



Money  
Smart

# for Grades 9-12

## Student Guide



A fun way to help teens  
get smart about money.



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# EXPLORING CAREERS

**Job:** work a person performs regularly in order to earn money

**Career:** a job or profession that a person holds for a long period of time

**Profession:** a type of job that requires special education, training, or skill

	<b>Job Description</b>	<b>Training/Education</b>	<b>Average Income</b>
<b>Chemical Engineer</b>	Chemical engineers combine knowledge of science and math to develop and design chemical manufacturing processes. Chemical engineers can work in a variety of areas to help facilitate manufacturing, from pharmaceuticals to food and environmental safety.	Bachelor's degree in chemical engineering	\$94,350 per year or \$45.36 per hour
<b>Computer Support Specialist</b>	A computer support specialist helps people and businesses successfully use computer software and hardware. Support specialists offer computer support, from installing software to training people how to use computer equipment and answering customer questions.	Educational requirements vary. Some computer support specialist positions require an associate's degree and others require a bachelor's degree in a computer or technology field, such as computer or information science.	\$48,900 per year or \$23.51 per hour
<b>Dental Hygienist</b>	Dental hygienists clean teeth and help patients maintain oral health. Hygienists examine patients, take dental X-rays, and help to educate patients on good oral health.	Associate's degree in dental hygiene	\$70,210 per year or \$33.75 per hour
<b>Registered Nurse</b>	Nurses perform a variety of tasks to help care for patients. Nurses assess injuries and illnesses, create treatment plans for patients, and administer medicine, among other patient-care tasks.	Registered nurses are required to hold a nursing license, which is earned by graduating from a nursing program and passing a national exam. Nursing programs are available for both associate and bachelor degrees.	\$65,470 per year or \$31.48 per hour
<b>Masons</b>	Using bricks and stones, masons build a variety of structures, from walls, fences, and floors to fireplaces and chimneys.	A high school diploma or equivalent is required, and most masons complete a three- to four-year apprenticeship in order to learn the trade.	\$44,950 per year or \$21.61 per hour

(Find more information about these and other careers in the Occupational Outlook Handbook at <http://www.bls.gov/ooh>.)



# CAREER RESEARCH

Name: \_\_\_\_\_

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

Not sure which career to start with? Take a moment to reflect on your interests and skills.

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

Check out the U.S. Bureau of Labor Statistics' A to Z guide for more career ideas!

<http://www.bls.gov/ooh/a-z-index.htm>

<b>CAREER</b>		
<b>JOB DESCRIPTION</b>		
<b>TRAINING/ EDUCATION</b>		
<b>AVERAGE INCOME</b>		

**Research Resources:**

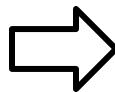
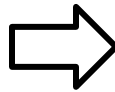
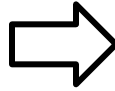
- Occupational Outlook Handbook. <http://www.bls.gov/ooh>
- CareerOneStop. <http://www.careeronestop.org/>



# MAKING CHOICES

Name: \_\_\_\_\_

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





# SETTING & REACHING GOALS

Name: \_\_\_\_\_

## MEET AISHA

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

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

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

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

## AISHA'S GOALS

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

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

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

## CHALLENGES FOR AISHA

### Needs vs. Wants

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

### Budget Blues

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

### Defining Values

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





## **SETTING & REACHING GOALS (continued)**

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

**Write three goals you have for your future:**

- 1) \_\_\_\_\_
- 2) \_\_\_\_\_
- 3) \_\_\_\_\_

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

	<b>Goal #1</b>	<b>Goal #2</b>	<b>Goal #3</b>
<b>Short-Term</b> (What actions can I take today to reach my goal?)			
<b>Intermediate</b> (What actions can I take over the next few months to reach my goal?)			
<b>Long-Term</b> (What actions can I take over the next few years to reach my goal?)			



# POOR OR POLISHED PLAN?

**Name:** \_\_\_\_\_

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

**Look for the following elements of a polished financial plan:**

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

**Selena** *17 years old, high school senior*

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

**Poor                      Polished**

Why? \_\_\_\_\_

**Mike** *21 years old, college junior*

“My financial aid came through today and I’m so pumped for classes to start! The first thing I’m going to do is buy all my books. I have a lot to buy, though, so I’m going to make a list of what I need first and then figure out how much each book will cost. I’ll do some web searches first to see if I can find my books for cheaper online compared to the bookstore. If I have to, I may rent a few textbooks instead of buying them if they’re super expensive and I know I won’t need to keep them after the class is over.”

**Poor                      Polished**

Why? \_\_\_\_\_

**Kaelan** *22 years old, part-time construction worker*

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

**Poor                      Polished**

Why? \_\_\_\_\_



# MY PLAN

Name: \_\_\_\_\_

**What are my financial goals?**

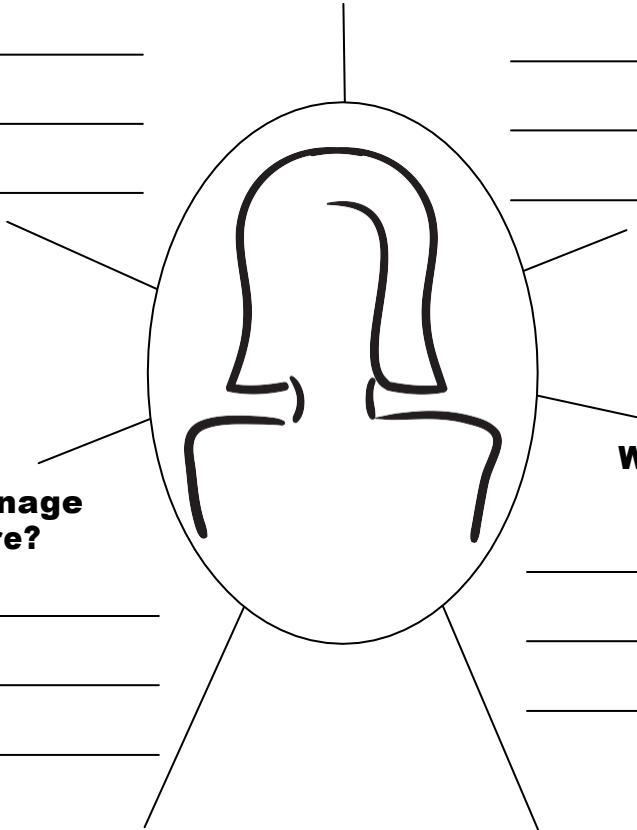
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

**How can I limit my expenses?**

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

**What are things that I need?**

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_



**How can I manage peer pressure?**

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

**What are things that I want?**

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

**Why should I make a budget?**

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

**How can I stick to a budget?**

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_



# SPENDING TRACKER

Name: \_\_\_\_\_

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

Sunday	Monday	Tuesday	Wednesday	Thursday	Friday	Saturday
<b>Lunch:</b> \$6.99	<b>Coffee:</b> \$2.00	<b>Coffee:</b> \$2.00	<b>Coffee:</b> \$2.00	<b>Coffee:</b> \$2.00	<b>Coffee:</b> \$2.00	<b>Gas:</b> \$15.00
<b>Gas:</b> \$21.50	<b>New pair of jeans and a T-shirt:</b> \$52.86	<b>Lunch:</b> \$8.50  <b>Manicure:</b> \$25.00		<b>Lunch:</b> \$7.65	<b>Movies and snacks:</b> \$15.00	<b>Concert:</b> \$89.00

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

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

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

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



# INCOME & EXPENSES

Name: \_\_\_\_\_

**Income** is money that comes to you from:

- Various jobs or work, like cutting grass or babysitting wages
- Full- or part-time employment
- Allowances
- Odd jobs
- Interest and dividends
- Other sources, including tips

**Expenses** are the items you spend money on. They might be from:

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

**Fixed** expenses do not change from month to month.

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



## INCOME & EXPENSES (continued)

### Let's Practice!

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

The chart below lists his income and expenses. Total his income and expense categories. Does Jayden have enough money to pay all of his bills?

<b>MY INCOME</b>	
After-school job	\$300
Mowing neighbor's lawn	\$125
<b>INCOME TOTAL</b>	<b>\$</b>

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

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



# CASH FLOW CONUNDRUM

Name: \_\_\_\_\_

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

## From Todd:

"I get an allowance for doing chores, which is usually about \$75 each month. My cell phone bill is \$45 a month. I use my phone for everything — texting, downloading movies, playing apps with my friends, you name it.

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

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

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





## WHAT IF...

**Name:** \_\_\_\_\_

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

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

One week: \_\_\_\_\_ (Not so bad, right?)

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

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

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

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

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

If you don't buy daily coffee, what could you do with the money you save?





# RAINY DAYS

Name: \_\_\_\_\_

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

<b>Emergency</b>	<b>What might be some of the unexpected costs?</b>	<b>How might a rainy day fund help?</b>
Example: illness leading to hospitalization	<ul style="list-style-type: none"> <li>• Ambulance-ride fees</li> <li>• Hospital admittance fees</li> <li>• Surgery fees</li> </ul>	If you don't have health insurance or your insurance doesn't cover all medical expenses, a rainy day fund can help you avoid having to take out loans or go into debt to pay for the unexpected fees.



# COMPOUNDING INTEREST OVER TIME

Name: \_\_\_\_\_

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

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

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

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

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

	Saving 50 cents a day:		Saving \$1 a day:	
	No interest	2% Daily Compounding	No interest	2% Daily Compounding
<b>Year 1</b>	\$	\$	\$	\$
<b>Year 5</b>	\$	\$	\$	\$
<b>Year 10</b>	\$	\$	\$	\$
<b>Year 30</b>	\$	\$	\$	\$



# SAVINGS OPTIONS

Name: \_\_\_\_\_

<b>Certificate of Deposit (CD)</b>	<b>Money Market Account</b>	<b>Statement Savings Account</b>
An account that typically offers a higher rate of interest than a regular savings account in exchange for you keeping the money on deposit for a set term (for example: 6 months or more).	An account that usually pays a higher rate of interest, and it usually requires a higher minimum balance (for example: \$1,000) in order to earn interest than is earned on a regular savings account. You can make deposits and withdrawals.	An account that typically allows unlimited deposits, but limits the number of fee-free withdraws you can make during a month. You typically earn interest on the money you have on deposit and will receive a statement at least quarterly listing all transactions in the account.

**Protection:** FDIC insurance protects all deposit accounts, including checking and savings accounts, money market deposit accounts, and CDs. This means that money you have deposited in insured financial institutions is guaranteed up to the maximum amount allowed by law (\$250,000 per depositor, per bank) if the financial institution goes out of business and cannot pay you your money. Likewise, the National Credit Union Administration (NCUA) insures your money up to \$250,000 per depositor at insured credit unions.

### Research Challenge

Research CDs, money market accounts, and savings accounts from two different financial institutions and write down your findings for each of the items below.

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



# **BANKING BASICS**

**Name:** \_\_\_\_\_

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

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



# **BANKING BASICS SCRIPTS**

<p><b>Hi, I am the Customer Service Representative. I can:</b></p> <ul style="list-style-type: none"><li>• Help you open your account</li><li>• Explain services we offer</li><li>• Answer general questions</li><li>• Refer you to a person who can help you</li><li>• Provide written information explaining the bank products</li></ul>	<p><b>Hi, I am the bank teller. I will:</b></p> <ul style="list-style-type: none"><li>• Deposit and withdraw money from your account for you</li><li>• Cash your checks</li><li>• Answer questions about bank accounts</li><li>• Refer you to the person who can help you with other bank services</li><li>• Create a bank-certified check for you</li></ul>
<p><b>Hi, I am the loan officer. If you need a loan, I can:</b></p> <ul style="list-style-type: none"><li>• Take applications for loans offered at the bank</li><li>• Answer questions about loans</li><li>• Provide written information explaining loan products</li><li>• Help you fill out a loan application</li><li>• Evaluate loan applications</li></ul>	<p><b>Hi, I am the branch manager. I will:</b></p> <ul style="list-style-type: none"><li>• Supervise all the bank operations that take place at this branch</li><li>• Help fix the problems that other employees cannot solve</li></ul>
<p><b>Hi, I am an Automated Teller Machine, or ATM for short. I will:</b></p> <ul style="list-style-type: none"><li>• Get you fast access to your money</li><li>• Be available 24 hours a day, 7 days a week</li><li>• Help you check your account balance and make deposits</li></ul>	<p><b>Hi, I am the bank website. I can:</b></p> <ul style="list-style-type: none"><li>• Help you monitor your withdrawals and deposits, and even pay bills</li><li>• Be available 24 hours a day, 7 days a week for online banking</li><li>• Help you check your account balance</li><li>• Help you complete wire transfers</li><li>• Help you set up automatic payments</li></ul>



# SECURITY

Name: \_\_\_\_\_

## How Is Your Money Protected?

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

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

The FDIC has an online tool called the Electronic Deposit Insurance Estimator (EDIE). You can calculate the insurance coverage of your accounts at each FDIC-insured institution online at [www.myfdicinsurance.gov/](http://www.myfdicinsurance.gov/).

## Challenge

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

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

**Bank or Thrift**

**Credit Union**

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

**Bank or Thrift**

**Credit Union**



# CHECKING AND SAVINGS ACCOUNTS

Name: \_\_\_\_\_

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

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

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

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

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

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



## CHECKING AND SAVINGS ACCOUNTS (CONTINUED)

### How to Write a Check:

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

<b>John Doe</b> 55 Main Street City, State 55555	<b>2</b> <u>December 1, 2014</u> <small>Date</small>	<b>001</b>
<b>3</b> <u>ABC Car Rental</u>	\$ <span style="border: 1px solid black; padding: 2px 10px;">160.50</span>	<b>4</b>
<b>5</b> <u>One hundred sixty dollars and <math>\frac{50}{100}</math></u> Dollars		
Bank <del>Main</del> St.	For <u>car rental</u>	<b>6</b> <u>John Doe</u> MP
■: 012345678 ■: 012345678987   *0001		

**1**

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

<b>John Doe</b> 55 Main Street City, State 55555	_____ <small>Date</small>	<b>001</b>
_____	\$ <span style="border: 1px solid black; display: inline-block; width: 80px; height: 20px;"></span>	
_____ Dollars		
Bank Main St.	For _____	_____ MP
■: 012345678 ■: 012345678987   *0001		





# BANK CHECKLIST

Name: \_\_\_\_\_

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

*If the financial institution is a credit union, be sure you are eligible to join.	Bank Name/ Account Type _____	Bank Name/ Account Type _____	Bank Name/ Account Type _____
<b>Bank Information</b>			
Does the bank offer the services I need?			
Convenient branches and ATMs?			
Bank hours?			
Do employees speak my language?			
Is it insured by the FDIC/NCUA?			
Does the bank have any special programs for students?			
<b>Accounts</b>			
Requirements for opening account?			
<b>Checking Accounts</b>			
Minimum opening balance?			
Minimum monthly balance?			
Fees?			
Fee waivers available?			
Number of withdrawals per month without a fee?			
Earns interest?			
Deposit hold times?			
<b>Overdraft Programs</b>			
Low-balance alerts offered?			
Overdraft fees?			
Link to a savings account to cover overdrafts? If so, is there a fee?			



## **BANK CHECKLIST (CONTINUED)**

	<b>Bank Name/ Account Type</b> _____	<b>Bank Name/ Account Type</b> _____	<b>Bank Name/ Account Type</b> _____
<b>Savings Accounts</b>			
Minimum opening balance?			
Minimum monthly balance?			
Annual percentage yield (APY)?			
Fees?			
Fee waivers available?			
Withdrawal limits per month?			
Services available?			
<b>ATM Cards</b>			
Fees?			
Fee waivers available?			
Location/number of ATMs?			
<b>Debit Cards</b>			
Fees?			
Fee waivers available?			
Rebates or bonuses for use?			
Location/number of ATMs?			
Debit card transactions requirements or limits?			
<b>Mobile/Online Banking</b>			
Is it available?			
Transaction types and limits?			
Fees?			
Fee waivers available?			
Online bill pay?			
<b>Other Information?</b>			
<b>Total Monthly Costs</b>			
<b>Total Annual Costs</b>			



# PAYCHECK PROS

Name: \_\_\_\_\_

## PART 1: GROSS VERSUS NET INCOME

**Gross income** is your total income before deductions.

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

$$\text{Gross income} - \text{deductions} = \text{Net income}$$

## MEET ISAAC

Isaac works at the local mall earning \$10 an hour. During his last pay period, he worked a total of 16 hours. Below is the list of his deductions. Help Isaac calculate his net pay.

**Gross pay:** \$160.00

**Deductions:**

Federal Income Tax: \$20.00

State Income Tax: \$7.50

Social Security: \$9.00

Medicare: \$2.40

**Show Your Math**

What is Isaac's net pay? \_\_\_\_\_

## PART 2: YOU HAVE A PAYCHECK...NOW WHAT?

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

**Scenario 1: Tony**

Tony cashes his weekly paycheck at Fees4Cash, a check-cashing service. Fees4Cash charges Tony \$5 to cash every check.

How much does Tony pay Fees4Cash each month to cash his paychecks? \_\_\_\_\_

How much does Tony pay each year? \_\_\_\_\_



## **PAYCHECK PROS (continued)**

### **Scenario 2: Lamar**

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

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

How much did Lamar pay this month in fees when using his stored-value card at an ATM?

---

How much would Lamar pay each year in fees if he used his stored-value card at an ATM an average of four times each month? \_\_\_\_\_

### **Scenario 3: Sylvia**

Sylvia has a checking account. The bank charges a monthly fee of \$6 unless she uses direct deposit or her debit card more than five times per month. If Sylvia uses direct deposit or her debit card frequently and she uses no more than one box of checks every year, which cost her \$18, how much does she pay to maintain her checking account? (Show your math.)

---

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### **Comparing Scenarios:**

How much can Tony save each year if he opens a checking account and pays what Sylvia does?

---

Even if Tony pays a \$6 monthly fee for a total of \$72 a year, plus the cost of the checks (\$18), how much could he save each year? \_\_\_\_\_

---

How much can Lamar save each year if he opens a checking account and pays what Sylvia does?

---

---



# PAYCHECK PUZZLE

Name: \_\_\_\_\_

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

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

- 1) I thought I was earning \$12.50 an hour, but my paycheck is less than that. Why is my net pay different from my gross pay?
- 2) I'm not sure how my net pay is determined. Can you explain to me how my net pay is calculated?
- 3) What do each of the different deductions on my paycheck mean? Can you explain them to me?
- 4) Do I have any control over the amount of deductions on my paycheck?

Styles Salon and Spa 21 Salon Drive Dansville, MS 89743				Earnings Statement		
Employee No.	Employee Name	Social Security No.	Period Beg.	Period End	Check Date	
543210	Sakina Bhat	xxx-xx-4321	09/01/2014	09/07/2014	09/07/2014	
Earnings	Hours	Rate	Current Amount	Withholdings/Deductions	Current Amount	Year to Date
Regular pay	15.00	12.50	187.50	Federal Income Tax: State Income Tax: Medicare Tax: Social Security Tax: Savings:	\$14.42 \$5.00 \$2.72 \$11.63 \$0.00	\$14.42 \$5.00 \$2.72 \$11.63 \$0.00
Gross Pay	Current Deductions	Net Pay	YTD Earnings	YTD Deductions	YTD Net Pay	Check No.
187.50	33.70	153.73	187.50	33.70	153.73	2756



# THE FOUR Cs OF CREDIT

## CAPACITY

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

Lenders may ask:

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

## CAPITAL

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

Lenders may ask:

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

## CHARACTER

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

Lenders may ask:

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

## COLLATERAL

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

Lenders may ask:

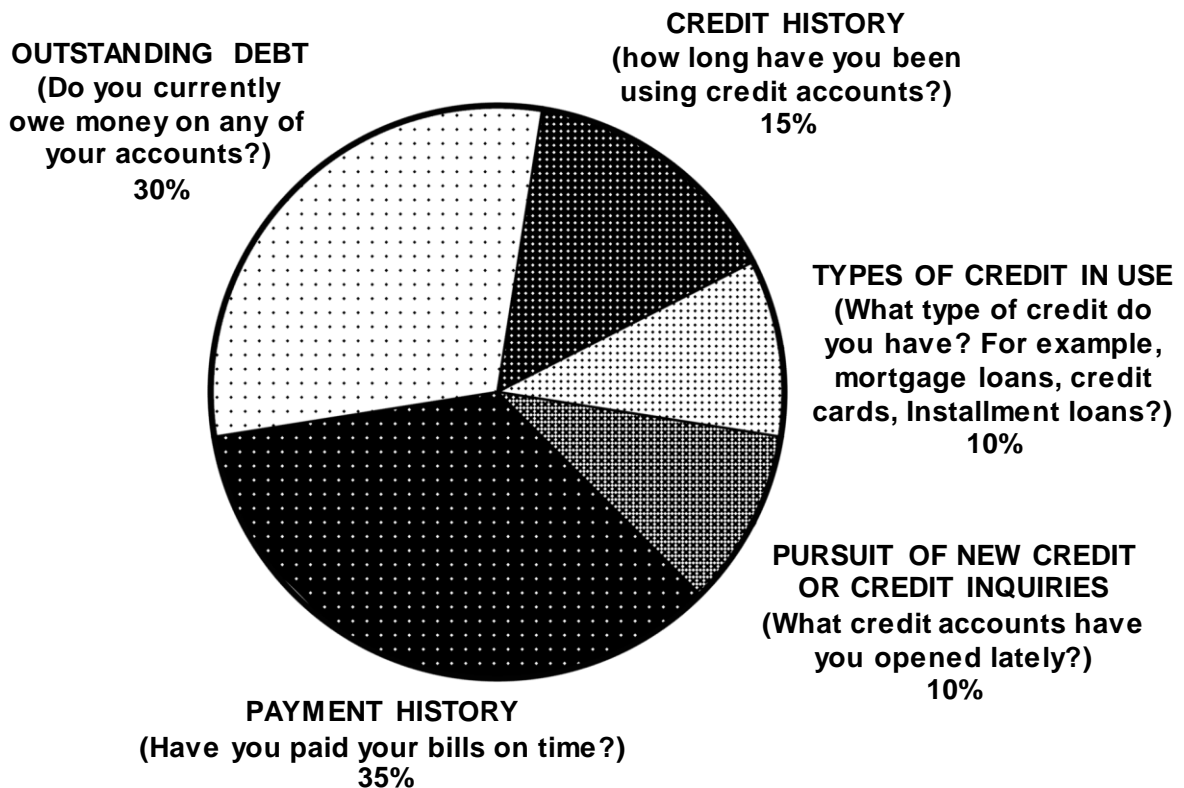
- ***Do you have assets to secure the loan beyond your capacity to pay it off?***



## THE FOUR Cs OF CREDIT (continued)

### CREDIT SCORE

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



For more information on credit scores and how they are calculated, visit the Consumer Financial Protection Bureau's website at

<http://www.consumerfinance.gov/askcfpb/315/what-is-my-credit-score.html>.



# THE FOUR Cs CHALLENGE

Name: \_\_\_\_\_

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

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

1) Employment Information: \_\_\_\_\_

<b>Name &amp; Address of Employer</b>	<input type="checkbox"/> <b>Self Employed</b>	<b>Dates (from – to)</b>
		<b>Monthly Income</b> \$ _____
<b>Position/Title/Type of Business</b>		<b>Business Phone (incl. area code)</b>
<b>Name &amp; Address of Employer</b>	<input type="checkbox"/> <b>Self Employed</b>	<b>Dates (from – to)</b>
		<b>Monthly Income</b> \$ _____
<b>Position/Title/Type of Business</b>		<b>Business Phone (incl. area code)</b>





### THE FOUR Cs CHALLENGE (continued)

**2) Monthly Income and Combined Housing Expense Information:** \_\_\_\_\_

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

Combined Monthly Housing Expense	Present	Proposed
Rent	\$	
First Mortgage (P&I)		\$
Other Financing (P&I)		
Hazard Insurance		
Real Estate Taxes		
Mortgage Insurance		
Homeowner Assn. Dues		
Other		
<b>Total</b>	\$	\$



### THE FOUR Cs CHALLENGE (continued)

3) Declarations: \_\_\_\_\_

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

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

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



# MANAGE OR DAMAGE?

**Sample credit report:**

<b>JOHN Q CONSUMER</b> <b>Report #1234567</b>	<b>Report Date</b> 01/01/2006
<b>Personal Information</b> 123 Main Street, #2 Somewheresville, USA 01234 <b>SS#:</b> 123-45-6789 <b>DOB:</b> 02/01/68	<b>Employers</b> 1. ABCDE Engineering Corp., Somewheresville, USA 2. Port City Engineering, Anywhere, USA
<b>Potentially Negative Items</b> <b>Televise Cable Comm.</b> <b>Acct#:</b> 1234 5678 1234 5678 <b>Date filed:</b> 05/01/05 <b>Status:</b> Delinquent in collections 120+ days	
<b>Amount:</b> \$35.00 <b>Credit limit:</b> N/A	
<b>Accounts in Good Standing</b> <b>XYZ BANKCARD USA</b> <b>Acct#:</b> 0110220 <b>Date added:</b> 12/12/98 <b>Status:</b> Open/Never Late <b>Monthly payment:</b> \$15.00 <b>High balance:</b> \$129.00 <b>Credit limit:</b> \$1,000.00	<b>Homeowner Credit Services</b> <b>Acct#:</b> 0110220 <b>Date added:</b> 04/23/00 <b>Status:</b> Closed at consumer's request 08/22/2004 <b>Monthly payment:</b> \$0 <b>High balance:</b> \$3,228.00 <b>Credit limit:</b> \$1,000.00
<b>Requests for Credit History</b> <b>VISA Card</b> <b>Address:</b> PO Box 1414, NY, NY 10001 <b>Date:</b> 04/01/05	



## **MANAGE OR DAMAGE? (continued)**

**Name:** \_\_\_\_\_

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

"I've had a credit card for about a year now and I use it mostly to buy bigger items. Like last week I bought a new microwave for my apartment and put it on my credit card. I get a bill at the end of every month and then I'll go online and pay it in full. I don't want to have to worry about the credit card adding up to more than I have so I just think it's easier to pay it off every month."

–Eli, 22 years old

**MANAGE**

**DAMAGE**

Why? \_\_\_\_\_

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

–Imani, 18 years old

**MANAGE**

**DAMAGE**

Why? \_\_\_\_\_

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

–Ethan, 19 years old

**MANAGE**

**DAMAGE**

Why? \_\_\_\_\_



# CREDITWORTHINESS COMIC

**Name:** \_\_\_\_\_

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

	<p><b>Box 1:</b> Use this space to illustrate the beginning of your story, such as who is demonstrating the creditworthy act (your main character) and where the story takes place (at home, at a bank, at a store).</p>
--	--

<p><b>Box 2:</b> Use this box to illustrate the middle of your story, or where all the action takes place.</p>	
--	--

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