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I Think: Economics

Personal Finance



By Kendra Corr

With contributions by Wendy Moeller

** It is the goal of InspirEd Educators to create instructional materials that are interesting, engaging, and challenging. Our student-centered approach incorporates both content and skills, placing particular emphasis on reading, writing, vocabulary development, and critical and creative thinking in the content areas.

Edited by Kendra Corr and Sharon Coletti

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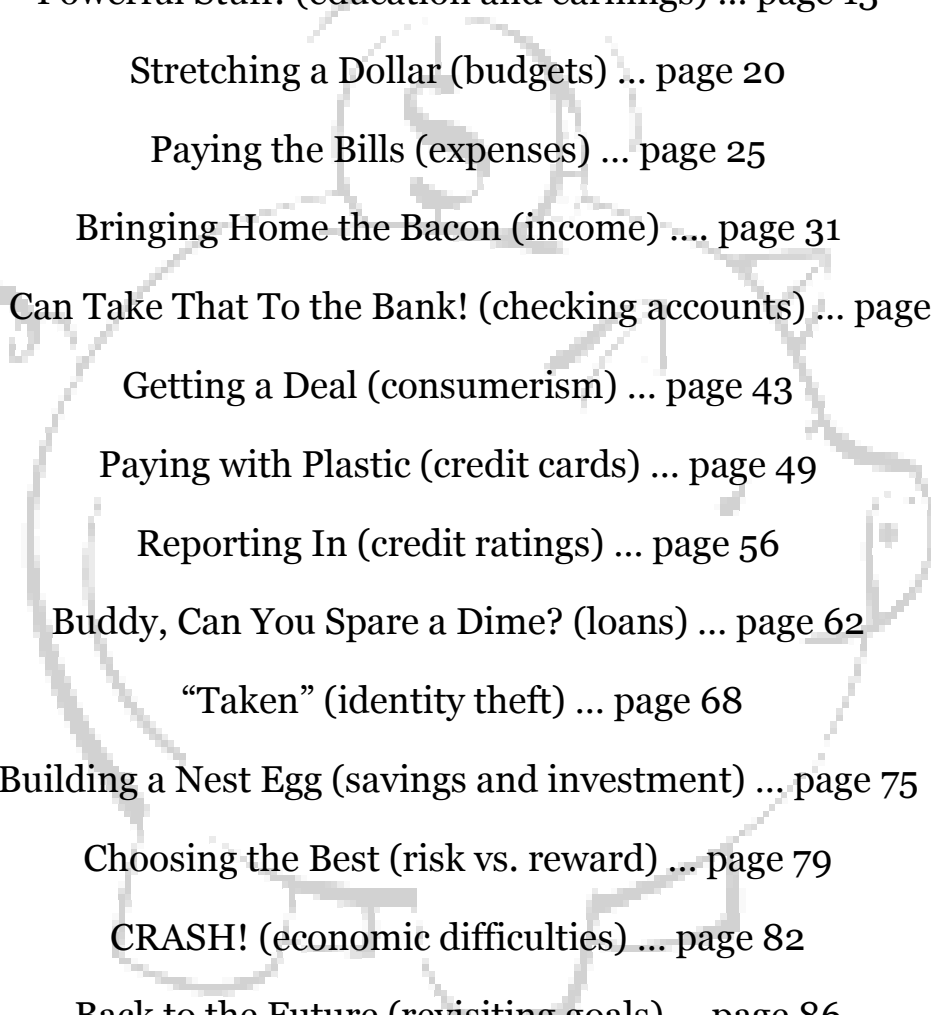
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Table of Contents



Objectives (terms, questions and answers) ...	page 6
S-U-C-C-E-S-S (goal setting) ...	page 8
Powerful Stuff! (education and earnings) ...	page 13
Stretching a Dollar (budgets) ...	page 20
Paying the Bills (expenses) ...	page 25
Bringing Home the Bacon (income)	page 31
You Can Take That To the Bank! (checking accounts) ...	page 35
Getting a Deal (consumerism) ...	page 43
Paying with Plastic (credit cards) ...	page 49
Reporting In (credit ratings) ...	page 56
Buddy, Can You Spare a Dime? (loans) ...	page 62
“Taken” (identity theft) ...	page 68
Building a Nest Egg (savings and investment) ...	page 75
Choosing the Best (risk vs. reward) ...	page 79
CRASH! (economic difficulties) ...	page 82
Back to the Future (revisiting goals) ...	page 86
Reviewing Terms (vocabulary puzzle) ...	page 90
Differentiated Content and Skills Assessments (A- modified; B – average; C- accelerated) ...	page 92
Resources (bibliography) ...	page 97



S-U-C-C-E-S-S!

Springboard:

Students should complete the “What is Success?”
free write for 3-5 minutes..
(Answers will vary but should spark discussion.)

Objective: The student will be able to explain why it is important to set personal goals.

Materials:

What is Success? (Springboard handout)
Setting Your Goals (handout)
Brainstorm! (handout)
Assets and Liabilities (handout - see below)

Terms to know:

personal finance - money decisions made by and affecting an individual person
goal - what is hoped to be achieved in the future
asset - factor that helps goals to be met
liability - factor that stands in the way in meeting your goals

Procedure:

- After sharing their Springboard answers, explain that in this unit the student(s) will learn how personal finance (review term) can help achieve success. Go on to explain that in order to achieve success one should make a plan for “getting there,” whatever “there” means in terms of success for each person. One way to do this is to set goals for the future.
- Distribute “Setting Your Goals” and review the directions. The student(s) should work independently to identify short-term and long-term goals.
- Have them share their goals, as desired.
- Then distribute “Brainstorm!” and have the student(s) work individually, in pairs, or small groups to brainstorm per handout directions.
- Have them share / compare their ideas and discuss. (Answers will vary but should be explained.)
- Introduce the terms “asset” and “liability” and explain that though these terms can be used in a strictly financial way, referring to wealth and property or debts, this unit uses more general definitions. Assets can be ANYTHING that can help achieve goals (talent, skills, saving money, etc.), and liabilities can be ANYTHING that stands in their way (debt, poor credit, uncooperative attitude, etc).
- Distribute “Assets and Liabilities.” Explain that the student(s) will begin filling in this organizer now and continue to record ideas throughout the unit of study. Have them add one example from this lesson and discuss. (Answers will vary, but setting clear goals can be an asset because they provide a “blueprint” or plan for working toward and achieving success.)

What Is Success?

DIRECTIONS: Freewrite to answer the questions below. When you freewrite, you just start writing and keep writing until you're told to stop! This is a kind of brainstorming session, so spelling, grammar and punctuation are not relevant at this point. Just let your ideas FLOW!



What does "success" mean to you?

How will you know when you have achieved success?

[illegible]

Setting Your Goals

DIRECTIONS: Read the information below. Then list and explain AT LEAST TWO long term goals and AT LEAST FIVE short term goals that you have for your future.

To achieve all you want, it is helpful to set goals. There are two types of goals. **Long term goals** are those you must work toward over a long period of time. These won't happen overnight, but take time and careful planning to achieve. **Short term goals** can be accomplished in less time and can often be "steps" that can lead to a long term goal.

Long Term Goals:

1. _____

2. _____

Another? _____

Short Term Goals:

1. _____

2. _____

3. _____

4. _____

5. _____

Another? _____

↑ ASSETS AND LIABILITIES ↓

DIRECTIONS: As you progress through the unit, add and explain examples of assets and liabilities -- what you learn that can HELP meet your goals and what might HURT your chances of meeting them.





Powerful Stuff!

Springboard:

Students should complete the “Help Wanted” handout.
(Answers will vary but should be justified and spark discussion.)

Objective: The student will be able to explain the link between education and earning power.

Materials:

Help Wanted (Springboard handout)
Sources Tell Us... (2-page handout)
Dissecting the Data (handout)
Do Your Research (handout)

Terms to know:

pay scale - list of salaries based on experience, education, years on the job, or other factors
salary - fixed amount of money earned in a year, paid at regular intervals
career - long-term job or occupation
poverty rate - percentage of people who are poor

Procedure:

- After reviewing the Springboard, explain that this lesson examines the link between education and money earned.
- Distribute the “Sources Tell Us...” and “Dissecting the Data” handouts. The student(s) should work individually, in pairs, or small groups to study the data and complete the analysis form. (**NOTE:** For many students it may be necessary to review the difference between the degrees listed in the data, particularly the number of years it takes to earn each.)
- Have the student(s) share and compare their ideas and discuss.
- Distribute “Do Your Research.” Explain that the student(s) should pick a possible career that is of interest to them. These might be among the things listed in the previous goal-setting lesson or unrelated.
- Using the research guide provided, the student(s) should use the Internet to learn the requirements for pursuing that career and how much money could be expected. (**FYI:** There are several websites devoted to this topic. A search for “career information for students” nets good results. One particularly good site is the Occupational Outlook Handbook located at the U.S. Bureau of Labor Statistics homepage @ **www.bls.gov/oco.**)
- Have the student(s) share what they learn and add ideas to their “Assets and Liabilities” organizer. (Possible assets could be job training or education; liabilities could be dropping out of high school or not finishing college.)



HELP WANTED



DIRECTIONS: Study the pay scale for teachers in Riverview School District and the profiles of three people applying for the job. Then decide who you would hire and explain your decision in the space provided.

Years Experience	Bachelor's Degree	Master's Degree	Doctorate Degree
0-3	\$35,000	\$37,000	\$40,000
4-9	\$38,000	\$42,000	\$45,000
10-15	\$42,000	\$46,000	\$50,000
15+	\$46,000	\$50,000	\$55,000

The first candidate for the position is **Mr. Jackson**, a brand new teacher right out of college with a Bachelor's degree in education with a C+ average in his college courses. He is also qualified to coach varsity football and would love to do so.

The second applicant is **Ms. Springfield**, who has moved in from out-of-state and is seeking a teaching job near her new home. She has sixteen years of experience and comes with excellent recommendations from her former district. She has a doctorate degree in education and maintained an A average throughout her university career.

The third option is **Mr. Tucker**. He earned a Master's degree in education and also has a Bachelor's degree in psychology, maintaining a B average in all his studies. He has been teaching for nine years and is interested in sponsoring an afterschool program to help at-risk students.

I would hire _____ because:

Why do you think teachers with higher degrees earn more money in this district? _____

Sources Tell Us...



Source #1 - National Center for Education Statistics, Outcomes of Education Report, 2000

Average Salary According to Level of Educational Achievement

Education Level	Men	Women
Less than 9 th grade	\$20,789	\$15,978
Some High School	\$25,095	\$17,919
High school diploma or G.E.D.	\$34,303	\$24,970
Some college	\$40,337	\$28,697
2 year Associates Degree	\$41,952	\$31,071
Bachelor's Degree	\$56,334	\$40,415
Master's Degree	\$68,332	\$50,139
Professional Degree (pharmacist, lawyer, veterinarian)	\$99,411	\$58,957
Doctorate Degree	\$80,250	\$57,081

Source #2 - MSN Money, 2006

Average Additional Dollars Earned over 40 Years Compared to a Person with a High School Diploma

Degree	Average Value Added
Associate's	\$116,550
Bachelor's	\$308,588
Master's	\$180,010
Doctorate	\$187,920
Professional	\$716,927

Source #3 - Bureau of Labor Statistics, 2009

The Top Ten Highest Paid Jobs in 2009 (base salary shown)

#1	Anesthesiologist	\$184,340
#2	Surgeon	\$184,150
#3	Obstetrician and Gynecologist	\$178,040
#4	Orthodontist	\$176,900
#5	Oral Surgeon	\$164,760
#6	Internist (specialist doctor)	\$160,860
#7	Prosthodontist (dental specialist)	\$158,940
#8	Psychiatrist	\$149,990
#9	General Practitioner (family doctor)	\$149,850
#10	Chief Executive Officer	\$144,600

Source #4 - U.S. Census Bureau, 2006 American Community Survey

**People Living Below the Poverty Line by Level of Education
(Poverty line is below \$20,000 for a family of four)**

Education Level	Total % of population	% of male population	% of female population
Less than High School diploma	23.7%	19.5%	27.8%
High school diploma	11.5%	9.3%	13.5%
Some college or Associates Degree	7.8%	6.0%	9.2%
Bachelor's Degree	4.1%	3.6%	4.4%
Bachelor's +	3.1%	2.7%	3.5%

Source #5 - U.S. Census Bureau: American Community Survey, 2006

Unemployment Rate by Level of Education - Age 25-64

Education Level	Unemployment Rate
Less than High School diploma	9.6%
High School diploma	6.1%
Some College or Associates Degree	4.7%
Bachelor's Degree or higher	2.7%

Source #6 - U.S. Census Bureau: Occupational Outlook Quarterly, 2005

Lifetime Earnings Estimates by Level of Education

Education Level	Lifetime Earnings (in 2006 dollars)
Some High School, no degree	\$1,000,000
High School diploma	\$1,200,000
Some college, no degree	\$1,500,000
Associate's Degree	\$1,600,000
Bachelor's Degree	\$2,100,000
Master's Degree	\$2,500,000
Doctoral Degree	\$3,400,000
Professional Degree	\$4,400,000

Source #7 - Investopedia, a Forbes Digital Company

Three Top Paying Double Majors

#1	Master of Business Administration + Communications
#2	Master of Business Administration + Hospitality
#3	Master of Business Administration + Cultural Anthropology