THE ROAD TO RICHES:

Basic Money Management

DVD Version

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CREDITS

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- TEACHER'S RESOURCE GUIDE

  A file of the accompanying Teacher's Resource Guide is available on the DVD. To open the file you need to load the DVD onto a computer that has a DVD-ROM and Adobe Acrobat Reader. Right click on the DVD icon and then double click on the file titled "Teacher's Resource Book."

Introduction

In an important speech delivered via satellite to the National Council on Economic Education, Federal Reserve Chairman Alan Greenspan stressed that understanding basic financial concepts such as budgeting and savings should begin as early as possible in the learning process. Greenspan stated that "…In many respects, improving basic financial education...can provide a foundation for financial literacy, helping younger people avoid poor financial decisions that can take years to overcome…"

Unfortunately, many young people have not been educated about simple money management skills. Often, immediate gratification wins out over planning for the future. Young people who choose to spend their money on new clothes may be happy for the moment, but one day they will not have the money to make a down payment on a car. Failure to adequately plan for the future can leave students filled with regret once they realize they cannot afford big-ticket items, such as vacations or a home. These problems strike a surprising number of people; today, credit cards are everywhere, consumer debt is up, and bankruptcies are on the rise.

The good news is that some simple education now can set students on their way to a financially healthy future. The earlier young people learn about money management, the better. First of all, they will build good habits for the future. Young people who begin saving early also reap the benefits of interest, which can add up to significant amounts. The more time teens have had to plan for financial goals, the better equipped they will be for making decisions about buying clothes, electronics, cars, and a college education.

The Road to Riches: Basic Money Management is a thorough overview of money management skills. With its fast pace and lively style, this video will entertain students as they learn. The fundamentals of finance are presented in a clear, easily-understood manner.

Until now, it's been assumed that young people will either know instinctively how to manage money or would learn from their parents. Now we know better, and this video fills a great need by providing a solid background to financial education. The program is further enhanced by student activity sheets and exercises that expand on each theme in the video. With these tools, students will develop the skills they need for life.

The Road to Riches: Basic Money Management provides valuable lessons. Students can use the knowledge they gain from this program in many different ways throughout the school year, in many subjects as well as in students' own lives.

LEARNING OBJECTIVES

After viewing ***The Road to Riches: Basic Money Management***, participating in classroom activities and completing the student activities sheets provided, students will be able to:

- understand the importance of managing money responsibly
- create a budget
- track their income and spending
- clarify their financial goals
- distinguish between needs and wants
- recognize the difference between gross and net pay
- compare interest rates
- understand the basics of bankruptcy
- understand the benefits and deductions on a paycheck
- understand the basics of insurance

PROGRAM SUMMARY

The Road to Riches: Basic Money Management opens with an animated car taking a trip down the "road to riches," accompanied by lively music. We then meet our two hosts, who explain that credit card debt has climbed into the hundreds of billions of dollars, bankruptcies are on the rise and fewer people are saving money. They point out that now is the time to learn how to handle money, and if we develop the right attitude, money management becomes a habit instead of a chore.

The video then introduces a panel of experts, who share their experience and advice in clips throughout the program. We meet bank president Ric Smith, financial planner Hank Parks, insurance agent Charles Hemmans, human resources manager Doug Taylor and consumer credit counselor Denise Surratt.

The first "rule of the road" to financial success is to **spend less than you earn**. While it may sound obvious, the hosts explain that many people don't follow this simple rule. They share that the easiest way to follow the rule is to distinguish between wants and needs.

This leads to the second rule: **budget your money**. The hosts demonstrate that you must add your assets to your expected income and subtract expenses in order to budget your cash. Experts add that you need a spending plan in order to achieve financial goals.

The next rule is to **pay yourself first**. The hosts advise us to set aside an affordable amount of money from an allowance or paycheck. This way, savings can earn money with interest, helping us afford big purchases.

The hosts then introduce rule number four: **start saving young**. They explain that the amount of time money collects interest is very important. The experts provide an example: if an 18-year-old saves $1000 at 6% interest, she'll have about $16,000 when she retires. By contrast, if she saves $2000 at age 38, she'll only end up with about $9,500 at retirement.

Next, the video pauses for a side trip explaining banks. Ric Smith defines a bank as an institution that buys and sells money. In exchange for the money they "buy" with interest on savings, they "sell" money with interest on loans and service fees. He also assures us that money in the bank is safe because the bank is insured by the FDIC, which guarantees your money up to $100,000 per account in case of bank failure.

We return to the "rules of the road" for rule five: **plan for the future**. The experts advise us to decide what's important, then to make a "road map" for our financial journeys. The hosts also tell us to list our goals for the future in order to help us plan how to achieve them.

The next rule is to **stay insured**. Charles Hemmans explains that insurance companies operate by collecting money in the form of premiums from many people, anticipating that they will pay losses for fewer people. The experts stress how important insurance is because it protects from devastating financial loss. They suggest that health insurance is the most vital for young people, followed by car insurance. As we obtain more assets, we should also obtain more insurance.

The hosts then present rule seven: **get interested in interest**. The "rule of 72," which can be used to calculate how many years it will take at a certain interest rate to double your money, is explained.

The video then moves on to another side trip, this one explaining deductions from a paycheck. The hosts define net pay as the money you actually take home after deductions have been taken from your gross pay. They explain that some involuntary deductions are taken, such as taxes and social security, but some companies also offer voluntary deductions. One common voluntary deduction is a savings plan, like a 401K. The experts explain that some companies will also match what you save with their own money, in which case you should save as much as possible.

The next rule of the road is to **never borrow what you can't repay**. Experts share that in some ways, a borrower is the slave of the lender. They also explain that reckless borrowing can lead to bankruptcy and its consequences for years.

The hosts then introduce rule nine: **big rewards mean big risks**. They remind us that large amounts of money can be tempting when we invest, but we can also lose large amounts.

The video then presents the final rule: **don't expect something for nothing**. Experts caution that get-rich-quick schemes are often too good to be true, and for every big winner there are many losers.

The video closes with some final pieces of advice for young people: ask about benefits when interviewing for a job, watch how you spend your money, repay loans as soon as possible, and view money as a tool.

As the animated car drives on down the road, students will have acquired a solid foundation of knowledge about money management. They're now ready to start on their own "road to riches."

Notes To The Teacher

The student activities sheets included in this program deal with specific skills your students will need to learn in order to manage money responsibly. The following are suggestions for using these worksheets (referred to by their respective titles) but you can decide the best arrangement for your class based on your individual time, space and equipment constraints:

Creating Your Budget (Page 9)
This student activity sheet is designed to help you introduce students to the concept of budgeting. It is recommended that creating and tracking a budget be a long-term exercise that your class can revisit and review through the year. The initial exercise will first involve helping students determine their income and expenses. (Note: If students do not wish to disclose personal financial information, they should be encouraged to create a sample budget in the classroom exercises, but still create their own budget for personal use).

Elements of a Budget (Page 10)
This student activity sheet helps you understand and explain to students how a budget is laid out and why certain elements are included.

Analyzing and Tracking (Page 11)
Once the students have determined their income and expenses and include them in their budgets, this student activity sheet gives you information about what you should look for when analyzing and tracking the information. Students are also encouraged to share their budgeting skills with their families.

Sample Budget (Pages 7-8)
Students should understand that this budget is an example and will include many items that they may not include in their personal budgets. However, it's important for students to see these items to help them realize what expenses they can expect to have later in life and it will help bring to mind their own expenses.

Budgets Acrostic (Page 12)
This activity should be discussed item-by-item. It is designed to reinforce important points to remember about budgeting.

Saving Money (Pages 13-14)
Once students have created their budgets, they should be encouraged to look for areas where they can spend less money. This exercise offers tips for saving money and encourages students to come up with other tips of their own.

Distinguishing Wants from Needs (Page 15)
In order to manage money responsibly, it's very important to understand the difference between wants and needs. This exercise should encourage lively debate among the students.

NOTES TO THE TEACHER

Crossword Puzzle and Answer Key (Pages 16-17)
This exercise directly reflects the terms and themes presented in the video and is designed to reinforce them. An answer key is provided for teachers.

Dream Big (Page 18)
This exercise is designed to let students' imaginations run wild! Steps are provided for determining and analyzing financial goals.

Personal Goals (Page 19)
This worksheet is designed to help students record their own short-term, intermediate and long-term goals. Students should first determine, as a group, what time frames should be used to determine "short-term" "intermediate" and "long-term" goals.

Salary, Benefits, Take-Home Pay (Page 20)
This worksheet is designed to help students understand the difference between salary or "gross" pay and "take-home" or "net" pay, as well as the various deductions that will be taken out of their paychecks when they get a job. The difference between mandatory deductions and voluntary deductions is explained as well.

Gross vs. Net (Page 21)
This exercise will illustrate for students how "take-home" or "net" pay is calculated. Students should first be encouraged to guess how much the amount of take-home pay will be based solely on the amount of gross pay, then do the math to find out the real answer.

Sample Paycheck (Page 31)
This student activity sheet clearly shows students how these various deductions are specified on a paycheck.

Insurance Needs (Page 30)
This student activity sheet discusses what insurance is and how to determine what your insurance needs are. Since students will most readily relate to Auto Insurance, examples are given for how rates are calculated. Students are encouraged to discuss the financial loss that could be suffered without auto insurance.

Comparing Interest Rates (Page 22)
This exercise demonstrates a simple way to compare interest rates utilizing the "rule of 72" which is discussed in the video.

Compound Interest Tables (Page 23)
These charts compare two sample interest rates side-by-side. Students will clearly see how compound interest helps money grow on a yearly basis and how long it will take for money to double.

Student Activities

NAME:________________________________

ACTIVITY 1A
SAMPLE BUDGET

CATEGORY	EXPENSE	WEEKLY	MONTHLY	6 MONTHS	YEARLY	GOALS
Shelter	Rent or mortgage					
	Electric bill					
	Heat (gas or oil)					
	Property taxes					
	Water/sewer					
	Telephone					
	Property insurance					
	Maintenance/cleaning					
	Garbage collection					
	Other					
	Other					
Furnishings	Furniture					
	Appliances					
	Electronics					
	Dishes/glasses/flatware					
	Decorative items					
	Sheets/towels/linens					
	Other					
	Other					
Trans-portation	Car payment					
	Gasoline					
	Maintenance					
	Auto insurance					
	Bus or taxi fare					
	Tolls/parking					
	Other					
Food	Groceries					
	Work lunches					
	School lunches					
	Other					
Clothing	Clothing					
	Uniforms					
	Shoes					
	Maintenance/Cleaning					
	Other					

NAME:______________________________

ACTIVITY 1B
SAMPLE BUDGET

CATEGORY	EXPENSE	WEEKLY	MONTHLY	6 MONTHS	YEARLY	GOALS
Enter-tainment	Vacations					
	Music					
	Movie/game rentals					
	Movies					
	Meals out					
	other					
Family	Life insurance					
	Child care					
	Allowance					
	Other					
Savings	Bank/credit union					
	Company savings plan					
	Indiv. retirement account					
	Other					
Health & Beauty	Insurance					
	Medications					
	Doctor					
	Dentist					
	Health club membership					
	Hair-cuts					
	Make-up					
	Manicures					
	Other					
Donations	Church/Religious					
	Charities					
	Other					
Installment/ Loans	Credit Union					
	Credit card					
	Credit card					
	Department store					
	Student loan					
	Other					
Personal/ Misc.	Cigarettes					
	Alcohol					
	Union/other dues					
	Social Security tax					
	Federal Income tax					
	State tax					
	Sales tax					
	Other					

Name:___________________________________

Activity 2

Creating Your Budget

Creating a budget and tracking your income and expenses is a long-term exercise. And ideally it will become a life-long exercise!

A comprehensive budget is the roadmap for your journey along ***The Road the Riches.*** Budgeting allows you to clearly see what you have and how to do more with it. Our budgets will always be a "work in progress." As our wants and needs will change throughout our lives, our budget will change along with them. The world around us is constantly changing too… Think about it, not too long ago, a personal computer was considered a luxury; today it's practically a necessity.

Everyone is different, so it's extremely important to design a budget that works for you. The sample budget provided is a comprehensive example and includes many categories that will obviously not be part of your spending yet. The reason for including these categories is to give you an idea of the multitude of expenses that you can expect to have as you mature. It can also help bring to mind small and large expenses that you may not be aware of.

DETERMINING YOUR EXPENSES

If you're a typical student, you spend cash and thus may not have access to any past financial records (like a checkbook or credit card receipts) from which to extract information. So it may take some time to properly assess your expenses.

- ➤ Using the sample budget provided on pages 7 and 8, track your spending for a week or a month, noting expenditures in each category.
- ➤ During this time, save receipts and pay close attention to every cent; whether it goes into vending machines, to buy gas for a car, bus fare, or loans to friends.
- ➤ Be honest about your income and expenses. Inflating your income or hiding expenses will only hurt yourself!

Name:___________________________________

ACTIVITY 3

ELEMENTS OF A BUDGET

The expense section of the sample budget provided is divided into the following categories:

- ➤ Shelter
- ➤ Furnishings
- ➤ Transportation
- ➤ Food
- ➤ Clothing
- ➤ Entertainment
- ➤ Savings
- ➤ Health
- ➤ Family
- ➤ Donations
- ➤ Personal
- ➤ Installment payments
- ➤ Miscellaneous

Samples of various expenses are provided within each category, along with blank lines to include "other" expenditures that may not be listed.

You'll notice that the sample budget covers needs as well as wants. The entertainment category is for fun and luxuries. If your budget *doesn't* include them, you're not very likely to stick to it! (Note: "Meals out" are included in the entertainment section rather than the "food" section.)

The Goals column is provided so you can note what improvements you want to make and by what time… perhaps you'd like to save more money, or spend less in a certain area. The Goals column is where you should note your target expenditure.

Note that savings is a regular line-item expense in your budget. Remember the rule of the road that says "Pay yourself first!" Don't make the mistake of thinking you'll save whatever is left over because that most likely means you won't save at all!

Columns are provided for figuring expenses on a weekly, monthly and yearly basis. This can be a real eye-opener! If you spend $1.00 on soda every day, that's $7.00 a week and $364.00 a year! You can also use this principle in reverse for once- or twice-a-year costs like car insurance… making a large payment like that can be tough, but if you put aside a little toward it each month, you can be ready when the bill comes.

ANALYZING YOUR EXPENSES

Once you have your budget filled out, it's time to analyze where your money goes.

- Are you spending too much for food?
- Do you pay too many late fees for rented movies or video games?
- Are you saving enough?
- Can you find cheaper car insurance?
- Should you bring your lunch once or twice a week?

With a little analysis, you should be able to find places in your budget where you can spend less and redirect that money into savings or into other areas where it's needed more.

TRACKING YOUR INCOME AND EXPENSES

It's important to track your income and expenses, even after the exercise has ended. Bring your budget back at the end of the school year to review and re-evaluate.

BUDGETING IS A FAMILY AFFAIR

Share your budget with your family. If your parents or guardians don't have a formal budget, bring copies of the sample budgets home so that you and your family can create and track a budget together.

Name:________________________________

Budgets Acrostic

Be honest about your income and expenses. Inflating income or hiding expenses will only hurt you in the long run.

Understand the importance of budgeting. Your budget is your roadmap to your financial future.

Design your own budget. Everyone's wants and needs are different. Someone else's plan won't work for you.

Goals: Include a "goals" column for adjustments (increases or decreases) you'd like to make in the future. It will help you chart your success.

Entertainment: Include an entertainment category. If your plan doesn't leave room for some fun, you probably won't stick with it.

Track your income and spending on a regular basis.

Savings: Probably the most important line item in your budget!

Name:________________________________

Once you have created and analyzed your budget, you surely will be able to find areas where you are spending too much. You should now be able to come up with various ways to spend less and save more. Savings ideas can be very general, or can relate to specific areas of your budget. Here are some examples:

GENERAL IDEAS:

- ➤ Take time to think! Avoid impulse purchases. Before you buy something, think about whether you really need it, how long you will use it and whether it's worth the money.
- ➤ Make your money hard to get too quickly. Money in your pocket is much easier to spend than money in the bank! Keep on hand only what you need for the day or the week. Or carry just enough for emergencies and leave the rest at home. If going home to get money doesn't seem worth the trouble, then you don't need the item anyway.
- ➤ Use "Parental Controls." Give your money to your parents to keep for you. Discuss with them what you will use the money for. They can help you when your will power is weak!
- ➤ Remember your goals! Reviewing your future financial goals will help give you a reality check and encourage you not to waste your money on junk.
- ➤ Save any bonus money. Save any money that comes to you unexpectedly like birthday gifts, graduation gifts, overtime pay, tax refunds, etc.
- ➤ List other general ideas here:

SPECIFIC IDEAS:

- ➤ Always return rented movies and video games on time.
- ➤ Eat something at home before you go to the movies so you're not tempted by the concession stand. (Concessions can easily add up to more than the price of tickets!)
- ➤ Soft drinks from a vending machine can easily cost a dollar a day. Find a less expensive alternative or get in the habit of drinking water.
- ➤ List other specific ideas here:

Name:______________________

Activity 7

Distinguishing Wants From Needs

The difference between wants and needs may seem obvious but it may not be as simple as you think.

Use the chart below to encourage lively discussion among classmates. Examples are given in the first two rows to get you thinking.

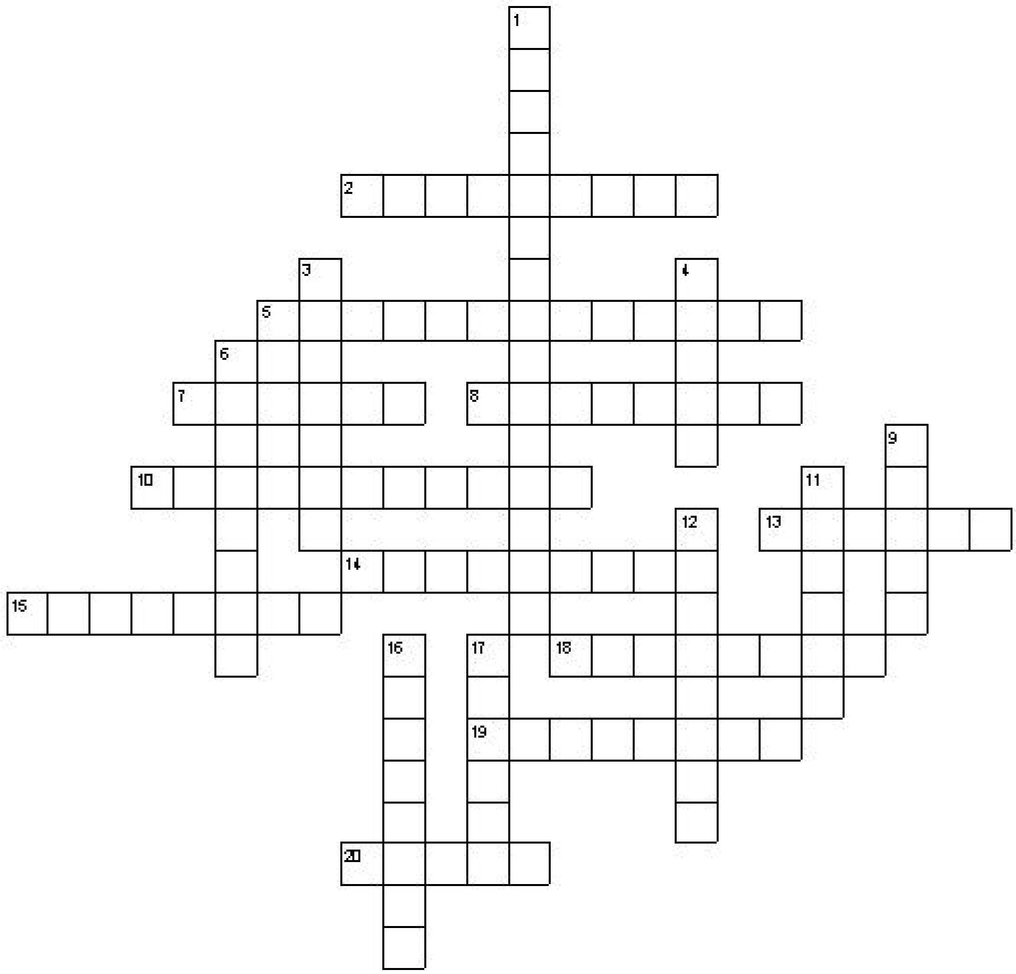
Try to decide what’s really important to you and understand that there should be give and take in every situation. As Denise Serratt states in the video: *“You can go buy expensive clothes if you want to, but you’re not going to have the down payment to put on that car later on.”*

WANTS	**NEEDS**
A nice car	Transportation to school and/or work
A can of soda	Water

Name:____________________________________

Activity 8A

Crossword Puzzle



Crossword Puzzle Clues

ACROSS:

2. "Don't expect _________ for nothing."
5. What do you need to learn the difference between? (3 words)
7. When should you pay a loan back? (2 words)
8. Who should you pay first?
10. One of the things you save money for…
13. What should you save money and plan for?
14. What can protect you from financial loss?
15. What does it take to earn big rewards? (2 words)
18. Things that cost money
19. A type of bank account
20. Sometimes known as "cash," "loot" or "bucks"

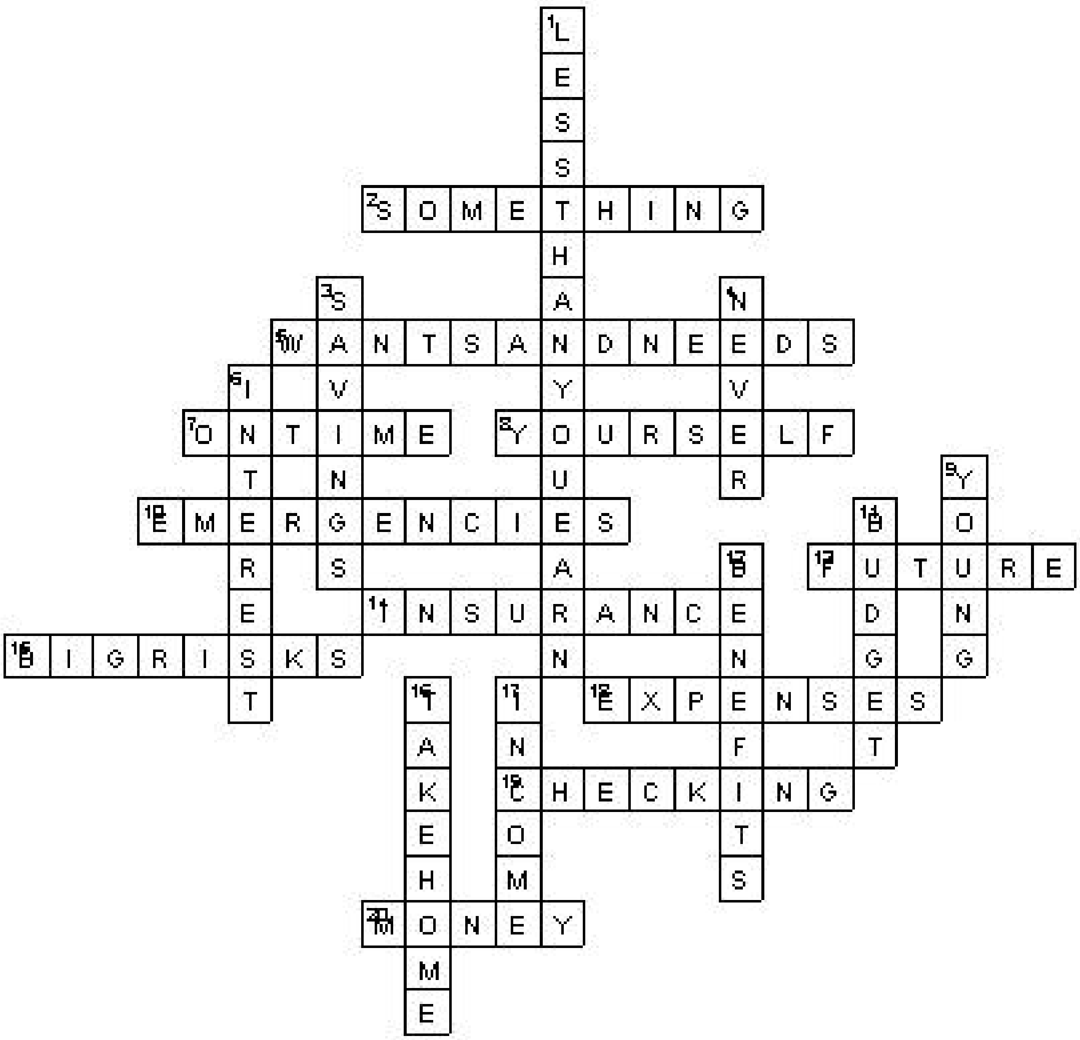
DOWN:

1. How much should you spend? (4 words)
3. What should be an important line-item in your budget?
4. When should you borrow what you can't repay?
6. What a bank pays you on your savings
9. When should you start saving money?
11. What helps you manage your money?
12. What some employers offer in addition to pay
16. "Net" pay is also called ________ pay (2 words)
17. Money that you make

Name:________________________

Activity 8b

Crossword Puzzle Answer Key



NAME:___________________________________

ACTIVITY 9

DREAM BIG

MAKING YOUR DREAMS COME TRUE!

This is an exercise in which you can indulge yourself!

Everyone has dreams—and chances are, the younger you are, the bigger and more expensive your dreams are! So how do we make those dreams come true? You need to set goals, map out a plan and stick to it! That's what turns a dreamer into an achiever!

What do you want out of life and your money? These steps will help you set attainable goals.

➤ First, understand that having **money is not a goal** in itself. Money is a means of attaining some of your goals.

➤ **Brainstorm** and write down all your dreams and ideas. There are no bad ideas or unreasonable dreams. Explore all possibilities, you don't know where they might lead!

➤ Include **short-term goals** like buying a new dress for the homecoming dance; **intermediate goals** like buying a car next summer, and **long-term goals** like buying a house and raising a family.

➤ Next, **define, evaluate and analyze** each of your ideas. Eliminate the absurd and unattainable ideas. Begin to decide what's really important to you.

➤ **Assign a target date and dollar value** to each goal. Include non-financial goals as well.

➤ **Prioritize your goals.** Once you assign dates and dollar values, you may need to eliminate some that seem unattainable.

➤ **Chart specific, tangible goals that you want to achieve**. Be specific.

____

____

____

____

____

____

Name:___________________________________

Activity 10
Personal Goals

First, discuss and decide what time period you would like to use for short-term, intermediate and long-term. Then use the steps outlined in the previous page and have fun!

Short-term: ___________ days, weeks or months

Intermediate: ___________ weeks, months or years

Long-term ___________ years

SHORT-TERM GOALS	ANTICIPATED COST	TARGET DATE
	$	
	$	
	$	
	$	
	$	
INTERMEDIATE GOALS	ANTICIPATED COST	TARGET DATE
	$	
	$	
	$	
	$	
	$	
LONG-TERM GOALS	ANTICIPATED COST	TARGET DATE
	$	
	$	
	$	
	$	
	$	

Keep your list of goals. Review it often and update it whenever you reach a goal or your goals change.

(*A good resource for assigning dollar value to your goals can be found on the internet in an interactive exercise called "The Reality Check" at www.jumpstart.org)

Name:_________________________

Activity 11

Salary, Benefits, Take-Home Pay

It's important to understand the difference between your salary or gross pay and your take-home or net pay.

Take-home or net pay is what's left after deductions are taken out of your salary or gross pay. Some of these deductions will be mandatory and/or required by law. Some deductions are voluntary and you can choose whether or not to take advantage of them. The voluntary deductions are also known as benefits that a company offers.

The costs for some of these benefits may be paid 100% by the company; the cost of others may be shared by the company and the employee.

Mandatory deductions include:

Federal Taxes
State Taxes
FICA (Social Security)
Medicare

Voluntary deductions include:

Medical Insurance
Dental Insurance
Life Insurance
Savings or Retirement Plans

Discuss the benefits of these voluntary deductions.

Medical, dental and/or life insurance plans are often available at a much lower cost through a company (or "group") plan than if the employee were to purchase the same coverage on his/her own. Companies often pay all or part of the costs for these benefits.

Company sponsored savings or retirement plans offer a number of benefits:

➤ Forced savings: The money is automatically deducted before you have an opportunity to spend it.

➤ Pre-tax Savings: The money is often deducted from your pay before taxes are figured in, thereby reducing your taxable income.

➤ Company Matching: Many companies will match all or part of the money you put into your savings plan.

It might seem tempting to forgo these benefits in the short term in order to have a larger amount of take-home pay; but in the long run, you will be better off financially by taking advantage of these benefits.

Name:_____________________________________

Activity 12

Gross Vs. Net

Figure out the amount of take-home pay! Below is a sample paycheck of $850 "gross" pay. To do the math, subtract all the deductions to get the real answer.

(M) = Mandatory deductions
(V) = Voluntary deductions

Gross Pay:	**+ $850.00**
Federal Tax:	- $104.64 (M)
FICA (Social Security)	- $ 52.70 (M)
Medicare	- $ 12.33 (M)
State Tax	- $ 18.88 (M)
Medical Insurance	- $ 10.00 (V)
Dental Insurance	- $ 2.50 (V)
401K Savings Plan	- $ 102.00 (V)

Net Pay = ____

Now figure out what percentage of the original $850.00 paycheck this worker gets to take home!

Gross Pay minus Net Pay = ________________________________

These figures will vary depending on the laws and policies of the state that you live in and the company you work for, but no matter what it is, **take-home pay is the amount you have to live on!**

Name:________________________________

Activity 13
Comparing Interest Rates

It's essential to start saving money when you're young. Not only is it a good idea to get into the habit, but simply put, the earlier you start, the more money you stand to earn. How much money you accumulate is determined by both the *amount of interest* it earns, and *the amount of time* that it earns interest.

Interest rates can be compared by using the "rule of 72." It can be applied to any interest rate to determine how long it will take to double your money. How many times a number divides into 72 gives you the number of years it will take to double your money.

For example; 12 x 6 = 72; *therefore at **12% interest**, money will double in 6 years.*

Calculate the following rates to see how long it will take to double your money:

*At **10%** interest, money will double in ______ years.*

*At **9%** interest, money will double in ______ years.*

*At **8%** interest, money will double in ______ years.*

At 7% interest, money will double in ______ years.

*At **6%** interest, money will double in ______ years.*

*At **5%** interest, money will double in ______ years.*

*At **4%** interest, money will double in ______ years.*

*At **3%** interest, money will double in ______ years.*

*At **2%** interest, money will double in ______ years.*

NAME:____________________________________

SAMPLE COMPOUND INTEREST TABLES:

At 6% Interest, your money will double in 12 years

6% Interest	1 YEAR	2 YEARS	3 YEARS	4 YEARS	5 YEARS	6 YEARS	7 YEARS	8 YEARS	9 YEARS	10 YEARS	11 YEARS	12 YEARS
$1.00	$1.06	$1.12	$1.19	$1.26	$1.34	$1.42	$1.50	$1.59	$1.69	$1.79	$1.90	$2.01
$5.00	$5.30	$5.62	$5.96	$6.31	$6.69	$7.09	$7.52	$7.97	$8.45	$8.95	$9.49	$10.06
$10.00	$10.60	$11.24	$11.91	$12.62	$13.38	$14.19	$15.04	$15.94	$16.89	$17.91	$18.98	$20.12
$50.00	$53.00	$56.18	$59.55	$63.12	$66.91	$70.93	$75.18	$79.69	$84.47	$89.54	$94.91	$100.61
$100.00	$106.00	$112.36	$119.10	$126.25	$133.82	$141.85	$150.36	$159.38	$168.95	$179.08	$189.83	$201.22

At 4% Interest, your money will double in 18 years

4% Interest	1 YEAR	2 YEARS	3 YEARS	4 YEARS	5 YEARS	6 YEARS	7 YEARS	8 YEARS	9 YEARS	10 YEARS	11 YEARS	12 YEARS
$1.00	$1.04	$1.08	$1.12	$1.17	$1.22	$1.27	$1.32	$1.37	$1.42	$1.48	$1.54	$1.60
$5.00	$5.20	$5.41	$5.62	$5.85	$6.08	$6.33	$6.58	$6.84	$7.12	$7.40	$7.70	$8.01
$10.00	$10.40	$10.82	$11.25	$11.70	$12.17	$12.65	$13.16	$13.69	$14.23	$14.80	$15.39	$16.01
$50.00	$52.00	$54.08	$56.24	$58.49	$60.83	$63.27	$65.80	$68.43	$71.17	$74.01	$76.97	$80.05
$100.00	$104.00	$108.16	$112.49	$116.99	$121.67	$126.53	$131.59	$136.86	$142.33	$148.02	$153.95	$160.10

4% Interest	13 YEARS	14 YEARS	15 YEARS	16 YEARS	17 YEARS	18 YEARS
$1.00	$1.67	$1.73	$1.80	$1.87	$1.95	$2.03
$5.00	$8.33	$8.66	$9.00	$9.36	$9.74	$10.13
$10.00	$16.65	$17.32	$18.01	$18.73	$19.48	$20.26
$50.00	$83.25	$86.58	$90.05	$93.65	$97.40	$101.29
$100.00	$166.51	$173.17	$180.09	$187.30	$194.79	$202.58

NAME:___________________________________

NET WORTH BALANCE SHEET

How much are you really worth? The answer is more complicated than simply how much money you have in your bank accounts. First, you must consider your assets, which are valuable things you have, like a car, savings accounts, or valuable items you own. Then you must look at your liabilities, which are things for which you owe money, like credit card debt, car insurance, or even gas money. Use this balance sheet to estimate how much you really have. If one of the categories doesn't apply to you, simply skip it.

ASSETS	Amount
Savings account:	________
Checking account:	________
Car:	________
Stocks:	________
Valuable items:	________
College fund:	________
Other:	________
Other:	________
Total Assets	________

LIABILITIES	Amount
Credit card debt:	________
Debts to friends:	________
Car payments (per month)	________
Car insurance (per month)	________
Other:	________
Other:	________
Total Liabilities	________

Now, subtract your liabilities from your assets. This is your net worth!

Total Assets	________
Total Liabilities	________
Net Worth	________

Name:___________________________________

Activity 16
Compare Accounts

It's important to save money—but at which bank? All savings accounts are not the same, and you should investigate what several different banks have to offer before you decide. Checking accounts can be useful as well, but they are also all different. For this activity, visit three different banks in your area and ask for brochures with information about their savings and checking accounts. Use these brochures to fill out the following chart:

SAVINGS

	BANK 1	**BANK 2**	**BANK 3**
Bank name	_________	_________	_________
How far is it from home?	_________	_________	_________
What are the hours?	_________	_________	_________
Minimum balance	_________	_________	_________
Interest rate	_________	_________	_________

CHECKING

Bank name	_________	_________	_________
How far is it from home?	_________	_________	_________
What are the hours?	_________	_________	_________
Minimum balance	_________	_________	_________
Interest rate (if any)	_________	_________	_________
Limits on withdrawals	_________	_________	_________
Fees	_________	_________	_________

Which bank or banks seems like the best choice to you?

____

Fact Sheets

Name:____

Fact Sheet 1
Sample Expense Log

Sometimes it's easy to lose track of how much money we spend. A can of soda here, a CD there; we don't realize how much we've bought until we find ourselves short on cash. One way to prevent this is to watch where our pennies go. An expense log helps to organize expenses and count up our purchases. This sample shows a typical week of spending.

ITEM		COST
Lunch		$5.75
Candy bar		$.65
Magazine		$4.50
Movie ticket		$7.00
Bowling		$5.00
Dinner out		$15.00
Soda		$.75
CD		$14.50
Coffee		$1.65
Movie rental		$3.99
New notebooks		$4.00
Chips		$.75
	TOTAL:	**$63.54**

Name:_________________________________

Fact Sheet 2

Types of Bank Accounts

Banks are important resources to help us manage our money, but they can also be confusing. They seem to offer so many services and so many types of accounts; how can we ever decide what we need? While every bank is different, most offer these basic accounts. Talk to your banker to decide which is best for you.

1. Savings Account: This is an account that pays interest on your money. You will receive a monthly statement for your account, which will tell you how much interest your money has earned, the interest rate, and any transactions you have made.

2. Checking Account: This account is like savings, except it usually does not bear interest. You will also receive a monthly statement of your transactions. You can access your money with checks, a debit card, or through an automated teller machine (ATM). There are two basic types of checking accounts:

   a. Basic: this account usually has the lowest fee, but it may limit the number of checks you can write. If you go over this number, the bank may charge you a fee.

   b. Mid-level: this account usually charges a higher flat fee, but allows unlimited transactions. Sometimes there are no fees at all if your balance is over a certain amount.

You will also have to buy checks for your account.

3. Money Market Deposit Account: This account usually requires a large initial deposit and also requires you to maintain a certain balance in the account at all times. There is also a strict limit on the number of checks you may write per month. However, this type of account usually has a higher interest rate than other accounts.

NAME:__________________________________

FACT SHEET 3

BANK VOCABULARY

Banks offer a variety of services to help us manage our money. You should be familiar with some basic offers available at most banks.

1. **Check**
   A written order for the bank to pay a third party of your choice. They are used with checking accounts. It's important to remember that you cannot write a check for an amount you don't have in your account; this is called "bouncing" a check and will incur hefty fines.

2. **ATM**
   An automated teller machine. An ATM allows you to access your money with a card and a secret personal identification number (PIN). They can be used to withdraw money, deposit money, transfer money between accounts and check balances. Many are open 24 hours for your convenience. For safety reasons, most limit the amount of money you can withdraw in one day.

3. **Money Order**
   A kind of guaranteed check. You can buy it from a financial institution like a bank or a post office. Since you paid for the money up-front, the recipient knows it is definitely good.

4. **Traveler's Check**
   Checks that are bought in denominations of $10, $20, etc from financial institutions. They are safe from loss or theft; since you sign them once in the presence of someone at the institution and again when in the presence of the recipient, the signatures can be compared.

5. **Certificate of Deposit (CD)**
   A deposit made with a bank or savings and loan institution for a specified amount of time. No withdrawals are allowed during the agreed-upon time, but many offer higher interest rates than other accounts.

Name:________________________________

Balancing A Checkbook

Checking accounts are popular choices for keeping money; they are easily accessible and convenient. It's a good idea to record all your deposits and withdrawals in the back of your checkbook. However, it's easy to lose track of your expenditures if you don't carefully balance your checkbook after purchases. If you don't know exactly how much money you have in your account, you risk bouncing a check. Here is a sample worksheet for balancing a checkbook, like the one sent with your monthly statement.

NUMBER	DATE	TRANSACTION DESCRIPTION	PAYMENT/DEBIT (-)	CODE	FEE (-)	DEPOSIT/CREDIT (+)	$ BALANCE

Name:________________________________

Insurance Needs

Your insurance needs will change throughout your life. Insurance protects you against loss. How likely you are to experience a loss and how that loss would affect you determines what insurance you need. For example:

If you are the bread-winner in a household, life insurance would protect your dependents from loss by replacing your salary and paying the bills in the event of your death. If no one else is dependent on your income, then in most cases you do not need life insurance.

If you drive a car, auto insurance protects you from loss in the event of an accident (or your vehicle being stolen). Depending on the type of coverage you have, it would not only cover repairs or a new car, but it may also pay for medical bills, damage to property and, most importantly, your liability if you cause the accident.

The high cost of health care has made health insurance a necessity for everyone. Medical emergencies are almost always unexpected and can be financially devastating without insurance.

HOW INSURANCE COSTS (PREMIUMS) ARE FIGURED

How much you pay for insurance is determined by how likely you are to suffer a loss. For example, according to the Insurance Education Foundation, someone age 21 or under has a 31% chance of being involved in an automobile accident in a year. At age 25 or older, that risk drops to 11%. Other factors that determine how much you will pay include:

- the type of car you drive
- your driving record
- how many miles you drive each year
- your gender
- whether or not you are a good student or took Driver’s Education classes
- what you will use the car for
- where you drive and park the car
- the cost of repairing your car

NAME:_________________________________

FACT SHEET 6
SAMPLE PAYCHECK

Acme Company	***#0001***
#00001	
123 Main St.	**Date: 06/14/10**
Any City, USA 12345	
Pay to the order of: **JANE DOE**	$546.95
Five hundred forty six dollars and 95/100	
	Richard Roe
Big Bank	

CURRENT GROSS: $850.00 ***YTD AMOUNT: $20,400.00***

Employer Information	*Filing Status*	*Tax Type*	*Amount*	*YTD Amount*
Acme Company		Soc Sec	52.70	1264.80
123 Main St.		Medicare	12.33	295.92
Any City, USA 12345	S 01	Federal	104.64	2511.36
	S 00	LA	18.88	453.12
Pay period 06/08/10 to 06/14/10				
Check date 06/14/10 Check #00100				
	Total withholdings		**$188.55**	**$4525.20**

Personal Information	*Adjustments*	*Amount*	*YTD Amount*
Jane Doe	Medical Insurance	10.00	240.00
567 Main St.	Dental Insurance	2.50	60.00
Any City, USA 12345	401K Savings	102.00	2448.00
	Company Match	25.50	612.00
SS # 000-00-0000			
	Total adjustments	**- $114.50**	**- $2748.00**

CURRENT NET: $546.95 ***YTD AMOUNT: $13426.80***

Notes: YTD stands for "Year to Date"; Adjustments are voluntary deductions; "Company Match" is the amount your company contributes to your savings plan. This paycheck reflects a situation where the optional insurance benefits are "partially paid" by the employer. This means the company and the employee share the cost so that only a portion of the total cost is deducted from the employee's pay.

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