00 *(unless stolen or lost)*
Annual compounding at 1%	$1,051.01	$1,104.62
Monthly compounding at 1%	$1,051.25	$1,105.12
Daily compounding at 1%	$1,051.27	$1,105.17

Complete the chart below by calculating how much savings grows with no interest versus 2% daily compounding interest.

To complete the calculations, use an online calculator (For example: **https://financialmentor.com/calculator/compound-interest-calculator**) or spreadsheet software using the following formula:
FV (rate, nper, pmt, [pv], [type])

FV (rate, nper, pmt, [pv], [type])
Rate = interest rate per period
Nper = total number of payment periods
Pmt = payment made each period
Pv = present value, or the lump-sum amount that a series of future payments is worth right now
Type = indicates when payments are made (0 means at the end of the period and 1 is at the beginning of the period)

	Saving 50 cents a day:		**Saving $1 a day:**	
	No interest	2% Daily Compounding	No interest	2% Daily Compounding
Year 1				
Year 5				
Year 10				
Year 30				



Lesson 4: Boost Your Savings

SAVINGS OPTIONS

Name: _____

Certificate of Deposit (CD): An account that typically offers a higher rate of interest than a regular savings account in exchange for you keeping the money on deposit for a set term (for example: 6 months or more).

Money Market Account: An account that usually pays a higher rate of interest, and it usually requires a higher minimum balance (for example: $1,000) to earn interest than is earned on a regular savings account. You can make deposits and limited withdrawals.

Savings Account: An account that typically allows unlimited deposits, but limits the number of fee-free withdraws you can make during a month. You typically earn interest on the money you have on deposit and will receive a statement at least quarterly listing all transactions in the account.

Protection: FDIC insurance protects all deposit accounts, including checking and savings accounts, money market deposit accounts, and CDs. This means that money you have deposited in insured financial institutions is guaranteed up to the maximum amount allowed by law ($250,000 per depositor, per insured bank, for each account ownership category) if the financial institution goes out of business and cannot pay you your money. Depositors may qualify for coverage over $250,000 if they have funds in different ownership categories and all FDIC requirements are met. Likewise, the National Credit Union Administration (NCUA) insures your money up to $250,000 per depositor at insured credit unions.

	Financial Institution	
	1:	2:
Minimum Deposits (How much money is needed to open the account?)		
Interest Rates (What interest rate, expressed as APY, does the account earn?)		
Protection (Is the account protected by the FDIC or NCUA?)		
Fees/Penalties (Are there withdrawal penalties or fees for maintaining the account?)		



Lesson 5: Bank Your Bucks

BANKING BASICS

Name: _____

Travel around the room to each different banking station and record what you learn about the following people and banking tools.

Job	What is my primary role at the bank?	How do I help customers?
Customer Service Representative		
Bank Teller		
Loan Officer		
Branch Manager		
ATM		
Website		



Lesson 5: Bank Your Bucks

BANKING BASICS SCRIPTS

Travel around the room to each different banking station and record what you learn about the following people and banking tools.

Hi, I am the Customer Service Representative. I can:

- Help you open your account
- Explain services we offer
- Answer general questions
- Refer you to a person who can help you
- Provide written information explaining the bank products

Hi, I am the bank teller. I will:

- Deposit and withdraw money from your account for you
- Cash your checks
- Answer questions about bank accounts
- Refer you to the person who can help you with other bank services
- Create a bank-certified check for you

Hi, I am the loan officer. If you need a loan, I can:

- Take applications for loans offered at the bank
- Answer questions about loans
- Provide written information explaining loan products
- Help you fill out a loan application
- Evaluate loan applications

Hi, I am the branch manager. I will:

- Supervise all the bank operations that take place at this branch
- Help fix the problems that other employees cannot solve

Hi, I am an Automated Teller Machine, or ATM for short. I will:

- Get you fast access to your money
- Be available 24 hours a day, 7 days a week
- Help you check your account balance and make deposits

Hi, I am the bank website. I can:

- Help you monitor your withdrawals and deposits, and even pay bills
- Be available 24 hours a day, 7 days a week for online banking
- Help you check your account balance
- Help you complete



Lesson 5: Bank Your Bucks
SECURITY

Name: _____

How Is Your Money Protected?
The Federal Deposit Insurance Corporation (FDIC) insures deposits up to the maximum amount allowed by law. This means that the FDIC will return customers' money up to $250,000 per depositor, per insured bank the current Standard Maximum Deposit Insurance Amount (SMDIA) if a bank closes and cannot give its customers their money.

You can tell whether the FDIC insures a bank by the displayed FDIC logo. Most credit unions are insured by the National Credit Union Administration (NCUA). The deposit insurance rules are similar at NCUA-insured credit unions as they are at FDIC-insured banks.

The FDIC has an online tool called the Electronic Deposit Insurance Estimator (EDIE). You can calculate the insurance coverage of your accounts at each FDIC-insured institution online at **https://edie.fdic.gov**.

Challenge
Read the following descriptions and place a ✓ by the correct financial institution.

Stars & Stripes Financial Institution is insured by the FDIC. It must follow federal and state laws. You could get a loan, a credit card, or open a checking or savings account here. *Which one is it?*

☐ Bank or Thrift ☐ Credit Union

Great Financial Institution requires account holders to be a faculty or staff member or student at Great University. The account holders are also the owners. *Which one is it?*

☐ Bank or Thrift ☐ Credit Union

Lesson 5: Bank Your Bucks

CHECKING AND SAVINGS ACCOUNTS

Name: _____

Checking Accounts: A checking account allows you to pay bills and buy goods with the money you have deposited.

- When you write a check, use an ATM or debit card, or bank online, the financial institution takes the money from your account and pays it to the designated person or business.
- The financial institution makes a monthly record of the deposits and withdrawals made available to you either by mail or online. This is called a bank statement.

It is a good idea to compare the rules of the different accounts. For example: some banks might require you to have a certain balance to open an account, earn interest, or avoid fees. This is usually called a minimum balance.

Savings Accounts: A savings account is a safe place for you to save money. You generally will be paid interest on the money in your savings account, but you usually cannot write checks from this type of account.

- You can often open a savings account with a few dollars, but you might pay a monthly fee if the balance is below a certain amount.
- You can keep track of your account balance by reviewing the account statement.

Don't Forget About Interest: One of the advantages of having a bank account is the interest you earn. Interest is a percentage of your balance that the bank pays you for keeping your money at that bank (if the account pays interest). Most savings accounts pay interest. It is less common for checking accounts to pay interest, but some may.

How to Write a Check:

1. Know where the routing and bank account numbers are
2. Write in the date
3. Write the person or entity (for example: a business or organization name) that you are paying
4. Write the numerical amount of the payment
5. Spell out the amount of payment
6. Sign your name, but don't sign the back! The person receiving the check signs the check to endorse it for deposit





Lesson 5: Bank Your Bucks

CHECKING AND SAVINGS ACCOUNTS *(continued)*

Name: _____

Now it's your turn! Practice filling in the blank check below.

John Doe
55 Main Street
City, State 55555

101

DATE _____

PAY TO THE ORDER OF _____ $ _____

_____ DOLLARS

Main Street Bank
Anytown, USA 09876

FOR: _____ _____

⑆123400089 ⑆0987654321 ⑈0101



Lesson 5: Bank Your Bucks

BANK CHECKLIST

Name: _____

Using an Internet search engine, locate and review the offerings from three different financial institutions and complete the chart below.

	Financial Institution Name and Account Type
1	
2	
3	

1. My Needs and Access	Financial Institution 1	2	3
Is the institution insured by FDIC (for banks and savings associations) or NCUA (for credit unions)?	☐ Yes ☐ No	☐ Yes ☐ No	☐ Yes ☐ No
If the institution is a credit union, am I eligible to join?	☐ Yes ☐ No	☐ Yes ☐ No	☐ Yes ☐ No
Do I feel welcome and valued as a potential customer?	☐ Yes ☐ No	☐ Yes ☐ No	☐ Yes ☐ No
Does the institution offer products and services I might need? (Mobile app, personal loans, vehicle loans, mortgages, credit cards, savings products, other)	☐ Yes ☐ No	☐ Yes ☐ No	☐ Yes ☐ No
Are the products and services described in terms and language I can understand?	☐ Yes ☐ No	☐ Yes ☐ No	☐ Yes ☐ No
Is staff available to answer my questions at times that work for my schedule? (In person, by phone, through online chat, secure email, other)	☐ Yes ☐ No	☐ Yes ☐ No	☐ Yes ☐ No
Can I access my account information how and when I need it? (Phone, paper, online, mobile, other)	☐ Yes ☐ No	☐ Yes ☐ No	☐ Yes ☐ No
Can I access my money how and when I need it? (Convenient ATM, branches, other)	☐ Yes ☐ No	☐ Yes ☐ No	☐ Yes ☐ No
Are there special accounts for students or groups I'm part of? What benefits are there to these accounts?	☐ Yes ☐ No	☐ Yes ☐ No	☐ Yes ☐ No
Other:			



Lesson 5: Bank Your Bucks

BANK CHECKLIST *(continued)*

Name: _____

2. Checking Accounts, Reloadable Prepaid Cards and other Transactional Accounts	Financial Institution		
	1	2	3
Minimum opening deposit?	$	$	$
Minimum monthly balance?	$	$	$
Will my money earn interest? If yes, what is the Annual Percentage Yield (APY)? What balance do I have to maintain to earn interest?	☐ Yes ☐ No	☐ Yes ☐ No	☐ Yes ☐ No
How can I deposit money? (Branch, ATM, online, mobile app, other)			
If I plan to deposit checks, how soon will the funds generally be available to me?			
Is there an online or mobile bill payment feature? How does it work?	☐ Yes ☐ No	☐ Yes ☐ No	☐ Yes ☐ No
Can I set up alerts, such as for low balances? If yes, can I choose how they are sent? (Email, text, phone, other)	☐ Yes ☐ No	☐ Yes ☐ No	☐ Yes ☐ No
What fees might I have to pay every month? What other fees are there? (Ask for a fee schedule)			
Other:			

3. Savings Accounts			
Minimum opening deposit?	$	$	$
Minimum monthly balance?	$	$	$
What is the Annual Percentage Yield (APY)? What balance do I have to maintain to earn interest?			



Lesson 5: Bank Your Bucks

BANK CHECKLIST *(continued)*

Name: _____

3. Savings Accounts	Financial Institution		
	1	2	3
What fees might I have to pay every month? What other fees are there? (Ask for a fee schedule)			
Other:			

4. Debit Cards and ATM (Automated Teller Machine) Cards			
Will I get a debit card or an ATM card? When?	☐ Yes ☐ No	☐ Yes ☐ No	☐ Yes ☐ No
Are there rebates, bonuses, or other rewards for using a debit card?	☐ Yes ☐ No	☐ Yes ☐ No	☐ Yes ☐ No
Can I set up alerts, such as for when the card is used? If yes, can I choose how to receive them? (Email, text, phone, other)	☐ Yes ☐ No	☐ Yes ☐ No	☐ Yes ☐ No
What fees might the card have? (Ask for a fee schedule)			
Other:			

5. Overdrafts and Overdraft Fees *An overdraft occurs when a transaction goes through, but there is not enough money in your account to cover that transaction.*			
What are the overdraft practices that come with the account?			
Will the institution authorize and pay overdrafts caused by checks, other transactions using my account number, and automatic bill payments?	☐ Yes ☐ No	☐ Yes ☐ No	☐ Yes ☐ No
If I opt-in to an overdraft program, will the institution authorize and pay overdrafts caused by using ATMs and making everyday debit card transactions?	☐ Yes ☐ No	☐ Yes ☐ No	☐ Yes ☐ No



Lesson 5: Bank Your Bucks

BANK CHECKLIST *(continued)*

Name: _____

5. Overdrafts and Overdraft Fees	Financial Institution		
	1	2	3
What fees does the institution charge related to overdrafts? (Ask for the overdraft disclosure and fee schedule)			
Can the institution link my savings account to my checking account to avoid an overdraft? If yes, are there fees?	☐ Yes ☐ No	☐ Yes ☐ No	☐ Yes ☐ No
Other:			

6. Other Available Services			
"Person-to-Person" (P2P) Payments Can I transfer money directly to another person? How does the service work and how quickly would the recipient receive my payment? (Ask for a fee schedule)	☐ Yes ☐ No	☐ Yes ☐ No	☐ Yes ☐ No
Money Orders Can I purchase money orders? (Ask for a fee schedule)	☐ Yes ☐ No	☐ Yes ☐ No	☐ Yes ☐ No
Remittance Transfers Can I send money to a person or business in another country? (Ask about a specific country if one is important to you, and ask for a fee schedule)	☐ Yes ☐ No	☐ Yes ☐ No	☐ Yes ☐ No
Safe Deposit Boxes Can I rent a safe deposit box? What size? (Ask for a fee schedule)	☐ Yes ☐ No	☐ Yes ☐ No	☐ Yes ☐ No
Third Party Access If someone helps manage my banking relationship, what information can they receive on my behalf? How would I authorize them to receive this information?			
Other:			

Overall Comparison

Based on the above information, which one do you think will work better for you?	This one ☐	This one ☐	This one ☐



Lesson 6: Bread-and-Butter

PAYCHECK PROS

Name: _____

PART 1: GROSS VERSUS NET INCOME

Gross income is your total income before deductions.
Net income is your total income after deductions (for example: federal and state income taxes, Social Security taxes, retirement savings contributions, and premiums for medical insurance).

Gross income – deductions = Net income

MEET ISAAC

Isaac earns $10 an hour. During his last pay period, he worked a total of 16 hours. Below is the list of his deductions. Help Isaac calculate his net pay.

Gross pay: $160.00

Deductions:
Federal Income Tax: $20.00
State Income Tax: $7.50
Social Security: $9.00
Medicare: $2.40

Show your math

What is Isaac's net pay?

PART 2: YOU HAVE A PAYCHECK…NOW WHAT?

What are your choices once you receive a paycheck? Read each scenario and answer the questions to compare costs and determine who saves more money once they receive his or her paycheck.

Scenario 1: Tony

Tony does not have a bank account so he pays a fee to cash his weekly paycheck. The place he cashes his check charges Tony $5 to cash every check.

How much does Tony pay each month to cash his paychecks?

How much does Tony pay each year?



Lesson 6: Bread-and-Butter
PAYCHECK PROS *(continued)*

Name: _____

Scenario 2: Lamar

Stored-value cards, or prepaid cards, generally allow you to spend only the money deposited on the card. Payroll cards are one of four main types of stored-value card. They are used by an employer to pay wages instead of giving you a paper paycheck. Payroll cards are different from other types of stored-value cards because you do not need to purchase them or pay activation fees, since your employer provides the card.

Lamar opts to have his paycheck deposited onto a stored-value card that he purchased for $5 because his employer does not offer payroll cards. Money can be "loaded" onto the card via direct deposit or by going to certain stores. It has a major credit card issuer logo on it, so he can use it anywhere, just as with a credit or debit card. Lamar can use his stored-value card at an ATM, but the card issuer charges $2 for every ATM transaction. Lamar mostly uses his card at stores, where he slides his card through the point-of-sale (POS) terminal, but this month he used the ATM four times.

1. How much did Lamar pay this month in fees when using his stored-value card at an ATM?
2. How much would Lamar pay each year in fees if he used his stored-value card at an ATMan average of four times each month?

Scenario 3: Sylvia

Sylvia has a checking account. The bank charges a monthly fee of $6 unless she uses direct deposit or her debit card more than five times per month.

1. If Sylvia uses direct deposit or her debit card frequently and she uses no more than one box of checks every year, which cost her $18, how much does she pay to maintain her checking account? (Show your math.)

Comparing Scenarios:

1. How much can Tony save each year if he opens a checking account and pays what Sylvia does?
2. Even if Tony pays a $6 monthly fee for a total of $72 a year, plus the cost of the checks ($18), how much could he save each year?
3. How much can Lamar save each year if he opens a checking account and pays what Sylvia does?



Lesson 6: Bread-and-Butter

PAYCHECK PUZZLE

Name: _____

Hi! I'm Sakina. I'm 21 years old and I just graduated from cosmetology school. I recently started my first job and it's so exciting to be earning a paycheck! I work in a salon about 15 hours a week answering phones and cleaning up. Sometimes I get to help shampoo customers, and I love that! My goal is to have my own stylist chair someday, so I love it when I can help with customers every day. I make $12.50 an hour, but it seems like my paycheck doesn't go very far. I'm just not sure where all my money goes and why I don't get to keep the full $12.50 an hour.
Can you help?

Review Sakina's paycheck and paystub below and help answer her questions.

1. I thought I was earning $12.50 an hour, but my paycheck is less than that. Why is my net pay different from my gross pay?

2. I'm not sure how my net pay is determined. Can you explain to me how my net pay is calculated?

3. What do each of the different deductions on my paycheck mean? Can you explain them to me?

4. Do I have any control over the amount of deductions on my paycheck?

Styles Salon and Spa
21 Salon Drive
Dansville, MS 89743

Earnings Statement

Employee No.	Employee Name	Social Security No.	Period Beg.	Period End	Check Date
543210	Sakina Bhat	xxx-xx-4321	09/01/2019	09/07/2019	09/07/2019

Earnings	Hours	Rate	Current Amount	Withholdings/Deductions	Current Amount	Year to Date
Regular pay	15.00	12.50	187.50	Federal Income Tax: State	$14.42	$14.42
				Income Tax: Medicare	$5.00	$5.00
				Tax: Social Security Tax:	$2.72	$2.72
				Savings:	$11.63	$11.63
					$0.00	$0.00

Gross Pay	Current Deductions	Net Pay	YTD Earnings	YTD Deductions	YTD Net Pay	Check No.
187.50	33.77	153.73	187.50	33.70	153.73	2756

Lesson 7: Capacity, Character, Collateral, Capital

THE FOUR CS OF CREDIT

Name: _____

CAPACITY

Capacity refers to your present and future ability to meet your payments. A lender wants to see that you have a job and you have held the same job or the same type of job for at least a year.

Lenders may ask:

- Do you have a job?
- How much money do you make each month?
- What are your monthly expenses?

CHARACTER

Character refers to how you have paid your bills or debts in the past.

Lenders may ask:

- Have you had credit in the past?
- How many credit accounts do you have?
- Have you ever filed for bankruptcy, had property repossessed, or made late payments?

COLLATERAL

Collateral refers to property or assets you can offer to secure the loan.

Collateral is security you provide the lender. Giving the lender collateral means that you pledge an asset that you own (for example: a car) to the lender with the agreement that it will be the repayment source in case you cannot repay the loan.

Lenders may ask:

- Do you have assets to secure the loan beyond your capacity to pay it off?

CAPITAL

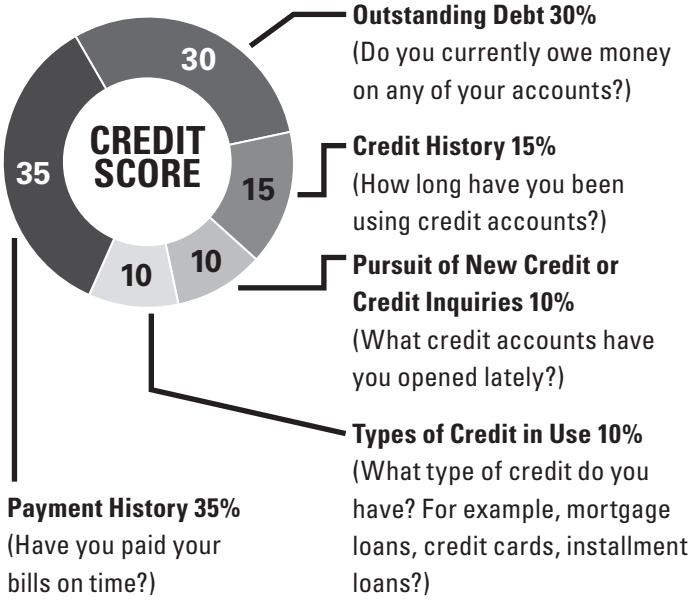
Capital refers to the value of your assets and your net worth. Lenders want to determine the value of your assets (things you own that have financial value). Lenders will also compare the value of your assets and the amount of debt you have. This is called *net worth*. A positive net worth demonstrates your ability to manage your money.

Lenders may ask:

- How much money do you have in your checking and savings accounts?
- Do you have investments (for example: stocks, bonds) or other assets (for example: a car)?

CREDIT SCORE

A credit score is used to predict how likely an individual is to repay a new loan based on information in his or her credit report. Your credit score is a number that is developed by a computer model based on the information in your credit report. It is intended to predict, for example, how likely you are to repay your debts. Keep in mind that credit scores may vary depending on which scoring services prepared them and which of the many different credit scoring models is being used. As an example, the factors that determine your credit score in one commonly used model include:





Lesson 7: Capacity, Character, Collateral, Capital

THE FOUR CS CHALLENGE

Name: _____

Lenders often determine an applicant's Four Cs during the loan application process. The following information is taken from the Uniform Residential Loan Application, which is the standard form used for mortgage loan applications. The questions are similar to applications for other types of loans.

Review each section and match the required information with the appropriate C: Capital, Collateral, Character, or Capacity. There may be more than one correct answer.

1. Employment Information: _____

Name & Address of Employer ☐ Self Employed	Dates (from – to)
	Monthly Income
Position/Title/Type of Business	Business Phone (incl. area code)
Name & Address of Employer ☐ Self Employed	Dates (from – to)
	Monthly Income
Position/Title/Type of Business	Business Phone (incl. area code)

2. Monthly Income and Combined Housing Expense Information: _____

Gross Monthly	Borrower	Co-Borrower	Total
Base Empl. Income*	$	$	$
Overtime			
Bonuses			
Commissions			
Dividends/Interest			
Net Rental Income			
Other) before completing, see the notice in "describe other income," below"			
Total	$	$	$

Combined Monthly Housing Expense	Borrower	Co-Borrower
Rent	$	$
First Mortgage (P&I)		
Other Financing (P&I)		
Hazard Insurance		
Real Estate Taxes		
Mortgage Insurance		
Homeowner Assn.		
Dues Other		
Total	$	$



Lesson 7: Capacity, Character, Collateral, Capital
THE FOUR CS CHALLENGE *(continued)*

Name: _____

3. Declarations: _____

DECLARATIONS				
If you answer "Yes" to any questions a through e, please use continuation sheet for explanation.	**Borrower**		**Co-Borrower**	
	Yes	**No**	**Yes**	**No**
a) Are there any outstanding judgments against you?	☐	☐	☐	☐
b) Have you been declared bankrupt within the past 7 years?	☐	☐	☐	☐
c) Have you had property foreclosed upon or given title or deed in lieu thereof in the last 7 years?	☐	☐	☐	☐
d) Are you a party to a lawsuit?	☐	☐	☐	☐
e) Have you directly or indirectly been obligated on any loan which resulted in foreclosure, transfer of title in lieu of foreclosure, or judgment?	☐	☐	☐	☐
(This would include such loans as home mortgage loans, SBA loans, home improvement loans, educational loans, manufactured (mobile) home loans, any mortgage, financial obligation, bond, or loan guarantee. If "Yes," provide details, including date, name, and address of Lender, FHA or VA case number, if any, and reasons for the action.)				

4. Assets (for example: checking and savings account, investment products, and vehicle) and **Liabilities** (for example: automobile or other loans, charge accounts, and other forms of debt): _____

Assets Description	**Cash or Market Value**	**Liabilities and Pledged Assets**. List the creditor's name, address, and account number for all outstanding debts, including automobile loans, revolving charge accounts, real estate loans, alimony, child support, stock pledges, etc. Use continuation sheet, if necessary. Indicate by (*) those liabilities, which will be satisfied upon sale of real estate owned or upon refinancing of the subject property.		
Cash deposit toward purchase held by:	$			
List checking and savings accounts below		**LIABILITIES**	**Monthly Payment & Months Left to Pay**	**Unpaid Balance**
Name and address of Bank, S&L, or Credit Union Acct. no. $		Name and address of Acct. no.	$ Payment/Months	$
Name and address of Bank, S&L, or Credit Union Acct. no. $		Name and address of Acct. no.	$ Payment/Months	$



Lesson 7: Capacity, Character, Collateral, Capital

MANAGE OR DAMAGE?

Name: _____

Sample credit report:

Example Credit Report

<Date>	<Time>		
9/20/17	12:15 p.m. CT		
		<SSN>	<Birthdate>
<Subject>		123-45-6789	7/27/72
Davis, Rashawn E.			<Telephone>
<Also known as>			(555) 222 -3333
Davis, Ray E.			

<Current Address>
123 24th Street NW
Western, NE 12345

<Former Address>
3728 Maple Street
Eastern, NE 54321

<Current Employer and Address>
First Rate Supplies, LLC
47 First Street, Western, NE 12345

****

SPECIAL MESSAGES
None at this time.

****

PUBLIC RECORDS

Source	Date	Liab	ECOA	Assets	Paid	Docket#
Z 409581	10/12R	$18930	Court			Attorney
Chapter 7 Bankruptcy			C	$4000		012-1930
						A. Finch

****

COLLECTIONS

Subname	Subcode	ECOA	Opened	Closed	$Placed	Creditor
Account#			Verified		Balance	Remarks
ABC Collections	Y	I	6/12		$2780	First Bank
09247501			7/15		$0	

****

TRADES

Subname	Subcode	Opened	High Cred	Terms	PayPat
Account#		Verified	CredLimit	PastDue	
	Collateral/				
ECOA	Loan Type	Clsd/PD	Balance	Remarks	



Lesson 7: Capacity, Character, Collateral, Capital

MANAGE OR DAMAGE? *(continued)*

Name: _____

Example Credit Report

ABC Bank 123478901234	N 46871	7/16 5/17	$3500 K $4000 K	MIN 200	111111111111 111111121111
I	/Credit Card		$2580		
Your Bank 16-82093475	B 687111	1/17 8/17	$220 K $218,021	360M1141	1111111
C	/Mortgage				
Department Store 676518276152 I	D 7483111 /Credit Card	4/15 6/17	$500 $1500 $150	MIN25	11113211111 11111111121
First Credit Union	Q 9863522	12/14 7/17	$20 K $10203	60M396	111111111111 111111111111
I	/Automobile				

****

INQUIRIES

Date	Subcode	Subname	Date	Subcode Subname
12/16	Q8398233	Best Mortgage Co.		
12/16	B0383726	City Bank		
12/16	B0090923	Eastern Bank		

****



Lesson 7: Capacity, Character, Collateral, Capital

MANAGE OR DAMAGE? *(continued)*

Name: _____

Read the scenarios below and decide if each person's actions are managing or damaging credit. **Select the correct answer and explain your reasons.**

Eli, 22 years old "I researched three different credit card options before I decided to get one about a year ago. I use it mostly to buy bigger items. Like last week I bought a new microwave for my apartment and put it on my credit card. I get a bill at the end of every month and then I'll go online and pay it in full. I don't want to have to worry about the credit card adding up to more than I have so I just think it's easier to pay it off every month."

Manage or Damage

Why?

Imani, 18 years old "I bought a new cell phone after getting a job at the movie theater on the weekends. At first, I made all of my payments on time. But I ended up having to quit my job because I was having trouble in school and needed more time to study and get my homework done. I haven't been able to pay my phone bill on time for the last three months. I signed a two-year contract for my phone because the phone company gave me a discount if I did, but now I don't know if I can make it the full two years."

Manage or Damage

Why?

Ethan, 19 years old "When I started college last year, I couldn't believe how many credit card applications were offered to me. I thought, hey, why not? I'm going to need money for books and food and probably a football game or two, so I went ahead and applied for them all…and got approved! Now, all my cards are maxed out and I can't use them anymore because I've hit my credit limit. I let a few of the payments slip last month because I didn't have the money, but I'm thinking if I can get a new card then I can get more money to pay off my other ones."

Manage or Damage

Why?



Lesson 7: Capacity, Character, Collateral, Capital

MANAGE OR DAMAGE? *(continued)*

Name: _____

Think of an instance, action, or behavior that represents being creditworthy, such as successfully paying off a vehicle loan or making monthly payments on time, and illustrate a story about your creditworthy idea in the comic strip below.

Box I: Use this space to illustrate the beginning of your story, such as who is demonstrating the creditworthy act (your main character) and where the story takes place (at home, at a bank, at a store).

Box 2: Use this box to illustrate the middle of your story, or where all the action takes place.

Box 3: Draw the end, or resolution, of your story here and how your main character displayed creditworthiness.



Lesson 8: The Almighty Dollar?

CREDIT VERSUS DEBIT

Name: _____

Although they look similar, credit and ATM/debit cards allow you to use money differently. Review the chart to see the differences.

	ATM/Debit Cards	Credit Cards
Payments	▪ Buy now, pay now.	▪ Buy now, pay later.
Interest Charges	▪ No charges apply as funds are automatically debited from your checking account.	▪ Charges will apply if you carry a balance or if your card offers no grace period and you incur interest charges.
Fees	▪ Fees on certain transactions (for example: an ATM fee charged for withdrawing funds from an ATM not operated by the bank that issued your debit card). ▪ Potentially costly fees if you try to spend more money than is available in your account.	▪ Fees and penalties can be imposed if payments are not timely. ▪ Some cards have annual fees. ▪ Not all cards offer grace periods (time to repay without incurring interest charges).
Other Potential Benefits	▪ Easier and faster than writing a check. ▪ No risk of losing cash that you cannot replace. ▪ Some cards may offer freebies or rebates. ▪ As long as you do not overdraw your account, debit cards are a good way to pay for purchases without borrowing money and paying interest.	▪ Freebies sometimes offered (for example: cash rebates, bonus points, or travel deals). ▪ You can withhold payment on charges in dispute. ▪ If you manage your credit card carefully, your credit score may go up and you may qualify for lower interest rates on loans.
Other Potential Concerns	▪ Usually there are no protections ▪ against faulty goods and services. ▪ You need another way to pay for unexpected emergencies (for example: vehicle repairs) if you do not have enough money in your bank accounts.	▪ Overspending can occur, since the credit limit may be higher than you can afford. ▪ If you do not pay your card balance in full each month, or your card does not have an interest-free grace period, you will pay interest. This can be costly, especially if you only pay at or near the minimum amount due each month

CREDIT CARD RESPONSIBILITY TIPS

- Keep track of what you are charging. It can be easy to spend more than you realize.
- Read your monthly statements carefully and make sure all of the charges are accurate.
- Pay off your full balance every month.
- Always pay your balance on time to avoid late fees and build a positive credit history.



Lesson 8: The Almighty Dollar?
CREDIT RESPONSIBILITY

Name: _____

Sometimes people who use credit cards do not follow the tips and guidelines for responsible credit card use. Read each scenario and determine whether the credit card user is ***responsible*** or ***irresponsible*** with his or her credit card use. Briefly explain your answer.

SITUATION 1

Jason receives a credit card bill. He gets a cash advance on another credit card to pay part of the bill.

What do you think about Jason's use of a credit card?

SITUATION 2

The balance on Collin's credit card is $3,000, which is his credit limit. He makes only the minimum monthly payment of $50 and is always close to the limit on his credit card.

What do you think about Collin's use of a credit card?

SITUATION 3

Lynda uses her credit card for convenience and only for larger purchases of more than $100. She pays cash for most small purchases under $100. She pays her credit card bill in full each month.

What do you think about Lynda's use of a credit card?

SITUATION 4

Becca was excited to get a credit card offer in the mail. She applied for the credit card without reading the terms. When the card came, she bought several items. When the bill came, she was surprised to find additional fees charged to her account and that the APR was 21%.

What do you think about Becca's use of a credit card?



Lesson 8: The Almighty Dollar?

COMPARING CARDS

Name: _____

Using an Internet search engine, research three different credit card offers and complete the chart with your findings.

	Credit Card 1	Credit Card 2	Credit Card 3
Name of credit card issuer/card			
What is the APR? ▪ Introductory APR? ▪ Rate for purchases? ▪ Rate for cash advances? ▪ Penalty APR?			
What are the fees? ▪ Annua/ fee? ▪ Late fee? ▪ Over-the-limit fee? ▪ Cash advance fee? ▪ Other fees?			
Are there any benefits? (For example: reward points earned, rebates)			
Other? (For example: customer service hours, online access, access to a real person)			

If you were going to get a credit card, which of the three cards from your research would you select, and why?

Lesson 8: The Almighty Dollar?

CREDIT TRAP

Name: _____

Taking on a credit card can be full of challenges, from managing your balance to understanding APRs. Use what you have learned in this lesson to write five tips for how to avoid credit traps and irresponsible credit card use.

Tip 1



Tip 2

Tip 3

Tip 4

Tip 5

Lesson 9: Easy as Pi
FINANCIAL RATIOS

Name: _____

Read each scenario and apply the appropriate financial ratio.

1. **Debt-to-Income:** monthly debt divided by monthly gross income
   Ishaan has a monthly mortgage payment of $800, one credit card at $200 a month, a second credit card at $80 a month, and a vehicle loan for $250 a month. His income is $2,500 each month before taxes.

   What is Ishaan's total debt?

   What is his income?

   What is his Debt-to-Income ratio?

2. **Debt-to-Assets:** liabilities divided by assets
   Stephanie recently took out a loan for $5,500 to help pay for a new-used vehicle. The vehicle is worth $9,500.

   How much are Stephanie's total liabilities?

   How much are her assets?

   What is her Debt-to-Assets ratio?

3. **Debt-to-Limits:** credit debt divided by credit limit
   Avni has a credit card with a $5,000 credit limit. She currently has a balance of $2,000 on the card.

   What is Avni's credit limit?

   What is her debt?

   What is her Debt-to-Limits ratio?

Lesson 9: Easy as Pi
RATIOS RACE

Name: _____

Working with your small group, be the first team to correctly solve the financial ratio problems below. Remember — the financial ratios to choose from are debt-to-income, debt-to-assets, and debt-to-limits. Ready, set, race!

1. **James, 18 years old:**
   "I bought my first truck last year and it's great. It's so much easier to get to school and work now. I did have to borrow money, though, because I only had $3,000 saved up and the truck cost $5,000. I just checked online to see how much my truck is worth today, and it's dropped a little in value. If I sold it right now, it's worth $4,500. I still have $1,500 left on my loan, though. I'm wondering how I can measure my loan to the value of my truck. What do you think…which ratio should I calculate?"

   What ratio should James use?

   What is James's ratio percentage?

2. **Elizabeth, 28 years old**
   "I haven't been very good about managing my debt, and I'm trying to figure out how my debt relates to my income. I have four different credit cards right now but I really want to pay them all off soon. For now, though, I'm making monthly payments of $50 on one, $200 on another, $25 on a third, and $175 on the fourth. I also own a home, and my mortgage is another $900 a month. I earn $3,200 each month before taxes. Can you help me figure out what financial ratio to use?"

   What ratio should Elizabeth use?

   What is Elizabeth's ratio percentage?

3. **Michael, 23 years old**
   "I want to purchase a home someday, so I'm making sure my credit score is in good shape. I have a credit card that I can spend up to $1,000 on but I only have a balance of $100. What financial ratio would help me? Do the math…what's my percentage?"

   What ratio should Michael use?

   What is Michael's ratio percentage?



Lesson 10: Convertible or Clunker?

CASH, LOANS, AND LEASES

Factors	Vehicle Loans	Vehicle Leases	Paying All Cash
Ownership potential	The vehicle belongs to you and the bank that gave you the loan until you have paid off the loan. Then, the vehicle becomes yours.	You are essentially renting the vehicle from the dealership. The lease is like a rental agreement. You make monthly payments to the dealership for a set number of months. The vehicle does not belong to you. When the lease ends, you have to return the vehicle to the dealership. You may decide to purchase the vehicle at the end of the lease. The total cost, however, generally ends up being more than it would have been if you had bought the vehicle.	The vehicle belongs to you because you paid for it in full at the time of purchase.
Cost	Purchasing a vehicle is usually more cost effective if you plan to keep the vehicle long-term. In the short term, however, the costs will generally be greater than a vehicle lease, because your total loan amount and monthly payments are likely to be higher.	A lease will probably cost less than a vehicle loan in the short term, because your total lease amount and monthly payments are likely to be lower. On the other hand, if you exceed the mileage on a leased vehicle or decide to buy it outright once your lease has expired, it will end up costing you more.	Paying in cash can be cost effective because you won't need to acquire any debt to own the car. But, saving up enough money to buy a vehicle outright requires planning ahead and saving diligently.
Monthly payments	Payments are higher, but you only pay them for a set term. Then, you own the vehicle.	Payments are lower because you are not purchasing the vehicle; the dealership still owns it. As long as you lease a vehicle, you will continue to make monthly payments.	No monthly payments, but you would have had to save up a large sum of money ahead of time in order to purchase the vehicle in full. This requires setting and sticking to savings goals.



Lesson 10: Convertible or Clunker?

CASH, LOANS, AND LEASES *(continued)*

Factors	Vehicle Loans	Vehicle Leases	Paying All Cash
Auto insurance	It is usually less expensive than auto insurance for leased cars. Insurance may cost more during the loan than it will after the loan is repaid because the lender may require more coverage.	It usually costs more if you lease a car than it does if you buy. Most vehicle leases require you to carry higher levels of coverage than purchase agreements do. Some insurance carriers may also consider leasing to be higher risk than purchasing.	Insurance may cost less than if you carried a loan because a lender may require more coverage.
Mileage limitations	There are no mileage restrictions.	Leases restrict the number of miles you can drive the vehicle each year. If you exceed the mileage allowed, you have to pay the dealer for each mile over the limit according to your lease. For example: a dealer may charge you $.15 for every mile that you drive over 24,000 miles in two years. If you drive the vehicle an additional 3,000 miles, you would owe the dealer $450 for those miles.	There are no mileage restrictions.
Wear and tear	No additional costs for wear and tear are included in your loan agreement.	Most leases charge you extra money for any damage found at the end of the lease that goes beyond normal wear and tear.	No additional costs for wear and tear are included in your purchase price.



Lesson 10: Convertible or Clunker?

IT'S TIME TO FINANCE!

Characters

- Al, the car salesman
- Jasmine
- Rick, Jasmine's father
- Narrator

Narrator: *Jasmine and Rick are walking around Al's Super Used Cars lot and Al approaches them as they are looking at a blue sports car.*

Al: Hello there, folks! How can I help you this beautiful afternoon?

Rick: Well, my daughter is looking to buy her first car.

Al: *(looking at Jasmine)* Well, alright. What type of car are you looking for?

Jasmine: I'd like a car with satellite radio, a navigation system, air conditioning, sun roof....

Rick: *(cutting off Jasmine)* She wants the best deal you have on the lot…she's paying for this car herself!

Jasmine: Yeah, I know I have to pay for it myself, Dad! I really like this blue one! How much is it?

Al: The sticker here says $10,000…*(Jasmine sighs and frowns.)*…but I think I could drop that down to $9,250.

Jasmine: Well, how much would that be per month?

Al: That depends on the financing. It could be $200 a month for five years with no down payment. Do you have money for a down payment?

Jasmine: Uh, no. I did not realize I would need money for a down payment.

Al: Do you have a job?

Jasmine: Yes, I usually make about $200 a month from babysitting. I do not really have any other expenses, but I do not want to spend everything I make on a car!

Al: I have this nice red car over here. *(Al, Jasmine, and Rick walk toward another car.)* You can finance this one for $125 a month, and then it is yours to own after six years.

Jasmine: I can afford that!!

Rick: Remember, you'll need to pay for insurance, maintenance, gas, and everything else that comes along with owning a car…

Jasmine: I really want this one, Dad, and I can afford it!

Al: Step into my office and we can discuss paperwork for the car. *(Al, Jasmine, and Rick walk into Al's office and all sit down.)* OK, now will you be cosigning this loan for your daughter?



Lesson 10: Convertible or Clunker?
IT'S TIME TO FINANCE! *(continued)*

Rick: Yes, she's only 17, so I will be cosigning. *(Turning to his daughter.)* Now, you know I expect you to pay the bill on time every month, right? I expect you to be responsible.

Jasmine: Yes, Dad, I know. I'll make sure I have the money to pay for everything.

Narrator: *Jasmine ends up financing the car for $125 per month for six years. She does not realize that one reason the payment was lower per month was that the term of the loan was extended — meaning she will pay the loan back over a longer time period. This means that she will pay more in interest than if the term of the loan were shorter. After driving the car for two years, Jasmine went to start the car to go to work one morning and it made a funny noise and would not start. It ended up costing $2,000 in repairs! Jasmine was disappointed to find out that the $500 in insurance she paid every year did not cover the repair. Was financing this car the right idea for Jasmine? What should she have looked out for when shopping for a car?*



Lesson 10: Convertible or Clunker?

IT'S TIME TO LEASE!

Characters

- Al, the car salesman
- Todd
- Sharon, Todd's mother
- Narrator

Narrator: *Todd and Sharon are walking around Al's Super Used Cars lot and Al approaches them as they are looking at a green truck.*

Al: Hello there, folks! How can I help you this beautiful afternoon?

Todd: I want a truck!!

Sharon: *(giving her son a stern look)* Yes, my son is looking for a truck he can purchase.

Todd: No, Mom, I want to lease a truck. I am going to college in two years and I will not be able to take my truck on campus. I am just looking for a truck for work and to drive to school and stuff until I graduate.

Al: Sounds like you know what you want!

Todd: Yes, sir. It will cost me less in the end and I do not want the long-term loan right now. I only plan on driving around town and I will return the truck when the lease expires. So how much does this cool truck cost? (Points to a nearby truck he has been looking at.)

Al: I can lease that to you for $200 a month. Is that in your price range?

Todd: Wow, that's a lot more than I thought! I do not have a job right now, so coming up with $200 a month may be difficult. What if I promise that I will get a job, Mom?

Sharon: You cannot just promise to get a job, Todd! I thought you said you had saved some money from working at the restaurant this summer?

Todd: Yeah, I have money for a down payment and the first few payments, but I will need to find a job so I can continue to make the monthly payments.

Al: Maybe you need to come back when you have a job and you know that you can afford this nice truck?

Todd: No! I want it now. I told my friends that I could drive them to a concert next weekend. I know I can find a job in the next few weeks, and I have the money for the down payment and the first month. *(Turns to Sharon.)* Mom, can I please get this truck??

Sharon: It is your decision, but don't forget that your father and I do not want to cover the payments if you cannot make them.

Todd: I know, I know! OK, I want to get it!!



Lesson 10: Convertible or Clunker?

IT'S TIME TO LEASE! *(continued)*

Al: Alright, just step into my office and we will see what we can do!

Narrator: *Sharon leases the truck on Todd's behalf. Sharon and Todd agree that Todd is responsible for the payment and all expenses. Todd finds a part-time job; however, he did not realize that gas would be so expensive, because he is the one always driving his friends around. Every month he struggles to make the payment. He has to give up buying items like music and clothing just so he can make the lease payment. After two years, Todd turns the leased truck back in to the dealership and realizes that he has paid $4,800 for the truck, and now he has nothing to show for it! Was this the right choice for Todd? What could he have done differently?*



Lesson 10: Convertible or Clunker?

CASH, LOANS, AND LEASES

Name: _____

There are many different elements to consider when contemplating a vehicle purchase. Research three different types of vehicles that interest you and find out what the total cost of the vehicles will be in your area by investigating local vehicle prices, sales tax, and license and registration fees. Use an Internet search engine or the web links below to get started.

FDIC Consumer News
https://fdic.gov/consumers/consumer/news/cnspr12/autoloans.html

FTC Consumer Information
www.consumer.ftc.gov/articles/0209-buying-new-car

U.S. Department of Energy Fuel Economy
www.fueleconomy.gov

	Vehicle 1	Vehicle 2	Vehicle 3
Make/Model			
Price			
Sales Tax			
License and Registration Fees			
Misc.			
Total			

What research was surprising to you? Did the vehicles cost more or less than what you expected? Why?



Lesson 11: Risky Business

NAME THAT INSURANCE

Name: _____

Read each of the scenarios below and decide which insurance would help minimize financial risk.

Scenario	What kind of insurance is needed?
1. Ani's vehicle skids off the road and into a telephone pole after she hits a patch of ice	
2. Jon's appendix bursts and he needs immediate medical attention	
3. Dylan rear-ends the vehicle in front of him after the driver slams on his brakes	
4. Rionna's husband recently passed away and she needs help covering the cost of the funeral	
5. Genevieve is 85 years old and requires a daily nurse to help her	
6. Vincent breaks his leg and is unable to work for six months	
7. A hurricane breaks windows and floods Catherine's home and everything needs to be replaced	
8. Mason breaks his leg playing soccer and needs to have surgery and a cast	



Lesson 11: Risky Business

INSURANCE INVESTIGATOR

Name: _____

Derek lives in Chicago, Illinois, and earns $40,000 a year working at a hotel. He is not married and has no children. He has been covered by his parents' health insurance plan, but now he is about to celebrate his 26th birthday and needs help figuring out what insurance options are available to him. Using Internet search engines or **www.HealthCare.gov** research, offer Derek three different insurance policies to choose from.

	Policy 1	Policy 2	Policy 3
Name of Provider			
Premium			
Co-pay			
Deductible			

What are the pros and cons for each of the three options you researched?

Based on your research, which insurance policy do you think would work for Derek? Why? Write a brief paragraph evaluating your position.



Lesson 11: Risky Business

LIFE MAP

Name: _____

WHEN I'M 26 YEARS OLD…

WHEN I'M 56 YEARS OLD…

WHEN I'M 86 YEARS OLD…