

**Instructors Guide:
High School**



Financial Capability Curriculum



Financial Capability Curriculum

Instructors Guide

Adult Advanced

Adult Foundation

College

High School

6th - 8th Grade

3rd - 6th Grade

PK - 2nd Grade



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Introduction





Introduction

Introduction

Anticipatory Set

Ask students, “Why should you be interested in learning how to manage money?”

- Have them write their answers in the Student Guide.
- Discuss individual answers with the entire class.

Lesson Explanation

Hook the participants into the session by stating the following goal:

- Would anyone like to know how — just by saving a little money each month — you can become a millionaire?

Pose the following question to the whole group:

- Did you know that if you start saving and investing just \$100 every month — nothing complicated, just saving and making simple investments — that your money can grow to well over \$1 million?

Listen to and observe participants’ reactions.

Hold up a \$100 bill and say ... I worked hard for this \$100.

But let’s assume that I invest this \$100
and this \$100 earns \$10 in one year.

Hold up a \$10 bill and say ... I didn’t have to work for this \$10.

If I keep this money invested, next year I’ll not only make money
off the \$100 I had to work for ...

Hold up another \$10 bill ... But I’ll also make money off the \$10 I didn’t have to work —

Hold up a \$1 bill.

Say, “Does anyone want to learn how to make money without having to work for it?”

Explain that earning money without working for it happens according to the principles of compounding interest. I will be demonstrating how compounding interests works on the last day of this class. Tell them that between now and then, they will be building the skills and knowledge they need to capitalize on this opportunity.

Introduction

Transition into the next activity by stating, “Before I demonstrate compounding interest, let’s talk about what money is good for. If you had all the money you wanted, how would you spend it?”

Listen to participant’s responses, and facilitate discussion by asking,
Would you

- travel?
- help out your family?
- not work?
- play sports?
- hang out with friends?
- shop?

Lesson Activity: Money Is Handy

Instruct Students to complete the **Money Is Handy Activity** in the Student Guide. Read and clarify the instructions.

Let’s suppose you do decide to wait and invest later in life.

- “*What’s the big deal?*” You think to yourself, “*I’ll still see the benefits, right?*”
- Yes, but how hard will you have to work to achieve identical results?

SCENARIO

Two sisters decide they want to invest.

- ☐ One girl invests \$2,000 a month starting at age 21 for *five years*.
- ☐ The other girl decides to wait until she’s older. When she’s 26 years old, she invests \$2,000 a month for *20 years*.

Consider this scenario with the two sisters

At the end of the day, who made the most money?

Assuming an annual compound interest rate of 15% (which is a very high return) 25 years later they BOTH end up with about the same: \$1.2 million!

Have the students answer which girl was smarter and why in their workbooks.

Now take a look at the following table, which maps out how much your money will earn for you depending on the age at which you start to invest:

Introduction

Monthly Investment	Age when you start investing	Amount at retirement	
		With a 7% return	With a 12% return
\$100	18	\$264,000	\$1,200,000
	23	\$181,000	\$649,000
	33	\$81,000	\$189,000
	43	\$31,000	\$50,000
\$150	18	\$393,000	\$1,700,000
	23	\$270,000	\$964,000
	33	\$121,000	\$281,000
	43	\$47,000	\$74,000
\$200	18	\$528,000	\$2,400,000
	23	\$362,000	\$1,300,000
	33	\$162,000	\$1,300,000
	43	\$63,000	\$100,000

These illustrations help prove that the earlier you start, the easier it is to *get your money working for you* — not the other way around!

Gaining knowledge like this, that can make such a huge difference in your success, is why fundamental financial education is so important.

Lesson Explanation

People often say, “Money can’t buy you love or happiness.” While that may be true, money certainly has positive and negative effects in our lives. For example:

- **HEALTH.**

Having money lets you afford healthy activities and food; lack of funds impacts your stress levels and mental health, and means you can’t afford to pay for healthy food and activities.

- **HAPPINESS.**

When you’re able to do the things you love, you feel happier. When you’re short on money, you may be uncomfortable, and discomfort detracts from your happiness.

- **PRODUCTIVITY**

Being financially stable increases productivity in all life areas, while financial problems cause worry that eats into our productivity.

Introduction

- **RELATIONSHIPS.**

Money can have a huge impact on our relationships; in fact, money issues are the leading cause of divorce in the U.S. If you handle your finances, you'll argue less and avoid relationship stress.

- **SECURITY**

Financial stability lets you feel safe, while financial distress leaves you unable to afford safety measures.

- **WELL-BEING**

Money has tremendous impact on your well-being.

- **FREEDOM.**

Financial smarts can give you the freedom to enjoy life, while lack of financial education means you have to work harder and longer just to make ends meet.

In this course you'll learn about Financial Psychology – which refers to your own personal relationship with money. You will get a clear picture of your goal-setting, spending, and savings habits.

No matter what financial situation you're in personally, you definitely are not alone. Here are some numbers that might surprise you.

- Regardless of their income, 70% of Americans are living paycheck-to-paycheck.
- One in every 45 households are in foreclosure.
- 40% of Americans will never gain a net worth larger than \$10,000.
- Bankruptcy and overwhelming debt loads are common.

Many people are going through financial struggles. The question I want you to ask yourself is: "Why?" Why are so many people having money issues today? Listen to their responses.

Introduction

Tell students, “I think I know the answer. They just were never taught about money. Nobody ever told them how to handle their money.”

COMMON CAUSES FOR FINANCIAL DIFFICULTY

- ☐ No clear goals that define how much money they need to live the lifestyle they desire.
- ☐ Lack of a clear financial plan.
- ☐ Absence of a trusted financial mentor, advisor, or coach.
- ☐ Poor financial choices due to the lack of financial knowledge.
- ☐ Insufficient confidence to make necessary financial moves.
- ☐ Poor financial choices due to emotions.
- ☐ Choices motivated by fear and greed.
- ☐ Taking advice from the wrong people. Most advice comes from unqualified salespeople and friends.
- ☐ A few problems that snowballed.
- ☐ Unrealistic expectations of investment returns.
- ☐ Poor financial habits that were developed at an early age.

The graphic illustrates some of the most common reasons people get into financial problems.

That’s what you’re here for today. By learning money skills now, you can either avoid or get out of bad situations like these.

There are lots of good reasons to learn about money management now.

Here are a few of them:

- The benefits of knowing how to manage your money extend well beyond your bank account—you’ll see those benefits in all areas of your life.
- Your ability to live the lifestyle you want is what matters, not money.
- The subject of money is easier than most subjects we learn about in school.
- The main areas of financial literacy are assets, debts, income, insurance, and credit.
- Understanding the common problems people are facing will help you avoid duplicating other people’s mistakes.
- Little adjustments make a long and lasting difference in your finances.
- In five years or less you can achieve financial wellness!

In this course, you’ll learn about accounts and budgeting. You’ll leave knowing how to automate and systemize your finances so that you’re able to save more and stay organized.

One section of this course will cover Income, Career and Business, and Entrepreneurship. You will understand various sources of income and how to tap into those sources.

Introduction

In this course, you will learn about credit and debt. That is, you will find out how to repair, build or maintain your credit history and confidently act on your debt elimination plan.

This course will cover insurance and risk management. You will leave with an insurance plan that protects your assets, credit, and income and manages your risk.

I want you guys to get into a comfortable position. I want you to balance all of the five main money areas.

1. First your **assets**. You have that emergency fund, you have money to invest, you can grow your wealth—you have the asset area covered.
2. I want you to have enough **income** to feel secure knowing money will come in each month. In fact, I want you to have multiple sources of income—not just from a job, but from other areas as well.
3. I know you can have great **credit**—it might just take cleaning up some of your past history. And having good credit can save you tens of thousands of dollars over your lifetime.
4. I know you can feel comfortable having **insurance** and knowing that, if you fall down and break a bone or get in a car accident, you're covered—you're not worried about it, because as long as everybody's safe you know your insurance company will take care of the damage.
5. And I know you can get to the spot where you have no **debt** except good debt—good debt that you used to buy assets. Debt can be good sometimes, and we'll talk about that later.

All the different aspects of money relate to each other. So if you get into problems in one area, you'll get into problems in another area, too. Problems can snowball out of control when one thing gets out of place. Let's talk about how these problems interrelate.

- Let's say you lose your job and you're out of work for a year. The first thing most people would do is tap into their savings, maybe cash out their retirement plan — that is, they would use something they have in the asset area. You can see how using up assets would affect people's long-term needs, like the ability to retire, college bonds, or saving to buy a home. That's why it will be important to have an emergency fund in case anything happens.
- The next thing a person might do is use their credit cards to pay their rent or their car payments. If you can't get a job for a while, you can't pay back any money you borrowed.

Introduction

- That can start to impact your credit rating. And when your credit rating is damaged, the interest rates on your credit card debt will increase. That means it'll cost more to purchase a car.
- Bad credit can even affect your ability to get a job!
- By this time you definitely have not been paying insurance because that's simply something you cannot afford.

I'm sharing this with you to show you how everything is interrelated: if just one thing happens, it can really throw everything out of whack.

Lesson Questions:

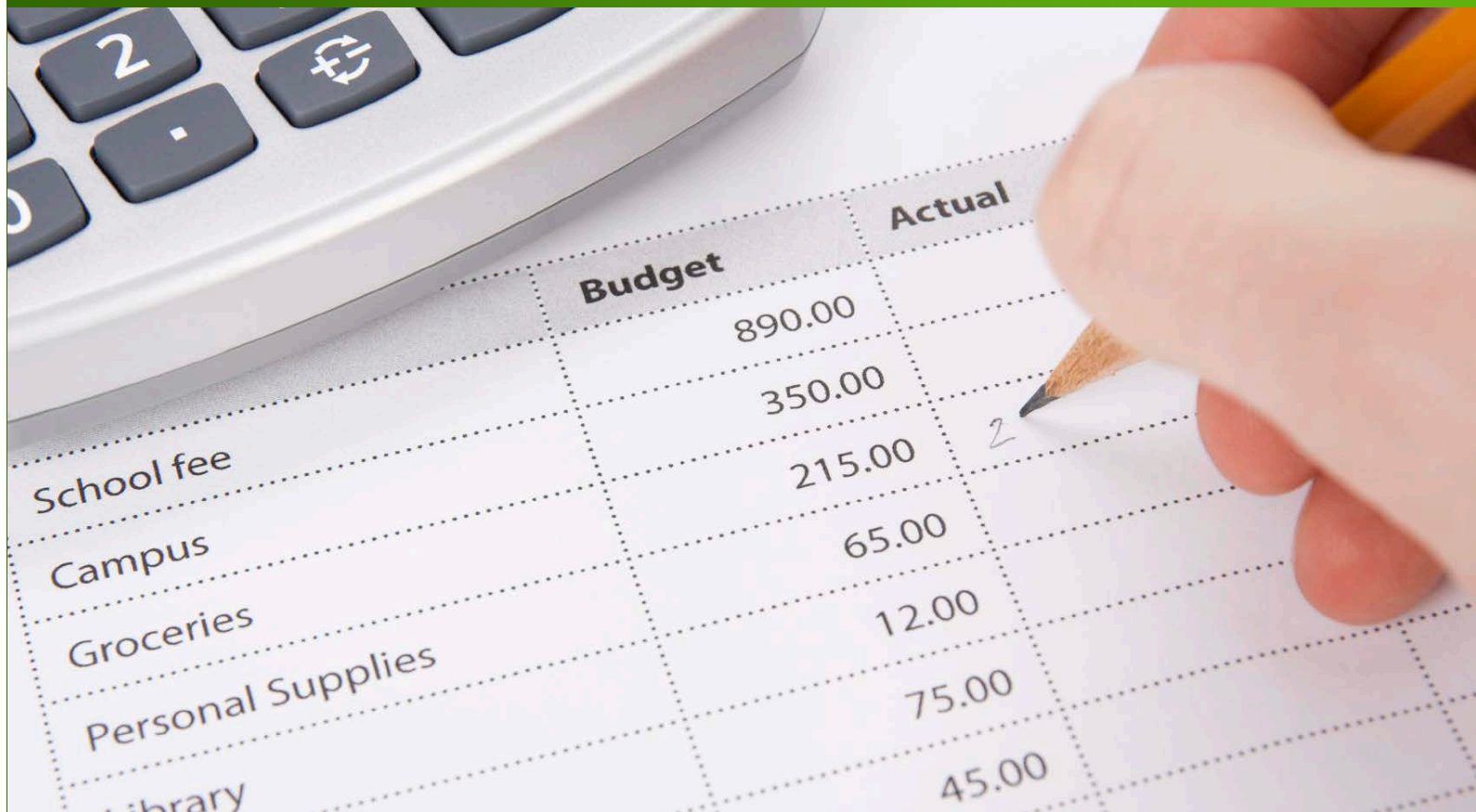
1. How can being financially stable affect your life?
 - a. Improve your health.
 - b. Reduce stress.
 - c. Increase your productivity.
 - d. All of the above.**
2. What is the leading cause of divorce in the United States?
 - a. Medical issues.
 - b. Infidelity.
 - c. Anger.
 - d. Money issues.**
3. On which areas of a person's life does money have an impact?
 - a. Bank account balances.
 - b. Relationships.
 - c. Productivity.
 - d. All of the above.**

Budgeting



A hand holding a yellow pencil is writing in a budget spreadsheet. The spreadsheet has columns for 'Budget' and 'Actual'. The rows list various expenses: School fee, Campus, Groceries, Personal Supplies, Library, and Textbooks. A calculator is visible in the background.

	Budget	Actual
School fee	890.00	
Campus	350.00	
Groceries	215.00	2
Personal Supplies	65.00	
Library	12.00	
Textbooks	75.00	
	45.00	
	30.00	



Budgeting

This unit is designed to help students develop understanding about positive budgeting, savings, and spending habits. Through practical scenarios, participants will learn to create monthly budgets and savings plans.

Let's Learn to Budget!

Duration ♦ 30-60 minutes

Lesson Overview ♦ In this lesson, students will learn about budgeting. Students will learn what a budget is and how budgeting is used to maintain one's finances. Students also will learn the budgeting process and apply these lessons in a practical setting to further their financial literacy skills.

Big Idea ♦ A budget impacts your financial wellness. | There are specific steps associated with creating a budget. | There are tools to assist with budgeting. | A budget aligned with your financial goals and can help you prepare for life events. | Saving money impacts your short-term and long-term budget. | There are different strategies and steps involved in starting a savings plan. | There are ways to increase the amount of money you save. | There are different types of expenses that impact ones short- and long-term finances. | Your purchases and expense decisions impact your budget. | There are strategies to decrease and manage your expenses. | Major expenses should be planned for in advance.

Essential Questions At the end of the lesson, your students should be able to answer the following:

- ♦ What is a budget?
- ♦ Why are budgets important?
- ♦ How do you maintain a working budget?

Skills ♦ Awareness of the importance of budgeting and an understanding of how to budget.

Vocabulary

- ♦ Budget
- ♦ Income
- ♦ Expenses
- ♦ Gross pay
- ♦ Take-home pay
- ♦ Variable expenses

Let's Learn to Budget

Anticipatory Set

Have students answer the following questions in the **Warm-Up Activity** in the Student Guide.

- Why is it important to budget?
- How does a budget help you?

Facilitate a discussion about their responses.

Lesson Explanation

Tell the students: “The purpose of this lesson is to help you understand the importance of developing and following a budget. During this lesson, you will learn about the costs associated with purchasing the things you need for everyday living and you will learn how to create a budget for these items.”

Ask the following questions, but listen to their responses before announcing the answers:

- What percentage of lottery winners waste all of their earnings within a few years?
Answer: A Staggering 70%.
- What percentage of NBA and NFL players are broke or bankrupt within five years of retirement?
Answer: A staggering 60%.

Explain that people without money skills often make poor financial choices, regardless of how much money they have.

Tell the students: “These statistics confirm how important it is to become financially literate. You don’t want to be one of these statistics. Learning to budget makes a huge difference in your life, regardless of how much money you have.”

Lesson Activity: Let's Learn to Budget

Say, “During this activity you will play a game to learn about the importance of budgeting. Let’s get started!”

Go through the following steps to set up the game.

- Organize participants into groups of 3-4, or allow them to do the activity on their own (depending on group size).

Budgeting

- Instruct each group to select a Character Worksheet from the selections presented in the Student Guide and at the end of this lesson activity.
- Explain to the groups that the objective of the game is to help the character they've selected to reach his/her stated goal.
- Play the videos: **A5 - Anna** and **A5 - Kyle**.

Provide the groups with the following additional instructions.

- Appoint one person in the group to read your selected character's story to the entire group.
- Work collaboratively to adjust the character's lifestyle choices found in the "Current Expenses" column to lifestyle-aligned expenses in the "New Choices" column so that he/she can achieve his/her stated goals. Dollar amounts for different expense changes are described in the **Let's Learn to Budget Expense Chart** found after the character worksheets in the Student Guide.
- Once the character's new expenses are completed, have students answer the discussion questions on the page after their character worksheet.

Reassemble the groups into a whole class.

- Ask one person from each group to read the group's selected character's story to the entire class.
- Ask a different person from each group to explain to the class how his/her group helped the character reach his/her goals.
- Supplement the group presentations by facilitating a full class discussion on the financial strategies presented by each group.
- Record the key ideas from the discussion.
- Wrap up the game by reviewing the key ideas captured during the full class follow-up discussion.

Let's Learn to Budget

Character: Anna

Income: \$5,000
Take-home pay: \$3,050
(after federal, state, FICA taxes)

Anna has a well-paying job in sales. She doesn't like her job much, but it pays the bills. She has always loved design and working with animals. She wishes she could be designing marketing material and advertisements for a nonprofit that helps abused animals.

Anna graduated from college with a Bachelor's Degree in Communications. Since high school, she has been volunteering once per month for a nonprofit that helps abused animals. Her resume for her dream job is not the strongest, but it would be good enough to get her an interview. To strengthen her chances of getting the job, she's practicing her interviewing skills with friends and creating marketing material to show potential employers.

She recently interviewed for a position at a job she would love to have, but the pay is too low for her to pay her current bills. Her take-home pay at the potential job would be only \$2,700. Right now her gross income is \$5,000 a month and she brings home \$3,050 after taxes.

Anna's Goal: To find a way to accept her dream job at the lower take-home rate and still meet her expenses. Can you help? Use the following worksheet to calculate new choices for Anna that will allow her to meet her goal.

ANNA'S CURRENT EXPENSES		ANNA'S NEW CHOICES	
\$800	Housing	_____	Housing
\$ 550	Car (incl. gas & insurance)	_____	Car (incl. gas & insurance)
\$ 700	Needs (electric, phone, food)	_____	Needs (electric, phone, food)
\$ 400	Clothes	_____	Clothes
\$ 500	Entertainment	_____	Entertainment
\$ 75	Medical Insurance	_____	Medical Insurance
\$ 200	Toys	_____	Toys
	Credit Card Debt \$3,650 at 22%	_____	Credit Card Debt \$3,650 at 22%
\$65	Minimum monthly payment	_____	Minimum monthly payment
	\$370/mo. to pay off in a year	_____	\$370/mo. to pay off in a year
\$ 150	Student Loan Debt	_____	Student Loan Debt
\$ 150	Travel	_____	Travel
\$200	Friends & family	_____	Friends & family
\$0	Savings	_____	Savings
\$50	Giving back	_____	Giving back
\$3,840	Monthly Expenses	_____	Monthly Expenses
\$2,700	Take-Home Pay	\$2,700	Take-Home Pay
Anna is adding debt of \$790 per month.		New Choices Outcome:	

Budgeting

What kind of lifestyle does Anna live? _____

Notes: Recommendations for Anna

Is Anna able to do everything she wants to do? ☐ Yes ☐ No

Does Anna have enough free time to fully experience life? ☐ Yes ☐ No

How would you describe Anna's spending habits? ☐ Frugal ☐ Average ☐ Over-spender

What (if anything) is getting in the way of Anna's enjoyment of fun activities with her friends?

Let's Learn to Budget

Character: Kyle

Income: \$2,700
Take-home pay: \$1,625
(after federal, state, FICA taxes)

Kyle just graduated from college and has taken a job as a brand rep. He is into action sports and is working with a start-up clothing company called Ethika. His pay is pretty low but he is able to travel around the country and go to all the surf, skate, motocross, and snow contests. He makes \$2,700 gross and takes home \$1,625 after taxes. The company also pays for his travel and food, covering about 10 days out of each month.

Kyle has built a reputation as a good worker and has developed a good network of people in the industry. He recently received an offer to rep for another company at the same time he works as a rep with Ethika. Kyle has spoken with his boss, who said it was OK as long as it didn't take away time from his current job. The second job would give Kyle additional take-home pay of \$175 per month for only four extra work hours per week.

Kyle's Goal: To have six months or rent, car, needs, medical, and student loan debt in his savings account within one year. These expenses total \$1,225 per month so Kyle needs a total of \$7,350 saved. Currently he has \$5,900 saved. Kyle has met with many people and has asked a successful businessperson from his network to be his mentor. He thinks once he starts his own business, he can be earning \$5,000+ each month within a year. Can you help him meet his goal?

KYLE'S CURRENT EXPENSES

\$400	Housing
\$350	Car (incl. gas & insurance)
\$250	Needs (electric, phone, food)
\$0	Clothes
\$100	Entertainment
\$75	Medical Insurance
\$0	Toys
\$0	Credit Card Debt
\$150	Student Loan Debt
\$0	Travel
\$100	Friends & family
\$122	Savings
\$50	Giving back
\$1,625	Monthly Expenses
\$1,625	Take-Home Pay

Kyle has \$0 money left over but is saving \$122 each month, and has the potential to earn another \$175.

KYLE'S NEW CHOICES

_____	Housing
_____	Car (incl. gas & insurance)
_____	Needs (electric, phone, food)
_____	Clothes
_____	Entertainment
_____	Medical Insurance
_____	Toys
_____	Credit Card Debt \$3,650 at 22%
_____	Minimum monthly payment
_____	\$370/mo. to pay off in a year
_____	Student Loan Debt
_____	Travel
_____	Friends & family
_____	Savings
_____	Giving back
_____	Monthly Expenses
\$1,625	Take-Home Pay

New Choices Outcome:

Budgeting

What kind of lifestyle does Kyle live? _____

Notes: Recommendations for Kyle

Is Kyle able to do everything she wants to do? ☐ Yes ☐ No

Does Kyle have enough free time to fully experience life? ☐ Yes ☐ No

How would you describe Kyle's spending habits? ☐ Frugal ☐ Average ☐ Over-spender

What (if anything) is getting in the way of Kyle's enjoyment of fun activities with his friends?

Let's Learn to Budget

Character: Carl

Income:	\$3,520
Take-home pay:	\$2,147
<i>(after federal, state, FICA taxes)</i>	

Carl likes to live large. He has a brand-new car, the latest clothes, and rents an expensive apartment. Although he appears wealthy, he has no money in the bank. He has \$12,650 in credit card debt and has to work two jobs just to pay his bills. This month he is late on his car payment, so the credit card company has increased his minimum credit card payment.

People in Carl's life are starting to become upset with him. He never has enough money to take his girlfriend out. When he goes out with friends, he never pays his fair share and they're getting tired of subsidizing him. He's taking a big risk because he has no medical or car insurance. If he gets sick or has an accident, he risks being sued and having money automatically deducted from his paycheck until the judgment is paid.

Carl asked both his employers for a raise, but was denied. He messed up a few times at work because he was worried about his bills, so he cannot be promoted within his company. He works 65 hours a week: at an office mail room during the day and as a security guard at night. His gross pay is \$3,520 per month but after taxes he only brings home \$2,147 (rounded).

Carl's Goal: To pay off all his debt in one year and take a trip with his friends that will cost \$1,000. Can you help?

CARL'S CURRENT EXPENSES	
\$1,200	Housing
\$ 750	Car (incl. gas & insurance)
\$ 700	Needs (electric, phone, food)
\$ 400	Clothes
\$ 100	Entertainment
\$ 0	Medical Insurance
\$ 0	Toys
	Credit Card Debt \$12,650 at 22%
\$360	Minimum monthly payment
	\$1,286/mo. to pay off in a year
\$ 0	Student Loan Debt
\$ 0	Travel
\$0	Friends & family
\$0	Savings
\$0	Giving back
\$3,150	Monthly Expenses
\$2,147	Take-Home Pay
Anna is adding debt of \$790 per month.	

CARL'S NEW CHOICES	
_____	Housing
_____	Car (incl. gas & insurance)
_____	Needs (electric, phone, food)
_____	Clothes
_____	Entertainment
_____	Medical Insurance
_____	Toys
	Credit Card Debt \$3,650 at 22%
_____	Minimum monthly payment
	\$370/mo. to pay off in a year
_____	Student Loan Debt
_____	Travel
_____	Friends & family
_____	Savings
_____	Giving back
_____	Monthly Expenses
\$2,147	Take-Home Pay
New Choices Outcome:	

Budgeting

What kind of lifestyle does Carl live? _____

Notes: Recommendations for Carl

Is Carl able to do everything he wants to do? ☐ Yes ☐ No

Does Carl have enough free time to fully experience life? ☐ Yes ☐ No

How would you describe Carl's spending habits? ☐ Frugal ☐ Average ☐ Over-spender

What (if anything) is getting in the way of Carl's enjoyment of fun activities with his friends?

Let's Learn to Budget

Character: Melanie

Income: \$5,000
Take-home pay: \$3,050
(after federal, state, FICA taxes)

Melanie is a single mom who can't count on money from her ex-husband. She just took a job as a brand representative for a linen company, and works 50 hours per week. She makes \$5,000 gross and takes home \$3,050 after taxes. When she is working outside the office, the company also pays for her food, covering about ten days out of each month.

Melanie has built a reputation as a good worker, and has developed a good network among people in the industry. She has always enjoyed sewing and picks up side jobs from time to time. Her sewing machine is old, and she misses out on jobs because it takes her three times longer to complete projects than it would with a newer machine.

Melanie's Goal: To have six months of rent, car, needs, medical, and student loan debt in her savings account within one year. Currently, she already has \$5,900, and the latest sewing machine will cost her \$2,000. If she invests in the sewing machine, she could earn an extra \$400 per month. She has met with many people and has asked a successful businessperson from her network to be her mentor. She thinks that within a year her sewing business can be earning \$1,000 to \$2,000 more each month. Can you help Melanie meet her goal?

MELANIE'S CURRENT EXPENSES

\$800	Housing
\$550	Car (incl. gas & insurance)
\$700	Needs (electric, phone, food)
\$400	Clothes
\$100	Entertainment
\$75	Medical Insurance
\$200	Toys
\$0	Credit Card Debt

\$150	Student Loan Debt
\$150	Travel
\$200	Friends & family
\$122	Savings
\$50	Giving back

\$3,497	Monthly Expenses
---------	-------------------------

\$3,050	Take-Home Pay
---------	---------------

Tonya is adding debt of \$447 per month.

MELANIE'S NEW CHOICES

_____	Housing
_____	Car (incl. gas & insurance)
_____	Needs (electric, phone, food)
_____	Clothes
_____	Entertainment
_____	Medical Insurance
_____	Toys
_____	Credit Card Debt \$3,650 at 22%
_____	Minimum monthly payment
_____	\$370/mo. to pay off in a year
_____	Student Loan Debt
_____	Travel
_____	Friends & family
_____	Savings
_____	Giving back
_____	Monthly Expenses

\$3,050	Take-Home Pay
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New Choices Outcome:

Budgeting

What kind of lifestyle does Melanie live?

Notes: Recommendations for Melanie

Is Tonya able to do everything she wants to do? ☐ Yes ☐ No

Does Melanie have enough free time to fully experience life? ☐ Yes ☐ No

How would you describe Melanie's spending habits? ☐ Frugal ☐ Average ☐ Over-spender

What (if anything) is getting in the way of Melanie's enjoyment of fun activities with her friends?

Let's Learn to Budget

Let's Learn to Budget Expense Chart

Directions: Use the chart below to help your characters accomplish their goals.

HOUSING (includes rent, water, and gas/electricity)

- ☐ **\$400**— You get a small bedroom and share a bathroom with two other roommates in an unsafe location.
- ☐ **\$650**— You have a few roommates in a safe location with a small bedroom but your own bathroom.
- ☐ **\$1,200**— You have the master bedroom in a nice, furnished loft at the center of town.

CAR (includes monthly payment, insurance, and gas)

- ☐ **\$300**— Your car looks like a piece of junk, but it's paid for and gets you around.
- ☐ **\$500**— You have a nicer-looking used car that gets good gas mileage.
- ☐ **\$900**— You're turning heads with your ride and your friends always want you to drive.

BASIC NEEDS

- ☐ **\$400**— This covers electric, Internet, cell phone, and really cheap food.
- ☐ **\$800**— This covers electric, Internet, cell phone, basic cable, and healthier food at home. You can eat out a few times a week.
- ☐ **\$1,400**— This covers electric, Internet, cell phone, deluxe cable channels, home phone line, and good healthy food. You can eat out most meals and enjoy nicer meals occasionally.

CLOTHING

- ☐ **\$50**— You pick up a new piece of clothing every other month and have decent clothes for most occasions.
- ☐ **\$175**— You get a complete new outfit every month or two.
- ☐ **\$450**— You get a complete new outfit, with accessories, every month.

ENTERTAINMENT

- ☐ **\$100**— You go out with friends a couple of times a month and try to find free or inexpensive things to do for fun.
- ☐ **\$200**— You usually go out with friends to eat at least once a week while keeping a close eye on your budget.
- ☐ **\$300**— You go out with your friends often and don't monitor your spending too closely.

TOYS

- ☐ **\$100**— You don't buy a lot of new toys but you like to get things you want from time to time.
- ☐ **\$200**— You like your toys but try to limit your purchases to only a few each month.
- ☐ **\$500**— You have to have all the latest gadgets.

TRAVEL

- ☐ **\$100**— You do a little traveling but usually stay in the homes of friends or family.
- ☐ **\$200**— You save up to take one big vacation a year.
- ☐ **\$300**— You and your friends try to do at least one mini-vacation a month and a big vacation every year.

CREDIT CARD MINIMUM PAYMENTS

- ☐ **\$50**— You only use your credit card for emergencies you can't cover with savings.
- ☐ **\$100**— You don't buy anything with your credit card but you used it for a vacation last year.
- ☐ **\$250**— If you want it, you get it.

SAVINGS

- ☐ **\$50**— You save a little here and there.
- ☐ **\$150**— You save regularly each month.
- ☐ **\$250**— You keep your emergency fund high and also save for big purchases.

GIVING BACK

- ☐ **\$50**— You give small amounts when the opportunity presents itself.
- ☐ **\$100**— You give a little each month to charity.
- ☐ **\$200**— You believe it is very important to pay it forward. You have a few charities to which you give regularly.

Lesson Activity: Budget Chart

Inform participants that now they will use what they learned to complete their own current budgets in class.

- Have students complete the **Budget Chart Activity** in their Student Guides. Either “In College” for current or soon to be college students, or “Standard” for student groups not attending college. Have them enter their answers into the “Current” column and record any areas where they want to cut back (in the case of expenses) or where they want to earn more (in the case of income) in the “Goal” column.
- Walk them through each main section of the **Budget Chart** and encourage them to seek clarification from you about any budgeting items they find confusing.

Tell students that they may not know all the exact numbers, but encourage them to make an educated guess for now and complete the activity by entering the exact numbers when they get home. Explain that most people do not have a budget, and having one in place now will give them a big advantage.

Let students know that this is a monthly budget.

- Be sure to remind them how to account for bills they pay annually by dividing the annual number by 12 to get the monthly cost. For instance, if they pay for a gym membership each year at an annual cost of \$288 — divide that number by 12, and they need to save \$24 per month.
- Also remind them to allocate their annually or semi-annual income according to the same principle. If they receive \$6,000 every 6 months, they would budget \$1,000 per month.

Inform the students that “variable Expenses” are where most people get off track. These are areas where people really don’t know how much they spend. Give them these three suggestions to help them understand how much they spend on day-to-day expenses:

1. Pull out a set amount of cash for a week, and see how long that lasts.
2. Record all your day-to-day expenses on your phone or on a sheet of paper.
3. Closely monitor your purchases with an ATM card and add them up at the end of the month.

Assure participants that creating a budget is a cumulative and gradual process, and that they may need to revise their budgets several times prior to developing one that is final and sustainable. Emphasize that the revision process is critical.

Let's Learn to Budget

BUDGET CHART – In College

Money Coming In		
Employment Income	Current	Goal
Employment Income		
Federal Income Tax	-	
State & Local Tax	-	
Social Security/Medicare	-	
Tips		
Net Income		

Other Income		
Parents		
Grants		
Scholarships		
Other		
Income from Loans*		
Total		

Total Income		
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Money for Savings		
Emergency Fund		
Retirement Plans		
Investments		
Short Term 'Fun' Savings		
Charities		
Total		

Total Income		
Total All Expenses		
Total Savings		
Money Left Over		

Annual Loan Debt		
Loan Debt at Graduation		

Expenses		
Living Expense	Current	Goal
Rent / Residence Hall		
Renter Insurance		
Utilities (elec, gas, water)		
Cable/Satellite		
Internet		
Phone		
Other		
Total		

School Expense		
Tuition & Fees		
Books & Supplies		
Total		

Travel Expenses		
Transportation/Car pymt		
Insurance		
Registration		
Gas		
Maintenance		
Parking Pass		
Total	0	

Variable Expenses		
Groceries / Meal plan		
Clothes		
Personal Items		
Credit Card Payments		
Entertainment		
Eating Out		
Other		
Total	0	

Total All Expenses		
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Budgeting

BUDGET CHART - Standard

Money Coming In		
Employment Income	Current	Goal
Employment Income		
Federal Income Tax	-	
State & Local Tax	-	
Social Security/Medicare	-	
Tips		
Net Income		

Other Income		
Rental Properties		
Stock Market		
Entrepreneurial Endeavors		
Interest Income		
Other		
Total		

Total Income		
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Money for Savings		
Emergency Fund		
Retirement Plans		
Investments		
Short Term 'Fun' Savings		
Charities		
Total		

Total Income		
Total All Expenses		
Total Savings		
Money Left Over		

Expenses		
Living Expense	Current	Goal
Rent / Mortgage		
Taxes / Insurance		
Utilities: Electric /Gas		
Utilities: Water / Garbage		
Cable/Satellite		
Internet		
Phone		
Other		
Total		

Travel Expenses		
Car payment		
Insurance		
Registration		
Gas		
Maintenance		
Other		
Total		

Other Expenses		
Student Loan Debt		
Credit Card Debt		
Groceries		
Clothes		
Personal Items		
Entertainment		
Eating Out		
Other		
Total		

Total All Expenses		
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Let's Learn to Budget

Lesson Questions

1. If you are wealthy, you will ...
 - a. Not be involved in your own personal financial choices.
 - b. Probably make some poor financial choices but continue to work toward your financial goals.**
 - c. Make the best choices on which your close network agrees.
 - d. Not need to continue your financial education.
2. Which of the following is the best example of a variable expense?
 - a. Rent.
 - b. Gym membership.
 - c. Utility bills based on usage.**
 - d. Car payment.
3. The elements of a budget include:
 - a. Planned expenses.
 - b. Planned income.
 - c. An evaluation of the difference between one's income and one's expenses.
 - d. All of the above.**

Lesson Review

- ◆ Instruct students to complete the **Essential Questions** in the Student Guide.

Closing Activity/ Remarks

- ◆ Facilitate a discussion about their answers to the **Essential Questions**.

Closing





Closing

Closing

Anticipatory Set

Ask students what the following quote means to them:

“The most powerful force in the universe is compound interest.” *Albert Einstein*

Instruct them to write their answers in the **Warm-Up Activity** in the Student Guide. When they’ve finished, allow each participant time to share a few of his/her responses with the class.

Lesson Explanation

Have students think back and remember the first class when they started the course. Say, “I said I would show you how saving \$100 a month could grow into a million dollars.”

Now that you know the core financial foundation lessons, you will be able to save more than \$100 a month in the future. You already know that if you start saving and investing \$100 per month before you’re 30, you have a good chance of becoming a millionaire.

This happens as a result of something called compounding interest. Compounding interest allows money to grow. The younger one starts, the larger the money can grow.

Lesson Activity: A Penny a Day

Direct students to the **Pay Me a Penny Activity** in the Student Guide.

Tell students you have a business proposition for them. You need someone to work for you for one month. Hold up a penny.

- Say, “On the first day you work for me, you will earn one penny. I will double your salary each day for the entire 30 days that you work for me. Any takers?”
- Ask the remaining students if they will work for you for one month if you pay them \$100,000.
- Bring one student who chose each option up to the front of the class.
- Ask the class which student will ultimately end up with more money at the end of the month?
- Have the students go to the blank calendar page in their Student Guide.

Closing

Day 1	Day 2	Day 3	Day 4	Day 5	Day 6	Day 7
Day 8	Day 9	Day 10	Day 11	Day 12	Day 13	Day 14
Day 15	Day 16	Day 17	Day 18	Day 19	Day 20	Day 21
Day 22	Day 23	Day 24	Day 25	Day 26	Day 27	Day 28
Day 29	Day 30					

- Tell them to compute how much money will be earned at the end of the month by the students who took the penny offer.
- Make this activity fun, and just give them 60 seconds to calculate.

COMPOUND INTEREST CALCULATIONS					
Day 1	\$.01	Day 11	\$10.24	Day 21	\$10,485.76
Day 2	\$.02	Day 12	\$20.48	Day 22	\$20,971.52
Day 3	\$.04	Day 13	\$20.48	Day 23	\$41,943.04
Day 4	\$.08	Day 14	\$40.96	Day 24	\$83,886.08
Day 5	\$.16	Day 15	\$81.92	Day 25	\$167,772.16
Day 6	\$.32	Day 16	\$163.84	Day 26	\$335,544.32
Day 7	\$.64	Day 17	\$327.68	Day 27	\$671,088.64
Day 8	\$1.28	Day 18	\$655.36	Day 28	\$1,342,177.28
Day 9	\$2.56	Day 19	\$1,310.72	Day 29	\$2,684,354.56
Day 10	\$5.12	Day 20	\$5,242.88	Day 30	\$5,368,709.12

Afterward, talk with the students about the game and what they learned.

Ask if they would have made as much if their pennies only doubled for 7 days, 14 days, and 21 days.

Relate discussion to the power of starting to save for retirement at a young age.

Explain that compound interest is powerful because you earn interest on the money you initially saved or invested, and then as interest builds, you earn money on the interest as well.

Lesson Activity: Compounding Interest

Direct students to the **Compounding Interest Activity** in the Student Guide. Instruct them to take out their calculators to complete the following activity.

- If you invest \$10,000 and you earn a return of just 10% per year, you will have made \$1,000.
- Illustrate how to do this on a calculator: $\$10,000 \times .10 = \$1,000$.
That is how much you earned.
- Now if you want to calculate how much you have in your account, multiply \$10,000 by 1.1 and you will see \$11,000.
- Now calculate how much you would make if you earned 10% a year off your \$10,000 investment for 15 years. Round to the nearest dollar.
 $\$10,000 \times 1.1 = \$11,000$;
 $\$11,000 \times 1.1 = \$12,100$
 $\$12,100 \times 1.1 = \$13,310$, and so on.
Answer: \$41,772.

This is the beginning of investing. Understanding this principle will be helpful when you begin investing later.

Explain that compound interest is powerful because you earn interest on the money you initially saved or invested, and then as you earn interest, the interest money earns interest as well. At some point you will double your money with minimal work from you.

The earlier you save for retirement, the longer your money has a chance to double.

Teach the participants this simple formula to figure out when their money will double: the **Rule of 72**.

- Divide 72 by the non-decimal interest rate (10 not 0.1) you are receiving from an investment.
- The answer tells you how many years it will take for that money to double.

- If you have \$10,000 in savings and are earning a 10% interest rate, your money will double in 7.2 years.

So if you invest just \$10,000 and don't touch it until you retire, you could retire as a millionaire.

- If you put the same money in the bank you will earn a much lower interest rate; let's say 5%. Using the Rule of 72,
 - How long will it take to double your \$10,000?
Answer: 14.4 years.
- If you put your \$10,000 in your piggy bank at 0% interest, how much will you have when you retire?
Answer \$10,000.

Share the following statements:

- If you start investing \$100 per month before you are 30, you have an excellent chance of becoming a millionaire.
- If you start investing your money and learning more about investments at a young age, you have an excellent chance of becoming a millionaire.

PREPARING TO INVEST

- ☐ Before you consider investing be sure to have six months' worth of expenses put away in your emergency fund.
- ☐ Be free of credit card debt and have a working budget in place that allows you to save money each month.
- ☐ Only use *risk capital* for investments. Risk capital refers to money that you can afford to lose without putting you in dangerous financial circumstances.
- ☐ Have a team of trusted advisors and mentors at your disposal.
- ☐ Create an overall investment plan and determine how the investment you are considering fits into your plan.
- ☐ Gain expert-level knowledge on each specific investment you are considering by conducting *due diligence* research. Due diligence means you educate yourself on the investment and do your homework before committing your hard-earned money.
- ☐ Determine the risk and potential reward. All investments have a certain amount of risk and reward. Ideally, you want to earn the highest return (reward) with the least amount of risk.
- ☐ Have an exit plan in place in case the investment doesn't go as planned.

Ask participants, “What would you like to do with your million bucks?”

Lesson Questions

1. According to the rule of 72, if you earn a 10% interest rate how long will it take for your money to double?
 - a. 1 year
 - b. 72 years
 - c. 7.2 years**
 - d. It depends on the type of investment.
2. Interest earned both on an original investment of money and also on the interest the original money has accumulated is called _____ interest.
 - a. Simple
 - b. Nominal
 - c. Compound**
 - d. Real
3. If you invest \$1,000 and earn 8% interest, to what amount will your investment have grown after 1 year?
 - a. \$1,800
 - b. \$920
 - c. \$1,080**
 - d. It depends on the type of investment.
4. Compounding interest on your investments is beneficial because_____.
 - a. It protects you against investment risk.
 - b. It allows you to earn interest on the money you initially saved or invested, and then as you earn interest, the interest money earns interest as well.**
 - c. It provides a way for you to diversify your investments.
 - d. You are able to calculate a return on investment (ROI).
5. How will the “Rule of 72” help you when you consider various investments?
 - a. It will let me know when my investment has increased 72%.
 - b. It lets me know when my investment will double.**
 - c. It can reduce my risk.
 - d. All of the above.

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