



YOUR LIFE, YOUR MONEY

A Facilitator's Guide to Using the PBS Program

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YOUR LIFE, YOUR MONEY

A Facilitator's Guide to Using the PBS Program

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YOUR LIFE, YOUR MONEY

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TABLE OF CONTENTS

USING THE FACILITATOR'S GUIDE

Introduction	1
What's in this guide	2
How to use this guide	3

CHAPTER 1 Making It, Keeping It



Chapter Synopsis and Key Ideas	5
Activities	6
One – Personal Financial Freedom	6
Two – Hip-Hop Music Culture and Wealth?	6
Three – Hip-Hop Entrepreneur	7
Extension Activity	8

CHAPTER 2 Make Your Money Work For You

Chapter Synopsis and Key Ideas	9
Activities	10
One – Needs vs. Wants	10
Two – Personal Spending Plan	10
Three – Picking a Bank	11
Four – Cost of Independent Living	12
Extension Activity	13

CHAPTER 3 Digging Out of Debt



Chapter Synopsis and Key Ideas	15
Activities	16
One – Selecting a Credit Card	16
Two – Understanding a Credit Card Bill	16
Three – Debit vs. Credit Card	17
Four – Student Loans	18
Extension Activities	19

CHAPTER 4 Start Saving

Part 1 Ways to Save

Chapter Synopsis and Key Ideas	21
Activities	22
One – Short and Long Term Goals	22
Two – Types of Savings	22
Three – Career Choices	23

CHAPTER 4 Start Saving

PART 2 Saving for Retirement

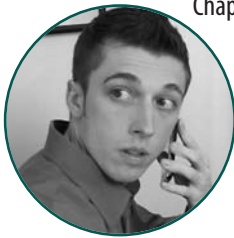


Chapter Synopsis and Key Ideas	24
Activities.....	25
One – Planning for Retirement.....	25
Two – How Your Money Grows	25
Three – Investing in Retirement	26
Extension Activities	26

CHAPTER 5 Get Insured

Chapter Synopsis and Key Ideas	29
Activities.....	30
One – Health Insurance Options	30
Two – Other Types of Insurance	31
Three – Dependents and Insurance.....	32
Extension Activities	32

CHAPTER 6 Do It Yourself



Chapter Synopsis and Key Ideas.....	35
Activities.....	36
One – Where Does Your Paycheck Go?	36
Two – Rewards and Challenges of Self-Employment	36
Three – Being Your Own Boss	37
Extension Activities	38

APPENDIX

The National Standards in K-12 Personal Finance Education	39
Glossary	40
Lesson Resources	
Personal Spending Plan.....	45
Picking a Bank	46
T Chart.....	47
Understanding a Credit Card Bill	48
Types of Savings.....	49
Planning for Retirement	50
Power of Compounding Chart.....	51
Other Types of Insurance.....	52
Bibliography	53
Websites	54
Related Public Media Resources	56

YOUR LIFE, YOUR MONEY

Introduction

This Facilitator's Guide is designed to enhance the educational value of the PBS program, "Your Life, Your Money" with young adults in high schools, colleges and the community. It will help you and those you teach learn more about important financial literacy issues that face us all. No matter one's background, it is obvious that the need to be financially literate has never been so pressing.

There are many definitions of personal financial literacy. The one used by the President's Advisory Council on Financial Literacy states that financial literacy is **"the ability to use knowledge and skills to manage financial resources effectively for a lifetime of financial well-being."** (2008 Annual Report to the President)

Therefore, it is much more than balancing a checkbook, comparing prices or obtaining a job.

Rather, personal financial literacy encompasses thinking skills, seeing the "big picture," and planning for the future, as well as using those everyday skills.

While reading and writing are taken for granted as part of a complete education, personal financial literacy has sometimes been neglected. As a result, there is a critical need for young people to acquire the skills and competencies they need to be successful in managing their personal financial lives, present and future.

"You always heard, don't sweat the small stuff, but when it comes to your money, you have to sweat the small stuff."

— Michelle Singletary

"There is never going to be a good time to get started on your financial life, so you might as well get started today."

— Peter Bielagus

"Your Life, Your Money" is an attempt to meet that need through dynamic, culturally aware stories of real young people in a variety of circumstances. As their stories unfold, the viewer learns how and why these young adults faced financial literacy challenges and what they did to overcome them. The characters, concepts, activities and resources found within the public television program, this Guide, and the companion website at pbs.org make a complete learning package for those wanting to enhance their financial literacy.

Compelling and relevant, the stories not only guide the viewer to a deeper understanding of the issues, but also include immediate, positive actions that young people can take to improve their own financial literacy skills. Bolstered by the wisdom and experience of experts in the field, the people featured take control of their lives and provide powerful examples of what it means to **"manage your money and not be managed by your money."**



A Few Words to Facilitators

We anticipate that those who use our television program, website and Guide will be working with a diverse range of young adults in a variety of educational settings. We think that a few words on the Guide content and application of the materials are warranted.

Section I

What's in this Guide?

The PBS program, “Your Life, Your Money,” contains six segments that feature the stories of different individuals. These individuals, or characters, have faced challenges that revolve around important financial literacy issues.

This Guide has been put together so that you can use the entire program or individual program segments to teach more about these critically important issues. The Table of Contents allows you to easily see how the program segment and Guide ideas work together.

Each chapter of this Guide contains key ideas, discussion questions, vocabulary words, activities and lessons. Various teaching tools are also included in the appendix.

Every attempt has been made to provide you with practical tools that you can easily duplicate in your own setting. These tools are “hands-on” and will allow learners to actually create, practice and use materials similar to what consumers encounter in the real world.

The activities in this Guide include specific quotes from the television program segments. Quotes may be from our host, Donald Faison; the young adults featured in the segment or from one of the financial literacy experts who appear in the program. The “expert” quotes are intended to easily link you and your students back to the program and the “voices” of the experts featured.

In the back of the Guide are handouts and lists of supplementary resources: websites, books, and periodicals, that can be used to enhance your lessons. An annotated bibliography makes it easy for you to select the resources best suited to your group.

The appendix also includes a glossary of financial literacy terms, as well as a complete listing of the National Standards in K-12 Personal Finance Education developed by members of The Jump\$tart Coalition. There are several other similar tools, but the Jump\$tart Coalition resources are most tightly aligned to “Your Life, Your Money.” For more information on the Coalition, see the Resources Section.

Section II

How to Use this Guide

*Average debt
for 22-29 year-olds:
\$16,120*

The PBS program “Your Life, Your Money” and this accompanying Facilitator Guide will help you, and those you teach, learn a lot about how to become financially literate and stay that way for life! There are no “quick fixes” on the road to financial stability, but this Guide contains some very useful information for groups with varied needs.

There are different types of lessons for each chapter: foundational, technology-infused both in the guide and on the website, and those that incorporate higher-order thinking skills. Additionally, we have included a few suggestions for optional activities. There are no hard and fast rules about which lessons should be taught to which groups.


You, as the facilitator and teacher, are best equipped to decide for any particular group, at any specific time, which lesson will work the best. Think of the lesson components as suggestions. Feel free to use whichever parts of a particular activity that seem most relevant to you and your situation.

For example, some “Discussion Questions” could form an entire lesson by themselves or some might be omitted entirely to fit into the time you have available. Flex the contents of the Guide to meet your individual needs.

We also encourage you to use this Guide in conjunction with the rich media content and special tools and resources available at the “Your Life, Your Money” website at www.pbs.org/yourlifeyourmoney.

The key point to remember is that the activities are all tightly interwoven with the “Your Life, Your Money,” television program, so they all work!

For maximum effectiveness, we recommend the following steps:

- ① Preview the program segment you wish to use prior to showing it to your group or class.
- ② Read through **all** of the activities in the Guide for that particular chapter.
- ③ Decide which activity (ies) “fit” best with your style and that of your group. Be sure to take a look at the “Materials Needed” section for such specialized components as, “computers with internet access” or specific handouts.
- ④ Review the **“Facilitator Tip”**  sections of the activities for additional information that you might need for your planning.
- ⑤ Refer to the Glossary and Standards segments of the Guide to familiarize yourself with the key terms and national standards. Make note of any vocabulary words you think might be key to student understanding.
- ⑥ Check out the Resources section for many valuable print and electronic supports you can use to enhance your participants’ understanding of important financial literacy concepts.
- ⑦ Be sure to refer to the “Your Life, Your Money” website for additional resources and up-to-the-minute information at www.pbs.org/yourlifeyourmoney.
- ⑧ Assemble your materials, click on the program, and have fun teaching and learning!

Making It, Keeping It

Chapter Synopsis: Realizing that young adults don't receive enough fundamental knowledge about finances at school or at home, music mogul Russell Simmons co-founded the Hip Hop Summit Action Network, which puts on the "Get Your Money Right" seminar on personal finance. At the summit in Atlanta, Georgia, Hip Hop stars and music industry professionals share the life lessons they learned with an engaged audience.

Musicians like Young Joc, D. Woods, and Asher Roth offer inspiration and guidance as they stress that proper money management is a vital life skill. Artists and experts alike emphasize that information is readily available. "Getting your money right" or being financially literate and responsible is the key to a solid future.



Russell Simmons

Key Ideas: Defining the Problem of Personal Financial Literacy

- It's your life and your money
- Start with small steps
- Start when you're young

National Standards: A 1,2,4,5; B 1,2,3; C 1,2,4,6; D3; F 1,2,3

Vocabulary:

The facilitator should go to the glossary to review these terms prior to starting any activities.

entrepreneur	financial security
financial literacy	personal finance

Pre-Viewing Discussion Questions:

How did you learn to handle your money? What are some strategies that you or the people you know use to handle money?

Post-Viewing Discussion Questions:

- ① What changes in his life made Russell Simmons want to know more about money and managing it?
- ② What do you think Russell Simmons means when he says, "They have no idea what to do...they get into big trouble." Why do we need to learn about money and finances?
- ③ Where do you currently go if you have a financial question? (Based on participants' answers, begin discussion on alternate sources of financial information.)
- ④ How likely is it that a typical person will have wealth like Russell Simmons to manage? Should that be an excuse not to manage your own money wisely?
- ⑤ Does/Did your high school or college offer courses that would help you manage your money?

ACTIVITIES

Activity One – Personal Financial Freedom

Materials Needed: chart paper, markers, tape (easels if there is limited wall space)

Prior to beginning this activity, the facilitator will need to put chart paper up in the four corners of the room with headings such as, “Financial Literacy,” “Freedom,” “Civil Rights,” “Financial Security,” and so forth.

The facilitator should begin the activity by asking the following questions:

It was once said by a civil rights leader that the last leg in civil rights is financial literacy.

- ① What do you think this means and what is your reaction to this statement?
- ② What do you think is the relationship between civil rights and financial literacy? Between freedom and financial literacy?

The above conversation can be structured as a roundtable activity.

Participants rotate around the room, writing what they think each of the terms means. Students should think about definitions, examples from their lives and relationships between the terms. The facilitator should monitor the work of the groups and indicate when they need to move on to the next chart.

The facilitator should conclude this activity with the following:

After everyone has had a chance to visit all four areas, as a group, read through and discuss.



Web Exclusive: To find a technology-infused version of this activity, go to the “Your Life, Your Money” website at www.pbs.org/yourlifeyourmoney and look for “**Blogging on Personal Financial Freedom**” in the Educators & Families section.



Activity Two - Hip-Hop Music Culture and Wealth?



Materials Needed: several large photos, cardboard or tagboard, overhead projector, large chart paper, markers, overhead transparencies

Prior to beginning this activity, the facilitator should have several large photos cut out of magazines that depict Hip-Hop or popular culture stars, jewelry, cars, CD covers, fashion, etc. or assign students to bring in their own images.

- These photos should be glued onto cardboard or tag board; if you have technology available, you could pre-select a few websites to fulfill the same purpose.

The facilitator should begin this activity by:

Displaying the pictures where everyone can see them and then asking the participants to individually reflect and write about what they see and how those images make them feel. What are they being persuaded to think or want?

- After giving them adequate time to do so, the entire group should discuss all the answers.
- The facilitator should develop and write a list of terms either on an overhead projector, large chart paper or the like that would describe hip-hop music and popular culture as the participants are sharing.
- Note how many times participants refer to material wealth. Then ask: how is this representation different from real world experiences? How might popular culture shape our ideas about money?

“This is all about getting you on the right path now, before you make all the mistakes that your parents made or their peers made.”

— Michelle Singletary

- Use this as your jumping off point to refer back to sections of chapter one where young adults and Russell Simmons discuss “making mistakes” in regard to money. Brainstorm ways such “big trouble” (Simmons) might be avoided. What questions should we ask to ensure that we are making informed choices and decisions?



“The good news for a lot of young people who are starting out is that it actually isn’t all that complicated to get your finances in order.”

— Beth Kobliner

The facilitator should conclude this activity with the following:

Use the following quote, “And, the same thing happens on a smaller scale to everybody, not just artists,” and ask participants to write out or discuss their reactions to the statement.



Facilitator Tip: If your participants are more comfortable giving their answers orally instead of writing them individually, this may easily be done. Just be sure that you are capturing what they are saying on chart paper or an overhead.

Activity Three - Hip Hop Entrepreneur

Materials Needed:

Set of documents, linked on the website at www.pbs.org/yourlifeyourmoney
Computer access for word processing; Printers

The facilitator should begin this activity by sharing and discussing the following:

Recently, “USA Today” named Russell Simmons one of the “Top 25 Most Influential People of the Past 25 Years,” calling him a “Hip-Hop pioneer” for his groundbreaking vision that has influenced music, fashion, finance, television and film, as well as the face of modern philanthropy.

In addition to these accomplishments, Simmons helped create the “Hip-Hop Summit Action Network.” Founded in 2001, the Network is dedicated to harnessing the cultural relevance of hip-hop music to serve as a catalyst for education advocacy and other societal concerns, such as civic engagement and financial literacy, fundamental to the well-being of at-risk youth throughout the United States.

The facilitator should then print out the directions below or place them on an overhead projector and review with the participants:

After you have viewed the segment from “Your Life, Your Money,” on the Hip Hop Summit and the career of Russell Simmons, read the documents linked on the “Your Life, Your Money” website for this activity and then use them to do the following:

- ① Identify the main idea of each document. Illustrate, with specific examples, why you feel the idea you have selected is the main idea.
- ② Is there an overarching theme related to the documents? Why or why not? Defend your choice with specific examples.
- ③ Discuss the documents as they relate to the segment of the “Your Money, Your Life” program that you have viewed on the Hip-Hop Summit.
- ④ Explore such issues as empowerment, role models and the story of Russell Simmons’ career as an entrepreneur, not just as a music executive.
- ⑤ Compare the statements made by Benjamin Chavis, Ph.D., former president of the NAACP and the Vice-President of HSN, to those he made in the program segment.
- ⑥ Finally, analyze and discuss the statements made by Dr. Chavis and Russell Simmons (both in the documents and in the program segment) in regard to the 60s Civil Rights movement and the societal impact today of Hip-Hop.



Facilitator Tip: You may wish to use the questions above as discussion questions if time does not permit a lengthy writing assignment. Select those you feel are most relevant to your group.

The facilitator should conclude this activity by: Sharing the written work of the participants and using it for further discussion.

EXTENSION ACTIVITY:

Members of the group volunteer to contact a local businessperson, bank manager, owner of small business or someone locally who is in public service, the mayor for example. They must ask permission to interview them.

When conducting the interview, use our work on Russell Simmons as well as some of the quotes from the experts and ask them to discuss their personal beliefs on wealth and managing their money.

Their answers could be written, such as a news story, or recorded on video, audio or digitally. Presentations to the entire class could be made, where participants share their interviewee's story and how it does or does not compare to that of Russell Simmons.



WEB RESOURCES:

YOUR LIFE, YOUR MONEY WEBSITE

Find video, financial tools and resources, and an interactive game at our website

www.pbs.org/yourlifeyourmoney

Other Web Links:

<http://www.hsan.org/Content/Home.aspx?pagelD=241>

Hip Hop Summit Action Network

http://hsan.org/media/pdf/hsan_english.pdf

Hip Hop Summit "Get Your Money Right" Workbook

http://hsan.org/media/pdf/hsan_spanish.pdf

Hip Hop Summit "Get Your Money Right" Workbook - Spanish

Make Your Money Work for You

Chapter Synopsis: Min Lwin, an engineer and recent college graduate in Chicago, must deal with managing his finances as he lives independently for the first time. Though tempted with the desire to reward himself, he has to live on a tight budget. As he tracks his everyday living expenses, he learns how to sort his needs from his wants.

By establishing a goal for saving, he also learns to plan for the future. Banks, both online and traditional, offer a wide variety of services (and charges to go along with them) to help people manage their money. By considering the importance of various factors like perks, fees, and ATM access, one can find the bank or credit union that's best for them.

Key Ideas: Managing Your Money and Budgeting

- Separate needs from wants
- Create a spending plan
- Pick the right bank for you
- Pay yourself first (in savings)

National Standards: A 1,2,4; B 2; C 1,2,3,4,6; D 3; E 1; F 1

Vocabulary:

The facilitator should go to the glossary to review these terms prior to starting any activities.

ATM	debit card	online banking
bank	deposit	savings account
budget/personal spending plan	direct deposit	withdrawal
checking account	discretionary expenses	
credit card	expenses:	
credit union	fixed	
	periodic	
	variable	

Pre-Viewing Discussion Question: How do you spend your money?

Post-Viewing Discussion Questions:

- ① How did Min Lwin's financial responsibilities change once he graduated from college?
- ② Identify one wise economic decision that Min made in getting established on his own. Identify one economic mistake that he made in getting established on his own.
- ③ What is your thought process when making a purchase? Have you ever regretted a large purchase after you've made it? Explain.
- ④ Donald Faison said: "Keep track of everything you spend money on for at least two weeks." Have you ever tried keeping track of your expenses for a period of time to see where your money goes? If so, what did you discover? If not, what do you suspect you might discover?
- ⑤ The title of this segment is: "Make Your Money Work for You." A quote from the program stated: "The trick is to make your money work for you, and not the other way around." What is meant by this?



Min Lwin



"I have no problem with people spending what they make. The problem comes when you're spending money that you don't have."

— Ron Lieber

ACTIVITIES

Activity One - Needs vs. Wants

Materials Needed: “T chart” found in the appendix

The facilitator should begin the activity by asking the following questions:

- ① One of the experts, Michelle Singletary, says, “Anytime you go shopping you should ask yourself, is this a need or a want?”
Is this how you decide when to spend money? Why or why not?
- ② What is the difference between a need and a want?

The facilitator should distribute a copy of the T chart to each participant and have them label one column “Wants” and one column “Needs.”

Next, the facilitator should provide a list of items someone might want or need such as: rent, car or other modes of transportation, coffee, milk, cable, paper towels, cell phone, bottled water, etc.

Divide the room into two sections, one side being “wants” and the other “needs.” Read off the list of items again and have the students move to the “needs” or “wants” side of the room and explain their choices.



Facilitator Tip: Having the participants physically move helps make the point how fluid our choices really are and how everyone sees them differently. What may be a “want” for one person might be a “need” for another, depending on personal situations.

Each participant should then list his/her current needs and wants in the appropriate “T chart” columns.

Discussion should follow with participants sharing information.

The facilitator should conclude this activity with the following:

Emphasize that every financial choice has consequences.

“Anytime you go shopping, you should ask yourself, is this a need or is this a want?”

— Michelle Singletary

20% for debt payments
30% for rent
10% for savings

Activity Two - Personal Spending Plan

Materials Needed: “Personal Spending Plan” found in the appendix

The facilitator should begin the activity by asking the following questions:

- ① Experts believe that once you look at your monthly budget, you can see where the money is going. Why do you think this is important to do?
- ② Do any of you actually write up a budget like Min Lwin did—keeping track of expenses versus income? If not, why not?

The facilitator should distribute a copy of the “Personal Spending Plan” for each participant.

The facilitator should then direct participants to:

- ① List their monthly income(s)
- ② List their monthly expenses: They should include fixed and variable expenses, for example, rent is fixed, utilities are variable.
- ③ List their discretionary expenses. For example, entertainment, ie. movies, concerts, etc.
- ④ Participants should then total all expenses and subtract this figure from their monthly income(s).



Note: Since many young adults are between the worlds of school and work, they can still make a plan for use of their funds, whether coming from an allowance, a savings account, or a part-time job.

Facilitator should ask participants:

- ① Did any of you obtain a negative number? If so, what can you do to adjust your expenses so that they do not exceed your income?
- ② Did you include “savings” as one of your expenses? Why or why not?

The facilitator should conclude this activity with the following questions:

- ① Discuss this quote from Donald Faison, “You must be able to distinguish between what you want and what you can afford.”
- ② How do role models and peer pressure affect spending patterns?



Web Exclusive: To find a technology-infused version of this activity, go to the “Your Life, Your Money” website at www.pbs.org/yourlifeyourmoney and look for “**Personal Spending Spreadsheet**” in the Educators & Families section

Activity Three - Picking a Bank

Materials Needed: “Picking a Bank” found in the appendix

DAY 1

The facilitator should begin the activity by asking the following questions:

- ① Why do most people find it necessary to have a bank account?
- ② How many of you have your own bank account - checking, savings or both?
- ③ How many of you know the policies of your traditional or online bank? For example, fees, ATM policy, balance requirements.

Facilitator should distribute a copy of “Picking a Bank” to each participant.

Facilitator should instruct each participant to obtain information about one traditional or online bank or credit union in response to the questions. Information can be obtained in person or online. Instruct participants to bring their completed data sheets on Day 2 of this activity.

It is important to note that banks, credit unions and online banks are regulated by state and federal rules and insure deposits.



Facilitator Tip: Be sure that all participants don’t get information on the same financial institution; assign a variety of banks.

“It’s very important for people to realize a bank account is a good place to start your financial life.”

— Beth Kobliner

DAY 2

Discuss the variety of data that participants have found in response to the questions. **Note that the best bank choice for one person may not be the best for another, depending on personal situations.**

The facilitator should conclude this activity with the following questions:

- ① Do you agree with Michelle Singletary’s quote: “You have to look at your banking habits and choose an institution that meets the things that are important to you, just like when you go out on a date.”?
- ② Why is it important to shop around for a financial institution?

Activity Four – Cost of Independent Living

Materials Needed:

Sets of Standards (see below)
Computers with Internet Access
Local newspapers
APA or Chicago Style Guide(s)

<http://www.apastyle.org/>

http://www.chicagomanualofstyle.org/tools_citationguide.html



The facilitator should begin this activity by stating the following:

Min Lwin discovered that even though he had obtained a good job, because he was living on his own everything cost more. He said, "...So no more roommates so I can't split any of the expenses like cable and internet. ..." Min had to start from scratch. "I didn't have any furniture when I came in ... everything's more expensive in the city."

We're going to put ourselves in Min's shoes for the next few days and investigate where to live and all of the expenses that go with finding an apartment by yourself. Remember as you do this activity, like Min, you don't have any roommates to share expenses with. After you gather your information, you're going to put it all together in a research paper.



Facilitator Tip: To gain the most benefit from this multi-disciplinary activity, the facilitator should allow sufficient time to do the following:

- View "Your Life, Your Money," Chapter Two, Min Lwin
- Review the standards references in the activity. Complete at least one other activity from Chapter Two prior to this one for context.
- Allow class time, as well as out of class time, for the participants to complete the assignment - this is a multi-day set of tasks.

The National Council for Social Studies (<http://www.socialstudies.org/standards/strands>) lists a variety of skills that senior level students should acquire prior to high school graduation. Learning and practicing those skills, coupled with the JumpStart Coalition's Standards (<http://www.jumpstart.org/guide.html>) and those from the National Council of Teachers of English, (<http://www.ncte.org/standards>) should be reviewed and included in this activity. This combination leads to a highly cross-curricular lesson.

Many of the inter-disciplinary skills listed through these websites should be used to complete the following activity, based on Min Lwin's story in "Your Life, Your Money." Facilitators should select those skills they feel are most relevant for their group.

Participants should search newspaper want ads and free internet sites to investigate the cost of an apartment in **at least two neighborhoods/areas** locally. They might also check bulletin boards in neighborhood community centers and stores that post real estate listings.

Once they have selected at least two apartments that look interesting to them, they must gather information and investigate the sites thoroughly.

Data they collect should include (but is not limited to) details such as:

- rent
- typical utility costs (for example: cable or dish TV, water, electricity, heat)
- security deposits
- renter's and disability insurance costs
- cell or landline phone – determine monthly costs of both
- if major kitchen appliances and laundry facilities are not included, cost of such appliances and their installation
- proximity to their work and/or school site – how much will it cost to get to and from the apartment – is it close to bus lines? Is parking included in the rent, or is there an additional fee?
- policies regarding pets and/or children – is there an extra security deposit?

"Pay no more than a third of your take-home pay on housing costs."

— Michelle Singletary

After completing their research, participants will prepare a research paper, using APA or Chicago style that examines and explains both the processes they used to reach their final decision about which apartment they can afford, as well as their actual choice. Participants should compare the various apartments, using graphic displays such as charts and graphs, and include a well-reasoned conclusion.

Depending upon how much time is available, participants might also be instructed to prepare an oral report to share their information so that everyone in the group can learn from each other.

The facilitator might want to conclude this activity with the following questions:

In this segment of “Your Life, Your Money,” we heard Donald Faison and Min Lwin discuss being on their own for the first time and trying to manage their money. Michelle Singletary says, “. . . You should ask yourself, is this a need or a want?” She also advises us, “Every penny ought to have a purpose.”

What did you find out by doing your research? Can you afford the apartments you were looking at? Do you want or need cable TV? Is renter’s insurance a want or need? Would being able to walk to work be better than spending “pennies” on bus fare? All participants should use their reports and peer feedback to determine if “what they want is what they can afford.”

EXTENSION ACTIVITY:

Participants should search in newspaper advertisements or online sites to investigate the cost of at least three items they may want or need; for example a television, washer and dryer, cell phone, bicycle, car or home entertainment system.

Data should also be collected for any additional monthly or yearly expenses that may be needed for these items after purchase: gas, phone, cable, electricity, heat and upkeep.

Participants should share their information with others in the group, learning from each other. Participants should use this information to determine if what they want is what they can afford and if there are other options for these same items.



WEB RESOURCES:

YOUR LIFE, YOUR MONEY WEBSITE

Find video, financial tools and resources, and an interactive game at our website
www.pbs.org/yourlifeyourmoney

“YOUR MONEY COUNTS” LINKS (a public service of HSBC Bank)

http://www.yourmoneycounts.com/yfc/plans/financial_goals

Financial Goals (Your Future Counts)

http://www.yourmoneycounts.com/yfc/money/managing_your_money/finding_a_bank

Finding a Bank (Your Future Counts)

http://www.yourmoneycounts.com/ymc/money/banking/using_checking/debit_cards.html

Debit Cards (Your Money Counts)

http://www.yourmoneycounts.com/ymc/money/banking/online_banking

Online Banking (Your Money Counts)

http://www.yourmoneycounts.com/ymc/money/managing_your/how_budget_works

How a Budget Works (Your Money Counts)

<http://www.yourmoneycounts.com/ymc/tools/quizzes/quiz1.html>

Cash or Credit – Quiz (Your Money Counts)

Other Web Links:

<http://www.themint.org/kids/tracking-your-checking-account.html>

Tracking Your Checking Account

<http://www.themint.org/kids/determining-your-budget.html>

Determining Your Budget Interactive

<http://www.smartaboutmoney.org/LinkClick.aspx?fileticket=RBYaH0hlw7E%3d&tabid=442&mid=832>

Getting Fiscally Fit Worksheets

<http://www.smartaboutmoney.org/LinkClick.aspx?fileticket=Vxnjl%2fqEvQo%3d&tabid=442&mid=832>

Get Money Wise - with Worksheets

DIGGING OUT OF DEBT

Chapter Synopsis: Amanda McCormick, a college student in Tallahassee, Florida, went into debt for \$30,000 shortly after getting a few credit cards. She discovered that credit cards are just a very expensive loan, and if they can't be paid off immediately, they should be avoided. Young people should choose credit cards with low interest rates and no annual fees.

If you get into trouble, consumer credit counselors can give you tips on how you can repair your damaged credit score. Credit scores, which measure the history of one's credit transactions, reflect negative actions like late payments or maxed out cards. An unfavorable score affects interest rates charged on loans. Responsible consumers check their score at least once a year. There's never a good time to get started on a financial life, so it should start today.



Amanda McCormick

Key Ideas: Credit and Debt: What You Need to Know

- Choose and use your credit card wisely
- Always pay your bills off in full each month
- Check your credit report regularly
- Research and understand student loan options

National Standards: A 1,2,4; C 1,3,4,6; D 1-4

Vocabulary:

The facilitator should go to the glossary to review these terms prior to starting any activities.

APR	grace period	debt
check card	late fee	grant
collection agency	minimum payment	interest rates
credit	over limit fee	student loan:
credit card:	credit counseling service	loan deferment
annual fee	credit report	loan forbearance
billing cycle	credit score	subsidized loan
disclosure information	creditor	unsubsidized loan
finance charge	debit card	

Average yearly
tutuion for a 4-year
private college:
\$25,000

Pre-Viewing Discussion Questions: Are you in debt? Do you know people who are in debt? What is a credit score?

Post-Viewing Discussion Questions:

- ① What is credit? Does everyone need credit? When is it advantageous to use credit? When is it not advantageous to use credit?
- ② According to the chapter segment, "Digging out of Debt," young people today often have significant debt. Why?
- ③ According to the segment, "Digging out of Debt," how can you get yourself out of credit card debt?
- ④ What are the consequences of failure to keep up with loan payments or credit card payments?

ACTIVITIES

Activity One - Selecting a Credit Card

Materials Needed: overhead projector or board (if using chart paper — markers, tape and easel if there is limited wall space), at least three credit card application letters with accompanying pages of terms and conditions.

Prior to beginning this activity the facilitator should obtain at least three real or facsimile credit card applications with letters that say, “You have been pre-approved for a credit card.” Make copies of the materials that provide the terms and conditions of each credit card.



Facilitator Tip: The information (often in small print) contains the fees and conditions of the credit card, including terms such as: APR, annual fee, billing cycle, finance charge, grace period, late fees, over limit fees, minimum payment

The facilitator should begin the activity by asking the following questions:

- ① According to financial expert Michelle Singletary, “Credit cards companies ... reserve the right to change ... interest rates at any time.” Why do you think they do that?
- ② How many of you have a credit card?
- ③ How many of you signed up for a credit card because you were offered a gift?
- ④ What things should you consider or compare before selecting a credit card?

Distribute the three variations of the credit card terms and conditions to each participant.

Ask participants to look over the facsimiles and comment on what they see. Record responses on the board, overhead or large chart paper.

Ask participants to decide which of the credit cards would be the best option, providing reasons for their answers.

The facilitator should conclude this activity with the following questions:

- ① In addition to credit cards, what other options are available for obtaining credit?
- ② Why is securing your credit identity so important?



Web Exclusive: To find a technology-infused version of this activity, go to the “Your Life, Your Money” website at www.pbs.org/yourlifeyourmoney and look for “Selecting a Credit Card Online” in the Educators & Families section.

“When you’re comparing credit card offers, you want to get the lowest interest rate possible, and you don’t want to pay annual fees.”

— Beth Kobliner

Activity Two – Understanding a Credit Card Bill

Materials Needed: supply of paper for student brainstorming; board or chart paper, markers, tape (easel if there is limited wall space)

Prior to beginning this activity the facilitator should write the following points of information so that they are visible to all participants:

- Late fees are often \$29.
- Over the limit fees are often \$29.
- A typical interest rate is often 24%.
- Amanda spent \$4,000.
- Amanda had five credit cards.

The facilitator should begin this activity by stating the following:

Amanda said, “Over about six months between five cards, I spent less than \$4,000 . . . I acquired over \$30,000 in debt.”

Question: How did Amanda manage to accumulate \$30,000 in such a short time?

Divide the participants into small groups of three or four. Tell participants in each group to read over the five points of information visible in the classroom.

Next ask each group to brainstorm, by adding up fees, how many penalty fees it might take on five cards to add up to a balance of \$30,000.

Average monthly
loan payment
after graduation:

\$252



Facilitator Tip: One example of how this can be done is found in the appendix. See “Understanding a Credit Card Bill.”

The facilitator should conclude this activity by saying:

“Perhaps this sort of thing happened to Amanda.” Ask: How could you avoid the same problem? Lead a discussion and take suggestions on how to avoid Amanda’s problems. Here is a list of suggestions that might be included in the discussion:

- Make payments greater than the minimum required
- Make payments when the bill arrives instead of waiting until the due date
- Call the credit card company to have due date adjusted in order to avoid late payments
- If you accumulate a responsible payment record, sometimes creditors will lower the rate of interest or delete the annual fee if you call them and ask them to do so.
- Understand the consequences of not paying credit card bills on time. In addition to late fees, poor credit scores affect your future buying power of items such as cars and homes. It is also important to note that more than ever employers are investigating a job candidate’s credit history as a condition of employment.
- If you need help in repairing your credit situation, how do you identify and select a financial advisor?

Activity Three - Debit vs. Credit Card

Materials Needed: T chart found in appendix; chart paper, markers, tape (easel if there is limited wall space)

On board or chart paper set up a chart with two columns labeled “Credit Card” and “Debit Card.” Each column should be further divided into “Benefits” and “Costs.”

After distributing a copy of the T Chart to each participant, the facilitator should direct participants to label their handouts following the above directions and begin filling in the chart. One possible response might include: A Credit Card benefit would be the ability to purchase an item when you do not have the money. The cost would be the possible additional fee if the money is not paid back in the allotted time.

Facilitator should allow participants to spend adequate time to fill in this chart, based on information in Amanda’s story.

The facilitator should conclude this activity by:

Compiling data on his/her chart for class examination and discussion of the similarities and differences between credit and debit cards. Discuss the pros and cons of each type of card.



Facilitator Tip: This activity is based on Chapters Two and Three.

*“For the big things,
put it on the credit card,
but you’d better
be able to pay it off
that next month.”*

— Michelle Singletary

Activity Four – Student Loans

Materials Needed: internet access to financial aid websites such as: <http://www.fafsa.ed/gov/>



Facilitator Tip: All financial aid begins with the FAFSA application. These applications are also available in every high school or college counseling office.

The facilitator should begin this activity by stating the following:

In the program segment, “Digging Out of Debt,” Donald Faison says, “Tuition is at least two-and-a-half times what it was when our parents went to college. So even if you have a job while you’re in school, a student loan may be the only way you can pay your bills.”

Next, ask these questions:

- ① What options are available for a student to finance postsecondary education?
- ② What is the difference between a grant and a loan?

Then say: Assume that you have been accepted into a postsecondary educational program. You now have the task of researching all available options for obtaining student loans. Include the following vocabulary in your research:

VOCABULARY: Deferment, Federal Family Education Loan, Free Application for Federal Student Aid (FAFSA), Forbearance, Grant, Income sensitive payment, PLUS Loans, Signature Student Loan, Stafford Loans, Subsidized loan, Unsubsidized loan, William D. Ford Direct Loan

Use the Internet to obtain data from a variety of sources pertaining to eligibility, fees, interest rates, payment schedule, benefits, etc.



Facilitator Tip: You could suggest that participants begin their research by checking this site:
<http://www.fafsa.ed/gov/>

After compiling data, participants or groups should be directed to prepare a visual presentation on student loan options. Terms listed above should be included in each presentation. The facilitator should choose how to utilize participants’ visual presentations.

The facilitator should conclude this activity with a discussion based on the following:

- ① Financial expert Peter Bielagus talks about student loans. What advice does he give?
- ② What is the difference between a subsidized and an unsubsidized loan?
- ③ What advantages do private bank loans have over government loans?
What advantages do government loans have over private bank loans?
- ④ If you obtain a loan to finance a postsecondary education, what are the repayment options?
- ⑤ Using what you have learned from this activity, what type of loan(s) would you recommend to individuals in the following circumstances:
 - recent high school graduate living in a two income household
 - independent young person living alone in an apartment
 - single parent attending postsecondary school part time(facilitator may add other scenarios of his/her choosing)
- ⑤ Apply the information from this activity to your own life circumstances. Evaluate the type(s) of loan that is best suited to your own financial circumstances.



Facilitator Tip: The strategy outlined in this activity speaks to the historical ways in which students obtained loans. Should these methods change, the activity content would have to be adjusted accordingly.

EXTENSION ACTIVITIES:

- ① Facilitator directs students to research “What affects a person’s credit score?” Participants should include data on what causes credit scores to go up or down. Participants should bring researched data to class for discussion.
- ② Facilitator asks students to research personal bankruptcy laws, noting differences between Chapter 11 and Chapter 13. Which option is best for different situations?
- ③ Facilitator invites participants to research the differences among credit counseling services. Include those that are free and those that charge for the service. Find out what the fee might be, who sponsors that counseling service and exactly what the service provides for the customer.



WEB RESOURCES:

YOUR LIFE, YOUR MONEY WEBSITE

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www.pbs.org/yourlifeyourmoney

“YOUR MONEY COUNTS” LINKS (a public service of HSBC Bank)

http://www.yourmoneycounts.com/yfc/money/managing_your_money/using_credit_cards

Using Credit Cards (Your Future Counts)

http://www.yourmoneycounts.com/yfc/money/managing_your_money/credit_history_and_reports

Credit History and Reports (Your Future Counts)

http://www.yourmoneycounts.com/yfc/life/education/student_loans.html

Student Loans (Your Future Counts)

http://www.yourmoneycounts.com/ymc/credit/using_credit/credit_cards

Credit Cards (Your Money Counts)

http://www.yourmoneycounts.com/ymc/credit/using_credit/loan_sources

Loan Sources (Your Money Counts)

http://www.yourmoneycounts.com/ymc/credit/credit_history/coping_with_debt

Coping with Debt (Your Money Counts)

<http://www.yourmoneycounts.com/ymc/tools/quizzes/quiz2.html>

Do You Have a Debt Problem – Quiz (Your Money Counts)

Other Web Links:

<https://www.annualcreditreport.com>

The website for getting your credit report

<http://www.themint.org/kids/what-is-your-credit-card-iq.html>

The Mint - What is Your Credit Card IQ? - Quiz

Other Web Links: cont'd.

<http://www.themint.org/kids/owing.html>

The Mint - Owing Money

<http://www.debtadvice.org/takethefirststep/locator.cfm>

National Foundation for Credit Counseling – Agency Locator

http://credit-cards.interest.com/credit-cards/choose_best_credit_card.html

Manage Your Credit Cards Like a Pro

http://rates.interest.com/icom/rate/creditcard/cc_ratehome.asp?classificationuid=4&childcategoryid=111&childcategory=Student%20Cards&classtypeuid=1&classtypedesc=Card%20Type&ec_id=

Student Credit Card Comparison

<http://www.federalreserve.gov/pubs/shop/default.htm>

The Federal Reserve Board – Choosing a Credit Card



*“One of the best things
that you can do is to
check that credit report
every year for the rest
of your life.”*

— Peter Bielagus

Start Saving (Part 1 – Ways to Save)

Chapter Synopsis: Entertainer D. Woods has learned to be well-rounded in the talents she offers and to save money whenever possible. Experts advise having at least three months of living expenses saved as an emergency fund. Woods has organized her finances in separate bank and credit union accounts for savings and checking. She also has a CD (certificate of deposit), in which funds provide a better interest rate while being banked for a set period of time.

Key Ideas: The Importance of Saving Money

- Start saving early
- Create an emergency fund
- Invest in a retirement savings account

National Standards: A 1,2,4; B 1,2; C1,2,3,6; F 1,2,3

Vocabulary:

The facilitator should go to the glossary to review these terms prior to starting any activities.

401 k	credit union	IRA account	savings accounts:
403 b	equity	money market fund	on-line high yield
automatic savings plan	I Bond	mortgage	traditional
bonds	interest rates:	mutual fund	
certificate of deposit (CD)	simple	refinance	
checking account	compound	retirement plan	



Pre-Viewing Discussion Question: How much do you save?

Post-Viewing Discussion Questions:

- ① What is the purpose of saving money? Why should you not spend all the money that you have at any point in time?
- ② Why is it particularly important that D. Woods has a savings cushion?
- ③ A variety of ways of saving money, depending on your goals, are presented in the story segment, “Start Saving.” Besides traditional bank savings accounts, what are some of the other savings options presented?
- ④ It is often said that you can never start saving early enough in your life. Why is that so?
- ⑤ What are some of the suggestions that financial expert Beth Kobliner gives to D. Woods regarding controlling spending and increasing savings?

ACTIVITIES

“A certificate of deposit is like a savings account except that you keep your money in there for a set period amount of time.”

— Beth Kobliner

Activity One – Short and Long Term Goals

Materials Needed: T chart found in appendix

The facilitator should begin this activity by asking the following questions:

- ① In the story of D. Woods, we learn that D. keeps three bank accounts to organize her money. Why does she set up so many accounts?
- ② D., like everyone else, has to establish goals in life and plan financially to achieve these goals. Have you ever thought about your lifelong financial goals?

Facilitator should distribute a copy of the T chart to each participant.
Direct participants to label the two columns “Short Term Goals” and “Long Term Goals.”

Then tell participants to list personal goals and the time they might need to obtain these goals under each heading. These are goals for which they will have to save money.

After allowing adequate time for participants to complete T chart, discussion should follow.

The facilitator should conclude this activity with the following questions:

- ① As you listed your goals, did you think about how much money you would have to save to achieve your goals?
- ② How do you feel about the amount of time it takes to save that money in order to achieve your goals?

Activity Two – Types of Savings

Materials Needed: “Types of Savings,” found in appendix, visual aids of facilitator’s choosing

The facilitator should locate articles or ads from magazines, newspapers or internet sources for traditional bank savings options, high yield online savings options, certificates of deposit, money market funds, mutual funds and I Bonds. These will be your “visual aids.” (Alternative: print each of these terms on large pieces of cardboard or chart paper.)

The facilitator should begin this activity by asking the following questions:

- ① In the story segment, “Start Saving,” financial expert, Beth Kobliner said: “... people need to have a set savings cushion... The key is to save three months’ worth of living expenses in that fund.” Why does she recommend this?
- ② Why can’t you just save money under a mattress? Why must you find safe places to save your money?
- ③ Have you ever researched different savings options, especially high-yield options?

Next, hold up, project or distribute each of your “visual aids,” one at a time, and ask participants to:

- Identify what each one is
- Briefly explain what it represents as a savings option



Then, the facilitator should divide the large group into smaller groups of three or four individuals. Ask participants to discuss in their small groups, the advantages and disadvantages of each type of savings option. Large group discussion should follow.

After the discussion has been completed, the facilitator should direct participants to move back to their individual places. Distribute copies of “Types of Savings.”

The facilitator should then direct participants to list items under each category of savings reflecting **their personal** needs or wants.



Facilitator Tip: You may wish to give some examples to get the participants started, such as car repair and cell phone bills.

Next to each item listed, the participant should identify an appropriate savings option. Tell participants to be ready to defend their choices. Allow participants time to complete individual charts and then ask for or select volunteers to share information.

The facilitator should conclude this activity with the following questions:

- ① Why is it important to know whether interest paid on any type of savings account will be simple or compounded?
- ② What is the significance of compounded interest?
- ③ Why is it important to select a savings option based on short- or long-term goals?

Activity Three – Career Choices

Materials Needed: photos or posters of career types, board or chart paper, tape and markers (easel if wall space is limited)

Prior to beginning this activity the facilitator should collect photos or posters of various career types and place them on walls around the room.

The facilitator should begin this activity by:

Asking participants to stand in front of the photo or poster that most closely represents the type of career that they might like to pursue. Facilitator should ask participants to notice the number of people in front of each career choice and then the facilitator should note the information on the board. Participants can then take their seats.

The facilitator should conclude this activity with the following questions:

Facilitator should write responses on board

- ① What are some problems related to a career with lack of steady income, such as the musical career pursued by D. Woods?
- ② What steps could a person take to resolve or avoid these problems?
- ③ How many of you have thought about the impact your career . choice will have on your lifelong earning potential, on the stability and consistency of earnings, on your retirement income?

“In tough economic times, people really need to have a set savings cushion of money. The key is to save three months’ worth of living expenses in that fund.”

— Beth Kobliner



Web Exclusive: To find a technology-infused activity for this chapter, go to the “Your Life, Your Money” website at [www.pbs.org/ yourlifeyourmoney](http://www.pbs.org/yourlifeyourmoney) and look for “Career Choices” in the Educators & Families section.

Start Saving (Part 2 – Saving for Retirement)

Chapter Synopsis: Maria Cortez is a partner in her family's Mexican restaurant in New York. With a goal to retire at 55 and arrange her parents' retirement, she discusses her future with a financial advisor. He suggests starting an individual retirement account (IRA), a private, tax-free, interest-bearing savings plan set up with a bank. People who can get a 401(k), an employer-sponsored retirement plan, are advised to participate immediately.

Key Ideas: The Importance of Saving Money

- Start saving early
- Create an emergency fund
- Invest in a retirement savings account

National Standards: A 1,2,4; B 1, 2; C 1,2,6; E 1,3; F 1-6

Vocabulary:

The facilitator should go to the glossary to review these terms prior to starting any activities.

401k plan	financial advisor	Social Security
bonds	IRA	stock
certificate of deposit	mutual fund	tax shielded account
compound interest	rate of return	value
employer contribution	Rule of 72	

Pre-Viewing Discussion Question: Are you planning for retirement?

Post-Viewing Discussion Questions:

- ① In the story of Maria Cortez, financial expert Michelle Singletary says: "You should start saving for retirement the day you get your first job." When did Maria Cortez begin her retirement planning?
- ② How are Maria's retirement savings options different from those of a person working for an employer?
- ③ Why are games of chance NOT a good investment for building wealth?
- ④ What role does financial education play in becoming a good saver and investor? What new areas of knowledge does Maria want in order to save for retirement?
- ⑤ What decisions and choices has Maria Cortez made in her life thus far to insure financial success and security?



Maria Cortez

ACTIVITIES

Activity One – Planning for Retirement

Materials Needed: “Planning for Retirement” found in appendix

The facilitator should begin this activity by asking the following questions:

- ① What is your personal definition of wealth? Do you define wealth by dollars or by possessions?
- ② How do you suppose people get wealthy?
- ③ Have you thought about saving and planning for retirement?

Next, the facilitator should distribute a copy of “Planning for Retirement” to each participant.

The facilitator should divide participants into groups of three or four. Direct them to discuss and record their group’s responses to the three questions. Allow adequate time for small groups to complete task.

Reassemble as a large group and share ideas.

The facilitator should conclude this activity with the following questions:

- ① How do taxes affect your choices of retirement investments?
- ② Why is the employer contribution an advantage of putting money into a 401k or 403b at some companies?
- ③ What factors should you consider when choosing a financial planner or advisor to help you with your retirement planning?

“When you start in your 20’s and start to save long term, you can end up with tens of thousands of dollars more just by starting early.”

— Beth Kobliner

Activity Two – How Your Money Grows

Materials Needed: “Power of Compounding” chart found in appendix



The facilitator should begin this activity by distributing charts to participants.

Allow participants time to examine the chart, focusing on one column at a time. Direct them to see how in each column, the numbers increase at the same rate. Ask them to draw conclusions about why the totals at the bottom are so different.

After this discussion the facilitator should ask:

- ① Why might someone start investing and then stop after a few years?
- ② Why might some people delay investing for retirement?
- ③ Why is it important to leave your money invested as opposed to borrowing or withdrawing it?
- ④ Why is it a good idea to begin investing early?
- ⑤ What might be a reasonable amount (or percentage of your income) to save for retirement? Might you want to change this amount during your earning life?

The facilitator should conclude this activity with the following question:

Why is compounding defined as “interest on your interest?”

(The chart used in this activity illustrates the principle, using a 10% **rate of return**, a rate that is usually associated with the stock market.)

Activity Three – Investing in Retirement

Materials Needed: computers with internet access, magazines such as “Kiplinger’s,” “Money,” “SmartMoney,” and books on investing basics.

The facilitator should begin this activity by asking the following questions:

- ① If asked to create a retirement plan for yourself, do you feel confident that you could do this successfully? If not, why not?
- ② What is the difference between a traditional pension (“defined benefit plan”) and a 401k plan?
- ③ If you have no employer-provided program for retirement, what other options are available?

The facilitator should then state the following to participants:

Many employers provide retirement savings programs, or pension plans for employees. However, people who own their own business, or who work as independent contractors, must provide for themselves. In order to provide for retirement, people may contribute to a 401k Plan or an IRA or both. For either option, they often choose mutual funds in which to invest their money. In order to make wise choices, people must be able to understand what a mutual fund is and how to choose mutual fund(s) that best suit their objectives. Good places to find such information are magazines, books and the internet.

Directions for group: Your task will be to research and evaluate mutual funds from among the following categories: international stocks, domestic stocks, bonds, and a blend of stocks and bonds. Select FIVE funds (stocks, bonds or a combination) that you find appealing from among any of these categories. For each one that you have chosen, obtain the following information:

- Load (cost to buy or sell)
- Fees
- Risk rating
- Return rating
- One-year rate of return
- Five-year rate of return
- Ten-year rate of return

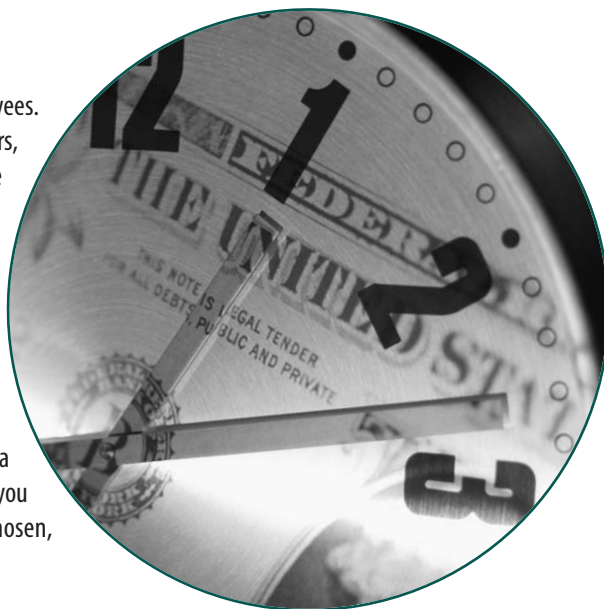
Then compare the rates of return and fees with those of an index fund, such as the S & P 500 Index. Based on your research, prepare a graphic representation of the data that you have obtained. Be prepared to defend your mutual fund choices.

The facilitator should conclude this activity with the following questions:

- ① From the research you have completed, what conclusions would you draw about investing in mutual funds for retirement?
- ② What have you learned about planning for retirement?

EXTENSION ACTIVITIES:

- ① Direct participants to research at least three occupations of interest to them and record the likely salary range, geographic areas of demand, training and education requirements. They will need to use the internet and/or the library to find the necessary information.
- ② The Rule of 72 - The facilitator should tell the participants:
“Mathematicians have discovered that by using the number 72 as the numerator and whatever number is the rate of return on your



investment as the denominator, and then dividing, the number obtained will tell you how many years it will take for your money to double."

Facilitator should write the following on a board or large chart paper:

The numerator is 72, the denominator is the rate of return on your investment. For example, if your Certificate of Deposit pays 4%, the fraction is $72/4$. What's the answer? (Should get 18.)

Then state: That's how many years it will take you to double your money at 4%. Facilitator should try a few other examples with the participants, using different rates of return.

Following the above brief introductory activity, facilitator should direct participants to:

- Research in the newspaper or online (finance.yahoo.com or similar website) various mutual funds with high rates of return.
 - Participants should also be directed to select three mutual funds in which they might be willing to invest. Each individual must be able to justify his/her choices to the other participants.
- ③ Facilitator should direct participants to research information to enable them to compare the costs of investing with traditional brokerages, internet brokerages and financial planners. They should construct a chart with the data to compare these costs. Participants should then research how federal and state regulations protect investors using these services.



WEB RESOURCES:

YOUR LIFE, YOUR MONEY WEBSITE

Find video, financial tools and resources, and an interactive game at our website
www.pbs.org/yourlifeyourmoney

"Your Money Counts" Links (a public service of HSBC Bank)

http://www.yourmoneycounts.com/yfc/plans/financial_goals/saving

Saving (Your Future Counts)

http://www.yourmoneycounts.com/yfc/money/investing_basics

Investing Basics (Your Future Counts)

http://www.yourmoneycounts.com/yfc/life/education/choosing_career_path.html

Choosing a Career Path (Your Future Counts)

http://www.yourmoneycounts.com/ymc/goals/retirement_planning

Retirement Planning (Your Money Counts)

Other Web Links:

<http://www.themint.org/kids/saving-and-earning-interest.html>

The Mint – Saving & Earning Interest

<http://www.themint.org/kids/about-savings-accounts.html>

The Mint – About Savings Accounts

<http://www.themint.org/parents/financial-future-challenge.html>

The Mint – Financial Future Challenge - Interactive

<http://www.smartaboutmoney.org/LinkClick.aspx?fileticket=%2bSz%2ffcYcVss%3d&tabid=442&mid=832>

66 Ways to Save Money

<http://fffl.ncee.net/activities/9-12/9-12.htm>

Financial Fitness for Life – All About Investing - Interactive

<http://money.cnn.com/magazines/moneymag/money101/lesson23/index.htm>

CNNMoney.com – 401(k)s – Top Things to Know

<http://www.practicalmoneyskills.com/english/flash/countdown/countdown.html>

Countdown to Retirement Game (VISA)

Get Insured

Chapter Synopsis: Rochelle James is an electrician in New York City. Years ago, she faced financial ruin while dealing with the responsibility of raising her young sister and her own child. With the group Nontraditional Employment for Women (NEW), she earned her current position and acquired health insurance through the Brotherhood of Electrical Workers union.

Many young adults don't have health insurance, but they should get it through their job or a trade organization. Not having it could cost you everything. Expert help is available online. Other types of insurance are also very important, specifically for those with dependents. Renters insurance is also important to cover damages at a relatively inexpensive cost.

Key Ideas: Insuring Yourself, Your Family and Your Assets

- Get health insurance
- Get life insurance if you have dependents
- Shop around for the best deal



Rochelle James

National Standards: A 1,2,4; B 1; C 1,2,6; D 3; E 1,2,3; F 1,2

Vocabulary:

The facilitator should go to the glossary to review these terms prior to starting any activities.

bankruptcy	Insurance:	Medicaid
financial literacy	auto	overtime
financial security	disability	union
fringe benefits	health	
	homeowners	
	liability	
	life	
	renters	

Pre-Viewing Discussion Question: Is health insurance important to you?

Post-Viewing Discussion Questions:

- ① What changes in Rochelle James' life led her to become a skilled electrician?
- ② What impact could declaring bankruptcy have on your financial future?
- ③ How does having dependents change your financial future and your financial choices?
- ④ What role does insurance play when faced with unpredictable developments in life?

ACTIVITIES

Activity One – Health Insurance Options

Materials Needed: none

The facilitator should begin this activity by asking the following questions:

- ① What was one of the most important reasons Rochelle liked her new job as an electrician?
- ② How many of you have health insurance?
- ③ If you do not have employer provided health insurance or have too much money to be on Medicaid but not enough money to buy your own health insurance, what is likely to happen to you if you have a medical problem?



Facilitator Tip: Before introducing this role play, you might want to visit some government websites (such as www.cms.hhs.gov) and take notes on programs such as “Child Health Plus” and Medicaid. This information can be shared with participants before they begin the activity as background information.

The facilitator should ask for two volunteers to play the following roles:

- a. hospital billing office representative
- b. uninsured patient who has recovered from emergency surgery

Before they “act” in front of the group, prepare the volunteers by describing this scenario: “Here is a bill for \$12,000 that the hospital wants paid. The hospital representative suggests what the patient can do to come up with the money, and work out a repayment plan over time. The recovered patient has no health insurance and so is frantic about how to pay.” Their “act” is to discuss the issue in a calm, businesslike manner.

Some suggested role play questions or comments for the “actors”:

Uninsured Patient

- I don’t have insurance, I have no way to pay and I don’t know what to do.
- No one in my family can help, money is very tight.
- Is there a financial counselor I can talk with?
- Do you have any discounts or payment plans?

Hospital Representative

- Tell me about your household income.
- We do have some financial assistance programs.
- Let’s see if you are eligible for any programs such as Medicaid, Child Health Plus or Family Health Plus.
- If you or your family have any language barriers, we can send someone out to help you complete the program health forms.

After they discuss the problem of the bill, allow the participants acting as the audience to suggest how this problem could have been avoided and how it might be solved.

The facilitator should conclude this activity with the following questions:

- ① In the story segment, “Get Insured,” financial expert Beth Kobliner said: “. . . it’s amazing to me, with all of the talk in our country about health insurance, 20 million people, aged 18 to 34, still don’t have it.” Why is that a problem?
- ② If you have health insurance but lose it, what options do you have?

*“20 million people,
aged 18 to 34,
still don’t have
health insurance and
it’s a huge problem.”*

— Beth Kobliner



Activity Two – Other Types of Insurance

Materials Needed: “Other Types of Insurance” found in appendix, board (use chart paper – markers, tape and easel if there is limited wall space), or computer(s) with slideshow software, word processing software, and internet access, projector.

Prior to beginning this activity the facilitator should cut out photos or articles reprinted from sources such as newspapers, magazines, or create a PowerPoint slideshow that depicts situations where insurance would be advantageous. Examples might include: flooded home, fire, auto accident, obituary notice, person in hospital, crime victim or injury on the job.

The facilitator should begin this activity by:

Holding up photos, articles, or show the PowerPoint slideshow. Ask participants how they could minimize risk in each of these situations.

Next the facilitator may wish to revisit the program segment about Rochelle James (Chapter 5). Ask: “Several types of insurance, other than health insurance, were mentioned. What are they and what do they cover?”



Facilitator Tip: Answers should include auto, disability, homeowners, liability, life and renters insurance.

As members of the class respond, the facilitator may choose to type the responses into a Word document on a computer projecting to the class or write responses on board or on large chart paper. Following that discussion, the facilitator should distribute a copy of “Other Types of Insurance” to each participant, divide class into smaller groups, assign one type of insurance to each group (see list provided in Facilitator Tip).

Then:

- Participants in each group should discuss ideas in response to the four questions stated on the “Other Types of Insurance” handout and then record them on this sheet. (This could also be done on the computer.)
- They will then contact a local insurance agency of the type they are researching and request an interview with a representative.
- During the interview they should ask questions and collect data that includes details such as: cost variables, deductibles and benefits.
- Groups can also check internet sources for other agencies providing similar insurance. Compare and contrast policy details.
- All sources should be properly cited including the interview.
- Each group will then do one of the following:
 - write, type or create an oral presentation
 - create a presentation in MS PowerPoint
 - create a drawn or digital (MS Publisher) tri-fold brochure
 - create an audio podcast commercial
 - create a video commercial using digital video editing software.

“It does make sense to get renters’ insurance, because it covers you for any damage that happens and it’s not that expensive.”

— Beth Kobliner

The goal is to inform the other members the large group about your type of insurance. Be sure to talk about why they need this insurance as well as cost options.

The facilitator should conclude the activity with the following:

Lead a discussion based on information from each group’s report or presentation.

Activity Three – Dependents and Insurance

Materials Needed: magazines, newspapers, internet sources and/or professional insurance agents

The facilitator should begin this activity by stating the following:

In introducing the program segment, “Get Insured,” Donald Faison says: “Kids give you something to think about besides yourself.” In the segment, “Getting Insured,” he further states, “If you have dependents like Rochelle, you also need protection if something should happen to you.”

Next, ask these questions:

- ① If you became responsible for a dependent, how would your financial life change?
- ② What types of insurance would you need to protect that dependent?



Facilitator Tip: This activity could be completed by the participants individually or the task could be divided among the members of the group, with each participant researching some of the questions listed below and then reporting back to the large group.

Participants should be directed to use magazines, newspapers, internet sources and/or professional insurance agents to obtain the following information.

- ① What is the approximate cost of raising a child to age eighteen?
- ② What is the estimated cost of a college education eighteen years from now? (private vs. public)
- ③ How do the answers to numbers 1 and 2 affect your insurance needs?
- ④ What is the most affordable life insurance option for someone with a minor dependent? What other options are available?
- ⑤ Why is disability insurance a necessity for a person with a minor dependent?
- ⑥ Why is health insurance that covers the minor dependent a necessity?
- ⑦ What options are available to provide health insurance for a minor dependent?
- ⑧ What local community resources are available to assist single parents with insurance needs?
- ⑨ Why is purchase of renters insurance a wise financial investment?

After participants have conducted preliminary research, they should obtain cost quotations from two or more insurance companies for each type of insurance: life, disability, health, renters and so forth.

Participants must submit a well-organized written report that synthesizes the information they have obtained.

The facilitator should conclude the activity by: Directing participants to bring their reports to class on a designated day to use as a basis for class discussion.

EXTENSION ACTIVITIES:

- ① Ask participants to continue their research into health insurance options and what might happen to someone if they are uninsured. Assign students to investigate this topic using local hospitals or health care providers and report back to the group about how these institutions negotiate payment plans. They might also find out how to apply for various programs that would ease the burden of paying for health care.

- ② Have participants select one type of insurance mentioned in the chapter “Get Insured.” They should then contact a local insurance agency or health insurer and request an interview with a representative, or ask a representative to visit their class or group. A classroom forum could also be set up involving representatives from a variety of insurance agencies and health care providers.



WEB RESOURCES:

YOUR LIFE, YOUR MONEY WEBSITE

Find video, financial tools and resources, and an interactive game at our website

www.pbs.org/yourlifeyourmoney

“Your Money Counts” Links (a public service of HSBC Bank)

<http://www.yourmoneycounts.com/ymc/planning/insurance>

Insurance (Your Money Counts)

Other Web Links:

<http://urbanext.illinois.edu/ww1/section1.html>

A Working Woman’s Guide to Financial Security

<http://www.themint.org/kids/safeguarding.html>

The Mint – Safeguarding Your Money

<http://partners.leadfusion.com/tools/kiplinger/lifeins01/tool.fcs>

How Much Life Insurance Do I Need? - Calculator

<http://money.cnn.com/magazines/moneymag/money101/lesson16/index.htm>

CNNMoney.com – Health Insurance – Top Things to Know

<http://money.cnn.com/magazines/moneymag/money101/lesson19/index.htm>

CNNMoney.com – Home Insurance – Top Things to Know

<http://money.cnn.com/magazines/moneymag/money101/lesson20/index.htm>

CNNMoney.com – Life Insurance – Top Things to Know

<http://money.cnn.com/magazines/moneymag/money101/lesson22/index.htm>

CNNMoney.com – Auto Insurance – Top Things to Know



Tim Bouchard

Do It Yourself

Chapter Synopsis: Buffalo, New York's Tim Bouchard owns his own graphics and web design firm, which allows him to have creative control and a close relationship with his clients. But finding new business is a challenge, so workflow is not consistent. He has to consider costs of doing business like technology, travel and office supplies. Wisely, Tim takes 30-35% out of his income to cover taxes and 15% for health insurance and expenses.

Tim's father, a financial advisor, encourages him to save for retirement. For further assistance, Tim joined the "Buffalo Niagara Partnership," which provides benefits and business opportunities. Freelancers like Tim need to have a solid business plan, keep a close watch on expenses and keep careful tax records.

Key Ideas: Working and Living as a Freelancer

- Devise a plan before you start your business
- Keep track of your business expenses for taxes
- Be prepared to take care of your own benefits

National Standards: A 1,2,4; B 1,3; C 1,2,6; E 1,2,3; F 1,2,3,5

Vocabulary:

The facilitator should go to the glossary to review these terms prior to starting any activities.

401k	independent contractor
business expenses	net wages
catastrophic insurance	self-employment
certified financial planner	stocks
estimated taxes	taxes:
freelancer	Federal withholding
gross wages	Medicare
health insurance	Social Security (FICA)
income tax deduction	state withholding

"It's a pay-as-you-go tax system, meaning the government wants their money as soon as you earn your money. If you have not paid enough into the tax system based on your income, you are penalized for that."

— Michelle Singletary

Pre-Viewing Discussion Question:

Have you ever thought about owning your own business or being an independent contractor?

Post-Viewing Discussion Questions:

- ① Why did Tim Bouchard decide to start his own business?
- ② In the story segment, "Do It Yourself," Tim Bouchard said: "You can't make money without spending money." What are some costs of starting a business?
- ③ How has the nature of work changed over the past generation?
- ④ Why might it be easier today to start your own business?

ACTIVITIES

Activity One – Where Does Your Paycheck Go?

Materials Needed: Sample pay stubs showing deductions

Prior to beginning this activity the facilitator should obtain and copy some real or facsimile pay stubs to use.



Facilitator Tip: Be sure to cross out or cover up personal information on the stubs, such as Social Security numbers and names.



The facilitator should begin this activity by asking the following questions:

- ① If you are employed by a company, why does your paycheck not reflect your actual earnings? In other words – why is a person's take-home (net) wage so much less than his gross wage?
- ② If you are self-employed, who has the task of managing various tax responsibilities?

Distribute copies of sample pay stubs. Ask participants to examine the categories of taxes withheld. Identify and review with participants: federal withholding, state withholding, Social Security and Medicare. (Special note: some employers combine Social Security and Medicare deductions.)

Determine what percentage of the gross pay is taken by just these deductions. (Add all the deductions to get a total. Put that total in the numerator and the gross wages in the denominator. Divide the numerator by the denominator. Your answer is the percent taken by taxes.)

The facilitator should conclude this activity with the following:

Emphasize that when making a personal spending plan, net wages should be considered, not gross wages.

“If you don’t have employer-provided health insurance, one thing you can do for yourself is buy some kind of policy that takes care of you in a catastrophe.”

— Ron Lieber

Activity Two - Rewards and Challenges of Self-Employment

Materials Needed: T chart found in appendix

The facilitator should begin this activity by asking the following questions:

- ① Has anyone ever considered starting his/her own business?
- ② Why could one say that there are trade-offs when you are self employed?

Distribute copies of the T chart to participants and direct them to label the columns “Rewards” and “Challenges.” The group may wish to revisit the segment on Tim Bouchard (Chapter 6) from “Your Life, Your Money.”

Participants should then fill in each column with as many ideas as possible concerning the challenges and rewards of self employment, for example Tim Bouchard says that it is rewarding to have “100% financial, creative and ethical control,” but challenging to always have to “hustle” for new business. Large group discussion should follow with participants sharing ideas.

The facilitator should conclude this activity with the following questions:

- ① How might an individual’s personality affect his/her willingness to start a business? (Note some people are risk takers and some are risk averse.)
- ② What are the key differences between self employment and working for an employer?
- ③ What benefit alternatives are available for freelancers or independent contractors?
- ④ Why might a self-employed person have a greater need for a certified financial planner?

This Activity can end here or continue on with a Self-Employment Interview

Materials Needed: Paper and envelopes or computer(s) with word processing software and internet access

The facilitator should begin with the following discussion questions:

If you were to own your own business, what type of business would that be? What are the things you need to know before you can begin to plan for this business?

Next, the facilitator should ask the participants to develop a list of eight to ten questions they think they would need to know in order to open this type of business. Participants can write out or type these questions into a word processing document and save them.

Once the list is complete, direct the participants to use the yellow pages or internet to find three businesses similar to the one they are thinking about opening. They will need to find the owners' street or email address to mail them their lists of questions.

Be sure the participants explain to the business owners that they are in a financial literacy class and they are researching the idea of opening a similar business.



Facilitator Tip: Any kind words they can add in this regard may help their chances of getting a reply. This might become another discussion point.

Finally, if and when they receive all three responses back, the participants will need to summarize their three responses under each question they came up with.

Participants must also add their own comments containing their reactions to the responses they received.

Participants will present their findings to the entire class, as well as share the tech steps or process they employed to complete the project.

Try to Save:

30% for taxes

15% for business expenses
and health insurance

Activity Three – Being Your Own Boss

The facilitator should begin this activity by saying: Donald Faison said: "A lot of people choose the freelance life or they run their own businesses...but being your own boss brings with it a lot of financial responsibilities." Today's activity will help you decide if you might like to run your own business.

The facilitator should ask the following questions:

- ① According to the Small Business Administration, small businesses employ about 50% of the workers in America and account for approximately 60-80% of new job growth. Are you surprised by those numbers? Can anyone name a small business locally that employs people you know?
- ② What do you think would prompt a person to open a small business and become his/her own boss?



Facilitator Tip: Prior to beginning this activity, the facilitator may want to go to the local Chamber of Commerce website to generate a list of local small businesses such as a florist shop, auto repair shop, gas station, restaurant or pizzeria.

Next, the facilitator should divide the large group into smaller groups. Each group will have to complete the following tasks. Individual skills should determine how group members complete the tasks.

- ① Develop a list of questions for interviewing a local business owner and his/her employees. Questions for employees should focus on the positives and negatives of working for a small business such as:
 - How long did it take for you to start your business from concept to reality?
 - How long did it take for your business to become profitable?
 - How many hours a day/week do you devote to your business?
 - What is the best part of being self-employed?
 - What is the worst part of being self-employed?
 - Could you ever become an employee at someone else's business after the experience of self-employment?

- ② Research the following:
 - What is the definition of a small business?
 - What types of assistance does the Small Business Administration (SBA) provide to Americans interested in starting a business?
 - How does the local Chamber of Commerce, or any other local group, provide assistance to small businesses?
 - What impact do small businesses have on the local economy?
 - What impact do “big box retailers” have on small businesses?
- ③ Prepare a multi-faceted presentation that could include an oral report, a digitized or videotaped version of the interviews conducted, and/or computer graphics.

Each group should be assigned a designated day to make its presentation to the larger group. Individual groups will decide how to best share their information with the larger group.



Facilitator Tip: Decide in advance the time allotment for each presentation.

The facilitator should conclude the activity with the following:

In this segment of “Your Life, Your Money,” we heard Tim Bouchard say: “I decided to break off into my own business because I personally love having creative control and a close relationship with the clients - from start to finish.” Donald Faison said: “Do your own thing, research your options carefully and give it a try.”

Have you been convinced that becoming a small business owner is something that you might consider? Use facts to defend your opinion.

EXTENSION ACTIVITIES:

- ① Facilitator should direct each participant to develop an idea for a new business as a freelancer. Each participant should then research the main components of a business plan and develop a business proposal with information relevant to his/her idea. Facilitator should ask participants to review the business proposals with the entire group. (This activity could also be done in groups.)
- ② Facilitator should have participants form groups. One person in each group should volunteer to be the note taker. Each group should discuss and take notes on their thoughts in response to the following question: “How could economic, social, and political conditions affect income and business potential?” Class discussion based on each group’s ideas should follow.



WEB RESOURCES:

YOUR LIFE, YOUR MONEY WEBSITE

Find video, financial tools and resources, and an interactive game at our website
www.pbs.org/yourlifeyourmoney

“Your Money Counts” Links (a public service of HSBC Bank)

http://www.yourmoneycounts.com/ymc/planning/small_business_owners

Small Business Owners (Your Money Counts)

http://www.yourmoneycounts.com/ymc/planning/financial/planning_professional.html

Planning with a Professional (Your Money Counts)

http://www.yourmoneycounts.com/yfc/money/taxes/how_taxes_work

How Taxes Work (Your Future Counts)

Other Web Links:

<http://www.themint.org/kids/decoding-your-paycheck.html>

The Mint – Decoding Your Paycheck

<http://www.younginvestor.com/teens/earnIt/articleWhatIsFICA.asp>

What is FICA and Why is it Taking My Money?

<http://www.themint.org/kids/entrepreneur-challenge.html>

The Mint – Entrepreneur Challenge - Interactive

YOUR LIFE, YOUR MONEY

The National Standards in Personal Finance Education

A. Financial Responsibility and Decision Making

Overall Competency: Apply reliable information and systematic decision making to personal financial decisions.

- Standard 1:** Take responsibility for personal financial decisions.
- Standard 2:** Find and evaluate financial information from a variety of sources.
- Standard 3:** Summarize major consumer protection laws.
- Standard 4:** Make financial decisions by systematically considering alternatives and consequences.
- Standard 5:** Develop communication strategies for discussing financial issues.
- Standard 6:** Control personal information.

B. Income and Careers

Overall Competency: Use a career plan to develop personal income potential.

- Standard 1:** Explore career options.
- Standard 2:** Identify sources of personal income.
- Standard 3:** Describe factors affecting take-home pay.

C. Planning and Money Management

Overall Competency: Organize personal finances and use a budget to manage cash flow.

- Standard 1:** Develop a plan for spending and saving.
- Standard 2:** Develop a system for keeping and using financial records.
- Standard 3:** Describe how to use different payment methods.
- Standard 4:** Apply consumer skills to purchase decisions.
- Standard 5:** Consider charitable giving.
- Standard 6:** Develop a personal financial plan.
- Standard 7:** Examine the purpose and importance of a will.

D. Credit and Debt

Overall Competency: Maintain creditworthiness, borrow at favorable terms, and manage debt.

- Standard 1:** Identify the costs and benefits of various types of credit.
- Standard 2:** Explain the purpose of a credit record and identify borrowers' credit report rights.
- Standard 3:** Describe ways to avoid or correct debt problems.
- Standard 4:** Summarize major consumer credit laws.

E. Risk Management and Insurance

Overall Competency: Use appropriate and cost-effective risk management strategies.

- Standard 1:** Identify common types of risks and basic risk management methods.
- Standard 2:** Explain the purpose and importance of property and liability insurance protection.
- Standard 3:** Explain the purpose and importance of health, disability, and life insurance protection.

F. Saving and Investing

Overall Competency: Implement a diversified investment strategy that is compatible with personal goals.

- Standard 1:** Discuss how saving contributes to financial well-being.
- Standard 2:** Explain how investing builds wealth and helps meet financial goals.
- Standard 3:** Evaluate investment alternatives.
- Standard 4:** Describe how to buy and sell investments.
- Standard 5:** Explain how taxes affect the rate of return on investments.
- Standard 6:** Investigate how agencies that regulate financial markets protect investors.

YOUR LIFE, YOUR MONEY

Glossary

401k - a provision for retirement savings that enables an employee to invest a percentage of (pre-tax) income, often matched by the employer, into an account where it will not be taxed until withdrawn, withdrawals before a specified date typically incurring a penalty; (also) an account of this type.

403b – a provision for retirement savings, similar to the 401k that enables an employee to invest a percentage of (pre-tax) income, often matched by the employer, into an account where it will not be taxed until withdrawn, but this type of account is specific to non-profit organizations.

annual fee – a fee for having an active credit card. Most credit card providers no longer require an annual fee.

Annual Percentage Rate (APR) - the percentage cost of credit on an annual basis, which must be disclosed by law. Example 1: A \$100 loan repaid in its entirety after one year with a \$10 finance charge (\$9 interest plus a \$1 service fee) has an APR of 10%. Example 2: A \$100 one-year loan with a \$10 finance charge repaid in twelve equal installments (meaning the borrower has the use of less and less of the loan principal each month) has an APR of 18%.

auto insurance - provides liability and property damage coverage under specific circumstances related to one's automobile.

Automated Teller Machine (ATM) - a computer terminal used to conduct business with a financial institution or purchase items such as postage stamps or transportation tickets; also known as a cash machine.

automatic savings plan - a direct deposit from your paycheck directly into your savings account, a number of dollars designated by the payee.

bank - a state or federally chartered for-profit financial institution that offers commercial and consumer loans and other financial services.

bankruptcy - a state of being legally released from the obligation to repay some or all debt in exchange for the forced loss of certain assets. A court's determination of personal bankruptcy remains in a consumer's credit record for 10 years.

billing cycle – interval between periodic billings for goods sold or services rendered, normally one month, or a system whereby bills or statements are mailed at periodic intervals in the course of a month in order to distribute the clerical workload evenly.

bond - a certificate representing the purchaser's agreement to lend a business or government money on the promise that the debt will be paid – with interest – at a specific time.

budget - 1. a spending plan. 2. a record of projected and actual income and expenses over a period.

business expenses – expenses incurred relating to operating your own business such as office supplies and equipment.

catastrophic insurance - coverage for specific catastrophic events such as death, fire, flood, and some medical conditions.

Certificate of Deposit (CD) - a bank deposit that commits you to leave the principal and accumulating earnings for a certain amount of time in order to earn a fixed rate of interest.

certified financial planner - a qualified investment professional who assists individuals and corporations in meeting their long-term financial objectives by analyzing the client's status and setting a program to achieve these goals. They are specialized in tax planning, asset allocation, risk management, retirement and/or estate planning.

checking account - a bank account that allows you to transfer money you've deposited to a payee by writing checks or using a check or debit card to make purchases.

check card – also known as a debit card. A debit card enables the owner to withdraw funds from a checking account. Sometimes this withdrawal takes place immediately.

collection agency - a business that specializes in obtaining payments from debtors who have defaulted on their loans.

compound interest - calculated interest on both principal and previously earned interest.

credit - an agreement to provide goods, services, or money in exchange for future payments with interest by a specific date or according to a specific schedule. The use of someone else's money for a fee.

credit card - a plastic card that authorizes the delivery of goods and services in exchange for future payment with interest, according to a specific schedule.

credit counseling service - an organization that provides debt and money management advice and assistance to people with debt problems.

creditor - one who gives credit for money or goods; one to whom a debt is owed.

credit report – an official record of a borrower's credit history, including such information as the amount and type of credit used, outstanding balances, and any delinquencies, bankruptcies, or tax liens.

credit score - a statistical measure of a loan applicant's creditworthiness, which is the likelihood of repayment.

credit union - a state or federally chartered not-for-profit financial cooperative that provides financial services to its member-owners, who have met specific employment, residence, or other eligibility requirements.

debit card - a plastic card that provides access to electronic funds transfer (EFT) from an automated teller machine (ATM) or a point-of-sale (POS) terminal.

debt - something owed, usually measured in dollars.

deposit – a sum of money deposited in a bank.

direct deposit - the automatic transfer of salaries, wages, rents, benefits, or other sums, directly to the account of an employee or beneficiary.

disability insurance - replaces a portion of income lost when a person cannot work because of illness or injury.

disclosure information – the giving of information, such as a company's past financial performance, either voluntarily or to be in compliance with legal regulations or workplace rules.

discretionary expenses - a recurring or non-recurring expense for goods and services which are either non-essential or more expensive than necessary.

emergency fund – money set aside specifically for an emergency such as a major accident or loss of a job. It is usually recommended for this savings to be at least three months salary.

entrepreneur - an individual who conceives of, establishes, operates, and assumes the risks of a business.

equity – stock ownership in a corporation.

estate - the assets and debts that a person leaves at death.

estimated taxes - the required advance payment of a current liability that is not already being withheld for, such as investment income, capital gains, alimony, or rent.

expenses - the cost of goods and services, including those that are fixed (such as rent and auto loan payments), variable (such as food, clothing, and entertainment), and those that are periodic (car repairs, doctor's appointments).

federal withholding - in the United States income tax system, employers are required to withhold a portion of each employee's income and pay it directly to the U.S. Internal Revenue Service. This withholding acts as a prepayment of tax they will owe at the end of the year, as well as a direct payment of certain other taxes.

FICA - Federal Insurance Contributions Act - see "Social Security"

finance charge - the total dollar amount paid for credit. Example: A \$100 loan repaid with \$9 interest plus a \$1 service fee has a finance charge of \$10.

financial literacy - the ability to use knowledge and skills to manage one's financial resources effectively for a lifetime of financial security.

financial security - financial freedom from doubt, anxiety, or fear; a confident backup of funding in the form of assets or savings which can be used in a time of need.

fixed expenses - an item in your budget whose cost is the same each month, such as rent or mortgage payment.

freelancer - a person who makes himself or herself available to be engaged for work on particular assignments or projects, rather than being engaged on a long-term or permanent basis by a single employer.

fringe benefits - any additional benefit.

grace period - a time during which a borrower can pay the full balance of credit due and not incur finance charges or pay an insurance premium without penalty.

gross wages - total of an employee's regular compensation for work done including allowances, overtime pay, commissions, and bonuses, before any deductions are made.

health insurance - covers specific medical costs associated with illness, injury, and disability.

homeowners insurance - provides property damage and liability coverage under specific circumstances.

I bond - an inflation-indexed savings bond offered by the U.S. government. Series I bonds pay a fixed interest rate that is lower than the rate of traditional savings bonds, but they also pay a variable rate that increases with inflation and is recalculated semiannually.

income tax deduction - an amount subtracted from an individual's adjusted gross income to reduce the amount of taxable income.

independent contractor - a person or business which provides goods or services to another entity under terms specified in a contract. Unlike an employee, an independent contractor does not work regularly for a company.

Individual Retirement Account (IRA) - an investment with specific tax advantages. A traditional IRA defers taxes on earnings until withdrawal and, under certain circumstances, allows the deduction of some contributions from current taxable income. A Roth IRA requires after-tax contributions only, but allows tax-free withdrawals under certain rules.

insurance - a risk management tool that protects an individual from specific financial losses under specific terms and premium payments, as described in a written policy document. Major types include health, auto, homeowners, life, and renters insurance.

interest rate - the percentage of what you borrow that you pay in interest in a credit arrangement. In a savings account or CD, the interest rate is the percentage of your principal, or what you deposited, that you earn.

labor union - an organization of workers formed for the purpose of advancing its members' interests in respect to wages, benefits, and working conditions.

late fee - also known as a *late fine* or a *past due fee*, is a charge levied against a client by a company or organization for not paying a bill or returning a rented or borrowed item by its due date.

liability insurance - protects the insured party from others' claims of loss due to the insured's alleged or actual negligence or improper actions.

life insurance - protects dependents from loss of income, debt-repayment, and other expenses after the death of the insured party.

loan - a thing lent; something the use of which is allowed for a time, on the understanding that it shall be returned or an equivalent given; especially a sum of money lent on these conditions, and usually with interest.

loan deferment - a putting off; postponement, delay in repaying of a loan.

loan forbearance - an option that allows you to pay less than your normal monthly mortgage payment (or sometimes nothing at all) for a short period of time. For this option, you'll typically have to show your lender that you'll have the resources to catch up on your loan in the future.

long-term care insurance - covers specific costs of custodial care in a nursing facility or at home.

Medicaid - a program financed by state and federal government tax revenues, to pay specified health care costs care for those who cannot afford them.

Medicare - a federal government program, financed by deductions from wages, that pays for certain health care expenses for older citizens. The Social Security Administration manages the program.

minimum payment - minimum amount that a consumer is required to pay on a revolving charge account in order to keep the account in good standing.

money market fund - a type of mutual fund that buys very short-term bonds and other loans in an effort to maintain its value at \$1 per share.

mortgage - a long-term loan to buy real estate, that is, land and the structures on it.

mutual fund - an investment tool that pools the money of many shareholders and invests it in a diversified portfolio of securities, such as stocks, bonds, and money market assets.

net wages - total "take home" earnings of an employee for work done after all deductions are subtracted, including state and federal taxes, social security, etc. from the individual's gross wages.

online bank - computerized service that allows a bank's customers to get online with the bank via the internet to view the status of their account(s) and transaction history. It usually also allows them to transfer funds, pay bills, request check books, etc.

online high yield savings account - an Online Savings Account is a savings account that offers one of the highest yields available in a liquid account, access to your money with free online transfers to and from your existing external bank accounts - and the security of FDIC insurance.

over limit fee - a fee that is incurred when credit card users charge more than their credit limit on the card.

overtime - time worked over and above a person's regular or set working hours. Also: payment for work performed in such extra time.

periodic expenses - an item in your budget whose cost will appear periodically throughout the year, such as a car upkeep or doctor/dentist appointments.

personal finance - the principles and methods that individuals use to acquire and manage income and assets.

rate of return - the rate of return on an investment, expressed as a percentage of the total amount invested. This is usually, but not always, calculated annually.

refinance – the process of paying off one loan with the proceeds from a new loan using the same property as security. Homeowners usually refinance to reduce their monthly mortgage payment or to draw equity that has built up over a period of time.

renters insurance - protects from losses due to damage to the contents of a dwelling rather than the dwelling itself.

retirement plan – plan provided by an employer or a self-employed individual for retirement. Because of the tax advantages, most retirement plans are designed to insure a present deduction to the employer while the employee is permitted to avoid recognizing the income until he has actually or constructively received it.

savings account - a financial institution deposit account that pays interest and allows withdrawals.

self-employed - a person who makes himself or herself available to be engaged for work on particular assignments or projects, rather than being engaged on a long-term or permanent basis by a single employer.

simple interest - interest calculated periodically on loan principal or investment principal only, not on previously earned interest.

Social Security (FICA - Federal Insurance Contributions Act) - a federal government program that provides retirement, survivor's, and disability benefits, funded by a tax on income, which appears on workers' pay stubs as a deduction labeled FICA (for Federal Insurance Contributions Act, the enabling legislation).

state withholding - a portion of an employee's wages or salary withheld by the employer as partial payment of the employee's state income tax. Also called *withholding tax*.

stock - an investment that represents shares of ownership of the assets and earnings of a corporation.

student grant - a form of money that is intended for a specific purpose, such as housing, tuition etc. The student is NOT required to pay the grant back.

student loan – a loan available to (undergraduate) students, frequently funded or administered by the State.

subsidized loan – a subsidized student loan is a loan in which in general terms there is no interest added to the loan until it comes due for payment. No principle payments are due until after leaving school.

tax - a government fee on business and individual income, activities, or products.

traditional savings account – an investment account in which a person can set aside income up to a specified amount each year and usually deduct the contributions from taxable income, with the contributions and interest being tax-deferred until retirement.

unsubsidized loan - unsubsidized loan terms dictate that you begin repaying the interest immediately even if you are in school.

variable expenses - an item in your budget whose cost is different each month, such as a utility payment.

withdrawal - the removal of money or securities from a bank or other place of deposit.

YOUR LIFE, YOUR MONEY

“Personal Spending Plan”

Name: _____

Activity: Personal Spending Plan

① **Monthly Income:** _____
(Total from all sources)

Income Source	Amount
Total	

② Monthly Expenses:

FIXED	
Expense Item	Amount
Total	

VARIABLE	
Expense Item	Amount
Total	

③ Discretionary Expenses:

FIXED	
Expense Item	Amount
Total	

④ **Income/Expenses Analysis:**

Total of #2 _____
+ Total of #3 _____
= Total Expenses _____

Monthly Income #1 _____
- Total of All Expenses _____
= Net Income _____

If the total of your expenses is greater than your income, how can you adjust your expenses to meet your income?

YOUR LIFE, YOUR MONEY

"Picking a Bank"

Name: _____

Activity: Picking a Bank

Answer the following questions for your financial institution.

- ① **Must I keep a minimum balance to avoid fees?**
- ② **What rate of interest will I earn AND is there a minimum balance to begin earning interest?**
- ③ **Is there a monthly fee or are there fees per transaction?**
- ④ **Will my cancelled checks be returned to me or retained by the bank?**
- ⑤ **What are the fees for bouncing checks? Is overdraft protection available?**
- ⑥ **How can I arrange direct deposit?**
- ⑦ **Can I link my checking and savings accounts?**
- ⑧ **What are the ATM fees and how available are the ATMs?**
- ⑨ **Is online banking available and what is the cost?**
- ⑩ **What other fees are associated with the checking and savings accounts?**

YOUR LIFE, YOUR MONEY

T CHART

Name:

Activity:

YOUR LIFE, YOUR MONEY

“Understanding a Credit Card Bill”

Month	Amount Spent	Cumulative Balance	Late Fee	Over Limit Fee	Payments Made	Estimated Monthly Interest	Ending Balance
1	\$ 3,000	\$ 3,000	\$ 29	\$ 29	\$ -	\$ 61	\$ 3,119
2	4,000	7,119	29	29	0	144	7,321
3	3,000	10,321	29	29	0	208	10,587
4	3,500	14,087	29	29	0	283	14,428
5	3,000	17,428	29	29	0	350	17,836
6	3,500	21,336	29	29	0	428	21,822
7	0	21,822	29	29	0	438	22,318
8	0	22,318	29	29	0	448	22,824
9	0	22,824	29	29	0	458	23,340
10	0	23,340	29	29	0	468	23,866
11	0	32,866	29	29	0	478	24,402
12	0	24,402	29	29	0	489	24,949
13	0	24,949	29	29	0	500	25,507
14	0	25,507	29	29	0	511	26,076
15	0	26,076	29	29	0	523	26,657
16	0	26,657	29	29	0	534	27,249
17	0	27,249	29	29	0	546	27,853
18	0	27,853	29	29	0	558	28,469
19	0	28,469	29	29	0	571	29,098
20	0	29,098	29	29	0	583	29,739
21	0	29,739	29	29	0	596	30,393
TOTAL	\$ 20,000		\$ 609	\$ 609	\$ -	\$ 9,175	

Assumptions:

- ① Amanda spent \$4,000 on each of five cards over six months
- ② Amanda's limit on each card was less than \$4,000
- ③ Amanda did not make any payments on any card

Outcome:

Based upon the above assumptions, Amanda's debt will increase to \$30,000 in less than two years.
Amanda will accrue \$9,175 in interest & \$1,218 in fees on her credit card debt during this time.

YOUR LIFE, YOUR MONEY

“Types of Savings”

Name: _____

Activity: Types of Savings

SHORT-TERM EMERGENCY FUNDS

<i>Item</i>	<i>Savings Option</i>

REGULAR EXPENSES

<i>Item</i>	<i>Savings Option</i>

IMMEDIATE BUT VARYING EXPENSES

<i>Item</i>	<i>Savings Option</i>

LONG-TERM SAVINGS

<i>Item</i>	<i>Savings Option</i>

YOUR LIFE, YOUR MONEY

“Planning for Retirement”

Name: _____ **Activity:** Planning for Retirement

Answer the following questions:

- ① It has been said: “Being young and financially irresponsible is great fun, but being old and broke stinks.” What steps can you take to avoid that from happening in your life?

- ② What values are necessary to develop a successful savings plan for retirement?

- ③ What are the ways you can save for retirement?

YOUR LIFE, YOUR MONEY

“Power of Compounding Chart”

Activity: How Your Money Grows

If you invest \$2000 a year for the first 8 years of a 40-year period with an annual compound rate of 10%, you will earn more than someone who invests \$2000 a year from years 9 to 40. This person would contribute 4 times more, but earn 27% less!

Year	Early Funding		Late Funding		Continual Funding	
	Contribution	Year-End Value	Contribution	Year-End Value	Contribution	Year-End Value
1	\$2,000	\$2,200	\$0	\$0	\$2,000	\$2,200
2	\$2,000	\$4,620	\$0	\$0	\$2,000	\$4,620
3	\$2,000	\$7,282	\$0	\$0	\$2,000	\$7,282
4	\$2,000	\$10,210	\$0	\$0	\$2,000	\$10,210
5	\$2,000	\$13,431	\$0	\$0	\$2,000	\$13,431
6	\$2,000	\$16,974	\$0	\$0	\$2,000	\$16,974
7	\$2,000	\$20,871	\$0	\$0	\$2,000	\$20,871
8	\$2,000	\$25,158	\$0	\$0	\$2,000	\$25,158
9	\$0	\$27,674	\$2,000	\$2,200	\$2,000	\$29,874
10	\$0	\$30,441	\$2,000	\$4,620	\$2,000	\$35,061
11	\$0	\$33,485	\$2,000	\$7,282	\$2,000	\$40,767
12	\$0	\$36,834	\$2,000	\$10,210	\$2,000	\$47,044
13	\$0	\$40,517	\$2,000	\$13,431	\$2,000	\$53,948
14	\$0	\$44,569	\$2,000	\$16,974	\$2,000	\$61,643
15	\$0	\$49,026	\$2,000	\$20,871	\$2,000	\$69,897
16	\$0	\$53,929	\$2,000	\$25,158	\$2,000	\$79,087
17	\$0	\$59,322	\$2,000	\$29,874	\$2,000	\$89,196
18	\$0	\$65,254	\$2,000	\$35,061	\$2,000	\$100,316
19	\$0	\$71,779	\$2,000	\$40,767	\$2,000	\$112,548
20	\$0	\$78,957	\$2,000	\$47,044	\$2,000	\$126,003
21	\$0	\$86,853	\$2,000	\$53,948	\$2,000	\$140,803
22	\$0	\$95,583	\$2,000	\$61,643	\$2,000	\$157,083
23	\$0	\$105,092	\$2,000	\$69,897	\$2,000	\$174,991
24	\$0	\$115,601	\$2,000	\$79,087	\$2,000	\$194,690
25	\$0	\$127,161	\$2,000	\$89,196	\$2,000	\$216,359
26	\$0	\$139,877	\$2,000	\$100,316	\$2,000	\$240,195
27	\$0	\$153,865	\$2,000	\$112,548	\$2,000	\$266,415
28	\$0	\$169,252	\$2,000	\$126,003	\$2,000	\$295,257
29	\$0	\$186,177	\$2,000	\$140,803	\$2,000	\$326,983
30	\$0	\$204,795	\$2,000	\$157,083	\$2,000	\$361,881
31	\$0	\$225,275	\$2,000	\$174,991	\$2,000	\$400,269
32	\$0	\$247,803	\$2,000	\$194,690	\$2,000	\$442,496
33	\$0	\$272,583	\$2,000	\$216,359	\$2,000	\$488,741
34	\$0	\$299,841	\$2,000	\$240,195	\$2,000	\$539,615
35	\$0	\$329,825	\$2,000	\$266,415	\$2,000	\$595,576
36	\$0	\$362,808	\$2,000	\$295,257	\$2,000	\$657,134
37	\$0	\$399,089	\$2,000	\$326,983	\$2,000	\$724,847
38	\$0	\$438,998	\$2,000	\$361,881	\$2,000	\$799,332
39	\$0	\$482,898	\$2,000	\$400,269	\$2,000	\$881,265
40	\$0	\$531,188	\$2,000	\$442,496	\$2,000	\$971,339
Investment		\$16,000		\$64,000		\$80,000
Earnings		\$515,188		\$374,496		\$891,339

YOUR LIFE, YOUR MONEY

“Other Types of Insurance”

Name: _____ Activity: Other Types of Insurance

My group's type of insurance is:

Questions:

- ① **Why is this type of insurance needed?**

- ② **At what point in life does one need to obtain this type of insurance?**

- ③ **What variables will affect the cost of this type of insurance?**

- ④ **How could you lower the premiums?**

- ⑤ **What are the variety of sources from which one might obtain this type of insurance?**

YOUR LIFE, YOUR MONEY

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Biz Kid\$ <<http://www.bizkids.com/>>

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Electric Money <<http://www.pbs.org/opb/electricmoney/>>

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Your Life, Your Money <<http://pbs.org/yourlifeyourmoney>>



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