Budgeting

Lesson 1: Teacher's Guide | Rookie: Ages 11-14

FINANCIAL FOOTBALL

Every Play Counts in Budgeting

Creating a realistic and specific budget is key to managing your money. This 45-minute module prepares students by helping them build and maintain a budget that aligns with their goals.

Getting Your Class Game-Ready: For many, a budget can feel like a complex game plan with too many moves to master. However, just like a complex play on the field, a budget comes down to a simple and solid plan, backed by plenty of practice. Putting the plan into action, you'll hone your skills with each step you take.

As they work to master each run or pass, players develop their balance. Balance is essential to successfully managing your money. You need to develop and maintain a balance between where your money comes from and where your money goes. You can then compare these and see if they are in sync. If you are spending more money than you are making (through part-time jobs, a stipend or allowance from your parents, etc.), your budget will fall out of balance, making it difficult to save money and reach your financial goals.

Module Level: Rookie, Ages 11-14

Time Outline: 45 minutes total

Subjects: Economics, Math, Finance, Consumer Sciences, Life Skills

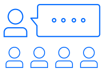
Materials: Facilitators may print and photocopy handouts and quizzes, or direct students to the online resources below.

- **Pre- and Post-Test questions:** Use this short grouping of questions, as a quick formative assessment for the Budgeting module or as a Pre- and Post-Test at the beginning and completion of the entire module series.
- **Practical Money Skills Budgeting resources:**
  practicalmoneyskills.com/ff01
  practicalmoneyskills.com/ff02
- **Budget Builder: Team Spending Plan**
  Lunch Tracker
  Back-to-School Budget
  Entertainment Planner
- **Glossary of Terms:** Learn basic financial concepts with this list of terms.

Icon Key

Activity

Assign the given activity to students and have them complete it individually or with a group, depending on the instructions.



Ask

Pose questions to your students and have them respond.

Assign

Designate individuals or groups to complete a particular assignment.

Debrief

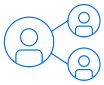
Examine the activities as a whole group and compare answers and findings.

Did You Know?

Share these fun facts with students throughout the lesson.

Pre- and Post-Test

Have students take the Pre-Test before the lesson, and take the Post-Test after completing the lesson.



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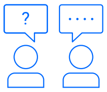

Turn and Talk

Have students turn to a partner and discuss a specific topic or question.

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Learning Objectives

– Identify and examine current spending habits
– Identify the various expenses associated with your current lifestyle
– Determine the difference between a "need" and a "want"
– Create a working personal budget that supports your financial goals and evolves with your life
– Understand the relationship between managing income and expense volatility (or fluctuations), a budget, and savings goals

Key Terms and Concepts

Before you start the lesson, review the key terms and concepts below. The answers to each budgeting question will get students prepped and game-ready. Get deeper information around these concepts in the Facilitator Script section on pages 7 to 8 of this guide.

What exactly is a budget?

A budget is a financial plan that takes income and expenses into account and provides estimates for how much you make and spend over a given period of time. Although four out of five Americans use a budget to plan their spending, according to a 2015 Bankrate Money Pulse Poll[1], 18% of all Americans keep only a mental budget.

Putting your budget on paper or in a basic spreadsheet is essential if you want a healthy financial future. You can also use mobile apps that support your budget and goals. An accurate monthly budget can help you reach your financial goals, whether you're saving for a car, buying a home, or paying off student loans. By sticking to a budget, you can save thousands of dollars each year and avoid overspending. (practicalmoneyskills.com/ff01)

What should I be tracking in a budget?

Use a budget to track your income and expenses to determine exactly how much money you have coming in and how you're spending it. Take control of your finances by following these five steps to budgeting:

1. Set Guidelines and Financial Goals

   If you choose to spend more for some expenses, remember to reduce other costs accordingly. Set guidelines on how much money should go toward different expenses. For example, if you spend more money on entertainment, you will have less to spend on snacks.

2. Add Up Your Income

   To set a monthly budget, you need to know how much money you're earning. This might include money you've earned providing a service like babysitting or mowing lawns. It could also include selling items you created or getting money from your family.

3. Estimate Expenses

   Think about where you spend your money. Some of these expenses might happen every month, like a cell phone (fixed expense) and others might change from month to month, like food costs (flexible expense). Reevaluate needs and wants when determining monthly fixed and flexible expenses.

Learning Objectives, cont.

4. Find the Difference

   Subtract your expenses from your income to find how much disposable income you have. If it's a negative number, reduce your expenses.

5. Track, Trim, and Target

   After creating your budget, track your actual income and expenses. You may be surprised to see what you spend on average each month. You can make changes to your budget to meet your goals.

How should I categorize wants vs. needs in my spending? Is it wrong to spend money on wants?

It's a balancing act. You need to buy a jacket, but you also want to buy a new phone. How do you choose? Consider your wants and needs. Not sure where an item fits? Ask yourself a few questions. What items do you need and are they necessary for your survival? Would it negatively impact your daily life if you were not able to pay for this item? Next, evaluate your current financial situation and make two lists — one for needs and one for wants. As you make the list, ask yourself the following:

- Which things are most closely aligned to my goals and values?
- What is the opportunity cost of this item, meaning the benefit or value associated with another product, that I must forgo in order to purchase this one?
- How will this benefit me now and in the future?

When your list is complete, reevaluate what qualifies as a need before making any purchases that will impact your budget. Spending money on something you want versus something you need is called discretionary spending. Examples of discretionary spending include: a soda and snack at a convenience store, movie tickets, or a summer vacation.

Wants and discretionary spending aren't bad things. In fact, a want can be an excellent motivator for saving money. However, too much discretionary spending can just as easily be the downfall that prevents monthly saving. By carefully and constantly monitoring discretionary spending habits, you make opportunities to save easier to recognize.

What is the difference between fixed and variable expenses?

As you sort your expenses, you'll find that some expenses, such as cell phone bills or online streaming subscriptions, stay the same from month to month — these are your fixed expenses. Other expenses, such as lunch costs or school supplies, may be lower or higher each month — these are your flexible or variable expenses.

Did You Know?

If you work as a contractor or freelancer, it's important to put money aside regularly from each paycheck for taxes.

What is the difference between gross and net income?

Gross income is the total amount of income an employee earns from a job before taxes are taken out.

Learning Objectives, cont.

Net income is the amount an employee earns once taxes and other costs, such as health insurance, have been deducted from gross pay.

What strategies can I use to budget for specific events (friend's birthday, local music festival, etc.)?

Are you gearing up for a friend's birthday or a local music festival? Budgeting for special events is a great way to focus on saving. Here are a few simple ideas you can use to budget for specific events:

1. **Plan it out.** Before you start shopping, figure out how much you can spend and then set a SMART (Specific, Measurable, Attainable, Relevant, Time-Related) goal. Don't leave anything out — it's better to know ahead of time if your budget will be tight.
2. **Start early and take time to get ready.** The earlier you start, the easier it'll be to avoid last-minute shopping and spending more than you can afford.
3. **Shop around and take advantage of technology.** Play it smart and comparison-shop, check for coupons or deals, and take advantage of free shipping when possible.
4. **Expect the unexpected.** Keep in mind the unknowns, such as needing extra supplies or having the cost of an item or ticket go up. Set aside an extra 10 to 15% of your event budget for surprise costs.
5. **Get creative and learn from experience.** Look for ways to get crafty and cut costs, such as making your own decorations or checking out thrift stores for supplies. Keep track of expenses and write notes for the future about what worked best.

How do I determine my net worth? What is the difference between an asset and a liability?

Creating and sticking to a budget is key to reaching your financial goals. Right now you might want to save up for a new gaming system or to have extra money on a school field trip. In the future you might want a car or a house. Budgets give us the small steps to take to build our net worth.

Did You Know?

You cannot always count on having same-day access to paychecks that were deposited into your accounts.

Net worth is your financial wealth at one point in time. The formula to calculate net worth shows how much a person owns (their assets) minus what they owe to others (liabilities).
Net worth = Assets – Liabilities

An **asset** is something that you own that has positive value. Growing your assets leads to a higher net worth.

Examples of an asset: savings accounts, collectibles like comic books or baseball cards, vehicles like bikes and cars, stocks, and real estate.

A **liability** is something that you owe, something that has negative value. Excessive liabilities can detract from your overall financial picture.
Examples of a liability: cell phone installment payments, auto loan, and unpaid credit card balances.

Generally speaking, the key to greater net worth is maximizing assets while minimizing liabilities regularly.

Module Section Outlines with Facilitator Script

Introduction: Warm-Up

Prep: Draw a horizontal line on the board labeled from $0 to $5,000+ in increments of $1,000. Post an example sticky note on the scale, representing how much the average American spends impulsively every year.

Ask: Tell students to: "Write down your initials on your sticky note, walk up to the board and place it on the scale to show how much you think the average American spends impulsively per year."

Share: When everyone is done, reveal the correct answer: $5,400

Optional Pre-Test: Refer students to page 7 of the Student Activities guide. Have students answer the questions with the most appropriate answer, noting a, b, c or d or filling in the blank.

Needs vs. Wants

Group Poll: Ask students for their opinions: What is the most common impulse purchase in our group (candy/takeout, clothes/shoes, magazines/books)? Note that, for most Americans, it is food.

Ask: Start a discussion with students about the following questions. Do you think impulse purchases are generally needs or wants? (wants) Some items, like food, are essential for survival, but certain types of food may also be short-term wants. It's important to remember that buying something you want isn't a bad thing. Identifying an item we want, like a new phone, can be a great way to motivate yourself to save. It's all a balancing act. By being thoughtful about how much we are spending on our needs and wants, we are better prepared to meet our goals.

Optional Did-You-Know Fact: Share national statistics on impulse buying; reference the infographic located on page 11 of the Student Activities guide.

- The average person spends $450 a month on impulse purchases
- These unplanned expenses add up to $5,400 a year and a whopping $324,000 over a lifetime

Top 5 Most Common Impulse Purchases

- Food/groceries
- Clothing
- Household supplies
- Takeout food
- Shoes

Module Section Outlines with Facilitator Script, cont.

Share: Equip students to spend wisely. Encourage them to ask themselves: Why do I want it? How would I feel three months after buying it? Will this purchase be more or less valuable in five years? Over time, do I think experiences make me happier, or do possessions? Which things are most important to me?

Finding Balance: Budgeting Basics

Share: Explain to students that the bigger picture of budgeting is monitoring our spending, using strategies to avoid impulse purchases, and maximizing our savings. Identifying their spending habits can help them ensure their actions are leading toward their personal goals.

Examine: Parts of a Budget

- **Income:** Ways we currently earn money and could earn money (chores, selling items, services like babysitting).
- **Expenses:** Look at the common expense categories. Ask students what examples of needs and wants might fit in each.

Share: A budget is a personal plan that should be aligned with your values and will reflect your goals. Everyone's budget will differ slightly and reflect one's personal cash flow.

Drafting a Spending Plan

Activity: Create a Budget Builder Team Spending Plan; have students turn to pages 8 to 10 of their Student Activities guide. With a partner, students will choose one of three scenarios to create a Budget Builder team spending plan.

- Lunch budget
- Back-to-school shopping
- Birthday/party budget

Closing: Group

Group discussion: If your goal is to build savings, how should you budget money to be spent? What items should you most consider avoiding?

Optional Post-Test: Refer students to page 7 of the Student Activities guide. Have students answer the questions with the most appropriate answer, noting a, b, c or d or filling in the blank.

[1]2015 Bankrate Money Pulse poll

Lesson 1 Budgeting: Answer Keys

> Budgeting Pre- and Post-Test

> Budget Builder: Team Spending Plan handout

> Impulse Purchase Infographic

Budgeting Pre- and Post-Test

Directions: Have students answer the questions with the most appropriate answer, noting a, b, c, d or filling in the blank.

Answer Key

1. What is the purpose of a personal budget?

(Possible answer: Make a plan to organize and manage your money)

2. A fixed expense is:

a. A concert ticket

b. A movie ticket

c. A bill amount that stays the same every month

d. A credit card bill

3. What is the first step in creating a budget?

a. Figure out how much money your receiving (income) and spending (expenses)

b. Create a list of ways to save money

c. Divide your income by your expenses

d. Open a new checking account

4. Which monthly expense is more of a "want" than a "need"?

a. Cell phone bill

b. Video games

c. Lunch costs

d. School supplies

5. Financial strategies can be used to reduce the impact emotion has on decision-making.

a. True

b. False

Budget Builder: Team Spending Plan

Set Your Sights

Directions: Divide students into small groups and have them turn to pages 8 to 10 in the Student Activities guide. Ask students to select which of the following spending plan options is most interesting to them, and to consider why.

- Lunch budget
- Back-to-school shopping
- Hosting a party

After your students have been divided into small groups, they will work with their team to create a budget for their chosen option.

Lunch Budget

Do you know how much you spend each week and year on lunch? You might be surprised. Record what you spend, adjust your habits, and save money.

Use the Lunch Tracker Financial Calculator

practicalmoneyskills.com/ff09

Do any members of your team buy lunch or bring lunch to school? If so, use the Lunch Tracker financial calculator to determine how much could be saved each month by packing lunch. If not, assume that another friend eats out for lunch three times a week and spends $11 each time. Calculate how much the friend could save by packing a lunch each day.

Answers will vary. Example of cost comparison:
Pack lunch four times a week, $3 per lunch
Eat out three times a week, $11 per lunch
Costs: $45 a week, $195 a month, and $2,340 a year

If you packed lunch every day, it would cost $21 a week, $91 a month, and $1,092 a year

So you would save $1,248 a year by packing lunch

Do any members of your team eat out with friends? How much is spent? Is eating out a source of overspending?

Answers will vary

What are social gathering alternatives that are less costly than eating out? What are strategies to spend less when you do eat out with friends?

Answers will vary; could include sports, hobbies, school and community events.

Choose Your Route, cont.

Back-to-School Shopping

Directions: Ask students to imagine the next school year; tell them to consider all of their expenses before hitting the stores for back-to-school shopping. Direct them to create a budget to save on their school supplies.

Use the Back-to-School Budget Financial Calculator:
practicalmoneyskills.com/ff10

What are your team's top five wants for back-to-school shopping?

Answers will vary; may include clothes, books, pencils, backpack, art materials

The average back-to-school costs can be over $500.[2] What are some strategies for cutting costs?

Answers will vary; may include: Look for deals online, set up a clothing swap, check out thrift stores, reuse school supplies from last year

Estimate the cost of your team's top five needs and top five wants, include individual item costs and total below.

Answers will vary

Hosting a Party

Directions: Tell students to select the type of party they would like to host. Remind them to consider all of the expenses associated with the event and reinforce the importance of sticking to a budget and not overspending.

What kind of event are you holding? (Pi Day party, birthday celebration, graduation party, etc.)

Answers will vary

What will your budget be for the whole event? (Include food, decorations, entertainment, etc.)

Answers will vary; should be reasonable for event type

Calculate the costs and record your total. Did you stay within your budget?

Use the Entertainment Planner Financial Calculator:
practicalmoneyskills.com/ff11

Answers will vary; should be reasonable for event type

How could you rework your budget so you stay within budget?

Answers will vary; may include reducing expenses or eliminating expenses based on personal values and goals

[2]Deloitte 2019 Back-to-School Survey, July 2019

Impulse Buying in the United States

Did you know that the average American impulsively spends over $5,000 a year? These are often small purchases that you might not even remember making. Acknowledging areas of overspending can be an eye-opening experience. Creating a budget and sticking to it can help you save money and reach your short- and long-term financial goals.

These unplanned expenses add up to $5,400 a year and a whopping **$324,000 over a lifetime.**

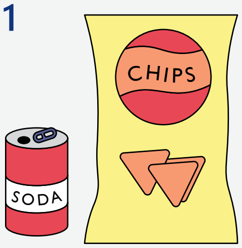
Quick Tips to Reduce Impulse Shopping

- Stick to a shopping list
- Be aware of advertising tactics in the store and online
- Track your spending to keep a clear picture of where your money is going
- Ask yourself: How you will feel about the purchase in a day? In a few months?
- Create a visual of your big financial goals to remind yourself of personal priorities

The 5 Most Common Impulse Buys

The average American spends **$450** a month on impulse buys.

1



Food/Groceries

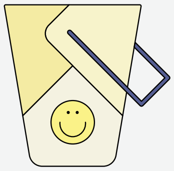
2

Clothing

3

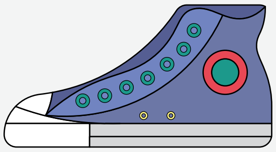
Household Supplies

4



Takeout Food

5



Shoes

Use this template to help build a balanced budget

practicalmoneyskills.com/ff03

Statistics from public news survey of 2,000 Americans in 2018, by Slickdeals.

Glossary of Terms

Have students study this list of personal finance terms to help warm up before playing Financial Football. By mastering these terms, students will have a better opportunity to answer questions in the game correctly and score.

Assets: Anything of material value owned by an individual or company. This may include your house, car, furniture — anything that's worth money.

Bad debt: Debt taken on for items that a consumer cannot afford and that does not generate opportunities for future income. (See good debt)

Bookkeeping: The recording of financial transactions and exchanges.

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

Cash flow: The total amount of money being transferred into or out of a business, account, or an individual's budget.

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

Cost-benefit analysis: Analyzing whether the cost of an item is more than, equal to, or less than the benefit that comes from its purchase.

Expenses: The money an individual spends regularly for items or services.

Federal taxable wages: The sum of all earnings by an employee that are eligible for a specific taxation.

Financial advisor: A professional who provides financial services and advice to individuals or businesses.

Financial partnership: A relationship that requires financial interdependence, contribution, and communication.

Financial plan: A strategy for handling one's finances to ensure the greatest future benefit.

Fixed expenses: Personal expenses that are the same each month.

Good debt: The concept that sometimes it is worth taking on certain types of debt in order to generate income in the long run. Some common examples of good or "useful" debt include college education loans and real estate.

Gross income: The total amount of money an individual has earned before voluntary deductions, such as 401(k) contributions, and involuntary deductions like taxes are taken out.

Impulse spending: Spur-of-the-moment, unplanned decision to buy, made just before a purchase.

Income: Payment received for goods or services, including employment.

Income tax: Tax levied by a government directly on personal income.

Liabilities: Everything that you owe, which may include your mortgage, credit card balance, interest, student loans, and loans from family and friends.

Long-term financial goal: A financial goal that will take longer than a year to achieve.

Needs: Items needed in order to live, such as clothing, food, and shelter.

Glossary of Terms, cont.

Net income: The amount an employee earns once taxes and other items are deducted from gross pay.

Net worth: Your financial wealth at one point in time. The formula to calculate net worth is simple:
Net worth = assets – liabilities

Opportunity cost: The benefit or value that one must give up in order to buy or achieve something else.

Purchase price: The price paid for an item or service.

Short-term financial goal: A financial goal that will require less than six months to achieve.

Tuition: Fees paid in exchange for instruction from a school (e.g., primary, high school, college, vocational).

Unexpected expenses: Unplanned for and unforeseen expenses. An emergency fund can help with these expenses.

Variable expenses: Expenses that change in price and frequency each month.

Credit

Lesson 4: Teacher's Guide | Rookie: Ages 11-14

FINANCIAL FOOTBALL

Aim for Strong Stats, Why Credit Counts

Building and managing your credit responsibly is crucial for reaching financial goals. This 45-minute module develops students' awareness of what credit is, how personal creditworthiness is built and maintained, and the factors to consider in choosing different types of loans.

Getting Your Class Game-Ready: In football, as in other sports, statistics are used to measure how well individual football players perform, as well as where the team stands in the league's rankings. Favorable numbers play a huge part in how the football player does in his or her career, as well as whether the team eventually makes it to the playoffs or the Super Bowl.

Once students start using credit, whether through credit cards, student loans, or other forms of borrowing, they begin building a credit history. This credit history is a bit like a player's statistics in football. By looking at your past financial statistics, banks or lenders can evaluate and measure the likelihood that you'll be able to pay off debt if they decide to give you a loan or a credit card. In other words, your credit history, measured using past performance with money, determines what kind of credit risk you are.

As young adults begin to build credit, it's important for them to learn about creditworthiness and how it can affect one's financial future. Avoiding mistakes that damage creditworthiness is vital, because once it's damaged, restoring that creditworthiness may be a long and difficult process.

Module Level: Rookie, Ages 11-14

Time Outline: 45 minutes total (with optional 45-minute extension activities)

Subjects: Economics, Math, Finance, Consumer Sciences, Life Skills

Materials: Facilitators may print and photocopy handouts and quizzes, or direct students to the online resources below.

- **Pre- and Post-Test questions:** This short grouping of questions may be used as a quick, formative assessment for the credit module or as a Pre- and Post-Test at the beginning and completion of the entire module series.

Overview, cont.

- **Blank index cards for vocabulary game**
- **Practical Money Skills Credit resources:** practicalmoneyskills.com/ff12
- **Choose Your Own Adventure handout**
- **Practical Money Guides Credit History:** practicalmoneyskills.com/ff14
- **True Cost of Credit handout**
- **Cost of Credit Financial calculator:** practicalmoneyskills.com/ff15
- **Glossary of Terms:** Learn basic financial concepts with this list of terms.

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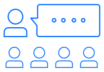

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Pre- and Post-Test

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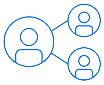

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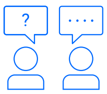

Turn and Talk

Have students turn to a partner and discuss a specific topic or question.

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Learning Objectives

- Define credit, credit scores, and credit reports
- Identify what builds creditworthiness
- Examine the five Cs of credit (character, capital, capacity, collateral, and conditions)
- Analyze the costs and benefits of credit cards and other types of credit

Key Terms and Concepts

Before you start the lesson, review the key terms and concepts below. The answers to each question will help you get students prepped and game-ready. Get deeper information around these concepts in the Facilitator Script section on pages 9 to 11 of this guide.

What is credit and how does it affect my life?

Credit is trusting someone to borrow money or something else of value and paying for it later. Credit can be a convenient and flexible form of payment, but it must be used responsibly in order for you to make the most of your money.

How do I get a credit score and what does it mean?

When you apply for credit, lenders determine your credit risk by examining a number of factors, including your credit scores from companies like FICO and VantageScore. Each of the three main credit bureaus — Experian, TransUnion, and Equifax — keeps credit information about you that is used to calculate your scores. This includes your payment history, the amount of money you owe, the length of your credit history, and the number of recently opened credit accounts. The resulting three-digit score reflects your creditworthiness — how likely you are to repay debts. Scores can vary between 300 and 850. If you haven't ever had a loan in your name you may not have a score — just like a player who hasn't played in a game yet.

What is on my credit report?

Your credit report shows how you've handled your finances. Credit scores are based on a review of your credit report. Your credit report is a statement that has information about your credit activity and current credit situation, such as loan paying history and the status of your credit accounts. Just like a football player's stats or a student's report card, it shows how you are doing with your money.

How do I get to see my credit report?

Everyone who is 18 years or older is entitled to receive a free copy of their credit report once every 12 months. Once you are 18, you can order yours online from annualcreditreport.com or by calling 1-877-322-8228. You will need to verify your identity with your name, birth date, address, and Social Security number.

Learning Objectives, cont.

How can I build my creditworthiness?

Credit scores change over time; they go up or down based on how much debt you owe and how you manage your bills. If someone has late payments or owes a large amount of money, it can decrease their credit score dramatically.

When I turn 18, how can I build my creditworthiness?

1. Build your Character:
   - ✓ Always pay your bills on time.
   - ✓ When you are confident you can manage the responsibility of a credit card, consider opening a secured credit card account. Always pay your credit card balance in full and on time each month and maintain balances below 10% of your credit limit.
   - ✓ Protect your identity. If your credit card is lost or stolen, report it to the issuer immediately. Check each credit report once a year for inaccuracies and immediately report errors to resolve any issues.
   - ✓ Do not apply excessively for credit.
2. Grow your Capital:
   - ✓ Use savings strategies to save for the down payment of a future loan.
3. Establish evidence of your Capacity to repay loans:
   - ✓ Establish a consistent work history and increase your cash flow.
   - ✓ Avoid over borrowing. Whether it is a student loan, mortgage, a credit card, or an auto loan, just because you qualify to borrow a certain amount doesn't mean you have to borrow that amount.
4. Document Collateral:
   - ✓ Ensure you have a list of property or assets, as some lenders may require you to put up this collateral for certain types of loans.
5. Assess Conditions:
   - ✓ Take stock of why you need the loan (such as buying a car), the amount you are requesting, and the current interest rates, as lenders may want to know these details.
   - ✓ Consider conditions that are out of your control, like the current state of the economy.

10 ways to keep your credit score strong

Each of these strategies will help you grow and manage your credit over time.

1. Complete credit applications carefully and accurately.
2. Use your credit cards responsibly — don't spend more than you can reasonably pay back. Be careful not reach your credit card's limit (the total amount available to borrow).
3. Choose your credit cards wisely and make sure you understand all of the terms and features.

Learning Objectives, cont.

4. Attempt to pay your credit card balance in full each month, but at least make the minimum payment by the due date.
5. Always pay bills on time.
6. If you have problems paying your bills, contact your creditors. In many cases, they will work with you to figure out a payment plan.
7. If you move, let your creditors know your new address as soon as possible to avoid losing bills or receiving them late.
8. If your credit card is lost or stolen, report it to the issuer immediately.
9. Check your credit reports periodically for inaccuracies and immediately report errors to resolve any issues.
10. Establish a consistent work history.

How do I choose the best credit card or loan?

The best way to maximize the benefits of loans, including student, auto, credit card, personal, and peer-to-peer loan options, is to understand your financial lifestyle — what you need, what you want, and how much money you spend. Begin your search for a credit card by determining key factors like how often you'll use it, whether you'll want to use it overseas, and if the financial institution that offers it has a branch near you. It's important to make sure you know the terms of the credit card in the following areas:

- Annual percentage rates (APRs) and whether rates are fixed or variable. This rate shows you how much interest you will be charged if you do not pay your full bill each month.
- Annual, late, and overdraft-limit fees; are different fees that you can be charged for having a credit card. Some cards have an annual membership fee. All credit cards charge late fees if you miss a payment. Some credit cards charge overdraft-limit fees if you spend more than your credit limit.
- Credit limit on account, this is the maximum amount you are allowed to borrow (spend) from your credit card.
- Grace periods before interest begins accruing.
- Rewards, including airline miles or cash back.

Consider your options and be smart about other loans you take out, including:

Student Loans – If you need to borrow money to cover your college tuition, you normally take out a student loan. There are a few options to consider, including federal loans and loans from private companies.

Auto Loans – You may be able to buy and finance a car through an auto loan from a car dealership, bank, or credit union. You may also take out a home equity loan, which allows you to use your home as collateral for your auto loan.

Learning Objectives, cont.

Personal Loans – A personal loan can be used to cover various costs, from repaying credit card debt to taking an expensive vacation, at your discretion. Personal loans can be secured or unsecured, depending on whether you have collateral and the risk you want to take.

Peer-to-Peer Loans – You can use an online service to match up with a peer lender, whether you want a loan for personal purposes or another reason. Many of these loans are unsecured, and since operations are conducted entirely online, you should approach peer-to-peer loans with caution.

Module Section Outline with Facilitator Script

Introduction: Warm-Up

Share: Get your students warmed up before playing the game by teaching them more about the concept of credit. Start by sharing stories about the wise use of credit to help students develop good personal finance habits. After sharing those examples, poll your class by asking the question in the prompt below.

Ask: Ask students: Once you're 18 years old, do you think a credit score will impact your ability to get a cell phone on your own or rent an apartment? (Answer: Yes) We'll explore the many ways our credit score affects our financial opportunities.

Optional Pre-Test: Have students turn to page 9 of the Student Activities guide to take the optional Post-Test.

Credit Basics & Credit Cards

Assign: Have students work in pairs to calculate the numbers in the series of provided purchase scenarios on the Choose Your Own Adventure handout on page 10 of their Student Activities Guide.

Assign: Assign students The True Cost of Credit activity on page 11 of their Student Activities guide. Break students into pairs and ask them to review each scenario and answer questions on how long it will take to pay the loan off and how much they will pay in finance charges using the Cost of Credit financial calculator: practicalmoneyskills.com/ff15. After each student completes the activity in pairs, conduct a "Turn and Talk" session where students discuss with each other of how credit cards work.

Directions: Break students into two teams and play a short trivia vocabulary game, Getting to Know Credit Cards terms, using the definitions at the Credit section of Practical Money Skills' website. practicalmoneyskills.com/ff12

- Split the words between two teams and give teams two minutes to write down terms on the front of index cards and short definitions in the back.
- As the facilitator, you can have student teams take turns each pulling a card; then guess either the term based on the definition or the definition based on the term.

Activity: True Cost of Credit

Share: Credit cards can be powerful financial tools for you and your family, and as with all financial products, they need to be used carefully. A credit card allows you to purchase necessary items now and pay later.

Module Section Outline with Facilitator Script, cont.

Group Debrief: Discuss how a high APR and only making minimum payments lead to paying higher amounts over time. Outline the responsibilities that come with credit cards.

Credit Scores: Why the Numbers Matter

Ask: Pose these questions to students: How many of you have heard of the term credit score? What is a credit score? Take a few responses/guesses.

Share: After you have asked your students whether they've heard the term credit scores, share facts about how credit scores are calculated. A credit score is a three-digit number that represents our creditworthiness. It scores how likely we are to repay debts. The higher our score, the more lenders trust our ability to repay funds. Scores can range between 300 and 850. (For older students, add the following: Credit scores have been used for decades to measure individuals' ability to handle debt. When you apply for credit, lenders determine your credit risk by examining a number of factors, including your credit scores from companies like FICO and VantageScore. Share the 5 C's of credit with students to help them understand how they can build creditworthiness.

Ask: What things do you think are used to calculate a credit score?

Share: Credit score calculations are based on a review of your credit report. Your credit report, like a football player's stats or a student's report card, shows how you've handled tasks. The primary factors considered are your payment history, how much you owe, the length of your credit history, the different types of credit you have used, and new applications for credit.

Activity: Choose Your Own Adventure

Ask: Ask students to imagine their future selves as one of the following characters — 19-year-old Jamie or 26-year-old Malcolm. Have them turn to page 10 of their Student Activities guide for the Choose Your Own Adventure activity. Explain to students that if they don't pay their loan payments on time, it can affect their credit scores. Introduce each scenario as the story of a character; ask students to predict if the person's credit score is likely to be poor (below 580), fair (580-669), good (670-739), or very good (740+). Students can work in pairs or individually for this activity.

Quick Tips: Have students discuss what actions each of the character's took that helped or hurt their credit. (Malcolm is paying his bills on time and building a higher score. Jamie has a lot of credit card debt and doesn't always pay bills on time, which is creating a lower score.)

Share: Emphasize that our track record of decision-making (character), our current financial situation (capital), our ability to pay back debt (capacity), property or assets we have that can be put up if required by a lender (collateral), and the state of the economy (conditions) all factor into our creditworthiness.

1. **Character.** A lender may decide whether you are honest and reliable to repay debt, based on your credit history. Lenders are likely to look at your credit use, bill payment, residential history, and how

Module Section Outline with Facilitator Script, cont.

long you've worked at your current workplace.

The most effective way to strengthen your credit reliability is to make payments on time. Many credit card companies offer free, automatic alerts to help you keep track of your balances, payment due dates, payment history, and purchase activity.

2. **Capital.** A lender will want to know if you have valuable assets, such as real estate, personal property, investments, or savings, with which to repay debt if income is unavailable.
3. **Capacity.** This refers to your ability to pay off debt. Lenders will look to see if you have been working regularly in an occupation that is likely to provide enough income to support your credit use. They may look at your salary, check whether you have pre-existing loans or debts, and assess whether you have family members who depend on your earnings.
4. **Collateral.** A lender may require you to put up some form of collateral — a property or asset — for certain types of loans like auto loans. When you take out a car loan, the vehicle you buy is typically used as collateral for the loan.
5. **Conditions.** This refers to the condition of the economy and how it may affect your ability to repay the loan.

Share: To predict your financial future, many businesses look at your financial past through your credit report. A credit history is a profile within a credit report that shows how you've handled money in the past. Your credit report is kept on file by three independent credit bureaus: Experian, TransUnion, and Equifax.

The Credit History Practical Money Guide (practicalmoneyskills.com/ff14) is a tool that shows what kinds of factors are included in our credit report and gives practical tips for keeping credit strong. Display the guide to the class, and note what outside parties are legally entitled to see our credit report.

Who can see your credit report?

- Potential employers
- Banks and credit unions
- Credit card issuers
- Landlords
- Auto financing companies
- Insurance companies

Closing: Group Discussion

Quick Tips: Have students identify one simple rule of thumb to help them remember how to use credit responsibly. What rule do students think would be wise?

Optional Post-Test: Have students turn to page 9 of their Student Activities guide to take the optional Post-Test.

Lesson 4 Credit: Answer Keys

> Credit Pre- and Post-Test

> Choose Your Own Adventure handout

> True Cost of Credit handout

Credit Pre- and Post-Test

Directions: Have students answer the questions with the most appropriate answer, noting a, b, c or d.

Answer Key

1. The best way to build your credit score is to avoid borrowing money.

a. True

b. False

2. If someone only pays the minimum credit card payment, they will owe interest on the money borrowed.

a. True

b. False

3. The faster you pay back the money you borrow, the lower the amount of interest you will pay.

a. True

b. False

4. You are not responsible for late fees on your credit card during vacation.

a. True

b. False

5. A good way to begin building credit is:

a. Pay bills on time

b. Open and pay off a loan

c. Maintain a credit card balance that is less than 10% of your credit limit

d. All of the above

Choose Your Own Adventure

Your credit score is a number between 300 and 850, assigned to you by a credit bureau, that helps lenders decide how creditworthy you are — the higher the score, the lower the risk. Because credit can affect many important aspects of your life, getting and keeping your score as high as possible is vitally important.

Check out 10 Ways to Keep Your Credit Strong: practicalmoneyskills.com/ff20

Directions: Ask students to imagine their future selves as one of the following characters — 19-year-old Jamie or 26-year-old Malcolm. Have them turn to page 10 of their Student Activities guide for the Choose Your Own Adventure activity. Explain to students that if they don't make their loan payments on time, it can affect their credit scores. Introduce each scenario as the story of a character; ask students to predict if the person's credit score is likely to be poor (below 580), fair (580-669), good (670-739), or very good (740+).

Answer Key

Scenario one:

At 26 years old, Malcom is working hard to save for his first home. Each month he pays his car loan payment on time.

(Likely good or very good)

Scenario two:

At 19 years old, Jamie is working to buy a car. Jamie really likes shopping and has quite a bit of credit card debt; she and sometimes pays bills on time.

(Likely poor or fair)

True Cost of Credit

If you don't pay off your credit card balance every month, the interest assessed on your account means you may be paying more than you expect. And if you spend beyond your means, the resulting interest and debt can become significant.

See how much extra you might pay on a $100 credit card purchase with varying interest rates, depending on your payment amount each month.

Use the Cost of Credit financial calculator: practicalmoneyskills.com/ff15

Directions: Ask students to review each scenario and answer questions on how long it will take to pay the loan off and how much they will pay in finance charges. You can solve each problem using paper and a pencil or the Cost of Credit calculator tool listed above.

Answer Key

Scenario 1

Purchase: $100 on credit card for new sports equipment

Monthly payment: Minimum balance of $40

Credit card APR (interest rate charged): 10%

How long will it take you to pay off? *3 months*

How much will you pay in finance charges (interest fees)? *$1.48*

Scenario 2

Purchase: $100 on credit card for new video game and downloadable content

Monthly payment: $20

Credit card APR (interest rate charged): 15%

How long will it take you to pay off? *6 months*

How much will you pay in finance charges (interest fees)? *$3.91*

Scenario 3

Purchase: $100 on credit card for clothes

Monthly payment: $10

Credit card APR (interest rate charged): 25%

How long will it take you to pay off? *12 months*

How much will you pay in finance charges (interest fees)? *$13.30*

Glossary of Terms

Have students study this list of personal finance terms to help warm up before playing Financial Football. By mastering these terms, students will have a better opportunity to answer questions in the game correctly and score.

Annual fee: The once-a-year cost of having a credit card. Some credit card providers offer cards with no annual fees.

Annual percentage rate (APR): The yearly interest rate charged on outstanding credit card balances.

Balance: In personal banking, balance refers to the amount of money in a savings or checking account. In credit, balance refers to the amount of money owed.

Capacity: This refers to your ability to pay off debt.

Capital: Wealth in the form of money or property.

Character: A lender's assessment of your reliability to repay debt based on your credit history.

Collateral: A property or asset pledged as security for repayment of a loan, to be forfeited in the event of a default.

Compound interest: Compound interest (or compounding interest) is interest calculated on the initial principal and also on the accumulated interest of previous periods of a deposit or loan. A savings account earns interest every day. Each time your interest compounds, it gets added back to your account and becomes part of your principal. With more principal, the account earns even more interest, which continually compounds into new principal.

Conditions: This refers to the condition of the economy and how it may affect your ability to repay the loan.

Cost-benefit analysis: Analyzing whether the cost of an item is more than, equal to, or less than the benefit that comes from its purchase.

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

Credit bureau: A reporting agency that collects information on consumer credit usage. There are currently three main credit bureaus in the United States: Equifax, Experian, and TransUnion.

Credit card: Card issued by a bank or other business for purchases using borrowed funds to be paid back later.

Credit history: A record of an individual's past borrowing and payments.

Credit limit (credit line): The maximum dollar amount that can be charged on a specific credit card account.

Credit rating: A financial institution's evaluation of an individual's ability to manage debt. It's crucial to have a good credit rating if you want to borrow money or apply for a line of credit, such as a credit card. Your credit rating can also impact the cost of some insurance and can be a hiring factor for some employees and a rental agreement factor for some landlords.

Credit report: A document outlining an individual's credit history, for use by credit card issuers and others considering providing you with a loan.

Credit reporting agency: A company that compiles and provides information to creditors to facilitate their decisions about extending credit.

Glossary of Terms, cont.

Credit score: A credit score is a numerical expression primarily based on credit report information typically sourced from credit bureaus. There are may different credit scoring companies; however, most credit score ranges are from 300 to 850.

Creditor: A person or business to whom money is owed.

Creditworthiness: An analysis made by a lender about a consumer's riskiness as a borrower.

Debt: The state of owing money to another individual or business, or the amount of money borrowed.

Debt load: The sum total of all the money you owe.

Debt-to-income ratio: A calculation comparing the amount you owe to the amount you earn. Debt-to-income ratio may be used to see how much debt you can afford to take on.

Finance: To borrow funds for the purpose of a purchase.

Finance charge: Fees assessed from borrowing funds for the purpose of a purchase.

Fixed rate: A fixed rate does not fluctuate over the length of the loan or investment term.

Good debt: The concept that sometimes it is worth taking on certain types of debt in order to benefit financially in the long run. Common examples include college education debt and real estate.

Grace period: The period of time after a payment deadline when the borrower can pay back the borrowed money without incurring interest or a late fee.

Guaranteed interest rate: The minimum interest rate an investor or borrower can expect from an issuing company.

Interest: A charge for borrowed money, generally a percentage of the amount borrowed.

Interest rate: The rate at which a borrower pays interest for borrowing an item or money, or the percentage rate earned on a given investment.

Introductory rate: An interest rate offered by lenders in the initial stages of a loan. These rates are often set much lower than standard rates in order to attract new borrowers. Introductory rates, sometimes called teaser rates, are most common in the credit card industry.

Loan term: The period of time during which a loan is active.

Minimum balance: A specific amount of money that a bank or credit union requires in order for you to open or maintain a particular account without paying maintenance or minimum balance requirement fees.

Minimum payment: The minimum amount of money that you are required to pay on your credit card statement each month in order to keep the account in good standing.

Payment history: A record of monthly payment status on an individual's credit report, listed since the time the accounts were established.

Variable interest rate: An interest rate that fluctuates based on market changes.

Debt

Lesson 5: Teacher's Guide | Rookie: Ages 11-14

FINANCIAL FOOTBALL

Avoiding Fumbles with Debt Management

Understanding the costs and benefits of debt is essential to managing it effectively throughout life. This 45-minute module will prepare students to think critically about types of debt, debt loads, and strategies for managing debt.

Getting Your Class Game-Ready: Each football game won is the result of careful planning, strategic plays, and judgment calls. There is a risk with each pass and rush that yards might be lost instead of gained on the path to the goal line.

In life, managing debt demands similar planning, careful decision-making, and a solid understanding of the risks, costs, and benefits. With a solid management plan, taking out loans can provide funds that allow you to reach goals such as paying for college or buying a house. However, debt can also spiral out of control, negatively impacting your financial opportunities now and in the future. While the topic of debt may seem overwhelming, it's important to keep your head in the game and take informed action to reach your goals.

Module Level: Rookie, Ages 11-14

Time Outline: 45 minutes total

Subjects: Economics, Math, Finance, Consumer Sciences, Life Skills

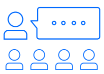
Materials: Facilitators may print and photocopy handouts and quizzes, and direct students to the online resources below.

- **Pre- and Post-Test questions:** Use this short grouping of questions as a quick, formative assessment for the Debt module or as a Pre- and Post-Test at the beginning and completion of the entire module series.
- **Practical Money Skills Debt resources:** practicalmoneyskills.com/ff40
- **Index cards**
- **Glossary of Terms:** Learn basic financial concepts with this list of terms.

Icon Key

Activity

Assign the given activity to students and have them complete it individually or with a group, depending on the instructions.



Ask

Pose questions to your students and have them respond.

Assign

Designate individuals or groups to complete a particular assignment.

Debrief

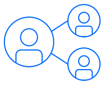
Examine the activities as a whole group and compare answers and findings.

Did You Know?

Share these fun facts with students throughout the lesson.

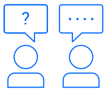
Pre- and Post-Test

Have students take the Pre-Test before the lesson, and take the Post-Test after completing the lesson.



Share

Read or paraphrase the lesson content to students.



Turn and Talk

Have students turn to a partner and discuss a specific topic or question.

Table of Contents

Learning Objectives

– Explore types of debt and their costs and benefits
– Calculate debt-to-income ratio
– Discover strategies to manage and alleviate debt
– Discuss the dangers of debt and how to prevent lasting negative impacts
– Identify tools for debt management planning

Key Terms and Concepts

Before you start the lesson, review the key terms and concepts below. The answers to each question will help you get students prepped and game-ready. Get deeper information around these concepts in the Facilitator Script section on pages 6 to 8 of this guide.

What types of loans are considered good debt? Bad debt?

Borrowing money (taking on debt) can help you reach goals but it can also become a burden. To decide whether a debt is good or bad for your personal situation, you will need to consider the benefits and costs. In general, debt that helps you earn more in the long term, such as school loans, business loans, or real estate mortgages, can be considered good debt. Meanwhile, debt that has no potential of making you money is considered bad debt. In other words, good debt helps your future self and bad debt hurts your future self.

What is debt load and how is it calculated?

The sum total of all the money you owe is called your debt load. To determine whether your load is more than you can afford, you'll want to calculate your debt-to-income ratio by comparing the amount you owe to the amount you earn.

How much debt is too much debt?

Excessive debt is a problem that only gets worse the longer it continues. Warning signs that debt is getting out of hand include not being able to pay bills and owing late fees. Lenders typically like to see a debt-to-income ratio (DTI) of 35% or less.

When does it make sense to take out a loan?

There are many different types of loans:

- Student loans
- Mortgage loans
- Auto loans
- Personal loans
- Peer-to-peer loans

Learning Objectives, cont.

Taking out a loan is a big responsibility and commitment. When you're choosing a loan, it's important to consider the interest rate, length of the loan, and overall cost of borrowing the money. Loans can allow you to leverage time — giving you access to opportunities such as education, real estate, and transportation. However, debt can also quickly grow and get out of hand, so it's critical to consider how much debt you can afford to repay.

Did You Know?

If you can't afford your monthly payments, your creditors may be willing to put you on a new payment plan.

How can I prevent debt problems?

- Keep track of what you owe and monitor your credit report for accuracy.
- Avoid borrowing more money than you can afford to repay.
- Not everyone receives a steady paycheck. If your income varies, it is of particular importance to minimize your debt burden.
- Create a plan for repayment when considering loan options.
- Pay bills on time; if you can't make a payment, call to notify and negotiate with your creditor.
- Know your consumer rights. Find out more at the Consumer Financial Protection Bureau's website: consumerfinance.gov.

How can I rebuild my finances after debt?

You can't rewrite your credit history, but you can rebuild it. Whether you've undergone a major life event or filed for bankruptcy, reestablishing your credit rating takes time and discipline, so it's helpful to create a plan you can stick to. You'll need to demonstrate that you're able to pay your bills on time every month and make regular repayments to a credit line.

Five ways to rebuild financial credibility:

- Consider a credit builder loan.
- Using a secured credit card account and avoiding balances greater than 9% of the credit limit.
- Becoming an authorized user who has a good credit score.
- Making payments on time.
- Reducing total debt balances.

Module Section Outline with Facilitator Script

Introduction: Warm-Up

Quick write: Have students spend 5 to 10 minutes writing on the following topic: Is debt always bad? When might debt be useful and why? If time allows, have them share their responses with the class.

Optional Pre-Test: Refer students to page 6 of the Student Activities guide. Have them answer the questions with the most appropriate answer, noting a, b, c or d or filling in the blank.

Types of Debt: Weighing the Benefits and Costs

Group Brainstorm: Draw a t-chart on the board with two columns, "Good Debt" (usually useful) and "Bad Debt" (risky).

Share: Explain to students that, in dealing with debt, it's important to recognize that there are various types of debt and they won't always result in the same outcome. When planned properly, going into debt for school or business purposes or taking out a loan for real estate (such as a mortgage) could be considered investments that might yield greater financial earnings for you in the future (good debt). This kind of debt may be costly in the short term, but could potentially end up paying for itself in the long term. However, debt that does not invest in anything is a financial burden in both the short term and the long term (bad debt). This is the kind of debt that must be managed carefully to prevent it from quickly spiral out of control.

A good rule of thumb is that "Good Debt" helps to improve your future self.

Ask: Where would each of the choices/situations below belong on the t-chart?

- Borrowing $20 from a friend and paying them back a week later (usually useful).
- Buying a cell phone with payment plan, $25 per month for 24 months (usually useful).
- Credit card debt less than 10% of your credit limit and paid off each month (usually useful).
- Credit card debt that is 90% of your credit limit and you're only able to make minimum payments (risky).
- Payday loan (risky).
- Auto title loan (risky).
- Monthly auto loan that is less than 5% of your monthly net pay (usually useful).

Share: Explain to students that taking out a loan is a big responsibility and commitment. When you're choosing a loan, it's important to consider the interest rate, length of the loan, and overall cost of borrowing

Module Section Outline with Facilitator Script, cont.

the money. Loans can allow you to leverage time — giving you access to opportunities such as education, real estate, and transportation. However, debt can also quickly grow and get out of hand, so it's critical to consider how much debt you can afford to repay.

Group Discussion: Ask students the following questions and facilitate a group discussion. What things are important to consider before taking out a loan? How are people influenced to over-borrow?

Strategies to Get Out of Debt

Share: Managing debt demands planning, careful decision-making, and a solid understanding of the risks, costs, and benefits. There are many different types of loans:

- Student Loans – If you need to borrow money to cover your college tuition, you normally take out a student loan. There are a few options for what kind of loan you would apply for, including federal loans as well as loans from private companies.
- Mortgage Loans – Buying a home can often require applying for a mortgage loan. Different interest rates and repayment times can greatly affect a mortgage loan's impact on your finances.
- Auto Loans – You are able to buy and finance a car through auto loans from car dealerships, banks, and credit unions. You may also take out a home equity loan, which allows you to use your home as collateral for your auto loan.
- Personal Loans – A personal loan can be used to cover various expenses, from repaying credit card debt to taking an expensive vacation, at your discretion. Personal loans can be secured or unsecured, depending on whether you have collateral and the risk you want to take. To get a secured loan, the borrower needs to pledge some asset, such as a home or a car, to serve as collateral for the loan. Unsecured loans are approved without the need for collateral. Borrowers can qualify for the loan based on their income and credit history.
- Peer-to-Peer Loans – You can use an online service to be matched with a peer lender, whether you want a loan for personal purposes or another reason. Many of these loans are unsecured, and since operations are conducted entirely online you should approach peer-to-peer loans with caution.

With a solid management plan, taking out loans can provide funds that allow you to reach goals such as attending college or buying a house. Debt can help you leverage time. When mismanaged, debt can also spiral out of control, negatively impacting your financial opportunities now and in the future.

Activity:

Part 1: Divide the class into small groups. Give each team seven index cards. Have them work together to choose a character (animated or superhero) and create an index card for types of debt they might take out, such as car loan for their superhero mobile. Each index card should also include an interest rate and loan amount within the assigned range from the choices below.

Module Section Outline with Facilitator Script, cont.

- Auto loan Index Card: 0% – 20%, $1,000 – $10,000
- Credit card debt #1 Index Card: 12% – 34%, $250 – $15,000
- Credit card debt #2 Index Card: 12% – 34%, $250 – $15,000
- Credit card debt #3 Index Card: 12% – 34%, $250 – $15,000
- Mortgage Index Card: 4% – 5%, $100,000 – $300,000
- Payday loan Index Card: 300% – 450%, $350 – $500
- Auto title loan Index Card: 750%, $2,500 – $10,000

Part 2: Two options for game play.

Option 1: Each team creates an answer key categorizing the types of debt as good or bad for the character.

Option 2: Each team creates an answer key assigning the debt repayment order for each debt reduction strategy: snowball and avalanche. Each team then creates an answer key assigning the debt repayment order for each debt reduction strategy: snowball and avalanche. The teacher checks each team's answer key.

Debt Snowball Method - This method of paying off loans works by prioritizing debts based on their size. By paying off smaller loans first, you'll be able to pay off several loans earlier on, and your payments "snowball" as you're psychologically rewarded. Many people feel more motivated to pay off loans if they can see visible progress.

Debt Avalanche Method - Paying off debt through the debt avalanche method means first making the minimum payment on each debt, then using any remaining money to start paying off the debt that has the highest interest rate. Once you've paid off your highest interest rate debt, tackle the debt with the next highest interest. Using this method can result in paying off debt more quickly while reducing overall interest rates.

Part 3: The teams swap cards and compete. The team that can first correctly order its index cards for each strategy wins. The teacher holds each team's answer key and is the referee.

Closing: Post-Test

Group Discussion: Ask students the following questions and facilitate a group discussion. Borrowing money can be useful sometimes. What is one strategy of managing debt effectively?

Optional Post-Test: Have students turn to page 6 of the Student Activities guide and answer the questions with the most appropriate answer, noting a, b, c or d or filling in the blank.

Lesson 5 Debt: Answer Keys

> Debt Pre- and Post-Test

> Strategies for Managing Debt student activity

Debt Pre- and Post-Test

Directions: Have students answer the questions with the most appropriate answer, noting a, b, c, d or filling in the blank.

Answer Key

1. Your personal debt is:

a. The PIN code for your debit card

b. What is in your savings account

c. What you owe in money, goods, or services

d. The same as your credit score

2. Which of the following is a warning sign that you could have a problem with debt?

a. You aren't sure how much you owe

b. This month's bills arrive before last month's have been paid

c. You often owe late fees

d. All of the above

3. Decisions you can make that will help pay down your debt include:

a. Canceling your credit cards

b. Opening a new, low-interest credit card account

c. Increasing your income and reducing your expenses

d. All of the above

4. The more debts you take on, the harder it may be to pay all your bills.

a. True

b. False

5. So-called "good debt" is debt that helps to improve your__________.

(Correct answer: future self)

Strategies for Managing Debt

Directions: Divide students into two teams to complete the following activities.

Part 1: Work with your team to fill out seven index cards. On each index card, write down an interest rate and loan amount within the assigned range from the following choices:

- Auto loan Index Card: 0% – 20%, $1,000 – $10,000
- Credit card debt #1 Index Card: 12% – 34%, $250 – $15,000
- Credit card debt #2 Index Card: 12% – 34%, $250 – $15,000
- Credit card debt #3 Index Card: 12% – 34%, $250 – $15,000
- Mortgage Index Card: 4% – 5%, $100,000 – $300,000
- Payday loan Index Card: 300% – 450%, $350 – $500
- Auto title loan Index Card: 750%, $2,500 – $10,000

Part 2: Create an answer key listing the right debt repayment sequence for the seven cards, using two different strategies: snowball and avalanche.

> **Debt Snowball Method:** This method of paying off loans works by prioritizing debts based on their size. By paying off smaller loans first, you'll be able to pay off several loans earlier on, and your payments "snowball" as you're psychologically rewarded. Many people feel more motivated to pay off loans if they can see visible progress.
>
> **Debt Avalanche Method:** Paying off debt through the debt avalanche method means first making the minimum payment on each debt, then using any remaining money to start paying off the debt that has the highest interest rate. Once you've paid off your highest interest rate debt, tackle the debt with the next highest interest. Using this method can result in paying off debt more quickly while reducing overall interest rates.

Part 3: Swap cards with another team and compete. The team that can first correctly order its seven index cards for each strategy wins. The teacher holds each team's answer key and is the referee.

Glossary of Terms

Have students study this list of personal finance terms to help warm up before playing Financial Football. By mastering these terms, students will have a better opportunity to answer questions in the game correctly and score.

Bad debt: Debt taken on for items that a consumer cannot afford and that does not generate opportunities for future income. (See good debt)

Bankruptcy: A condition of insolvency where an individual or business is unable to repay debts. Bankruptcy is a way to eliminate debts or repay them under court protection and supervision, although child support payments, alimony, fines, taxes, and some student loan obligations are typically not eliminated. Bankruptcy will stay on your credit report for 7 or 10 years depending on the type of bankruptcy filing, possibly affecting your ability to buy or rent a home, and will likely result in higher interest rates on future loans.

Cost-benefit analysis: Analyzing whether the cost of an item is more than, equal to, or less than the benefit that comes from its purchase.

Creditor: A person or business to whom money is owed.

Debt: The state of owing money to another individual or business, or the amount of money borrowed.

Debt avalanche method: Paying off debt through the debt avalanche method means first making the minimum payment on each debt, then using any remaining money to start paying off the debt that has the highest interest rate. Once you've paid off your highest interest rate debt, tackle the debt with the next highest interest rate. Using this method can result in paying off debt more quickly while reducing overall interest rates.

Debt counseling: Debt management advice and services available through either of the following national organizations: American Consumer Credit Counseling, National Foundation for Credit Counseling.

Debt load: The sum total of all the money you owe.

Debt snowball method: This method of paying off loans works by prioritizing debts based on their size. By paying off smaller loans first, you'll be able to pay off several loans earlier on, and your payments "snowball" as you're psychologically rewarded. Many people feel more motivated to pay off loans if they can see visible progress.

Debt-to-income ratio: A calculation comparing the amount you owe to the amount you earn. Debt-to-income ratio may be used to see how much debt you can afford to take on.

Finance: To borrow funds for the purpose of a purchase.

Foreclosure: A legal process in which a mortgaged property is confiscated because the borrower has failed to keep up payments.

Good debt (usually useful): The concept that sometimes it is worth taking on certain types of debt in order to generate opportunities for income in the long run. Common examples include college education debt and real estate.

Glossary of Terms, cont.

Liabilities: Everything that you owe, which may include your mortgage, credit card balance, interest, student loans, and loans from family and friends.

Loan: Money or assets borrowed and paid back with interest over time.

Loan principal: An amount borrowed that remains unpaid, excluding interest.

Loan term: The period of time during which a loan is active.

Mortgage: A loan secured in order to purchase property.

Mortgage payment: The payment a borrower makes each month toward the purchase of a home.

Mortgage term: The agreed-upon amount of time to pay off a mortgage.

Opportunity cost: The loss of potential gain from other alternatives when one alternative is chosen.

Principal: The amount of money you deposit in your account to begin saving or the original amount of money borrowed.

Student loan: A loan offered to students for education-related expenses that must be repaid.

Unsecured loans: An unsecured personal loan doesn't require you to put up any collateral (like a car) for the loan. If you don't repay it, the lender can't claim collateral as compensation. But there is something you risk if you default on either unsecured or secured loans — your credit. Lower credit scores could make it more difficult to get approved for other types of credit.

Financial Institutions

Lesson 3: Teacher's Guide | Rookie: Ages 11-14

FINANCIAL FOOTBALL

Choosing Your Team: Finding a Financial Institution

Examining how financial institutions operate and the services they provide is a key part of making the most of your money. This 45-minute module equips students with the knowledge to choose banking services, use debit and prepaid cards to their advantage, and understand the factors to consider when managing electronic and mobile banking.

Getting Your Class Game-Ready: When football coaches are directing teams toward a win, they choose the players best suited to each play based on the athletes' strengths and weaknesses. Players themselves consider the best way to maximize their performance and work together as a team to reach a win.

This strategy can also be applied when choosing a financial institution, using debit cards and prepaid cards, and managing online banking; it's good to know their relative strengths as well. Knowing how they work and how best to use them in various financial situations lets you tap into the advantages of each. Just like building a strong football team, working with financial institutions requires clear communication and an understanding of your goals.

Module Level: Rookie, Ages 11-14

Time Outline: 45 minutes total

Subjects: Economics, Math, Finance, Consumer Sciences, Life Skills

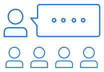
Materials: Facilitators may print and photocopy handouts and quizzes for students, and direct them to the online resources below.

- **Pre- and Post-Test questions:** A short grouping of five questions may be used as a quick, formative assessment for the Financial Institutions module or as a Pre- and Post-Test at the beginning and completion of the entire module series.
- **Practical Money Skills Financial Institutions resources:** practicalmoneyskills.com/ff33
- **Practical Money Guides:**
  Prepaid Card Basics: practicalmoneyskills.com/ff34
  Debit Card Basics: practicalmoneyskills.com/ff35
- **What Am I? Game Questions**
- **Affinity Mapping Character Scenarios**
- **Glossary of Terms:** Learn basic financial concepts with this list of terms.

Icon Key

Activity

Assign the given activity to students and have them complete it individually or with a group, depending on the instructions.



Ask

Pose questions to your students and have them respond.

Assign

Designate individuals or groups to complete a particular assignment.

Debrief

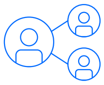
Examine the activities as a whole group and compare answers and findings.

Did You Know?

Share these fun facts with students throughout the lesson.

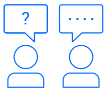
Pre- and Post-Test

Have students take the Pre-Test before the lesson, and take the Post-Test after completing the lesson.



Share

Read or paraphrase the lesson content to students.



Turn and Talk

Have students turn to a partner and discuss a specific topic or question.

Table of Contents

Learning Objectives

- Compare and contrast different types of financial institutions and the services they provide
- Identify the features and costs of personal checking accounts offered by different financial institutions
- Identify how debit and prepaid cards work as payment methods
- Determine the various pros and cons to all types of cards
- Identify how to manage purchases and payments using electronic and mobile banking

Key Terms and Concepts

Before you start the lesson, review the key terms and concepts below. The answers to each question will help you get students prepped and game-ready. Get deeper information around these concepts in the Facilitator Script section on pages 7 to 12 of this guide.

What types of financial institutions are there?

Just like any other business, a financial institution sells products to earn money so that it can run its operations and provide services. Three common types of financial institutions are banks, credit unions, and community banks. To understand how financial institutions operate, know that when you deposit money in a bank it gets pooled into a shared fund along with everyone else's money; this allows the financial institution to make loans. When you deposit money into a checking or savings account, your financial institution is obligated to allow you to access and withdraw funds from accounts you own.

What does FDIC-insured mean?

The Federal Deposit Insurance Corporation (FDIC) preserves and promotes public confidence in the U.S. financial system by insuring deposits in banks for at least $250,000 per depositor, per insured bank, for each account ownership category. FDIC insurance covers depositors' accounts at each insured bank, dollar-for-dollar, including principal and any accrued interest, through the date of the insured bank's closing, up to the insurance limit. This means that, in the event funds are stolen, the bank fails, or the bank closes, the account holder will be reimbursed for deposits totaling up to $250,000.

What does NCUA-insured mean?

The National Credit Union Administration (NCUA) preserves and promotes public confidence in the U.S. financial system by insuring deposits in credit unions for at least $250,000 per depositor, per insured credit union, for each account ownership category. Share insurance coverage offered through the National Credit Union Share Insurance Fund (NCUSIF) protects members against losses if a federally insured credit union should fail.

Do I have to open a checking account? What are the benefits if I do open an account?

Did you know that 6.5% of households in the United States were unbanked in 2017[1] according to the FDIC? That's 8.4 million households that aren't taking advantage of the services offered by financial institutions. It's not mandatory to

Learning Objectives, cont.

open a checking account, but opening an account offers many benefits. An additional 18.7% of U.S. households (24.2 million) were underbanked, meaning that the household had a checking or savings account but also obtained financial products and services outside of the banking system, like payday loans.

Banking — all the services offered by a bank or credit union — allows individuals to deposit funds, transfer money, and complete transactions in a secure place. Checking accounts offer four primary benefits:

- Security
- Convenience
- Budgeting
- Earn interest

Did You Know?

The IRS will never email you or contact you via social media and will rarely call you without first sending you a letter.[2]

What services do financial institutions offer? What fees do they charge?

Financial institutions offer a range of services and products, including checking and savings accounts. These accounts can allow customers to deposit and withdraw money, pay bills, and earn interest. Some common fees include monthly account fees, ATM fees, and overdraft fees.

What is the difference between a debit card, prepaid card, and credit card?

When football coaches are directing their teams toward a win, they choose the players best suited to each play based on the athletes' strengths and weaknesses.

By the same token, when it comes to choosing among credit cards, debit cards, and prepaid cards, it's good to know their relative strengths. Knowing how they work and how best to use them in various spending circumstances lets you tap into the advantages of each without getting penalized. Before applying for a credit card, research and understand the fees associated with various cards.

Here's an easy way to remember the difference:

Pay now: Debit cards. Debit card transactions are withdrawn instantly from your checking account.

Pay later: Credit cards. Credit card transactions are added to your credit card balance. It's important to pay each balance on time and in full.

Pay in advance: Prepaid cards. A prepaid card can be loaded with funds to make purchases anywhere a debit card is accepted. There may be fees that accompany using a prepaid card.

What services do electronic banking and mobile banking include?

- Locate ATMs
- Direct deposit

Did You Know?

The Consumer Financial Protection Bureau (CFPB) is tasked with protecting consumers and enforcing federal consumer financial laws.

Learning Objectives, cont.

- Deposit checks — some even allow deposit by taking a picture of a check through the banking app
- Debit card purchases
- Track spending and review account history
- 24/7 account access
- Bill pay
- Text message notifications and account alerts

How do I manage my account once it is open? How do I handle inaccuracies or mistakes with my account?

Three quick tips for checking account and debit card management

1. Keep an eye on your bank account balance and how much money you have available.
2. Know your limits. Find out how much cash you are allowed to withdraw and how much money you can spend with your debit card.
3. Communicate with your financial institution. You can receive automatic alerts about changes to your account. If you notice any mistaken charges or inaccuracies, tell your financial institution right away.

[1] FDIC
[2] IRS.gov

Module Section Outline with Facilitator Script

Introduction: Warm-Up

Quick Poll: Get students interested in the topic by asking this question of the class: How many of you have an account with a financial institution like a bank or credit union (checking or savings)?

Optional Pre-Test: Have students answer the questions with the most appropriate answer, noting a, b, c or d.

Finding a Financial Teammate: Exploring Checking Account and Financial Institutions

Share: Explain to students that, just like any other business, a financial institution sells products to earn money so that it can run its operations and provide services. Three common types of financial institutions are banks, credit unions, and community banks. To understand how financial institutions operate, know that when you deposit money in a bank, it gets pooled into a shared fund along with everyone else's money.

Banks are for-profit public companies owned by shareholders who have purchased company stock. Banks are federally insured by the Federal Deposit Insurance Corporation (FDIC).

Credit unions are nonprofit cooperatives controlled by member-owners. They're also insured, but by the National Credit Union Administration (NCUA). With credit unions, you may be able to access lower-cost services and get higher interest rates on savings. If you want high rates and low fees, credit unions may be a good option.

Opening an account with a bank or credit union offers four primary benefits.

Security
You can keep your funds safe in checking and savings accounts without having to worry about them being at risk. The U.S. government protects money you deposit in the financial institution. A single fund account is insured for up to $250,000 by the Federal Deposit Insurance Corporation (FDIC) or the NCUA, either of which will typically reimburse your insured deposits the next business day. Like the FDIC, which insures bank deposits, the NCUA makes sure your credit union assets stay secure.

Convenience
Money in a credit union or bank can be accessed from anywhere, whether it's online, through an ATM, or just a call to your financial institution's customer service department. With an account in a financial institution, you can arrange for your employer to automatically deposit your paycheck into your account, so it's easier and faster for you to get paid.

Module Section Outline with Facilitator Script, cont.

Budgeting

By holding accounts and using digital payments such as debit or credit cards, you will be able to review your bank or credit union statements — a record of the balance in your bank account and the amounts that have been paid into it and withdrawn from it. This makes it easier to manage your finances and stick to a budget. With bank statements, you'll know exactly where your money is going and whether it is toward a car payment or a night out with friends.

Earn Interest

Banking allows you to make money with your money. It may sound too good to be true, but with interest, you can earn simply by keeping money in an account. The bank pays you a percentage of interest on your balance, which is added directly to your account on a monthly basis. Generally this occurs with savings accounts, but some checking accounts also offer a small percentage of interest. Traditional brick-and-mortar banks have average interest rates of around 0.04% APY for checking accounts and 0.08% APY for savings accounts.

Activity: What Am I?: Direct students to turn to page 8 of their Student Activities guide. Assign all students, either in teams or as individuals, to represent either banks or credit unions. Give both a moment to research key facts using practicalmoneyskills.com/ff33 and the glossary at the end of their Student Activities guide.

Ask: Keep students in the same groupings from the previous activity. Read statements from the What Am I? activity on page 8 of their Student Activities guide. Example: I am a nonprofit money cooperative whose members can borrow from pooled deposits at low interest rates. "What am I?" Bank, credit union, or both? This game can be played competitively by giving teams points for correct answers. As an alternative, students may also work in pairs to research and answer the questions by circling the correct response on the What Am I? handout.

Optional activity: If there are any questions students don't know the answers to, give them two minutes to research the answer using Financial Institutions content at Practical Money Skills. practicalmoneyskills.com/ff33.

Managing Bank Accounts: Debit Cards & Prepaid Cards, Electronic & Mobile Banking

Share: Explain to students that they have options when choosing among credit cards, debit cards, and prepaid cards. Walk them through then benefits of each and things to watch out for.

Pay now: Debit cards. Debit card transactions are withdrawn instantly from your checking account.

Pay later: Credit cards. Credit card transactions are added to your credit card balance. It's important to pay each balance on time and in full.

Module Section Outline with Facilitator Script, cont.

Pay in advance: Prepaid cards. A prepaid card can be loaded with funds to make purchases anywhere a debit card is accepted. There may be fees that accompany using a prepaid card.

Pay Now: Debit Cards

A debit card (also known as a check card) looks like a credit card but is a payment method that's an alternative to cash and checks. When you make a purchase with a debit card, the funds are immediately withdrawn from your bank account and transferred into the account of the store or business where you completed the transaction. Because a debit card links directly to your bank account, you can spend only what you have in your account.

An ATM card is a PIN-based card. That means that, in addition to using it at ATMs, you may also be able to use it to make purchases (by entering your Personal Identification Number) if the merchant is using one of the same electronic ATM networks that's listed on the back of your card.

A debit card looks just like a regular ATM card, and you can use it at ATMs. The difference is that a debit card usually has the card issuer logo on its face. That means you can use the debit card anywhere debit cards issued by that entity are accepted, for example, department stores, restaurants, or online.

While this helps keep you out of debt, you need to monitor debit card purchases closely and stick to your budget so you don't overdraw your bank account. If you use your debit card to buy something that costs more than the amount of money in your account, the charge may be rejected or, if you have overdraft protection, you may be charged an overdraft fee.

Benefits of debit cards:

- They let you buy items in stores, online, on the phone, or through a mail order catalog without using cash.
- They allow you to make the same kinds of purchases as you do with credit cards so you don't need to carry cash.
- Most provide the same type of "zero liability" protection as credit cards.
- There is no APR or interest rate charged because you pay at the time of purchase.
- There is no monthly payment or debt accrued because you pay at the time of purchase.
- Some debit cards offer rewards programs.

Things to watch out for:

- If you overdraw your account, you may be charged a fee for each transaction.
- If you withdraw money from an ATM that's not part of your financial institution's ATM network, you could incur fees on both sides — from your bank or credit union and the other institution that operates the ATM.
- Some checking accounts require a minimum balance, otherwise a monthly fee may be assessed.

Module Section Outline with Facilitator Script, cont.

Pay Later: Credit Cards

A credit card entitles you to make purchases based on your promise to pay for these purchases at a later date. The card issuer grants you a line of credit, which is a promise from the card issuer to you that it will loan you any amount of money up to the credit limit on the account. You can use that credit to purchase goods, pay bills, or obtain cash advances. Laws from the Credit Card Accountability Responsibility and Disclosure (CARD) Act of 2009 place strict limitations on issuing cards to consumers under 21. If you fall in that age group, you have to have a co-signer or show proof you have sufficient income to repay the debt.

Each month, the card issuer sends you a statement that lists all of your purchases and the total amount you have purchased using the card that month. Most credit cards also allow you to check your account balances online or using their mobile app. The total amount you owe is called your balance. When you pay the full amount of the balance before the monthly due date, the card issuer charges you no interest for this service. If you do not pay the full amount, the balance on your card account officially becomes a loan to you from the card issuer and you begin paying interest on this loan monthly.

Benefits of credit cards:

- They let you buy items in stores, online, over the phone, or through a mail order catalog without using cash.
- They help you establish credit history and build your credit score if you always pay your full balance on time and utilize less than 10% of the credit limit.
- Some cards also offer a Rental Collision Damage Waiver (CDW) benefit, which allows you to decline the auto rental company's CDW and Liability Damage Waiver (LDW), thereby saving you money.
- They provide "zero liability" protection, which means that if your card is lost or stolen, you will not be responsible for unauthorized merchant charges.
- They provide access to cash advances in case of emergency.
- Depending on the credit card issuer, their rewards program may provide points with each purchase that can be used to receive free airline miles, merchandise, or cash back.

Things to watch for:

- Some cards come with annual fees or other kinds of costs and fees associated with the card.
- Credit cards make impulse buying easier, which can throw off your budget and increase your level of debt if you don't use them wisely.
- Items charged cost more (cost of item plus interest) unless you pay the balance in full each month.
- Late payments may incur fees, increase interest rates, and negatively impact your credit rating.

Module Section Outline with Facilitator Script, cont.

- If you don't monitor spending carefully, your purchases can push you over the credit limit, resulting in an additional fee. This could also increase your interest rate and lower your credit score.
- Making late payments or carrying high credit card balances can damage your credit score.
- While cash advances can be helpful in emergencies, they come with fees and the interest rate can be higher than for standard purchases.

Pay in Advance: Prepaid Cards

A prepaid card may look exactly like a credit card or a debit card. However, instead of being linked to your bank account (like a debit card) or providing you a line of credit (like a credit card), a prepaid card lets you spend only the amount that's been pre-loaded onto the card.

There are two kinds of prepaid cards: gift and reloadable.

Gift cards

A gift card is pre-loaded with an amount of funds. Once those funds are spent, the card is no longer valid and cannot be reloaded. Many stores and online retailers offer branded gift cards that are good only at their stores. Many financial institutions offer prepaid gift cards that are accepted wherever debit cards are accepted.

Reloadable

Reloadable prepaid cards work exactly like prepaid mobile phones, where you use minutes and then refill them. With a reloadable prepaid card, you (or your parents) load the card with an initial amount of money. You use the card wherever debit cards are accepted. When the balance gets low, you can refill the card on the phone or online and continue to use it.

Other types of reloadable cards include payroll cards — a safe, convenient way for companies to pay employees, with monthly salaries preloaded on the cards. Similarly, benefit cards can also be issued to employees to cover benefits like health care or transportation costs.

Benefits of prepaid cards:

- Spend only what you load onto the card.
- Track your spending online to help you budget.
- No need to carry large amounts of cash.
- Lets you make the same kinds of purchases as with debit cards and credit cards, such as airline reservations and online purchases.
- Most provide the same type of "zero liability" protection as credit cards.
- No APR or interest rate charged, since the payment is made at the time of purchase.
- No debt accrued, since the payment is made at the time of purchase.

Module Section Outline with Facilitator Script, cont.

Things to watch for:

- Some cards, like gift cards, are limited to certain stores.
- Some prepaid cards charge fees, including a loading fee and monthly maintenance fee. Shop around for the best value.
- Some payroll cards include fees, which can often be avoided if you are paid with a direct deposit to a bank or credit union.

Activity: Affinity Mapping
Divide students into small teams to complete the Affinity Mapping Character Scenarios activity on pages 9 to 12 of their Student Activities guide.

Closing: Banking Benefits Group Discussion

Group Discussion: Choose one character from your group's mapping activity; which financial feature/service was most important to that person? What are its benefits?

Optional Post-Test: Have students answer the questions with the most appropriate answer, noting a, b, c or d on page 7 of their Student Activities Guide.

Lesson 3 Financial Institutions: Answer Keys

> Financial Institutions Pre- and Post-Test

> What Am I? Game Questions

> Affinity Mapping: Character Scenarios

Financial Institutions Pre- and Post-Test

Directions: See page 6 of the Student Activities guide for printable tests. Have students answer the questions with the most appropriate answer, noting a, b, c or d.

Answer Key

1. Banks generally provide what kinds of services?

a. Deposit accounts and loans

b. Insurance services

c. Tax advice

d. All of the above

2. A key difference between credit unions and banks is:

a. Banks usually pay higher interest on savings accounts

b. Credit unions are usually member-owned

c. Bank debit cards are more widely accepted

d. All of the above

3. A single fund account is insured by the Federal Deposit Insurance Corporation (FDIC) for up to how much?

a. $1,000,000

b. $500,000

c. $250,000

d. $150,000

4. What types of fees do financial institutions charge?

a. Mortgage loan fee

b. Overdraft fee

c. Late payment fee

d. All of the above

5. If you want to switch financial institutions:

a. Compare services at other banks and credit unions first

b. Compare fees at other banks and credit unions first

c. Consider the location and convenience of other banks and credit unions first

d. All of the above

What Am I? Rookie-Level Game Questions

Exploring Checking Accounts and Financial Institutions

Directions: Have students turn to page 8 of their Student Activities guide for a printable questionnaire. Have students answer the following questions by circling the correct answer. The correct answer is noted in blue below.

1. I am a nonprofit money cooperative whose members can borrow from pooled deposits at low interest rates. What am I? (Bank, *credit union*, or both)

2. I am a for-profit public company owned by shareholders who have purchased company stock. What am I? (*Bank*, credit union, or both)

3. I am insured by the NCUA. What am I? (Bank, *credit union*, or both)

4. I am insured by the FDIC. What am I? (*Bank*, credit union, or both)

5. I am where you can go to open a checking or savings account. What am I? (Bank, credit union, or *both*)

Affinity Mapping: Finding the Right Financial Service

Financial Services and Products:

Directions: Divide students into small teams and have them turn to page 9 of their Student Activities guide. Teams work together to answer questions about the benefits of various financial accounts and what to watch for.

Bank A: Simple Checking

No minimum balance requirements, free mobile app and text messages

What are the benefits?

Low cost, easy access to account information

What are the things to watch for?

Limited services, cannot earn interest, possible ATM fees

Bank B: Bundled Savings and Checking Account

$1,000 minimum balance requirement for savings account and $500 minimum balance requirement for checking account, overdraft protection with checking account, no ATM fees, savings account pays 0.1% interest

What are the benefits?

Earn interest for savings, basic checking account features

What are the things to watch for?

Possible fees if minimum balance is not maintained

Credit Union C: Free Checking with Add-On Options

No minimum balance requirements, no monthly maintenance fee, free access to 240 credit union ATMs nationwide, option to add savings account for $1 minimum deposit, savings interest rate of 0.15%

What are the benefits?

Low cost, easy access to account information

What are the things to watch for?

Access to account services — is online banking available or are you limited to credit union hours?

Affinity Mapping: Finding the Right Financial Service, cont.

Prepaid Card D: Paid in Advance and Ready to Go

No loading or monthly maintenance fee, can only spend what is loaded on the card, $1 per-transaction fee

What are the benefits?

Low cost, spend only what you load on the card

What are the things to watch for?

May be limited to use at specific stores

Affinity Mapping: Finding the Right Financial Service, cont.

Answer Key

Directions: Ask students to check out each of the characters and the services available to them on page 11 of their Student Activities guide. Direct them to choose the best service for each character based on that person's needs and priorities. Review the types of services available to the characters with students before they answer which product would fit the person's needs.

Character: 15 years old

Income: $45 twice a month for watching neighbors' kids

Current Financial Snapshot: $125 in cash

Banking Priorities:

- Values convenience — wants easy access to money without having cash on hand

Character Challenges:

- Does not have an adult ready to act as joint account holder

Which product would best fit this person's needs? Why?
Prepaid Card D: Paid in Advance and Ready to Go, can be accessed by a minor. Checking and savings accounts will require an adult co-signer to open the account.

Character: 17 years old

Income: $0, occasionally gets cash for holidays or birthday

Current Financial Snapshot: $75 in cash in wallet

Banking Priorities:

- Values security — doesn't want to worry about losing cash

Character Challenges:

- Limited funds for opening and maintaining an account

Which product would best fit this person's needs? Why?
Bank A: Simple Checking or Credit Union C: Free Checking with Add-on Options, allows low minimum balance to open and maintain account.

Affinity Mapping: Finding the Right Financial Service, cont.

Character: 18 years old

Income: $120 a week working part-time

Current Financial Snapshot: $500 in a checking account

Banking Priorities:

- Values cost savings — doesn't want to have funds eaten up by fees

Character Challenges:

- Current checking account charges $4 ATM fees; needs a better option

Which product would best fit this person's needs? Why?

Credit Union C: Free Checking with Add-on Options, offers no ATM fees.

Glossary of Terms

Have students study this list of personal finance terms to help warm up before playing Financial Football. By mastering these terms, students will have a better opportunity to answer questions in the game correctly and score.

Annual fee: The once-a-year cost of owning a credit card. Some credit card providers offer cards with no annual fees.

Bank: A financial institution that invests money deposited by customers, provides loans, and exchanges currency.

Bank services: Services offered by a bank for convenience, such as online banking, automatic transfer, and check cancellation.

Brokerage firm: An organization that charges a fee to act as an intermediary between buyers and sellers of stock.

Certificate of deposit (CD): A savings certificate issued by a bank, depositing money for a specified length of time.

Checking account: An account at a bank that allows checks to be written and deposited by the account holder.

Credit union: A nonprofit cooperative that is owned by its members. Like banks, credit unions accept deposits, make loans, and provide a wide array of other financial services.

Debit card: A card that allows consumers to make purchases using money from their bank account. Debit card transactions are paid instantly, not in the future. A debit card is tied directly to a bank account, so when you make a purchase with that card, money is withdrawn from your account.

Deposit: Adding a sum of money to your account to increase your account balance.

Federal Deposit Insurance Corporation (FDIC): A body that regulates most banks in the United States and insures most private bank deposits. The Federal Deposit Insurance Corporation (FDIC) preserves and promotes public confidence in the U.S. financial system by insuring deposits in banks and thrift institutions for at least $250,000. It does this by identifying, monitoring, and addressing risks to the deposit insurance funds; and by limiting the effect on the economy and the financial system when a bank or thrift institution fails. An independent agency of the federal government, the FDIC was created in 1933 in response to the thousands of bank failures that occurred in the 1920s and early 1930s.

Financial advisor: A professional who provides financial services and advice to individuals or businesses.

Financial partnership: A relationship that requires financial interdependence, contribution, and communication.

Financial plan: A strategy for handling one's finances to ensure the greatest future benefit.

Guaranteed interest rate: The minimum interest rate an investor can expect from an issuing company.

Internal Revenue Service (IRS): A United States government agency that is responsible for the collection and enforcement of taxes.

Invest: Putting money into an item, enterprise, or financial product with the expectation of earning a profit on that fund over time.

Glossary of Terms, cont.

Investment: An item or financial product on which a consumer expects to earn a profit in the future.

Investment portfolio: A range of investments held by a person or organization.

Investment strategy: A set of rules or procedures to guide an investor's selections.

Liquidity: Being able to easily or quickly withdraw your money.

Minimum balance: A specific amount of money that a bank or credit union requires in order for you to open or maintain a particular account without paying maintenance or minimum balance requirement fees.

National Credit Union Share Insurance Fund (NCUSIF): The National Credit Union Administration preserves and promotes public confidence in the U.S. financial system by insuring deposits in credit unions for at least $250,000 per depositor, per insured credit union, for each account ownership category.

New York Stock Exchange (NYSE): A New York City–based stock exchange, which is considered the largest equities-based exchange in the world based on total market capitalization.

Nonprofit organization: An organization chartered for purposes other than making profits. These are groups that are tax-exempt under Internal Revenue Code Section 501(c)(3) as "public charities" because they are formed to provide "public benefit."

Online banking: Allows customers to conduct financial transactions via the internet.

Overdraft fees: Fees incurred when a customer withdraws more money from an account than what is available in the account.

Withdrawal: When you take money out of your account, thereby reducing your principal.

Withdrawal limit: The maximum amount a customer is able to withdraw from an account on a given day.

Withdrawal penalty: Any penalty incurred by an account holder for early withdrawal from an account with withdrawal restrictions.

Identity Theft

Lesson 6: Teacher's Guide | Rookie: Ages 11-14

FINANCIAL FOOTBALL

Avoiding Injury with Identity Theft Protection

Identity theft protection and fraud prevention are incredibly important aspects of a healthy financial life. This 45-minute module empowers students to manage risks, monitor their financial lives, and take preventive action to protect their financial futures.

Getting Your Class Game-Ready: Training players has many benefits. It builds strength and agility, it provides time for practice and growth, and it helps minimize the risk of injury. Players work diligently to protect themselves on and off the field.

While most of us are not dodging tackles at high speeds, we do have a similar need to protect ourselves when it comes to finances. Identity theft has become increasingly prevalent and even affects children before they start building their own credit. Being aware of common risks and prevention strategies is an important step in protecting one's identity.

Module Level: Rookie, Ages 11-14

Time Outline: 45 minutes total

Subjects: Economics, Math, Finance, Consumer Sciences, Life Skills

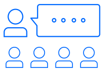
Materials: Facilitators may print and photocopy handouts and quizzes for students, or direct them to the online resources below.

- **Pre- and Post-Test questions:** Use this short grouping of questions as a quick, formative assessment with the Identity Theft module or as a Pre- and Post-Test at the beginning and completion of the entire module series.
- **Practical Money Skills Identity Theft resources:** practicalmoneyskills.com/ff43
- **Identity Theft Protection Movie Trailers (5 story lines):** Using the research tools, students brainstorm and create a movie trailer sketch to build awareness, prevent problems, and protect themselves from identity theft.
- **Two Scams and an Ad handout:** Students can play with a partner or small team to see how many identity theft risks they can identify.
- **Glossary of Terms:** Students learn basic financial concepts with this list of terms.

Icon Key

Activity

Assign the given activity to students and have them complete it individually or with a group, depending on the instructions.



Ask

Pose questions to your students and have them respond.

Assign

Designate individuals or groups to complete a particular assignment.

Debrief

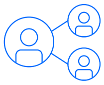
Examine the activities as a whole group and compare answers and findings.

Did You Know?

Share these fun facts with students throughout the lesson.

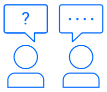
Pre- and Post-Test

Have students take the Pre-Test before the lesson, and take the Post-Test after completing the lesson.



Share

Read or paraphrase the lesson content to students.



Turn and Talk

Have students turn to a partner and discuss a specific topic or question.

Table of Contents

Learning Objectives

– Identify what identity theft and fraud are and how they can impact your financial life
– Examine strategies to avoid identity theft and scams
– Discover ways to handle identity theft, fraud, and/or security breaches

Key Terms and Concepts

Before you start the lesson, review the key terms and concepts below. The answers to each question will help you get students prepped and game-ready. Get deeper information around these concepts in the Facilitator Script section of this guide on pages 6 to 9 of this guide.

What is identity theft?

Identity theft can take many forms. With financial identity theft, it's often a case of bank accounts or credit cards being accessed and used illegally. For example, the thief may take out cash or max out a credit card. This can have a serious impact on your credit score. Another form of identity theft is when criminals gain access to your Social Security number and use it illegally — to take out loans or open credit card accounts, for example.

What are common types of identity theft scams?

- Phishing
- Emails
- Smishing
- Clone Phishing
- Vishing
- Skimmers
- Whaling
- Doxing

What steps can I take to protect myself from identity theft?

There are six simple steps you can take to reduce the risk of becoming a victim of identity theft or card fraud.

1. Practice safe internet use

2. Destroy unneeded financial documents

3. Guard your Social Security number

4. Check your credit report with your parents when you turn 16

5. Beware of scams

6. Secure your mail

Learning Objectives, cont.

What do I do if I think I have been a victim of identity theft?

If your private financial information gets into the wrong hands, the consequences can be devastating. If you find yourself a victim of identity theft, act quickly and contact law enforcement and the credit reporting companies.

- Report the fraud to law enforcement with your parents
- Contact the credit reporting companies with your parents
- Create a fraud recovery plan with your parents

Where can I get help and information about identity theft?

For information about fighting back against identity theft, visit the FTC's Identity Theft website (practicalmoneyskills.com/ff44) or call the hotline: 1-877-IDTHEFT (1-877-438-4338).

If you have been a victim of identity theft, immediately contact the fraud departments of each of the credit bureaus.

Did You Know?

Secure Sockets Layer (SSL) is data protocol used to keep your online transactions safe.

Credit Bureau Contact Information

Equifax
Order credit report: 1-800-685-1111
Fraud hotline: 1-888-766-0008
equifax.com

Experian
Order credit report: 1-888-397-3742
Fraud hotline: 1-888-397-3742
experian.com

TransUnion
Order credit report: 1-877-322-8228
Fraud hotline: 1-800-680-7289
transunion.com

Module Section Outline with Facilitator Script

Introduction: Warm-Up

Ask: How many of you have heard about identity theft?

Group Poll: Ask: how many children do you think have their identities stolen? (1%, 2%, 5%, 10%).

Did You Know Fact: 10% or 1 in 10 children have had their Social Security numbers used by someone else. We'll explore what identity theft can look like and ways to avoid it.

Optional Pre-Test: Have students turn to page 6 of their Student Activities guide and answer the questions with the most appropriate answer, noting a, b, c or d.

Identity Theft Basics

Share: There are many types of identity theft associated with your financial information. Here are a few common types of scams.

- **Phishing** refers to scams that attempt to trick consumers into revealing their personal information such as bank account numbers, passwords, payment card numbers, or insurance account numbers.
- **Emails** that come from suspicious sources can be attempts to access your personal financial information. Do not reveal your financial account passwords, PINs, or other security-based data to third parties; genuine organizations or institutions do not need your secret data for ordinary business transactions.
- **Smishing** is similar to a phishing scam. Computer users receive an authentic-looking email that appears to be from their bank, Internet service provider (ISP), a favorite store, or other organization. Smishing messages are also sent to you via SMS (text message) on your mobile phone. Do not respond to them. Delete them and the emails.
- **Clone Phishing** is resending an email that now has a malicious attachment or link. Do not open attachments to questionable emails; they may contain viruses that will infect your computer.
- **Vishing** is where a scammer calls you pretending to be someone you know in the attempt to get your personal financial information. Potential victims may hear an automated recording informing them that their bank account has been compromised and providing a toll-free number to reenter security settings associated with the account.

Did You Know?

Online phishing scams typically ask for personal information like your mother's maiden name and your date of birth.

Module Section Outline with Facilitator Script, cont.

- **Skimmers** are devices fraudsters install at an ATM, a gas station pump, or a store's checkout counter to copy the information from your debit or credit card.
- **Whaling** scams are directed at high-profile business individuals to get their personal financial information.
- **Doxing:** Doxing scams occur when someone releases online personal information about their victim, like their home address or cellphone number. Short for 'dropping docs,' it is a tactic hackers use to breach someone's personal data and publish it online as a means of harassment.

Preventing Fraud

Share: Being aware of common risks and prevention strategies is an important step in protecting your identity. There are six simple steps you can take to reduce the risk of becoming a victim of identity theft.

1. Practice Safe Internet Use

Delete spam emails that ask for personal information, and keep your antivirus and anti-spyware software up-to-date. Shop online only with secure web pages (check the address bar for "https" next to an image of a lock). Never email credit card numbers, Social Security numbers, or other personal information. Research mobile app privacy policies before downloading and allowing access to your social media accounts.

Did You Know?

To reduce the risk of identity theft while shopping online, only order on secure sites that begin with "https://"

2. Destroy Unneeded Personal Financial Records

Shred unneeded documents that have your personal information. These might include school paperwork with personal details, cell phone bills, ATM or debit card receipts, or statements from a checking or savings account.

3. Guard Your Social Security Number

Thieves seek your Social Security number because it can help them access your credit and open bogus accounts. Never carry your card; instead, memorize your number and store the card securely.

4. Check Your Credit Report

Credit reports show how responsibly we've used money in the past. Most youth under 18 years old will not have a credit report. However, because identity theft is rising, it's recommended to check your report around 16 years old with your parents to make sure that no one has taken your information to open fraudulent accounts. Occasionally, youth will have legitimate credit reports before 18 years old if they were added as an authorized user on a parent's credit card.

Did You Know?

One indicator of being a victim of identity theft is that your credit report shows unfamiliar activity.

5. Beware of Scams

Never give out personal information via phone or email to someone claiming to represent your bank, a

Module Section Outline with Facilitator Script, cont.

credit card company, a government agency, a charity, or other organization. If you think the request is legitimate, contact the company directly to confirm it.

6. Secure Your Mail

Empty your mailbox regularly and consider investing in a mailbox lock. When mailing bill payments and checks, consider dropping them off at the post office or in a secure mailbox.

Share: To build their agility at protecting our information, students will work in teams to create a game plan. Break students out into small groups. Each group will research and document things to watch out for (awareness), things to avoid (prevention), and things to do (protection).

Assign: Each group of students will create a one-to-two-minute movie trailer using the provided character and genre. Movie trailers must include: title, tag line, and a clear premise focused on character risks/challenges. Character risks/challenges include:

- Identity protection online (vetting websites, sharing information, etc.)
- Identity protection in real life out and about (passwords, texting, etc.)
- Identity protection at home and on your devices (privacy settings, storing personal data, etc.)

Debrief: Share group movie trailer performances and re-emphasize the importance of protecting personal information through awareness and preventive action. Add any key strategies missing in the students' movie trailers to help their characters avoid fraud and identity theft.

Putting It Into Practice

Activity: Two Scams and an Ad, played like two truths and a lie. Have students turn to page 12 of their Student Activities guide.

Two options for game-play:

Option 1: Have students play as partners or small groups to evaluate calls, emails, and marketing materials in the Two Scams and an Ad handout and determine if it is a scam or not.

Option 2: Instruct students to play by voting with their feet. Read an option aloud and have students who believe it is a scam stand and move to the right side of the room; students who do not believe it is a scam should stand and move to the left side of the room.

Getting Help If You Need It

Share: There are key things to consider when you're worried about potential identity theft, fraud, and/or security breaches. If your private financial information gets into the wrong hands, the consequences can be devastating. Let your parents know if you're receiving spam, phishing emails, or unwanted calls

Module Section Outline with Facilitator Script, cont.

or texts, or if you notice a purchase on your account that you didn't make. If you find yourself a victim of identity theft, act quickly and contact law enforcement and the credit reporting companies.

Report the fraud to law enforcement.
Report identity theft to your local police department with parental help. The police will create an "identity theft report" and you and your family can request a copy.

Contact the credit reporting companies.
Immediately contact the fraud departments of each of the credit bureaus with parental help. Alert them that you have been a victim of identity theft, and request that a fraud alert be placed in your file. You can also request a security freeze, preventing credit issuers from obtaining access to your credit files without your permission. This prevents thieves from opening new credit cards in your name.

Get more information on identity theft

- Learn more about identity theft basics and ways to protect yourself at practicalmoneyskills.com/ff43
- Read the Identity Theft Practical Money Guide at practicalmoneyskills.com/ff45

Create a fraud recovery plan.
The Federal Trade Commission can help you and your parents create a recovery plan if you've become a victim of identity theft. When you report what happened, you'll receive a personalized recovery plan and can track your progress online step-by-step. Learn more at the Federal Trade Commission website (identitytheft.gov).

Closing: Group Discussion

Ask students: what key tip would you give a friend about preventing identity theft and fraud?

Discussion

Optional Post-Test: Instruct students to turn to page 6 of their Student Activities guide to take the Post-Test.

Lesson 6 Identity Theft: Answer Keys

> Identity Theft Protection Pre- and Post-Test

> Identity Theft Protection: Movie Trailers

> Identity Theft Protection: Two Scams and an Ad

Identity Theft Protection Pre- and Post-Test

Directions: Have students turn to page 6 of their Student Activities guide and answer the questions with the most appropriate answer, noting a, b, c, d or filling in the blank.

Answer Key

1. To help prevent identity theft:

a. Keep cards and account numbers in a secure place

b. Shred documents that contain personal data

c. Never shop online

d. Both A and B

2. In which situations are you at increased risk of having your identity stolen?

a. While using an ATM

b. While shopping on an unsecured website

c. When traveling

d. All of the above

3. What information is NOT okay to share with a friend?

(Possible answers: your PIN number, your credit card account, your social media passwords)

4. A wise strategy for protecting your identity is:

a. Posting private information on social media sites

b. Giving your roommate your ATM PIN

c. Putting credit card statements in the trash

d. Using secured websites when making online purchases

5. If your wallet is lost or stolen, you should contact your debit card issuer immediately.

a. True

b. False

Identity Theft Protection: Movie Trailers

Directions: Divide students into small groups to develop a one-to-two-minute movie trailer using one of the five movie genres (mystery, action/adventure, comedy, science fiction, or superhero) and characters below. Their movie trailers should include: title, tagline, and a clear story line. Direct students to review their character's identity theft risks and challenges and understand the supporting facts before they develop their movie trailers. Instruct students to turn to pages 7 to 11 of their Student Activities guide to complete the Movie Trailers activity.

Movie Genre

Mystery

Character

Female, high school student

Character Strengths

- Creative problem solving
- Quick and skilled with technology

Character's Identity Theft Risks and Challenges

- Loves discovering and sharing new information, even if it means clicking random links
- Spends a lot of time on social media seeking out information

Supporting Facts

- It's important to be protective of private information online
- Clicking on third-party links without making sure the source is secure can open you up to malware attacks or having your personal information taken

Title:

Tagline:

Storyline:

Identity Theft Protection: Movie Trailers, cont.

Movie Genre

Action/Adventure

Character

Male, recent college graduate

Character Strengths

- Fast decision maker
- Strong communication skills

Character's Identity Theft Risks and Challenges

- Gets overexcited about opportunities to make money and is quick to share his information to land a spot
- Not sure where to look for jobs — sometimes scans local ads and social media for ideas

Supporting Facts

- Don't ever pay up front for a promise. If someone is selling a kit to start a job or requires you to pay for a training, it might be a scam
- Double-check the details — consider an online search to see if there are any past complaints

Title:

Tagline:

Storyline:

Identity Theft Protection: Movie Trailers, cont.

Movie Genre

Comedy

Character

Two best friends in middle school

Character Strengths

- Great photographers
- Quick to think up adventures together

Character's Identity Theft Risks and Challenges

- Sometimes jokes go too far and they share silly stories and other personal info on social media
- They're such close friends — why not share all their account passwords with each other?

Supporting Facts

- Convenient online sharing can come at a price: a simple overshare can lead to large privacy violations and create risk of identity theft
- Sharing passwords along with not checking privacy settings on websites and in apps can create risks for your information being taken and your activity being tracked

Title:

Tagline:

Storyline:

Identity Theft Protection: Movie Trailers, cont.

Movie Genre

Science Fiction

Character

Siblings, one older and one younger

Character Strengths

- Innovative at using technology to do amazing things
- Able to handle tough situations together and on their own

Character's Identity Theft Risks and Challenges

- Rush to try out new technology without thinking about potential risks
- Don't see tech as creating problems, just solving them

Supporting Facts

- Using new technology can present amazing new opportunities but also potential identity theft risks. It's important to consider how you store your personal data and who has access to your devices.
- Many sources suggest covering your camera, turning off GPS tracking, and regularly checking privacy settings on your devices to make sure you're preventing privacy breaches

Title:

Tagline:

Storyline:

Identity Theft Protection: Movie Trailers, cont.

Movie Genre

Superhero

Character

A middle school student who helps out at an after-school program mentoring kids

Character Strengths

- Extremely knowledgeable
- Great at research (favorite topic: scam spotting)

Character's Identity Theft Risks and Challenges

- Loves to share tips and sometimes posts the location and personal pictures of financial information as examples online
- Incredibly curious and opens all emails even if they look like spam

Supporting Facts

- The Federal Trade Commission (FTC) and the Consumer Financial Protection Bureau (CFPB) both share articles, videos, and other resources to help everyone avoid scams and get help if needed.
- One of the best ways to protect yourself from identity theft is to spot and address warning signs, including: spam emails, bills for services you didn't use, and unwanted marketing phone calls asking for your information.

Title:

Tagline:

Storyline:

Identity Theft Protection: Two Scams and an Ad

Directions: Can your students spot the scam? Have them play with a partner or small team to see how many identity theft risks they can identify. Their answer should identify each scenario as a "scam" or an "ad" and explain their reason why. They should include tips or best practices for protecting their identity. Instruct students to turn to pages 12 to 13 of their Student Activities guide to complete the exercise.

Something Phishy

1. You get a call and are excited to hear you've been awarded a scholarship! They know your name, your school, and when you're graduating. They say that to finalize the award they will need your address and banking details.

Answer: *Scam; a valid scholarship offer will not require banking info over the phone. Ask yourself: who is calling? What are they asking for and why?*

2. You get a text from a store you've only gone to once offering 50% off. The text includes a link to the national website to download the offer.

Answer: *Most likely an ad, if this is a recognizable store and website.*

3. You get an email invite to view an online document; it's your friend's name but the email isn't one you remember your friend using.

Answer: *Scam; avoid opening links you do not recognize. It might install malware or phish your information.*

Mal-Intent or Just Annoying Marketing?

1. You get a text with a brief survey from your favorite store two days after making a purchase there. You told the sales clerk you didn't want text offers.

Answer: *Most likely an ad.*

2. Someone knocks on the door, selling magazines for a school fundraiser. For just $5 you can get two years of your favorite subscription. They need you to give your name, address, and credit card info. They offer a glossy handout listing the magazines but no other formal documentation.

Answer: *Scam; avoid giving financial information to contacts you cannot validate.*

3. You get a text offering help to get scholarships; it says "Click here to sign up today for discounted access to support."

Answer: *Scam; avoid opening links you do not recognize. It might install malware or phish your information.*

Identity Theft Protection: Two Scams and an Ad, cont.

Unexpected Sharing or Serious Issue?

1. You shared a video online explaining the solution to a math problem. The video did not show your face, just the math problem close up onscreen. Someone commented on the video, sharing your name, phone number, and email and telling others they should reach out for tutoring.

Answer: *Scam/Identity Theft Risk: This practice of sharing personal information without the person's permission is called doxing and can cause serious problems.*

2. You download an app and it asks if it can access your personal information.

Answer: *Most likely an ad, but it's important to protect your privacy and limit apps' access to your personal information. Consider not allowing all apps access to your camera, microphone, and GPS.*

3. Your friends shared an online quiz; it's easy to take and ends telling you which of your favorite TV characters you are most like. When you click on the link through social media, it requires access to your profile and asks permission to post your result to your profile.

Answer: *Identity Theft Risk: While not always scams, online quizzes from random sites and apps that require access to your social media account are able to track future behaviors. Consider reading the fine print or limiting what you share with third parties.*

Glossary of Terms

Have students study this list of personal finance terms to warm up before playing Financial Football. By mastering these terms, students will have a better opportunity to answer questions in the game correctly and score.

Clone Phishing: This is resending an email that now has a malicious attachment or link. Do not open attachments to questionable emails; they may contain viruses that will infect your computer.

Credit bureau: A credit bureau is a company that gathers and stores various types of information about you and your financial accounts and history. They use this information to create your credit reports and credit scores. The three major consumer credit bureaus are Equifax®, Experian®, TransUnion®.

Doxing: These scams occur when someone releases online personal information about their victim, like their home address or cellphone number. Short for 'dropping docs,' it is a tactic hackers use to breach someone's personal data and publish it online as a means of harassment.

Identity theft: The fraudulent use of another person's information for financial gain.

Malware: Software that is intended to damage or disable computers and computer systems.

Pharming: The fraudulent practice of directing internet users to a bogus website that mimics the appearance of a legitimate one, in order to obtain personal financial information such as passwords, account numbers, etc.

Phishing: The fraudulent practice of sending emails purporting to be from reputable companies in order to induce individuals to reveal personal financial information, such as passwords and credit card numbers.

Pyramid schemes: Illegal schemes in which money from new investors is used to show a false return to other investors.

Scam: A fraudulent activity or deceptive act.

Security breaches: An incident that results in unauthorized access of data, applications, services, networks, and/or devices by bypassing their underlying security mechanisms.

Skimming: A method used by identity thieves to capture information from a card holder.

Smishing: This is similar to a phishing scam. Computer users receive an authentic-looking email that appears to be from their bank, Internet service provider (ISP), favorite store, or some other organization. Smishing messages are also sent to you via SMS (text message) on your mobile phone. Do not respond to them. Delete them and the emails.

Social Security identity theft: A dishonest person who has your Social Security number can use it to get other personal information about you. Identity thieves can use your number and your good credit to apply for more credit in your name. Then, they use the credit cards and don't pay the bills, it damages your credit. You may not find out that someone is using your number until you're turned down for credit, or you begin to get calls from unknown creditors demanding payment for items you never bought. ssa.gov/pubs/EN-05-10064.pdf

Whaling: These scams are directed at high-profile business individuals to get their personal financial information.

Life Events

Lesson 7: Teacher's Guide | Rookie: Ages 11-14

FINANCIAL FOOTBALL

Planning Routes for Life Events

Each phase of life brings its own unique adventures requiring complex decision-making. This 45-minute module builds students' awareness and provides them with the financial skills to navigate the challenges and opportunities that life presents.

Getting Your Class Game-Ready: In a rush of action on the field, players have to rely on their personal skills and training from their coaches to make on-the-spot decisions. In the process of even the simplest play, unexpected events can completely change the game.

Just like players on the field, we can't predict everything that our future will bring, but we can focus our energy and time on learning strategies and insights to make informed decisions. With each step we take to become better prepared mentally and financially, we can improve our ability to successfully manage major life events.

Module Level: Rookie, Ages 11-14

Time Outline: 45 minutes total

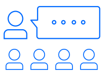
Subjects: Economics, Math, Finance, Consumer Sciences, Life Skills

Materials: Facilitators may print and photocopy handouts and quizzes, and direct students to the online resources below.

- **Pre- and Post-Test questions:** Use this short grouping of questions as a quick, formative assessment for the Life Events module or as a Pre- and Post-Test at the beginning and completion of the entire module series.
- **Practical Money Skills Life Events resources:** practicalmoneyskills.com/ff50
- **Life Event Action Plan handouts:** (One for each life event): Using the research tools, brainstorm and create action plans for life events such as buying a car and building an emergency fund.
- **Glossary of Terms:** Learn basic financial concepts with this list of terms.

Icon Key

Activity
Assign the given activity to students and have them complete it individually or with a group, depending on the instructions.



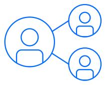
Ask
Pose questions to your students and have them respond.

Assign
Designate individuals or groups to complete a particular assignment.

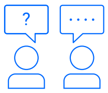
Debrief
Examine the activities as a whole group and compare answers and findings.

Did You Know?
Share these fun facts with students throughout the lesson.

Pre- and Post-Test
Have students take the Pre-Test before the lesson, and take the Post-Test after completing the lesson.



Share
Read or paraphrase the lesson content to students.



Turn and Talk
Have students turn to a partner and discuss a specific topic or question.

Table of Contents

Learning Objectives

– Identify personal financial goals
– Examine strategies for handling a variety of life events
– Make informed financial decisions by comparing options, benefits, costs, and potential risks
– Create an action plan for navigating life events in the future such as buying a car, going to college, or landing a job
– Discover ways to plan for unexpected financial decisions and expenses

Key Terms and Concepts

Before you start the lesson, review the key terms and concepts below. The answers to each Life Events question will get you prepped and game-ready. Get deeper information around these concepts in the Facilitator Script section on pages 5 to 7 of this guide.

What steps can I take to make informed financial decisions?

Each phase of life brings exciting choices and unique challenges. When it comes to managing your money, you can make better decisions when you’re well informed.

How can I prepare for unexpected expenses?

Unexpected events can take a lasting toll on your financial security. While you can’t predict what experiences you will encounter in life, there are steps you can take to prepare for the unexpected. A job loss or an expensive car repair bill will be much more manageable if you’ve created a financial security net to fall back on. There are three key areas to consider when planning for the unexpected: emergency funds, insurance, and your overall budget.

How can I navigate complex financial decisions for buying a car? Going to college? Seeking a job?

Life is full of exciting milestones and complex decisions. Whether you’re buying your first car, heading off to college, or landing your first part-time job; it’s important to understand the potential impact on your finances. By examining costs, considering options, and planning ahead; you’ll be better prepared to make decisions to reach your goals.

Module Section Outline with Facilitator Script

Introduction: Warm-Up

Share: Explain that, in this lesson, you explore strategies for tackling big life events. Here are some of the events that will be covered. Review and share details about the topics at: Life Events. practicalmoneyskills.com/ff50

- **Going to college.** Heading off to college means a lot of new experiences — taking classes, living independently for the first time, and managing expenses for tuition, housing, food, books, and more. Creating a spending plan can help things go smoothly.
- **Buying a car.** Get ready to hit the road by looking at the costs of buying and maintaining a car. Looking at the numbers will help you avoid sending your budget into overdrive.
- **Landing a job.** Whether you're looking for your first part-time job or just searching for a new opportunity, there are some key things to consider. It's important to think about your interests, skills, and financial goals.
- **Family life.** Each stage of family life can present different challenges and rewards. Heading out on vacation? Getting a new pet? Figuring out entertainment for the month? Get prepared by planning ahead.
- **Handling the unexpected.** While we can't predict what will happen in our future, we can prepare for the unexpected. Financial security is essential to successfully managing major life events, and that means planning to create an emergency fund and thinking about insurance.

Did You Know?

A healthy diet and regular exercise could save you money on health care in the future.

Did You Know?

Most new cars lose around 20% of their value within the first year of ownership.[1]

Did You Know?

You can open a bank account with a parent if you're a teenager.

Did You Know?

The estimated cost of raising a child from birth to age 17 is over $233,610.[2]

Did You Know?

Your parents' private health insurance can cover you until you turn 26, even if you don't live at home.

Ask: Have students choose and prioritize the life events listed above — they should rank the three topics they're most interested in examining. They will have the chance to research one topic and ask classmates questions about each of the others.

Optional Pre-Test: Refer the class to page 6 of the Student Activities guide.

Module Section Outline with Facilitator Script, cont.

Life Events: Research and Planning

Directions: Have students turn to page 7 of their guide. Explain that each action plan handout asks key questions to guide planning for that life event, as well as providing suggested links for research. Break students into five groups, each focused on exploring a Life Event topic.

Activity: Introduce the following five student handout life planning sheets, available on pages 7–22 of their Student Activities guide.

- **Going to College Action Plan handout:** Research college options (trade school, two-year community college, four-year community college, and four-year university), and create action items for admissions, budgeting in school, and handling loans.
- **Buying a Car Action Plan handout:** Brainstorm car purchase options, find out how much car you can afford, and discover strategies to get the best deal.
- **Landing a Job Action Plan handout:** Get job market savvy as you explore strategies for standing out as an employee; then prep your resume, cover letter, and personal brand.
- **Family Life Action Plan handout:** Adding to your family is likely to be one of the bigger financial events you will face, so being ready for the change is vital. Get some budgeting practice by planning for a new pet, vacation, or party.
- **Handling the Unexpected Action Plan handout:** Are you ready for the unexpected? Brainstorm potential emergencies, create an emergency fund plan, and examine how insurance can help.

Share: Each action plan handout asks key questions to guide planning for that life event as well as suggested links for research. Break students into five groups, each focused on exploring a Life Event topic.

Assign: Have each group work on one Life Event topic, completing the topic action plan as a team. Support groups in researching and discussing the stages of their Life Event Action Plan. Refer to the answer keys on pages 7-22 of this guide.

Closing: Group Discussion

Group summary presentations: Have each group briefly share the key points of its action plan. After each group presents its summary, they should respond to one or two peer questions.

Ask: Pose this question to the group: What are you most excited about in terms of life events? What were you most surprised to discover?

Optional Post-Test: Have students turn to page 6 of their Student Activities guide to take the Post-Test.

Module Section Outline with Facilitator Script, cont.

Get more information on Life Events

- Learn more about examining costs, considering options, and planning ahead for life events at practicalmoneyskills.com/ff50

[1]Carfax.com
[2]Experian
[3]U.S. Department of Agriculture (USDA) 2015 Expenditures on Children by Families report, also known as "The Cost of Raising a Child."

Lesson 7 Life Events: Answer Keys

> Life Events Pre- and Post-Test

> Going to College Action Plan handout

> Buying a Car Action Plan handout

> Landing a Job Action Plan handout

> Family Life Action Plan handout

> Handling the Unexpected Action Plan handout

Life Events Pre- and Post-Test

Directions: Have students answer the questions with the most appropriate answer, noting a, b, c, d or filling in the blank.

Answer Key

1. What are some common expenses for students?

(Possible answers: textbooks, rent, food, school supplies)

2. You can purchase a car through:

a. A car dealer

b. An auction

c. A private seller

d. All of the above

3. If you break your phone, you may have to pay a deductible before insurance will cover a replacement.

a. True

b. False

4. You can earn college scholarships during middle school, high school, and college.

a. True

b. False

5. A __________ can help you find a new job.

a. Strong professional network

b. Resume

c. Professional online presence

d. All of the above

Life Events: Going to College Action Plan

Heading off to college can mean a lot of new experiences — taking classes, living independently for the first time, and managing expenses for tuition, housing, food, books, and more. Budgeting for this new stage of life can be challenging and creating a plan can help. Answer the questions below after researching the costs of going to college at the links provided.

Directions: Before you have students answer the questions on pages 7–11 of their Student Activities guide, direct them to review the resource listed below at Practical Money Skills to learn more about preparing to go to college.

Resource: Going to College. practicalmoneyskills.com/ff51

Set Your Sights

What are the three general types of post-secondary schools?

Trade school, two-year community college, four-year university

Which appeal to you most and why?

Consider SMART (Specific, Measurable, Attainable, Relevant, Time-Related) goals: practicalmoneyskills.com/ff52

Answers vary; should reflect personal goals aligned with school characteristics

Prepare Financially

How do I prepare for the college admissions process?

Choosing the path that is the right fit for you is a process that begins in your first year of high school. The U.S. Department of Education compiled a grade-level-specific checklist of recommended tasks. Review the tasks for your current grade level, and if you have time, future grade levels. As an option, add each task to a calendar, such as the calendar on your phone or school planner.

- 9th grade checklist: studentaid.ed.gov/sa/prepare-for-college/checklists/9th-grade
- 10th grade checklist: studentaid.ed.gov/sa/prepare-for-college/checklists/10th-grade
- 11th grade checklist: studentaid.ed.gov/sa/prepare-for-college/checklists/11th-grade
- 12th grade checklist: studentaid.ed.gov/sa/prepare-for-college/checklists/12th-grade

How much will school cost and what are my aid options?

The sticker price for college is rarely the price you pay. Many students receive grants or scholarships; however, they won't know what the price will be until they receive financial award letters. According to the College Board, the average tuition and fees for the 2018–2019 school year were $35,830 at private colleges, $10,230 for state residents at public colleges, and $26,290 for out-of-state residents attending public universities. Note that these costs do not include

Life Events: Going to College Action Plan, cont.

room and board, and the amount of aid you receive may vary from one year to the next.

Before selecting colleges you want to apply to, explore costs for a number of factors, including tuition, using the U.S. Department of Education Search Tool to identify five affordable college options: collegescorecard.ed.gov

Answers vary; should include five college options aligned with personal goals

In order to receive financial aid for college, students will need to apply each year online at fafsa.ed.gov, which provides loans for almost all two- and four-year colleges, universities, and career schools in the country. The amount of aid you receive may vary from one year to the next.

Remember that not everyone who applies receives aid. Grants and loan packages are awarded according to your income and the tuition of the school you're applying to. You can estimate how much aid you might be eligible for by using the federal government's Student Aid Eligibility calculator (studentaid.ed.gov/sa/fafsa/estimate).

When it comes to financial aid, you have two main options:

- **Scholarships and merit-based aid.** Did you get good grades in high school? That will help when you apply for scholarships and merit-based aid . Even if the answer is no, there are still plenty of opportunities — you'd be amazed at the sheer variety of scholarships out there. Do your research — there may be money waiting for you depending on where you were born, what your career goals are, and what extracurricular activities you've been involved in.
- **Student loans and need-based aid.** If you're not eligible for scholarships or merit-based aid (or if these don't cover the whole bill), there are other options. Find out how much need-based aid you're eligible for through your school or through a lender. If that's not enough, other institutions also offer financial assistance, though they may use different formulas, with different results.

Be sure you understand your loan repayment responsibilities before accepting financial aid. If it's a grant, it doesn't have to be repaid. Loans do have to be repaid with interest upon graduation. If you're going to go that route, shop around for a good interest rate — you'd be surprised how much difference a couple of percentage points make over time. To find out just how much, explore your options using the Repaying Student Loans calculator (studentloans.gov/myDirectLoan/repaymentEstimator.action).

Federal Financial Aid

The William D. Ford Federal Direct Loan Program is the sole government-backed loan program in the United States. Also known as Stafford Loans, these provide funding directly to students and their parents or guardians in two general varieties:

- **Subsidized.** Available only to undergraduate students. Eligibility is based on demonstrated financial need. The federal government pays the interest while you are in school on at least a half-time basis.
- **Unsubsidized.** Available to undergraduate and graduate students. Eligibility is not based on financial need and the borrower is responsible for paying all the interest.

Life Events: Going to College Action Plan, cont.

Federal Perkins Loans

The Federal Perkins loan is a campus-based loan program, awarded by the college or university's financial aid office to undergraduate and graduate students with exceptional financial need. The interest rate on the Federal Perkins loan is fixed at 5%.

PLUS Loans

As its name suggests, federal Parent Loan for Undergraduate Students (PLUS) loans are loans that parents can take out on behalf of a dependent undergraduate child who is enrolled at least half-time at an eligible school. The child must meet general eligibility requirements for federal student aid. These loans can also be taken by graduate or professional students to supplement other financial aid packages. The loan amount is the total cost of attendance minus the borrower's total financial aid package. For example, if tuition costs $30,000 per year and the student is receiving $25,000 from other sources, the maximum PLUS loan would be $5,000.

Loan Limits

Most student loans have several types of limits on the amount they can borrow:

- Annual loan limits determine the maximum amount you can borrow in a single academic year.
- Aggregate loan limits, sometimes called cumulative limits, describe the total amount you are allowed to borrow during your academic career.
- Cost of attendance (COA) limits specify that the loan amount must be less than the school's official cost of attendance minus other financial aid received.

Imagine that your parents aren't aware of options that can help you pay for college and you have to email them information on the basics. Construct an example email using the resources below (Prepare Financially and Grants), and explain to your parents the following:

- Why a subsidized loan is better than an unsubsidized loan, if you must borrow money.
- How grants and scholarships are similar.
- Why grants and scholarships are better than loans.

Resources: Prepare Financially. practicalmoneyskills.com/ff58
Grants. practicalmoneyskills.com/ff59

Answers vary; should include conversational tone and explain the benefits of grants and scholarships and how the federal government pays the interest on subsidized loans while you are in school on at least a half-time basis

Comparing the costs of colleges can be challenging. Many experts believe you should never borrow more for college than what you can expect to earn your first year after graduation. To ensure you know before you owe, review the Consumer Financial Protection Bureau's (CFPB) Compare Schools tool and describe how it can help you make an informed financial decision.

consumerfinance.gov/paying-for-college/compare-financial-aid-and-college-cost

Life Events: Going to College Action Plan, cont.

Answers vary; should include reflection on the benefits of comparing college options

Budgeting in College

Research how your spending could look in school:

Resource: Budgeting in College. practicalmoneyskills.com/ff61

Would you choose to live at home, on campus, or off campus? Why?

Answers vary; may include cost, access to campus resources, and lifestyle choices

Beyond housing and tuition, what other expenses should be considered?

Answers vary; may include books, food, entertainment, and/or transportation

What ways could you earn money while in school? Can you invest while in school?

Answers vary; may include part-time work and/or work-study programs. Students can invest while in school; they may consider mobile apps that allow them to invest small amounts that build over time.

Repaying Loans

School loans are not free money. Thinking ahead for your future self, consider how much a loan will really cost.

How Much Will Your Loan Really Cost?

Assume you choose to borrow $40,000 over four years to go to college. Respond to each of the questions using this How Much Will Your Loan Really Cost? financial calculator: practicalmoneyskills.com/ff62

- Loan #1: 5% interest rate, length of loan 120 months
    - Minimum monthly payment: *$424.26*
    - Total finance charge: *$10,911.45*
    - Total payment amount (including interest): *$50,911.45*
- Loan #2: 8% interest rate, length of loan 120 months
    - Minimum monthly payment: *$485.31*
    - Total finance charge: *$18,237.25*
    - Total payment amount (including interest): *$58,237.25*
- Loan #3: 8% interest rate, length of loan 168 months
    - Minimum monthly payment: *$396.53*
    - Total finance charge: *$26,616.58*
    - Total payment amount (including interest): *$66,616.58*

How does the interest rate affect the cost of borrowing?

Answers vary; should include knowledge that higher interest rates will lead to greater finance charges over time

Life Events: Going to College Action Plan, cont.

How does the length of the loan affect the monthly payment?

Answers vary; should include the point that longer length of loan will result in lower monthly payments

How does the length of the loan affect the amount paid in interest?

Answers vary; should include the point that a longer-term loan may result in larger amounts of interest paid over time than a shorter-term loan would

Building a Support Team and Taking Next Steps

To whom can you talk in order to find out more about your college options? What actions can you take now to prepare for college?

Answers vary; actions to take should relate to grade-level checklists in Prepare Financially section of handout

Life Events: Buying a Car Action Plan

Ready to hit the road? Not so fast. A car can be more than just your personal transportation. Your new set of wheels can improve your quality of life by bringing more ease and convenience, but it's also a major purchase that involves regular maintenance and additional costs such as insurance, license, and registration fees. Because of this, you'll want to choose a car that won't send your budget into overdrive. There are many routes you can take to buying a car.

Directions: Instruct students to review the resource listed below before they answer the questions on page 12 of their Student Activities guide.

Set Your Sights

Resource: Buying a Car. practicalmoneyskills.com/ff63

What type of car are you interested in and why? (include estimated cost; the make, model, and year; whether it's new or used; and whether it is a hybrid, gas, or electric-powered car)

Answers vary; should include car type and reasonable price estimate for new or used car.

What other costs will you need to consider besides the car payment?

Research common car expenses: practicalmoneyskills.com/ff63

Answers may include: Car insurance, license and registration fees, gas, and car maintenance.

Prepare Financially

Will you buy used or new? Or will you lease your car? What are the benefits and drawbacks of each?

Research buying used or new, or leasing using the resources below.

Resources: Buying a Used Car. practicalmoneyskills.com/ff64
Leasing a Car. practicalmoneyskills.com/ff65

Answers may include: Used cars allow you to avoid immediate value depreciation. Leasing may be a good option if you want to get a new car every few years. Students should consider vehicle value and maintenance history in decision-making.

How much car can you afford?

Resource: How Much Car Can You Afford? financial calculator. practicalmoneyskills.com/ff66

Answers vary; should include reflection on current savings and potential amount per month that can be spent on a vehicle.

How will you pay for your car?

Resource: Auto Financing. practicalmoneyskills.com/ff67

Life Events: Buying a Car Action Plan, cont.

Answers vary; may include auto dealership financing, bank loans, savings plan, etc.

Building a Support Team and Taking Next Steps

What strategies can you use to get a good deal?

Answers vary; may include negotiating price, refusing add-ons, comparison shopping, looking at dealer incentives, etc.

Resource: Getting a Good Deal. practicalmoneyskills.com/ff68

What actions can you take now to prepare for buying a car?

Answers vary; may include saving monthly or comparison shopping

Life Events: Landing a Job Action Plan

Whether you're looking for your first job, searching for a new opportunity, or making plans for your future career, getting a job is a major milestone. You will want to consider not only what job is best suited to your interests and skills, but also what career choice will let you live comfortably within your means.

Directions: Have students do their homework first before starting this activity on page 14 of their Student Activities guide. Research options using the resources listed below.

Resource: Landing a Job. practicalmoneyskills.com/ff75

Set Your Sights

If you had to choose a career as an adult, what would it be, and why?

Answers will vary

What kind of jobs can you take as a teen that can help prepare you for your future career?

Answers will vary; should align to personal career goals described above

What skills are valued most for the career and job you listed?

Answers will vary; should align to personal career goals described above, may include industry-specific skills such as coding as well as general workplace skills

Preparing for the Job Search

Directions: Instruct students to research how to prepare for a job search before answering the questions at the resource listed below.

Resource: Prepare for the Search. practicalmoneyskills.com/ff76

You are your own brand and may have a digital footprint from social media or website interactions. If an employer or college admissions officer did an online search for you, what would they see? If you're not sure, try it yourself and do what's necessary to improve your digital brand.

Answers will vary; should reflect on current digital footprint and personal use of social media and web platforms to share information

Choose between the options below:

- Option #1: Write a resume and cover letter that you can add to a summer job application, to help you stand apart from other job applicants. You can find tips on creating an effective resume at practicalmoneyskills.com/ff96.
- Option #2: Imagine you are 30 years old. Based on your current career and education aspirations, construct a resume and cover letter for your 30-year-old self; when you're done, use these as a college and career road map.

Life Events: Landing a Job Action Plan, cont.

• Option #3: Create a LinkedIn account highlighting your professional strengths.

Answers will vary

Share three tips for making yourself stand out as a potential employee.

Answers will vary; may include highlighting personal strengths, positive work habits, or industry-specific skills

Acing the Interview

Directions: Instruct students to discover tips and resources for interview prep at the resource listed below.

Resource: The Interview. practicalmoneyskills.com/ff77

What kind of questions might an interviewer ask you? How might you prepare?

Answers will vary; may include sharing why you're interested in the position, what your strengths and weaknesses are, and why you think you'll be a good fit for the position. Preparation should include researching the company or organization, bringing copies of your resume, and practicing how you will answer questions to highlight your skills and interest in the position.

Using the Problem-Action-Solution (PAR) outline, craft an example that highlights a time you successfully solved a problem.

Answers will vary

Working From Home: Business or a Side Hustle

One of the fastest growing segments of America's workforce is the self-employed.
Directions: Instruct students to use the resource listed below before answering the questions.

What does it take to be your own boss?
Research working from home and list three things that need to be handled if you are self-employed.
Resource: Working from Home. practicalmoneyskills.com/ff78

Answers will vary; may include being self-motivated, tracking your expenses and payments, pursuing contracts, etc.

What skills might you use to work from home?

Answers will vary; may include writing, research, coding, art development, etc.

Taking Next Steps

Directions: Instruct students to use the resource listed below before answering the questions.

Life Events: Landing a Job Action Plan, cont.

How could you begin building job skills now with an internship or volunteer position? Direct students to use the resource listed below before answering the question.

Resource: Internship Resources. practicalmoneyskills.com/ff79

Answers will vary

Life Events: Family Life Action Plan

Each stage of family life can present different challenges and rewards: heading out on vacation? Getting a new pet? Figuring out entertainment for the month? Get prepared by planning ahead.

Directions: Assign this as an individual or group exercise; refer students to page 17 of the Student Activities guide.

Set Your Sights

Which of the following family life adventures is most interesting to you? Why?

- Welcoming a new pet
- Planning a trip
- Hosting a party

Answers will vary

Note: Depending on your selection above, work on that adventure section only.

Welcoming a Pet

To provide the best care for a pet, you'll want to be able to afford to meet its needs, including the basics like food and health care. With this in mind, think carefully and review your budget before deciding to welcome an animal into your family.

Directions: Instruct students to read the article at the resource below before they begin this action plan.

Resource: How to Save Money While Welcoming a New Pet to Your Home. practicalmoneyskills.com/ff83

What kind of pet are you interested in?

Answers will vary

Is this pet affordable in your life? What are the up-front costs? What are the recurring costs?
(List items and estimated prices)

Answers vary; may include options below

Life Events: Family Life Action Plan, cont.

Items	Cost
Food *Annual vet visit* *Toys* *Pet sitting* *Emergency vet visit*	*One bag a month $35* *$45* *$20 a month* *$15 per visit (average of 10 visits a year)* *$450*
	Total: $1,305 a year

Planning a Trip

Directions: Explain to students that from choosing a destination to getting their gear, they can learn about five ways to save before setting off on their next adventure. Instruct them to read the article listed in the resource below.
Resource: How to Save Money on Your Next Outdoor Adventure. practicalmoneyskills.com/ff84

What kind of trip are you interested in taking? Where will you go?

Answers will vary

What will your budget be for the whole trip?

Answers vary; should include reasonable total estimate of expenses for the trip being taken

Calculate the costs and record your total. How did you stay within your budget?
Resource: Travel Budgeting financial calculator: practicalmoneyskills.com/ff85

Answers vary; should include reasonable estimate of expenses for the trip being taken

Hosting a Party

Hosting a party requires planning so you don't overspend.
Resource: Entertainment Planner financial calculator practicalmoneyskills.com/ff86

What kind of event are you hosting? (Birthday celebration, graduation party, Pi Day party, etc.)

Answers will vary

What will your budget be for the whole event?

Answers vary; should include reasonable total estimate for party

Calculate the costs and record your total. How did you stay within your budget?

Answers vary; should include reasonable estimate of expenses for the event

Life Events: Handling the Unexpected Action Plan

While we can't predict what will happen in our future, we can prepare for the unexpected. Financial security is essential to successfully managing major life events, and that means planning for an emergency fund and thinking about insurance.

Directions: Have students do their homework before completing this activity by learning more about handling the unexpected at the resources below. Have them turn to page 20 of their Student Activities guide.

Building an Emergency Fund

Directions: Explain to students that experts say it's smart to build and maintain an emergency fund with three to six months' worth of living expenses. Instruct them to review the resource listed below prior to answering the questions.
Resource: Building an Emergency Fund practicalmoneyskills.com/ff90

According to a recent BankRate survey, 40% of all Americans are unprepared to cover a $1,000 emergency.[5] Construct a list of emergencies someone can face that they could not afford to pay for if they did not have three to six months of expenses set aside in a savings account for emergencies.

Answers vary; may include replacing a lost cell phone, car repairs, school costs, etc.

How much should you save for an emergency fund if your total monthly expenses are $250? Or $1,000?
Resource: Emergency Fund financial calculator practicalmoneyskills.com/ff91

- *Monthly expenses of $250, need to save $750-$1,500*
- *Monthly expenses of $1,000, need to save $3,000-$6,000*

If your friend had an emergency fund goal of $1,500 and can save $100 per month, how long will it take to build an emergency fund?

- *15 months*

Insurance in Case of Emergency

Directions: Explain to students that unexpected events can take a lasting toll on your financial security. While you can't predict what experiences you will encounter in life, there are steps you can take to prepare for the unexpected by having insurance. Instruct students to review the resource listed below before answering questions.

Resource: Planning for the Unexpected. practicalmoneyskills.com/ff92
What is insurance?

Answers may vary slightly; could include an agreement/service that helps to protect against financial risk in the event something unexpected happens.

[5]Bankrate's January 2019 Financial Security Index survey

Life Events: Handling the Unexpected Action Plan, cont.

How can insurance help in handling the unexpected?

Answers may vary slightly; could include the point that with reliable insurance, many medical, auto-, and home-related payments may be covered in part or completely. Purchasing disability and life insurance policies is also worth considering. While having insurance won't eliminate unexpected expenses, it can make a significant difference if you find yourself in a difficult financial situation. Think ahead and learn more about health, life, auto, and homeowners insurance to protect your finances.

Summarize how each type of insurance below protects/helps in case of the unexpected:

Medical/health insurance

Provides financial coverage for doctor visits and health care.

Life insurance

Provides financial protection for your family in the event of your death.

Auto insurance

Insurance designed to cover a driver, and often a vehicle, financially in the event of an accident or property damage.

Renters insurance

Covers your personal property in a rented apartment, condo or home against unexpected circumstances such as theft, a fire or sewer backup damage — and will pay you for lost or damaged possessions. It can also help protect you from liability if someone is injured on your property.

Homeowners insurance

Property insurance that covers losses and damages to an individual's house and to assets in the home. Homeowners insurance also provides liability coverage against accidents in the home or on the property.

Glossary of Terms

Have students study this list of personal finance terms to help warm up before playing Financial Football. By mastering these terms, students will have a better opportunity to answer questions in the game correctly and score.

401(k): A 401(k) is a feature of a qualified, employer-sponsored retirement plan that allows eligible employees to contribute a portion of their wages to individual accounts.

529 plan: A savings plan operated by a state or educational institution, designed to help set aside funds for future college costs. Savings deposited in a 529 plan grow tax-free until withdrawn.

Annuities: An annuity is an investment agreement in which you pay an insurance company a specified amount of money and the insurer invests it for you with the promise to pay you back on a future date or series of dates.

Assets: Anything of material value owned by an individual or company. This may include your house, car, furniture — anything that's worth money.

Auto insurance: Insurance designed to cover a driver, and often a vehicle, financially in the event of an accident or theft.

Bookkeeping: The recording of financial transactions and exchanges.

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

Capital gains: Profits from the sale of an investment.

Career objective: The goal of your current career efforts, or a short statement of definition on a resume about the position you are seeking.

Cash flow: The total amount of money being transferred into or out of a business, account, or an individual's budget.

Copayment: Primarily for health insurance; the amount you owe each time you visit the doctor after you have met your deductible.

Collateral: An asset or amount of money provided as security for repayment of a loan.

Collision insurance: Auto insurance that covers certain costs if your vehicle is damaged.

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

Cost-benefit analysis: Analyzing whether the cost of an item is more than, equal to, or less than the benefit that comes from its purchase.

Deductible: The amount an insured person must pay for services before the insurance provider begins to cover costs.

Depreciation: The decrease in value of assets over time.

Down payment: The amount a consumer pays up front for something on the day of the purchase.

Emergency fund: Money set aside for emergency expenses, recommended to cover 3–6 months of expenses.

Glossary of Terms, cont.

Employer-sponsored savings plan: A benefit plan offered by an employer for employees at relatively low cost.

Entrepreneur: Someone who owns or operates his or her own business.

Estate: The whole of an individual's possessions, including property and debts.

Estate plan: The process of arranging for the dispersal of an individual's estate in the event of death.

Executor: A person or institution appointed to carry out the terms of a will.

Expenses: The money an individual spends regularly for items or services.

Federal taxable wages: The sum of all earnings by an employee that are subject to a specific taxation.

Flexible savings account (FSA): A special account you put money into that you use to pay for certain out-of-pocket health care costs. You don't pay taxes on this money. This means you'll save an amount equal to the taxes you would have paid on the money you set aside. There are two types of FSAs — one for health-care-related expenses and the other for dependent-care-related expenses. The accounts are separate, and you may sign up for either or both during your open enrollment period. FSAs offer a way for those with health insurance to set aside money that is pretaxed to pay for their health care costs, known as "qualified expenses," which include (but are not limited to) deductibles, copayments, coinsurance, monthly prescriptions, and more. They can also be used for expenses incurred out of network.

Foreclosure: A legal process in which a mortgaged property is confiscated because the borrower has failed to keep up payments.

Grants: Grants are a type of financial aid that you don't have to repay and are usually based on financial need. Grants can come from the federal government, your state government, your college or career school, or a private or nonprofit organization. It is a sum of money given for a particular purpose, such as college tuition.

Gross income: The total amount of money an individual has earned before voluntary deductions, such as 401(k) contributions, and involuntary deductions, such as taxes, are taken out.

Health insurance: Insurance designed to cover the costs of health care expenses.

Health savings account (HSA): A pretax savings account designed specifically for medical expenses. Only those who have high-deductible health plans can select an HSA. For you to qualify for a HSA, this high-deductible health plan (HDHP) must be your only health insurance plan, you must not be eligible for Medicare, and you cannot be claimed as a dependent on someone else's tax return.

Homeowners insurance: Insurance designed to cover the costs of damage to home or property in the event of a theft, natural disaster, or other unexpected event.

Income: Payment received for goods or services, including employment.

Income tax: Tax levied by a government directly on personal income.

Individual retirement account fund (IRA): A retirement account that allows individuals to contribute a limited yearly sum toward retirement on either a pretax (traditional IRA) or after-tax (Roth IRA) basis.

Glossary of Terms, cont.

Inflation: The overall increase in the cost of products and services over time.

Insurance: An agreement that helps to protect against financial risk in the event something unexpected happens.

Insurance policy: A contract between a consumer and insurance company outlining coverage plans.

Lease: A contract outlining the rental terms of a piece of property, whether a car, an apartment, or another space.

Liabilities: Everything that you owe, which may include your mortgage, credit card balance, interest, student loans, and loans from family and friends.

Life insurance: Provides financial protection for one's family in the event of one's death. It is primarily designed to replace the income stream relied on by beneficiaries.

Loan: Money or assets borrowed and paid back with interest over time.

Loan principal: An amount borrowed that remains unpaid, excluding interest.

Long-term financial goal: A financial goal that will take longer than a year to achieve.

Mortgage: A loan secured in order to purchase property.

Mortgage payment: The payment a borrower makes each month toward the purchase of a home.

Mortgage term: The agreed-upon amount of time to pay off a mortgage.

Net worth: Your financial wealth at one point in time. The formula to calculate net worth is simple:
Net worth = assets – liabilities

Opportunity cost: The loss of potential gain from other alternatives when one alternative is chosen.

Premium: The amount paid to an insurance provider monthly in order to maintain an insurance plan.

Private mortgage insurance (PMI): Insurance to help protect a mortgage lender in the event a borrower cannot make payments.

Property tax: A capital tax on property based on its estimated value.

Purchase price: The price paid for an item or service.

Renters insurance: Covers your personal property in a rented apartment, condo, or home against unexpected circumstances such as theft, a fire or sewer backup damage — and will pay you for lost or damaged possessions. It can also help protect you from liability if someone is injured on your property.

Scholarship: An award of financial aid for the purpose of education that does not need to be repaid. This is a grant-in-aid to a student (as by a college or foundation).

Short-term financial goal: A financial goal that will require less than six months to achieve.

SMART goals: An acronym guideline for setting financial goals that are Specific, Measurable, Attainable, Relevant, Time-Related.

Glossary of Terms, cont.

Social Security taxes: A tax on individuals used to fund the U.S. government's Social Security program, based on earnings history.

Student loan: A loan, offered to students for education-related expenses, that must be repaid.

Thrift Savings Plan (TSP): A retirement savings and investment plan for federal employees and members of the uniformed services.

Tuition: Fees paid in exchange for instruction from a school (primary, high school, college, vocational).

Unexpected expenses: Unplanned for and unforeseen expenses. An emergency fund can help with these expenses.

Variable expenses: Expenses that change in price and frequency each month.

Saving

Lesson 2: Teacher's Guide | Rookie: Ages 11-14

FINANCIAL FOOTBALL

Get a Game Plan for Saving

Savings are essential for building wealth and reaching financial goals. This 45-minute module builds students' saving awareness and skills.

Getting Your Class Game-Ready: A touchdown in football is often the most dramatic moment of the game: when a player reaches the end zone in the final seconds, the crowd goes wild. While these exhilarating game-day feats tend to become our focus, those moments are the result of countless hours spent practicing and honing skills. The most successful players on the field are often the most disciplined. They have established good training habits on and off the field and are focused on learning how to maximize their performance.

Financial fitness is very similar. We often focus on the exciting big moments, like buying our first car or moving out on our own. Yet those moments would not be possible without building habits to save money. Just like athletes learning the strategies that work best for them on the field through practice, we can each identify strategies and tools that build our ability to save and reach our financial goals.

Module Level: Rookie, Ages 11-14

Time Outline: 45 minutes total

Subjects: Economics, Math, Finance, Consumer Sciences, Life Skills

Materials: Facilitators may print and photocopy handouts and quizzes, and direct students to the online resources below.

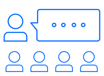
- **Pre- and Post-Test questions:** This short grouping of five questions may be used as a quick, formative assessment for the Savings module or as a Pre- and Post-Test at the beginning and completion of the entire module series.
- **Practical Money Skills Savings resources:** practicalmoneyskills.com/ff23
- **SMART Savings Goals handout:** Students will examine goal-setting criteria, then set some of their own.
- **Savings Best-Case Scenario handout:** Students will work with a partner or small group to identify the savings options for each situation.

Overview, cont.

- **Written Exercise: Compound Interest handout:** Students can find the magic of compound interest with some simple calculations.
- **Save a Million handout:** Students create a plan to save a million with a partner or small team.
- **Glossary of Terms:** Learn basic financial concepts with this list of terms.

Icon Key

Activity
Assign the given activity to students and have them complete it individually or with a group, depending on the instructions.



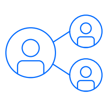
Ask
Pose questions to your students and have them respond.

Assign
Designate individuals or groups to complete a particular assignment.

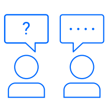
Debrief
Examine the activities as a whole group and compare answers and findings.

Did You Know?
Share these fun facts with students throughout the lesson.

Pre- and Post-Test
Have students take the Pre-Test before the lesson, and take the Post-Test after completing the lesson.



Share
Read or paraphrase the lesson content to students.



Turn and Talk
Have students turn to a partner and discuss a specific topic or question.

Table of Contents

Learning Objectives

- – Set personal goals for saving
- – Explore the benefits of interest and how saving money makes money
- – Identify the different types of savings accounts and options
- – Discover financial tools and strategies for building savings

Key Terms and Concepts

Before you start the lesson, review the key terms and concepts below. The answers to each question will help you get students prepped and game-ready. Get deeper information around these concepts in the Facilitator Script section on pages 8 to 12 of this guide.

Why save money?

Throughout your life, you will be faced with many decisions about saving and spending. Your goals may vary over time, from smaller purchases like a new smartphone to larger purchases, such as a car or a house, to long-term savings for starting your own business or planning for retirement. There are some life events that you can plan and save for, like heading to college, but it's impossible to foresee all unplanned expenses. That's what makes saving important — so you'll be prepared for any type of expense by having money set aside.

How much should you save?

Saving is essential for building your long-term wealth, and it is important to save early in life and often. Regardless of your age, you should save a percentage every time you receive money, whether it's from a paycheck or a monetary gift. The everyday decisions you make about money can have a lifelong impact. Saving allows you the freedom and flexibility to fulfill your goals and helps you develop good personal finance habits. Pay yourself first. Determine a set amount of money to put away every month and treat it like any other bill. Put away part of every paycheck — ideally a minimum of 10% — and watch your savings grow.

What are the best strategies for saving money?

- Create a budget and stick to it
- Pay yourself first
- Save your raises
- Save your windfalls, such as birthday money
- Keep emergency savings liquid (easily accessible)
- Set financial goals to keep yourself on track
- Consider your options to grow your money

Learning Objectives, cont.

Do you need a savings account to save?

Choosing the right savings method is dependent on a few factors: how much money you hope to save, how accessible you need the funds to be, and when you'll want to withdraw them. Having a savings account with a financial institution offers a variety of advantages over saving in a shoebox, under the mattress, or in a general checking account.

What are the benefits to having a savings account?

A savings account offers the benefits of security, convenience, and potential to earn interest. For high school students, they could be saving money for a car loan or college fund.

What types of savings accounts are there? How do I choose between them?

There are many categories of savings accounts to choose from. You can use one savings account or multiple accounts to organize your money for various purposes.

- Basic bank savings account — A savings account where you can deposit and store cash securely while earning interest on your money.
- Money market account — This type of account has many of the same characteristics of a traditional savings account, but also adds a safe, conservative element of investment.
- Online savings account — This type of account is available online only and might have a higher interest rate than one available through a brick-and-mortar financial institution.
- Credit union — For this type of "share account", it is essential to obtain membership to the credit union. You'll also have access to their other services.
- Automatic savings plan — With this plan, you can automatically deposit funds to your savings account on a scheduled time, such as when a biweekly paycheck is deposited directly into your account.

How do investments and retirement savings plans grow my money over time?

While you may not be thinking about retirement savings plans now, it is something to think about contributing to when you get your first job after graduating from school. If you are able to leave your savings alone for a longer period of time, from several months to years, investments and retirement plans can allow you to earn greater amounts of interest. Unlike with regular bank accounts, if you want to withdraw money, you may face a steep penalty.

How does interest work?

The difference between saving money in a jar at home and in a savings account at a bank is how your principal (your money) grows. At home, your money grows only when you add (deposit) more money (principal) to the jar. In a savings account, your money grows not only when you deposit more money but also by accumulating interest. Interest is

Learning Objectives, cont.

money the bank pays you for leaving it in your savings account. It's as if you are loaning the bank your money. You give them your money to hold. They pay you interest so your money grows. They are able to use your money to fund loans and investments for other people. The interest rate is the percentage amount of your principal that the bank agrees to pay into your account. An interest rate is often referred to as an APR, or annual percentage rate.

Module Section Outline with Facilitator Script

Introduction: Warm-Up

Share: Explain to students that the security an emergency fund provides is an important reason to save. Reinforce that creating positive savings habits can help them reach their goals and be ready for the unexpected.

Optional Pre-Test: Have students turn to page 6 of their Student Activities guide and answer the questions with a, b, c, d or fill in the blank.

Did You Know?

Ask half the room to stand. Tell the group that 40% of Americans do not have enough cash to cover a $400 emergency.[1]

Savings Basics and SMART Goals

Share: Explain to your students that saving is essential to building your long-term wealth, and it is important to save early in life and often. Regardless of your age, you can save a percentage every time you receive money, whether it's from a paycheck or a monetary gift. The everyday decisions you make about money can have a lifelong impact. Saving allows you the freedom and flexibility to fulfill your goals and helps you develop good personal finance habits.

Group poll: One of the most common questions about savings is how much you should save. Take a poll of the class, asking students what they think is the recommended percentage of each paycheck they should save. Is it 2%, 5%, or 10%? Explain that a guideline for consistently saving is to put aside a minimum of 10% of each paycheck.

Share: For many Americans, knowing that we should save is not enough. It takes small, consistent actions to build savings and set a habit. Some strategies for taking action:

- Create a budget and stick to it. Start saving now, even if it's just a few dollars a week.
- Pay yourself first, with a split deposit into checking and saving.
- Save your raises.
- Save your windfalls, such as birthday money.
- Keep emergency savings easily accessible — this is called liquidity. For example, if you have a checking account, you can take money out without waiting several days or paying any penalties.
- Set financial goals to keep on track.
- Consider your options to grow your money; saving is for short-term goals and emergencies. Savings need to be easily accessible and there should be no risk of loss. Investing is for long-term goals and may be exposed to the risk of loss in return for the opportunity for greater returns.

Module Section Outline with Facilitator Script, cont.

Activity: Lead students in drafting a personal SMART financial goal, after reviewing examples of SMART goals at practicalmoneyskills.com/ff25 or the SMART Savings Goal handout on page 8 of their Student Activities guide. To support setting specific goals, students may also use the Emergency Fund financial calculator: practicalmoneyskills.com/ff27.

Optional Activity: Have students craft a brief note stating their goal and send it to their future self at futureme.org.

Group Discussion: Start a class discussion about potential strategies students could use to overcome obstacles to reaching their goals. Note themes and point out strategies mentioned.

Choosing Savings Options

Activity: Guide students in playing Best-Case Scenario, which is played like the survival card game, Worst-Case Scenario. Break students into pairs or small groups. Have students examine the savings options line graph on the Best-Case Scenario handout on page 9 of their Student Activities guide.

Share: Explain to students that each savings product has its own pros and cons. There are many categories of savings accounts to choose from. You can use one savings account or multiple accounts to organize your money for various purposes. Being a sharp consumer will help ensure you find the products that best fit your needs at any point in life. Ask which product on the line graph (on page 9 of the Student Activities guide) requires a larger initial deposit (CD). Which accounts are more liquid — or allow for easier withdrawals and access to money (checking and savings accounts)?

Savings Accounts

- Basic bank savings accounts offer the lowest interest rates, usually less than 1%. They come with few restrictions on access to your money, and they don't usually have required minimum balances. These accounts, associated with brick-and-mortar banks, can also be accessed online.
- Money market accounts are high-yield accounts that pay interest based on the current market rates. They are likely to require a higher minimum balance than a basic bank savings account.
- Online savings accounts are typically similar to basic bank savings accounts, but they offer higher interest rates because they operate online and don't involve the overhead (operating costs) that standard banks have.
- Credit unions are like banks, but they're owned by their members and may offer higher interest on savings.
- Automatic savings plans are options you can set up for your savings account. You can choose to automatically transfer a set amount from your checking account to your savings account every month.

Certificate of deposit (CD) is a savings option that is best suited to those who have funds that can remain completely untouched for longer periods of time. They differ from savings accounts in that they

Module Section Outline with Facilitator Script, cont.

have a specific fixed term (from three months up to five years or longer) and usually a fixed interest rate. They generally offer higher interest rates. However, you may face a steep penalty if you withdraw money before the term ends.

401(k) plans are retirement savings accounts sponsored by your employer. You contribute up to a certain amount of your own money before income taxes are deducted, which lowers your taxable income. Many employers will match your contributions up to a certain percentage, further increasing your retirement fund.

Individual retirement accounts (IRAs) are personal savings accounts that enable you to put money aside annually. You can also receive tax breaks for these funds.

Assign: Have students work in the same small groups and ask each team to decide which savings product best fits scenario needs and why (continued on page 9 of the Student Activities guide). Teams may reference Choosing Savings Options at practicalmoneyskills.com/ff24.

Share: Remind students of these things to consider:

- Their goal and how much they have to deposit
- Their personal access needs: liquidity
- Interest rates
- Fees

Growing Your Money

Share: Explain to students that saving money doesn't always have to be hard work. You can effectively increase your funds by depositing money in a savings account. In exchange for opening an account and giving the financial institution money, your savings will be increased by a certain percentage every year. This percentage is called interest. The longer you leave your savings untouched, the more your money will grow.

Share: Your money can grow exponentially over time with the magic of compound interest. Compound interest is calculated on both the principal and the accrued interest. Share the formula for compound interest.

Compound Interest Formula:

$$A = P\left(1 + \frac{r}{n}\right)^{nt}$$

Did You Know?

Share how the impact of inflation is another consideration when looking at how our money grows over time. It works in the opposite direction that compound interest does. How many of you have heard about groceries or gas being less expensive in the past? Annual inflation rates in the U.S. have typically been 2 to 3%.[2]

Module Section Outline with Facilitator Script, cont.

A = Total amount of the future value of the investment/loan with interest

P = The principal, the initial deposit or loan amount

r = The annual interest rate (decimal)

n = The number of times that interest is compounded per year

t = The number of years the money is invested or borrowed

As an optional activity, you can share the Khan Academy video, Introduction to Compound Interest practicalmoneyskills.com/ff29

Activity: Directions: Get your class ready to aim for a million. Have your students to page 11 of their Student Activities guide for the Save a Million handout. Group your students into teams of three or four and direct them to work with their teams to successfully prepare a game plan for reaching that goal.

Financial Calculator: Teams will plan and document a path on their Save a Million handout. They'll use the Save a Million Calculator, practicalmoneyskills.com/ff32 to determine how much they will need to save every month to meet their goal.

Optional Activity: Compound Interest: Written Exercises. Have students practice finding the magic of compound interest with some simple calculations.

Closing: Group Discussion

Share: Walk students through these 5 Tips for Saving:

1. **Make savings a priority.** Each time you're paid, put a portion of it toward savings. Saving money is a good habit no matter how much or how little you put away each month.
2. **Automate your savings.** Most financial institutions allow you to automatically transfer funds online or via mobile apps, from checking to savings accounts.
3. **Find money to save.** Keep track of everything you spend for a week — you'll be surprised where the money goes. Adjust your spending habits a little and suddenly, you're saving.
4. **Keep the change.** Some supermarkets have machines that count your coins and give you cash in exchange for a small fee. Gather up your spare change, pour it into the kiosk machine, and see how quickly your coins add up. Instead of spending it right away, consider diverting your newfound funds to savings.
5. **Cancel extra costs.** Check to see if you have any old subscriptions that you're not using anymore, whether it's to a gym, magazine, or streaming service. Many services that you may no longer want could cost you hundreds of dollars per year.

Module Section Outline with Facilitator Script, cont.

Ask: What is one action you plan to take or one savings tip you would share with a friend?

Optional Post-Test: Have your class turn to page 7 of their Student Activities guide to take the optional Post-Test.

[1]Federal Reserve Board's 2017 Report on the Economic Well-Being of U.S. Households
[2]Statista.com

Lesson 2 Saving: Answer Keys

> Saving Pre- and Post-Test

> SMART Savings Goals handout

> Savings Best-Case Scenario handout

> Written Exercise Compound Interest handout

> Save a Million handout

Saving Pre- and Post-Test

Directions: Have students refer to the test on page 7 of the Student Activities guide. Have them answer the questions with the most appropriate answer, noting a, b, c, d or filling in the blank.

Answer Key

1. A good reason to save money is:

a. To pay for college

b. To buy a car

c. To go into debt

d. Both A and B

2. How long would it take to save $20 for a birthday gift, if you saved $1.25 a week?

(16 weeks)

3. A savings account pays you:

a. A fixed amount of money every month

b. Interest on your account balance

c. Every time you use your debit card

d. Interest on the amount you borrow

4. The interest earned on $1,000 over three years at 10% compounded annually is:

($331)

5. If you need to withdraw your money on short notice, your best saving option is:

a. A retirement account

b. A savings account

c. A certificate of deposit

d. A company stock portfolio

SMART Savings Goals

Lead your class in identifying whether or not certain savings goals meet the following SMART criteria, and in drafting a SMART financial goal. Real-life reasons to save are good motivators. It is helpful to use the SMART criteria when establishing a savings goal.

SPECIFIC goals inspire. Setting a clear goal will help you focus on saving for it.

MEASURABLE goals let you see the real task at hand. By using real numbers, you can measure your progress along the way.

ATTAINABLE goals pay off. When you're setting your goal, ensure that it is realistic and within your reach.

RELEVANT goals make good sense. Set a goal only if you know it will be meaningful in the long run.

TIME-RELATED goals have a real deadline. Setting a time frame for your goal will help you stay committed to reaching it.

Directions: Select the savings goals that correctly incorporate the SMART criteria. Evaluate each savings goal and identify whether the SMART criteria was met for each.

Answer Key

SMART Criteria Met? Yes or No	Savings Goal
No	I'm going to save for a pair of shoes
Yes	I'll have $150 saved for a pair of shoes in three months
No	I'll have enough money to go to college
No	I'm going to save toward my first car
Yes	I'll have $3,000 saved toward my first car in one year

Now it's your turn to establish your own SMART savings goal: Lead students in drafting a personal SMART financial goal. To support setting specific goals, students may use the Emergency Fund financial calculator: practicalmoneyskills.com/ff27

Answers will vary

Best-Case Scenario

Break students into pairs or small groups and examine the savings options line graph below. Ask students to select the best answer in the two scenarios in this activity.

Savings options:

Account funds are more fluid	Account funds are less fluid
Account holder has less money to save	Account holder has more money to save
Account earns a lower interest rate	Account earns a higher interest rate

Checking account — Savings account — Money market account — Certificate of deposit (CD)

For more information, see Choosing Savings Options: practicalmoneyskills.com/ff24

Answer Key

Scenario 1: Don't let fees eat you alive

Imagine your friends meet you for lunch. They want to open their first savings account. They each only have around $50 but want to start the habit of saving. Which account do you recommend?

A. Basic savings account, .25% interest, no minimum balance requirement, no monthly maintenance fees

B. Online savings account, 1.25% interest, $4 monthly maintenance fee if average balance is below $500

C. Premium savings account, 1.5% interest, $10 monthly maintenance fee if average balance is below $1,500

Scenario 2: Make the most of interest

You are entering your junior year in high school and have saved $3,500 for a car; you want to save another $1,500 over the next six months. You also want to find a new savings product that has higher interest rates for the $3,500 you have saved so far. You're OK with the money being less liquid for the next six months. What is your best option?

A. Online savings account, 1.25% interest, $4 monthly maintenance fee if average balance is below $1,000

B. Money market account, 1.5% interest, $10,000 minimum deposit, $12 monthly fee if balance is below $5,000

C. Certificate of deposit (CD), 2.5% APY for six months, $2,500 minimum deposit, withdrawal penalty fee if you take money out before six months ends

The Magic of Compound Interest

Savings Written Exercises

Directions: Calculate how compound interest can help your savings grow by answering the questions in this activity.

Compound interest: The following formula shows how to calculate interest annually.

Compound Interest Formula:

$$A = P\left(1 + \frac{r}{n}\right)^{nt}$$

A = Total amount of the future value of the investment/loan with interest

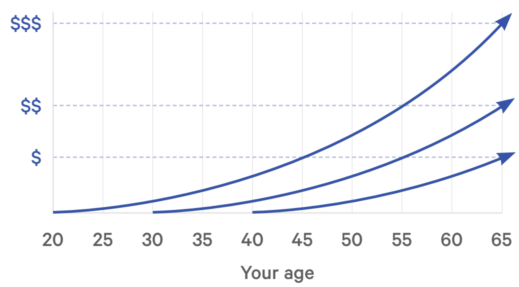
P = The principal, the initial deposit or loan amount

r = The annual interest rate (decimal)

n = The number of times that interest is compounded per year

t = The number of years the money is invested or borrowed

Growth of Savings Accounts



Using the formula for compound interest and the How Will My Money Grow? financial calculator:
practicalmoneyskills.com/ff26

Find how much total savings you would have:

If you made an initial deposit of $100, then put $100 in a savings account with a 3% APR every year for 25 years?

_________ *($3,964.68)*

If you made an initial deposit of $1,000, then put $1,000 in a money market account with a 4% APR every year for 30 years?

_________ *($61,571.73)*

Using the formula for compound interest and the How Will My Money Grow? financial calculator, determine who will have saved more for retirement.

Ben invests $2,000 a year from the age of 19 to 26, for a total of $16,000 invested. His investments earn 12% annually until the age of 65. How much will he have saved by the time he reaches 65?

_________ *($2,288,996)*

The Magic of Compound Interest, cont.

Julia invests $2,000 a year from the age of 27 to 65, for a total of $78,000 invested. Her investments also earn 12% annually until the age of 65. How much will she have saved by the time she reaches 65?

_________ *($1,532,166)*

Who will have more saved for retirement?

Ben will have more saved for retirement.

Save a Million

Directions: Get your class ready to aim for a million. Group your students into teams and direct them to work with their team to create a game plan for successfully reaching the goal.

Use the Save a Million calculator to determine how much you'll need to save every month to meet your goal: practicalmoneyskills.com/ff32

Calculate your team's average age; enter that as your current age below and in the Save a Million calculator.

Answers will vary

Decide as a team when you want to reach a million in savings; if you later decide to change that number in the calculator, record the change below.

Answers will vary

Imagine your team has been saving $150 a year from gifts and chores since you were age 8. Using your current age above, calculate how much you would currently have in savings.

Answers will vary

Imagine you will be doing chores, then getting a job. As a team, decide how much you could reasonably save on a regular basis.

Answers will vary

How often will you save (weekly, bi-weekly, monthly, yearly)? Why did your team choose that option?

Answers will vary

What interest might you receive? (choose one: basic savings account 1%, certificate of deposit 2%, or investments like stock 7%)

Answers will vary

How many years will it take to reach a million?

Answers will vary

Which choices could you change to reach your goal in fewer years?

Answers will vary; may include increasing amount being saved, increasing frequency of savings, considering higher-interest-rate savings products

Glossary of Terms

Have students study this list of personal finance terms to warm up before playing Financial Football. By mastering these terms, students will have a better opportunity to answer questions in the game correctly and score.

529 plan: A savings plan operated by a state or educational institution designed to help set aside funds for future college costs. Savings deposited in a 529 plan grow tax-free until withdrawn.

American Stock Exchange (ASE): The third-largest stock exchange by trading volume in the United States. It is one of the oldest U.S. stock exchanges and innovator of the exchange traded fund (ETF).

Annual percentage rate (APR): The yearly interest rate charged on outstanding credit card balances.

Bank: A financial institution that invests money deposited by customers, provides loans, and exchanges currency.

Bank services: Services offered by a bank for convenience, such as online banking, automatic transfer, and check cancellation.

Bond: A type of loan in which an investor extends money to the government or a corporation with a set interest rate and maturity date.

Brokerage firm: An organization that charges a fee to act as an intermediary between buyers and sellers of stock.

Capital gains: Profits from the sale of an investment.

Certificate of deposit (CD): A savings certificate issued by a bank, depositing money for a specified length of time.

Checking account: An account at a bank that allows checks to be written and deposited by the account holder.

Compound interest: Interest calculated on both the principal and the accrued interest. Compound interest is what makes savings really grow. A savings account earns interest every day. Each time your interest compounds, it gets added back to your account and becomes part of your principal. With more principal, the account earns even more interest, which continually compounds into new principal.

Contribution limits: Maximum legal limit on contributions to a specific account.

Deposit: Adding a sum of money to your account to increase your account balance.

Depreciation: The decrease in value of assets over time.

Dividend: A share in a company's profits, paid regularly by a company to its shareholders.

Emergency fund: Money set aside for emergency expenses, recommended to cover 3-6 months of expenses.

Estate: The whole of an individual's possessions, including property and debts.

Estate plan: The process of arranging for the dispersal of an individual's estate in the event of death.

Executor: A person or institution appointed to carry out the terms of a will or an estate plan.

Glossary of Terms, cont.

Federal Deposit Insurance Corporation (FDIC): A body that regulates most banks in the United States and insures most private bank deposits. The Federal Deposit Insurance Corporation (FDIC) preserves and promotes public confidence in the U.S. financial system by insuring deposits in banks and thrift institutions for at least $250,000; by identifying, monitoring, and addressing risks to the deposit insurance funds; and by limiting the effect on the economy and the financial system when a bank or thrift institution fails. An independent agency of the federal government, the FDIC was created in 1933 in response to the thousands of bank failures that occurred in the 1920s and early 1930s.

Federal Trade Commission (FTC): A federal agency established in 1914 that administers consumer protection legislation.

Fixed rate: A fixed rate does not fluctuate over the length of the loan or investment term.

Individual retirement account (IRA): A retirement account that allows individuals to contribute a limited yearly sum toward retirement on either a pre-tax (traditional IRA) or after-tax (Roth IRA) basis.

Inflation: The overall increase in the cost of products and services over time.

Interest: A charge for borrowed money, generally a percentage of the amount borrowed.

Interest rate: The rate at which a borrower pays interest for borrowing an item or money, or the percentage rate earned on a given investment.

Invest: To expend money with the expectation of earning a profit on that fund over time.

Investment: An item or financial product on which a consumer expects to earn a profit in the future.

Investment portfolio: A range of investments held by a person or organization.

Investment strategy: A set of rules or procedures to guide an investor's selections.

Liquidity: How easily or quickly you can withdraw your money.

Long-term financial goal: A financial goal that will take longer than a year to achieve.

Money market account: A type of savings account offered by banks that usually earns a higher amount of interest than a basic savings account. The minimum deposit and balance for this account is often considerably higher than the minimum balance of a basic savings account.

Mutual fund: A collection of stocks, bonds, or cash managed by a professional for a fee toward a stated goal.

New York Stock Exchange (NYSE): A New York City-based stock exchange, which is considered the largest equities-based exchange in the world based on total market capitalization.

Principal: The amount of money you deposit in your account to begin saving or the original amount of money borrowed.

Retirement account: An account such as an IRA or 401(k) that helps an individual set aside money for retirement while minimizing tax burdens.

Glossary of Terms, cont.

Savings account: An account where money is kept for future use.

Short-term financial goal: A financial goal that will require less than six months to achieve.

Social Security taxes: A tax on individuals used to fund the U.S. government's Social Security program.

Thrift Savings Plan (TSP): A retirement savings and investment plan for federal employees and members of the uniformed services.

Variable interest rate: An interest rate that fluctuates based on market changes.

Withdrawal: When you take money out of your account, thereby reducing your principal.

Withdrawal limit: The maximum amount a customer is able to withdraw from an account on a given day.

Withdrawal penalty: Any penalty incurred by an account holder for early withdrawal from an account with withdrawal restrictions.