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Preface

In today’s fast-paced consumer society, financial literacy is an essential everyday life skill. It can mean the difference between having the ability to understand and manage the financial landscape, manage limited financial resources and risks effectively, establish security, create opportunities, and avoid financial pitfalls or the total collapse of generations of families. Improving financial literacy can benefit anyone, regardless of age, income, or background; but for impoverished communities, the impact can be extremely positive. It helps people make informed choices on their financial well-being, both, day-to-day and throughout their lives.

According to a study conducted at the University of Illinois at Urbana-Champaign, and reported by ScienceDaily in August 2018, nearly a third of young adults were found to be “financially precarious” because they had poor financial literacy, and lacked money management skills and income stability. Most young adults struggle with understanding how basic personal finance plays a part in lifetime success. Developing basic skills and understanding money management is critical to those in underserved or impoverished communities. Without these skills, individuals and families are often forced into a downward cycle of poverty and missed financial opportunity. Even minor setbacks can be devastating.

The impoverished in the United States are at an even greater disadvantage because of the general lack of access to quality financial education, fewer resources, and challenging socio-economic conditions. Personal financial education offers a powerful tool with the potential to help the poor escape poverty by building savings, growing assets, planning for higher education, and creating wealth.

If we want to give Americans a stronger chance to reach their goals and avoid financial difficulties, they need to be given the requisite knowledge and skills to achieve these goals. Utilizing individuals who work and live in their communities to present this information is also a critical key component as learning can be no more powerful as when it is delivered by those who reflect who you are or whom you aspire to be like. It is this which has led to the creation of the FitKit Express Personal Financial Literacy program. Our goal in the development of the FitKit Express is to help improve the financial empowerment, personal and professional opportunities, and well-being of American from all communities.

Sincerely,

Kenneth M. Damato
Chairman of the Board of Trustees
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<th>Title Page</th>
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<th>1.2 Education &amp; Job Training</th>
<th>Closure</th>
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<td></td>
<td>2</td>
<td>5</td>
<td>7</td>
</tr>
<tr>
<td>2 Pay, Benefits, and Deductions</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>3 Taxes</td>
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Income and Careers

2  1.1 — Income and Careers
4  Discussion Handout 1.1 (a)
5  1.2 — Education & Job Training
7  Closure
Money, we all need it

While money can’t buy happiness, we all need to make it. Careers/jobs are evolving like never before. In order to keep in step, there are a few simple guidelines that will help keep you relevant in our changing job market. Read the article below for more information.

» 11 Great Ways to Stay Relevant in a Changing Job Market

Mindset

We are currently living in the Third Industrial Revolution, which is based on digital and information technology. Faster than the Third Industrial Revolution is the upcoming Fourth Industrial Revolution, where robotics and Artificial Intelligence (AI) are quickly taking the place of many traditional jobs such as customer service, sales, and manufacturing. So how does one respond to this quickly changing employment environment?

In order to have sustainable employment, we must be committed to lifelong learning. One must stay abreast of the changing skill sets needed and seek professional development to be current in your industry. First, read the article below that explains what The Fourth Industrial Revolution is all about. Second, read the article that identifies what skills will be in high demand in this new technological age.

» How Will the Fourth Industrial Revolution Impact the Future of Work?
» The 10 Skills You Need To Thrive In The Fourth Industrial Revolution

Discussion Focus Activity

Do Now: Think-Pair-Share Activity: With a partner, brainstorm for 2 minutes on the following question and record your response below:

“What career do you see yourself in five years?”

Brainstorm:
Within the slide presentation, the following concepts, key terms, and definitions will be covered:

**Play the vignette 🎬 “Planning for Your Financial Goals”**

While making money is an important thing, it’s just as important to know what to do with one’s money after it is earned. This is where personal finance comes into play, and financial planning is an important part of personal finance.

- **Personal finance** -
- **Financial planning** -

**Play the vignette 🎬 “The Importance of Personal Financial Decision-Making in Your Life”**

As you have seen, achieving one’s personal financial goals is part of financial planning. In order to compartmentalize one’s financial goals, they are often broken down into different time amounts. With the right kind of planning, one can work towards accomplishing goals of different time lengths. Generally speaking, financial goals are separated into three categories; short, middle, and long-term goals.

- **Short-term goal** -
- **Middle-term goal** -
- **Long-term goal** -

It is highly likely that some sort of career goal has made it into your financial planning goals. There are many different options for careers, and it is important to find one that makes you happy.

- **Career** -

**Play the vignette 🎬 “The Opportunity Cost of Career Paths”**

Discussion 1: Income and Careers
**Directions:** Brainstorm/identify/record a financial planning goal that you would achieve for yourself within each of the three timeframes listed below.

<table>
<thead>
<tr>
<th>Type/Time Length for Goal</th>
<th>Your Goals</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Short-term Goal</strong> -</td>
<td></td>
</tr>
<tr>
<td>Takes less than one year</td>
<td></td>
</tr>
<tr>
<td>to accomplish</td>
<td></td>
</tr>
<tr>
<td><strong>Middle-term Goal</strong> -</td>
<td></td>
</tr>
<tr>
<td>Takes between one and five</td>
<td></td>
</tr>
<tr>
<td>years to accomplish</td>
<td></td>
</tr>
<tr>
<td><strong>Long-term Goal</strong> -</td>
<td></td>
</tr>
<tr>
<td>Takes more than five</td>
<td></td>
</tr>
<tr>
<td>years to accomplish</td>
<td></td>
</tr>
</tbody>
</table>
Discussion Focus Activity

Do Now: Think-Pair-Share Activity: With a partner, brainstorm for 2 minutes on the following question and record your response below:

"What career do you see yourself in five years?" Identify the type of education, training, certification, and experience you may need to achieve your career goals.

Brainstorm:

_________________________________________________________________________
_________________________________________________________________________
_________________________________________________________________________
_________________________________________________________________________
_________________________________________________________________________
_________________________________________________________________________
_________________________________________________________________________
_________________________________________________________________________
_________________________________________________________________________
_________________________________________________________________________
_________________________________________________________________________
_________________________________________________________________________
_________________________________________________________________________
_________________________________________________________________________
Within the slide presentation, the following concepts, key terms, and definitions will be covered:

*Play the vignette “Career Paths & Student Loans”*

As stated earlier, no matter what career path one chooses to pursue, they will likely have to obtain some sort of education/training prior to obtaining that career. Below are some useful terms to know about this process. Based on your career path, these terms may or may not be applicable to you. It is important to do your own research.

- **Tuition** -
  
- **Vocational school** -
  
- **Certification/Licensure** -
  
- **Associate’s degree** -
  
- **Bachelor’s degree** -
  
- **Graduate degrees** -

Another important component of obtaining this education is, of course, paying for it. One of the first steps of this process would be to complete the FAFSA (Free Application for Federal Student Aid) application, to see if you are entitled to financial aid, to assist in paying for your education/training. If you don’t have enough money saved up, then the remaining costs would need to be paid for using student loans, which you would be eligible to take out, and then repay after completing your education/training program. Based upon one’s financial situation, there are different types of student loans as listed below:

- **FAFSA** (Free Application for Federal Student Aid) -
  
- **Student loans** -
The focus of this discussion was on creating a plan for the type of careers that will be in demand in the near future and the type of education/training required for those careers.

Take a look at this article as an example of how to pay for your life long learning.

» [5 Ways to Pay for Certificate Programs If You Want to Learn a New Skill](#)

**REFLECTION**

Looking at the type of career you wish to have in the next five years and the type of education/training/certifications needed as you progress in your career, think of a few concrete ideas on how you can pay for this professional development in order to reach your career goals.
Pay, Benefits, and Deductions

2.1 — Pay, Benefits, and Deductions
12 Discussion Handout 2.1 (a)
13 Discussion Handout 2.1 (b)
   Understanding What’s in Your Paycheck Stub
15 Closure
Your Paycheck

Some of you may have received a paycheck/pay stub from an employer, for work that you have done, and some of you may not have had an experience like that just yet. Either way, when one receives this document for the first time, it can be confusing.

While this discussion will go into the components of this important document, the following image will show you a preview of what to expect when you receive your first paycheck stub.

Mindset

Employers will try to offer the best quality benefits (perks for a job, such as health insurance, vacation days, sick days, retirement plans, maternity leave, or more abstract things like a fitness center or napping pods) that the company can realistically afford to offer to their employees.

While some benefits have universal appeal, follow the link below and read a bit more about what 15 made the top of the survey:

» The 15 Most Popular Employee Perks

Discussion 2: Pay, Benefits, and Deductions
Discussion Focus Activity

Do Now: Think-Pair-Share Activity: With a partner, brainstorm for 2 minutes on the following question and record your response below:

"Why is it important to keep track of your pay stub information?"

Brainstorm:

_________________________________________________________________________
_________________________________________________________________________
_________________________________________________________________________
_________________________________________________________________________
_________________________________________________________________________
_________________________________________________________________________
_________________________________________________________________________
_________________________________________________________________________
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_________________________________________________________________________

Within the slide presentation, the following concepts, key terms, and definitions will be covered:

Play the vignette “Gross Pay vs Net Pay”

Generally speaking, when one gets paid for their completed work, they will receive a paycheck and a paystub, which details information about their work and pay.

☐ Paycheck - 

☐ Pay stub - 

Discussion 2: Pay, Benefits, and Deductions
While one’s gross pay is important to know, it is also very important to keep in mind the concepts of deductions and net pay.

**Deductions**

**Net pay**

*Play the vignette “Different Types of Compensation”*

Now that we have identified the process in which one receives compensation for their work, we will now identify different ways in which one’s pay is calculated.

**Salary**

**Hourly rate**
Directions: Fill out the tables below to determine the gross and net pay.

1. For the following prompts, determine the gross pay. Remember, the gross pay would equal the amount of hours worked multiplied by the hourly pay rate.

<table>
<thead>
<tr>
<th>Hours Worked</th>
<th>Hourly Pay Rate</th>
<th>Gross Pay</th>
</tr>
</thead>
<tbody>
<tr>
<td>35</td>
<td>$10.50</td>
<td></td>
</tr>
<tr>
<td>17</td>
<td>$14.75</td>
<td></td>
</tr>
<tr>
<td>80</td>
<td>$27.00</td>
<td></td>
</tr>
<tr>
<td>7</td>
<td>$9.75</td>
<td></td>
</tr>
<tr>
<td>29</td>
<td>$21.50</td>
<td></td>
</tr>
</tbody>
</table>

2. For the following prompts, determine the net pay. Remember, the net pay would equal the amount of money one would take home after paying taxes.

<table>
<thead>
<tr>
<th>Gross Pay</th>
<th>% of Taxes Owed</th>
<th>Net Pay</th>
</tr>
</thead>
<tbody>
<tr>
<td>$367.50</td>
<td>20%</td>
<td></td>
</tr>
<tr>
<td>$250.75</td>
<td>15%</td>
<td></td>
</tr>
<tr>
<td>$2,160.00</td>
<td>25%</td>
<td></td>
</tr>
<tr>
<td>$68.25</td>
<td>10%</td>
<td></td>
</tr>
<tr>
<td>$623.50</td>
<td>20%</td>
<td></td>
</tr>
</tbody>
</table>
Understanding What’s in Your Paycheck Stub

Understanding the parts of your paycheck stub is important, because it informs you of how much money you are actually making after deductions. So let’s take a close-up look at a sample paycheck stub.

DoughMain Financial Literacy Foundation
189 Wall Street, Suite B
Princeton, NJ 08540

EARNINGS STATEMENT
Check # 12345

<table>
<thead>
<tr>
<th>EMPLOYEE NAME/ADDRESS</th>
<th>SSN #</th>
<th>PAY PERIOD</th>
<th>EMPLOYEE #</th>
</tr>
</thead>
<tbody>
<tr>
<td>Finn Shark</td>
<td>xxx-xx-1234</td>
<td>8/2/2019 – 8/30/2019</td>
<td>1111</td>
</tr>
<tr>
<td>12-34 Coral Cove</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Atlantic NJ, 00000</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>EARNINGS</th>
<th>Rate</th>
<th>Hours</th>
<th>Gross Pay</th>
<th>DEDUCTIONS</th>
<th>Current</th>
<th>Year To Date</th>
</tr>
</thead>
<tbody>
<tr>
<td>SALARY</td>
<td>15.00</td>
<td>40.0</td>
<td>600.00</td>
<td>FEDERAL TAX</td>
<td>81.63</td>
<td>244.89</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td>STATE TAX</td>
<td>33.47</td>
<td>100.41</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td>SOCIAL SECURITY</td>
<td>37.20</td>
<td>111.60</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td>MEDICARE</td>
<td>8.70</td>
<td>26.10</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td>WORKER’S COMP</td>
<td></td>
<td></td>
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<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td>UNEMPLOYMENT</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td>401K</td>
<td></td>
<td></td>
</tr>
<tr>
<td>TOTAL</td>
<td></td>
<td></td>
<td>600.00</td>
<td>TOTAL</td>
<td>161.00</td>
<td>483.00</td>
</tr>
<tr>
<td>YEAR TO DATE GROSS</td>
<td></td>
<td></td>
<td>1,800.00</td>
<td>YEAR TO DATE NET PAY</td>
<td>439.00</td>
<td>1,317.00</td>
</tr>
</tbody>
</table>

1. **Company and Employee Information**

Basic identifying information such as the name, address, social security number, and employee number of the employee will generally be found at the top of the paycheck stub. Company information, such as the company name and address, can often be found here as well.

- **Pay Period**: time period during which your income was calculated from.
- **Check Number**: a series of unique numbers on the paycheck that are useful to keep track of for your own records, and to bring up any problems related to the paycheck.

2. **Earnings (Gross Pay/Income)**

The amount earned before any withholdings and deductions have been taken out of your paycheck. Other types of wages like overtime, bonuses, and vacation time may be included here as well.

3. **Net Pay/Income**

The pay you get to take home after any withholdings and deductions have been taken out of your paycheck.

4. **Year to Date**

Often abbreviated as YTD, these sections show the total amount earned or taken from your pay over the year thus far.
5. Deductions / Withholding

List of various taxes that have been, by law, deducted or withheld from your gross income by the employer and sent to the government or private insurance companies.

- **Federal Tax:** calculated based on information such as your marital status and the amount of allowances claimed on your W-4 form.
  Collected taxes are allocated based on the federal budget agreed upon each fiscal year by the federal government, to fund programs that benefit the people such as education, technology, Social Security, and National defense.

- **State Tax:** refers to taxes that have been set by the state. As each state can have their own system, they can vary from levying a no income tax rate, a flat income tax rate, or a progressive tax structure (tax based on income).
  Collected taxes are used to fund state programs, primarily those focused around education and healthcare.

- Social Security and Medicare may sometimes be put together or labeled under a tax called the **Federal Insurance Contributions Act (FICA).**
- **Social Security:** a tax taken by the federal government to help fund retirement and disability programs. A flat 6.2% is subtracted from your gross pay.
- **Medicare:** a tax taken from your paycheck to help fund federal government programs, that provides healthcare benefits to retired Americans and certain disabled Americans. A flat 1.45% is subtracted from your gross pay.

- **Worker's compensation / disability:** insurance required by employers to help provide support due to job injuries or disabilities. May be state-run or by private insurance companies.
- **Federal Unemployment Taxes (FUTA):** taxes that go towards unemployment insurance to provide support if you were involuntarily laid off or dismissed from your job. People that voluntarily leave their job do not get these benefits.

Benefits

Some paycheck stubs may include a section for employee benefits provided through the employer, such as health, dental, and vision insurance plans that usually require you to pay a part of the cost by deducting it from your pay.
Other employee benefits could include a 401(k), a company sponsored retirement plan. The amount you contribute to your 401(k) is also deducted from your pay.

Other Deductions

Sometimes job related expenses such as uniform costs, meals, supplies, etc. may be subtracted from your paycheck.
Other deductions may include post-tax deductions, expenses, or contributions that are taken from your pay after all the required taxes have already been taken out, E.g.) Union dues, wage garnishments, charitable donations, and certain retirement funds.
When it comes to wages, one of the major topics discussed is minimum wage. Another concept that you may hear is living wage. Read the information provided through the link below to learn more about the concepts of minimum wage and living wage.

» Living Wage and How It Compares to the Minimum Wage

In addition, here are the definitions of minimum wage and living wage.

☐ **Minimum wage** - 

☐ **Living wage** -

**REFLECTION**

Consider whether you believe that the federal and/or state and local governments should ensure that workers are earning at least a living wage, or if you believe that minimum wages provide enough government interaction with our free market economy.
Taxes

3.1 — Taxes

3.2 — Filing Taxes

1040 Tax Estimation Calculator for 2020 Taxes

Closure
Tax Day
Unfortunately, many young people embark on their adult lives without an adequate amount of knowledge about filing their taxes.

As you will learn, this is something that must be done every year by “tax day” (April 15).

The following link provides some tips to remember, as a young adult that pays taxes.
»  What 20-Somethings Should Know About Taxes

Mindset
There are common misconceptions regarding income tax, i.e., how it is collected, and how to avoid paying more tax than you should.

Read the following article to get a glimpse on how these common assumptions on income tax are incorrect.
»  4 Common Misconceptions About Taxes, Debunked

Discussion Focus Activity

Do Now: Think-Pair-Share Activity: With a partner, brainstorm for 2 minutes on the following question and record your response below:

“What sort of government services are funded through the collection of taxes?”

Brainstorm:
Within the slide presentation, the following concepts, key terms, and definitions will be covered:

The term taxes has such a negative connotation to some people, but when you really break down the concept of taxes, you find out that tax revenues are utilized to pay for a wide variety of important government services.

☐ Taxes - 

Play the vignette “Taxes”

Different types of taxes are collected by all three levels of government (local, state, & federal). These tax revenues are then used for different types of government services, as indicated below:

Local taxes ➔ property taxes ➔ education
State taxes ➔ income & sales tax ➔ variety of state government expenses
Federal taxes ➔ income & FICA ➔ variety of federal government expenses

Play the vignette “Taxes on All Levels”

☐ Property tax - 

☐ Sales tax - 

☐ Income tax - 

As well as these:

☐ FICA tax (Federal Insurance Contributions Act) - 

☐ Social Security - 

☐ Medicare - 

Discussion 3: Taxes
**Within the slide presentation, the following concepts, key terms, and definitions will be covered:**

Another very important aspect of taxes is the process of filing one’s taxes. This is the name for the process of reporting to the government (every calendar year) how much income they have made, as well as how much was paid in taxes. This must be done by ‘tax day’ (April 15, most years), for the previous calendar year. The Internal Revenue Service (IRS) is responsible for administering and enforcing U.S. tax laws.

- **Filing taxes**

- **Internal Revenue Service (IRS)**

**1040 Form Completion**

As part of filing taxes, you will file a 1040 form.

Please click on the link and watch the video for a better understanding on how to file your taxes using the 1040 form.

» [https://www.youtube.com/watch?v=McRZ2vWKLog](https://www.youtube.com/watch?v=McRZ2vWKLog)

Then complete a form 1040 tax estimator using this link:


In order to file your return, you will need your W-2 to file. This document is issued to you by your employer. If you have more than one job, you will be issued a W-2 from each of your employers. Keep in mind that a copy of your W-2 is sent directly to the IRS.

Use this sample W-2 as a guide to fill out the tax simulator.
When it comes to taxes, the more knowledgeable one is, the better as it can get really complicated; the U.S. tax code of tax rules is 70,000 pages long. For this reason, many Americans will hire professionals to help to best-file their taxes. In the meantime, check out the following link for more information about taxes:

» How to File Taxes: 7 Tips for Students and Other First-Time Filers

REFLECTION

Consider whether your increased knowledge of taxes has changed your outlook on taxes (For example, if you feel more positively, more negatively, or the same).
Discussion Handout 4.1 (a)

Discussion Handout 4.2 (a)

Discussion Handout 4.2 (b)
The Importance of Budgeting

As we will learn, budgeting has to do with handling one’s income and expenses. One’s budget will likely look quite different when they are just starting out their career, compared to later in their life when their career may be more established, and/or they may be in a relationship in which multiple incomes are sustaining their lives.

The following link will bring you to an article which explains eight ways to stretch your budget and maximize your happiness.

» 8 Money Experts Answer: ‘What Are the Best Ways to Stretch a Dollar?’

Mindset

Most people hear the word budget and it sounds like being on a diet (no fun). Changing the way you think about budgeting is key to being financially responsible.

Other than having the money to meet your obligations, there are other benefits to creating a personal budget.

Read the following article to take advantage of some of these benefits:

» Reasons Why You Should Budget Your Money

Discussion Focus Activity

Do Now: Think-Pair-Share Activity: With a partner, brainstorm for 2 minutes on the following question and record your response below:

“Why is it important to budget one’s money?”

Brainstorm:
Within the slide presentation, the following concepts, key terms, and definitions will be covered:

As already focused upon, it’s not only important to focus on earning money, but what is done with one’s money after earning it.

- **Money management**

One of the most important money management tools is establishing a budget.

- **Budget**

- **Cashflow**

A budget is typically completed in advance, including an educated prediction of the values associated with future income and expense amounts.

All expenses can be categorized as fixed or variable expenses.

- **Fixed expense**

- **Variable expense**
**Directions:** For the following types of expenses, identify whether you would categorize them as a fixed or variable expense. Please list on the table below:

Expenses List:
- Groceries
- Gasoline for car
- Apartment rent
- Vacation
- Insurance payment (premium)
- Cell phone bill
- Electricity bill
- Car loan payment
- Cable and Internet bill

<table>
<thead>
<tr>
<th>Fixed Expenses</th>
<th>Variable Expenses</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
</tr>
</tbody>
</table>
Within the slide presentation, the following concepts, key terms, and definitions will be covered:

Sometimes a monthly budget will leave one with extra money, leaving discretionary income; and other times a monthly budget will leave one without enough money.

☐ **Budget surplus** -

☐ **Discretionary income** -

☐ **Budget deficit** -

One of the things that should be thought of, immediately, if one has a budget surplus, is the capabilities of their emergency fund. Perhaps surplus/discretionary income would be best used to add to one’s emergency fund.

☐ **Emergency fund** -

*Play the vignette “Planning Your Monthly Budget”*

No matter what, we will likely not have as much money as we would ever want; therefore, one needs to make decisions about how to best utilize their money, considering opportunity cost at all times. One should also always consider what types of expenses are needs, and what expenses are wants.

☐ **Opportunity cost** -

☐ **Needs** -

☐ **Wants** -
Directions: Fill in the table using the expenses list below and then address the follow-up statement on prioritizing a purchase.

1. For the following types of expenses, identify whether you would categorize them as a want or a need.

Expenses List:
- Vacation
- Groceries
- Concert ticket
- New cell phone
- Apartment rent
- School supplies (pens, pencils, notebooks, etc.)
- Netflix subscription
- Clothing
- New sneakers
- Gasoline for your car
- Car insurance
- Coffee
- Water
- Newspaper
- Computer
- Restaurant

<table>
<thead>
<tr>
<th>Wants</th>
<th>Needs</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
</tr>
</tbody>
</table>

2. Using the options above, identify at least one example of how the concept/thought process of opportunity cost would lead to prioritizing a purchase.
When it comes to personal finance, one’s monthly budget is really a foundational piece. A central part of creating a budget is knowing your expected expenses and income. What happens if you are changing jobs? How can you account for the end of your last paycheck of your current job until the first paycheck of your new job? The following article gives sound suggestions for weathering that transition period:

» Changing Jobs? How to Budget for a Smooth Transition

More often than not a person does not create a budget simply because they feel they do not make enough money to warrant making one. This creates a cycle of living paycheck to paycheck.
Directions: Fill out the chart below to create a basic budget.

Let's create a basic budget. The first step in creating a budget is to identify income and expenses. Use the table below to begin the process. Remember to include items such as haircuts, eating out, and birthday/other gifts. Second, total your income and expenses. Finally, subtract your expenses from your income.

<table>
<thead>
<tr>
<th>Monthly Net Income (list sources and amounts of monthly net income)</th>
<th>Monthly Expenses (list monthly expenses along with the monthly dollar amount for each)</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Total Income =

Total Expenses =

Total Income - Total Expenses = Budget surplus (deficit)
Banks and Banking

5.1 — Banks and Banking
5.2 — Deposit and Withdrawal Services
Discussion Handout 5.2 (a)
Closure
U.S. Banking and the Federal Reserve Timeline
Banks and Banking

Not all American citizens use banks or the banking industry. These people are considered to be unbanked or underbanked. Those who fall in this category can suffer financial repercussions and are not able to build the type of financial stability that most Americans enjoy. Read the following article as it sheds light on the unbanked and underbanked problem and provides insight on banks that are trying to meet the needs of those individuals.

» 25% of US Households Are Either Unbanked or Underbanked

Mindset

When looking for the lowest interest rate for a loan or the best interest rate you can earn from your savings or certificate of deposit accounts, you have to shop different banks to see what features meet your financial needs. Read the following article to gain an insight on six essential components that should be present before opening your next account.

» Features Your Next Bank Account Needs

Discussion Focus Activity

Do Now: Think-Pair-Share Activity: With a partner, brainstorm for 2 minutes on the following question and record your response below:

“What do people use banks for?”

Brainstorm:

_________________________________________________________________________
_________________________________________________________________________
_________________________________________________________________________
_________________________________________________________________________
_________________________________________________________________________
_________________________________________________________________________
_________________________________________________________________________
_________________________________________________________________________
Within the slide presentation, the following concepts, key terms, and definitions will be covered:

*Play the vignette “Services Provided by Your Banks”*
*Play the vignette “Basic Functions of a Bank”*

There are various reasons why people use banks, many of which your discussions likely brought up. One of the most important functions for banks is offering a safe place for you to keep your money, within a bank account. Once you open up a bank account, you can continue to deposit and/or withdraw money from it.

- **Bank**
- **Deposit**
- **Withdrawal**

Besides bank account related services, banks are also a great source for obtaining a loan. People will use bank loans for bigger purchases, such as a car or home loan.

- **Loan**

Credit allows people to purchase goods and services that they can use today and pay for the goods and services in the future, usually with interest.

- **Interest**

Credit services are available due to the agreement made between a creditor and a debtor.

- **Creditor**
- **Debtor**
Within the slide presentation, the following concepts, key terms, and definitions will be covered:

As already discussed, banks will offer deposit and withdrawal services. The most common way in which these services are used is through having a checking account. Checking accounts allow users to deposit/withdraw money using checks, debit cards, and/or ATMs. You will be prompted by your bank to set up a PIN for your debit card use.

- Checking account - __________________________________________________________
  _______________________________________________________________________
  _______________________________________________________________________

These are some very common resources for utilizing one’s checking account:

- Check - _______________________________________________________________________
  _______________________________________________________________________

- Debit card - ___________________________________________________________________
  _______________________________________________________________________

- PIN (personal identification number) - ___________________________________________________________________
  _______________________________________________________________________

When a check is written, there are some important things to keep in mind. A check is issued by a payer, to be deposited/cashed (exchanged for money) by a payee, who must endorse the check prior to depositing/cashing the check. Both the payer and payee will need to account for the change in their account balances when this check is deposited or cashed. This is completed in what is known as a check register.

- Payer - _______________________________________________________________________
  _______________________________________________________________________

- Payee - _______________________________________________________________________
  _______________________________________________________________________

- Endorse - _______________________________________________________________________
  _______________________________________________________________________

- Balance - _______________________________________________________________________
  _______________________________________________________________________

- Check register - _______________________________________________________________________
Directions: Fill in the table based on the prompted instructions to account for the adjusted balances of a checking account, after several deposit/withdrawal transactions.

<table>
<thead>
<tr>
<th>Transaction Type</th>
<th>Transaction Amount</th>
<th>Account Balance</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Starting Balance</strong></td>
<td></td>
<td>$1,758.00</td>
</tr>
<tr>
<td>ATM Withdrawal</td>
<td>$450.00</td>
<td></td>
</tr>
<tr>
<td>Cash Deposit</td>
<td>$75.00</td>
<td></td>
</tr>
<tr>
<td>Cell Phone Bill Paid Using a Check</td>
<td>$120.00</td>
<td></td>
</tr>
<tr>
<td>Paycheck from Work Deposit</td>
<td>$1,575.00</td>
<td></td>
</tr>
<tr>
<td>Groceries Paid Using Debit Card</td>
<td>$89.37</td>
<td></td>
</tr>
<tr>
<td>Gasoline for Car Paid Using Debit Card</td>
<td>$23.50</td>
<td></td>
</tr>
<tr>
<td>Dinner with Friends Paid Using Debit Card</td>
<td>$23.00</td>
<td></td>
</tr>
<tr>
<td>Electricity Bill Paid Using a Check</td>
<td>$74.00</td>
<td></td>
</tr>
<tr>
<td><strong>Final Account Balance</strong></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
CLOSURE

Banking has been central to the United States throughout much of this country’s history. However, the timeline of central banking in the U.S. is an interesting one. If time permits, access the following link from the Federal Reserve, and read about the “REALITY” of banking history, including the “SIGNIFICANT EVENTS IN THE HISTORY OF U.S. MONEY & BANKING”

» The FED Today, History of Money and Banking in The U.S.

REFLECTION

How can keeping up with your account balances in your check register help you attain your budget goals?
<table>
<thead>
<tr>
<th>Event</th>
<th>Impact on U.S. Economy</th>
</tr>
</thead>
<tbody>
<tr>
<td>1775-1779</td>
<td></td>
</tr>
<tr>
<td>1791-1811</td>
<td></td>
</tr>
<tr>
<td>1836</td>
<td></td>
</tr>
<tr>
<td>1836-1865</td>
<td></td>
</tr>
<tr>
<td>1863</td>
<td></td>
</tr>
<tr>
<td>1907</td>
<td></td>
</tr>
<tr>
<td>1913</td>
<td></td>
</tr>
<tr>
<td>1929-1933</td>
<td></td>
</tr>
<tr>
<td>1970-1980s</td>
<td></td>
</tr>
<tr>
<td>1980</td>
<td></td>
</tr>
</tbody>
</table>
Savings and Investments

37  6.1 — Savings and Investments
39  Discussion Handout 6.1 (a)
40  6.2 — Purchasing Investments
41  Discussion Handout 6.2 (a)
     What is My Investment Risk Comfort Level?
43  Closure
Saving and Investment Needs

Most people carry some type of debt. The question is usually “Do I pay off my debt first, or do I begin a savings account as an emergency fund?” The answer is “It depends.” The key is to try to get yourself into a situation where you can financially protect yourself in case of emergencies, like a car breaking down or a boiler that needs replacement, without allowing the interest on your credit debt to outweigh the progress you have made in savings.

The article below provides a thoughtful insight towards paying off debt and saving, and the circumstances for choosing one over the other.

» Should You Pay Off Debt or Save?

Mindset

While retirement seems so far away, it is recommended that you should invest some of your money. Individuals believe that you have to be making a lot of money in order to start investing. This myth is not true. Investing even small amounts at an early age will help you reap large returns in the long run.

Read the following article to get an insight on 5 ways to start investing with little money.

» 6 Easy Ways To Start Investing With Little Money

Discussion Focus Activity

Do Now: Think-Pair-Share Activity: With a partner, brainstorm for 2 minutes on the following question and record your response below:

“What sort of things do people save money for?”

Brainstorm:

_________________________________________________________________________
_________________________________________________________________________
_________________________________________________________________________
_________________________________________________________________________
_________________________________________________________________________
_________________________________________________________________________
_________________________________________________________________________
_________________________________________________________________________
Within the slide presentation, the following concepts, key terms, and definitions will be covered:

**Play the vignette 🎥 “Time Value of Money”**

Bank accounts are a very safe place for keeping/saving one’s money. With certain types of bank accounts, banks will pay the account holder interest.

- **Interest** -

**Play the vignette 🎥 “Simple Vs. Compound Interest/The Rule of 72”**

One’s deposited money becomes part of a pool of money held by the bank for various customers. The bank will use this pool of money as a source for other bank customers’ loans, and, since the bank is essentially borrowing your money, they pay you a bit of money for this.

When shopping around for bank accounts, it’s best if you find one that will offer compound interest.

- **Compound interest** -
Directions: List some things people do to save money and then fill out the table to calculate the amount of interest earned each year and the balance within the example bank account.

Imagine that you had a bank account, with a starting balance of $1,000. If the money in this account was left alone, following the examples provided below, using compound interest, calculate the amount of interest earned each year, as well as the account balance.

<table>
<thead>
<tr>
<th>End of Year</th>
<th>Old Balance</th>
<th>Interest Rate</th>
<th>Interest Earned</th>
<th>New Balance</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>$1,000</td>
<td>10%</td>
<td>$100</td>
<td>$1,100</td>
</tr>
<tr>
<td>2</td>
<td>$1,100</td>
<td>10%</td>
<td>$110</td>
<td>$1,210</td>
</tr>
<tr>
<td>3</td>
<td>$1,210</td>
<td>10%</td>
<td></td>
<td></td>
</tr>
<tr>
<td>4</td>
<td></td>
<td>10%</td>
<td></td>
<td></td>
</tr>
<tr>
<td>5</td>
<td></td>
<td>10%</td>
<td></td>
<td></td>
</tr>
<tr>
<td>6</td>
<td></td>
<td>10%</td>
<td></td>
<td></td>
</tr>
<tr>
<td>7</td>
<td></td>
<td>10%</td>
<td></td>
<td></td>
</tr>
<tr>
<td>8</td>
<td></td>
<td>10%</td>
<td></td>
<td></td>
</tr>
<tr>
<td>9</td>
<td></td>
<td>10%</td>
<td></td>
<td></td>
</tr>
<tr>
<td>10</td>
<td></td>
<td>10%</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
Within the slide presentation, the following concepts, key terms, and definitions will be covered:

**Play the vignette 🎬 “Types of Investments”**

If one finds themselves in a situation where they have paid all of their bills, and have adequate funds in an account to handle financial emergencies, then it is wise to consider using this money to purchase investments.

- **Investment** - ______________________________________________________________________
  ______________________________________________________________________

Common examples of investments are stocks, bonds, mutual funds, real estate, and entrepreneurship.

- **Stocks** - ______________________________________________________________________
  ______________________________________________________________________

- **Bonds** - ______________________________________________________________________
  ______________________________________________________________________
  ______________________________________________________________________

- **Mutual fund** - ______________________________________________________________________
  ______________________________________________________________________
  ______________________________________________________________________
  ______________________________________________________________________

- **Real estate** - ______________________________________________________________________
  ______________________________________________________________________

- **Entrepreneurship** - ______________________________________________________________________
  ______________________________________________________________________

So, what kind of investment should you buy?

There is no perfect advice for purchasing investments; if there was, then everyone would be rich. However, since there is uncertainty associated with investments, it is important to know that they all will have some risk. All investments will have some degree of risk, but some are definitely more risky than others. You should let your financial advisor/investment broker know about how much risk you are looking to take.

- **Risk** - ______________________________________________________________________

Discussion 6: Savings and Investments
What is My Investment Risk Comfort Level?

Directions: Answer each question from 5-strongly agree to 2-strongly disagree. Total your answers to calculate your Risk Assessment Score. Then check the table at the bottom to determine your Investment Risk Comfort Level.

FINANCIAL GOALS

1. Investments

I do not currently need a high level of income from my retirement investments:

5 strongly agree  4 agree  3 disagree  2 strongly disagree  _____

2. Large Expenses

I have set aside savings to cover major expenses like purchasing a home, college tuition, or a financial emergency:

5 strongly agree  4 agree  3 disagree  2 strongly disagree  _____

3. Inflation

I am concerned about the effects of inflation on my investments:

5 strongly agree  4 agree  3 disagree  2 strongly disagree  _____

RISK TOLERANCE

4. Volatility

I can tolerate sharp ups and downs in the short-term value of my investments in return for potential long-term gains:

5 strongly agree  4 agree  3 disagree  2 strongly disagree  _____

5. Risk vs. Reward

I prefer an investment that has a 50% chance of losing 5% and a 50% chance of gaining 20% in one year, rather than an investment that will assure me a 5% return in one year:

5 strongly agree  4 agree  3 disagree  2 strongly disagree  _____
6. Decline in Value

I am comfortable holding on to an investment even though it drops sharply in value:

5 strongly agree  4 agree  3 disagree  2 strongly disagree  _____

7. Equity Investing

I am willing to take the risks associated with stocks to earn potential return that is higher than inflation:

5 strongly agree  4 agree  3 disagree  2 strongly disagree  _____

8. Knowledge of risk:

I consider myself having basic knowledge about the risks and potential returns associated with investing in stocks and other types of investments:

5 strongly agree  4 agree  3 disagree  2 strongly disagree  _____

9. Your Personal Time Line

I plan to use the results of my investments in:

5  15 or more years  4  10-15 years  3  5-10 years  2  0-5 years  _____

10. Long-term investing

I am comfortable with an investment that may take 10 years or more to provide the returns I expect:

5 strongly agree  4 agree  3 disagree  2 strongly disagree  _____

Risk Assessment Score  ____

<table>
<thead>
<tr>
<th>Risk Assessment Score</th>
<th>Investment Risk Comfort Level</th>
</tr>
</thead>
<tbody>
<tr>
<td>20-26</td>
<td>Very Conservative</td>
</tr>
<tr>
<td>27-32</td>
<td>Conservative</td>
</tr>
<tr>
<td>33-38</td>
<td>Moderate</td>
</tr>
<tr>
<td>39-44</td>
<td>Moderately aggressive</td>
</tr>
<tr>
<td>45-50</td>
<td>Aggressive</td>
</tr>
</tbody>
</table>
Warren Buffet, billionaire and investment guru, has some simple sound advice for any investor. All investors should not invest blindly nor should they purchase anything blindly. Knowing some information about the type of business you are investing in or putting thought behind a purchase you are making, gives you power and control over your own money. Take a look at this short article in which Warren Buffet suggests simple ways to be a sound investor and shopper.

» Warren Buffett’s Winning Investing Strategy Can Be Applied To Any Purchase You Make

REFLECTION

Think back to at least three things that stand out to you from this lesson about saving and investing, and how they may/will become applicable in your future.
Credit

45  7.1 — Credit

47  7.2 — Building Up Credit Score
47  Discussion Handout 7.2 (a)
     Credit Score Activity

49  7.3 — The Advantages and Disadvantages to Credit

49  Closure
The Importance of Your Credit Score

Young people do not realize the importance of one’s credit score. A credit score is a number based on one’s own credit history. In other words, how efficient you are in paying your debt determines your credit score.

A credit score can be compared to your grades on your report card in school. This score is used in the process when buying a house or a car. The importance of the score determines the percentage of interest that you will pay for your mortgage or car loan. The higher credit score, the lower interest that you will have to pay to borrow money. So how do you obtain credit responsibly on a limited income?

Take a look at the article below to get useful information on applying for credit.

» Building Credit For The First Time

Mindset

Using credit and carrying debt are not the same thing. You want to be able to have a healthy relationship with credit cards, thus allowing you to maximize the advantages of what credit cards have to offer without getting into credit card quicksand.

When you open the link below scroll to the section with the heading "Why you should pay off your cards each month — using a credit card like a debit card" as the article illustrates how to establish yourself responsible in the world.

» Using Credit Cards Is Actually Really Important For Your Overall Financial Health — Here’s Why

Discussion Focus Activity

Do Now: Think-Pair-Share Activity: With a partner, brainstorm for 2 minutes on the following question and record your response below:

“Identify various examples of people using credit in their day-to-day lives.”

Brainstorm:
Within the slide presentation, the following concepts, key terms, and definitions will be covered:

**Play the vignette “Types of Credit”**

Many examples of credit would be categorized as installment credit opportunities.

- **Installment credit** - 
  - 
  - 
  - 
  - 
  - 
  - 
  - 

  • **Examples:** 
    - 
    - 
    - 
    - 

Other popular examples of credit would be categorized as revolving credit opportunities.

- **Revolving credit** - 
  - 
  - 
  - 
  - 
  - 
  - 
  - 

  • **Examples:** 
    - 
    - 
    - 
    - 
    - 

Credit allows people to purchase goods and services that they can use today and pay for them in the future, usually with interest.

- **Interest** - 
  - 
  - 
  - 
  - 

Credit services are available due to the agreement made between a creditor and a debtor.

- **Creditor** - 
  - 
  - 

- **Debtor** - 
  - 
  -
Within the slide presentation, the following concepts, key terms, and definitions will be covered:

Play the vignette 🎢, “The Role of Credit in the US Economy”

It is important to build up one’s credit score, which is a number based on information in a credit report, assessing a person’s credit risk.

☐ Credit report - ____________________________________________________________

☐ Credit score - ____________________________________________________________

Play the vignette 🎢, “The Three C’s of Credit”

Discussion Handout 7.2 (a)

Credit Score Activity

Directions: Read the following articles and answer the question(s) that correspond with them below.

Read the article, “What’s In Your Credit Report?”

1. List four categories of information that are included in your credit report.

Read the article, “How to repair your credit and improve your FICO® Scores”
» https://www.myfico.com/credit-education/improve-your-credit-score

2. Describe and rank in order of importance four things you can do to create a positive credit history.
3. What do you think is the most important thing to do if you fall behind on your payments?

Read the article, “What is a FICO® Score?”
» https://www.myfico.com/credit-education/what-is-a-fico-score

6. Describe a credit score in your own words (a FICO Score is a credit score).

7. What is considered a good credit score?

Read the article, “What’s in my FICO® Scores?”
» https://www.myfico.com/resources/credit-education/whats-in-your-credit-score

8. What factors would make your credit score change?

9. What are the five categories used to calculate your score and the weightings (percentages) for each category?

Now you are ready to begin establishing your credit history and score. As a new credit user, you can begin building a positive history by applying for a credit card from a credit union. Charge some small purchases and pay the credit card bill on time and in full every month. You can also take out a small loan and pay the monthly payment back on time and in full every month. Any bills in your name, such as for a cellular phone, should be paid on time every month. Soon enough, you will be eligible to be a “prime” borrower, receiving the lowest loan rates available and the best terms.

To see an example of a credit report, follow the link below:
Within the slide presentation, the following concepts, key terms, and definitions will be covered:

Play the vignette “Using Credit Responsibly”

There are distinct advantages and disadvantages to using credit to make purchases.

The **advantages** include:

- ____________________________________________________________________________
- ____________________________________________________________________________
- ____________________________________________________________________________
- ____________________________________________________________________________

The **disadvantages** include:

- ____________________________________________________________________________
- ____________________________________________________________________________
- ____________________________________________________________________________
- ____________________________________________________________________________

**CLOSURE**

Everything from car leasing to the acceptance of renters applications rely on credit scores in order to obtain the product/service. Many of those with limited income find it difficult to obtain credit in order to begin working on a credit score that will provide access to these things. In addition, they may fall prey to easily obtained credit that involve high interest and exorbitant fees.

» **7 Ways to Improve Your Credit Score**

**REFLECTION**

Record three takeaways from the lesson above. These ideas should sum up the lesson if you had to explain it to someone else.
Insurance

51  8.1 — Insurance
53  8.2 — Healthcare Insurance
54  8.3 — Additional Insurance Policies
55  Discussion Handout 8.3 (a)
56  Closure
Importance of Insurance

Today, young people do not prioritize the importance of insurance in their financial plan. Different types of insurance protect you and your loved ones from many unexpected events that may occur in your life. Protecting yourself with insurance helps protect your assets and life savings from being wiped out from an unexpected casualty.

Read the following article to gain an insight on the different types of insurance policies and the amount of coverage that a young adult needs to consider:

» The Role of Insurance In Your Financial Plan

Mindset

Many young people who are on a limited income and feel somewhat invincible question the need for insurance policies. The truth is, on a limited income, some insurances are still necessary while others are not.

The following articles point out the types of insurance, even a person on a very limited income, should consider and those policies they may be able to put off until it becomes necessary.

» Calculate How Much Insurance You Need
» Why Do I Need Insurance?

Discussion Focus Activity

Do Now: Think-Pair-Share Activity: With a partner, brainstorm for 2 minutes on the following question and record your response below:

“What sort of risks/accidents do people face in their day-to-day lives?”

Brainstorm:
Within the slide presentation, the following concepts, key terms, and definitions will be covered:

Play the vignette “Insurance Basics”

Insurance/insurance policies are a resource utilized by people to avoid taking on the financial implications of these risks/accidents on one’s own.

☑️ Insurance - 

On a daily basis, whether we realize it or not, we face risk. These risks include the possibility of getting injured, becoming ill, getting into a car accident, a natural disaster damaging one’s home, etc. The risk one faces, along with the costs associated with repairing/replacing one’s valuable belongings, creates the need/purpose for insurance policies.

☑️ Risk - 

Insurance policies consist of an agreement between an insurance company and a policyholder. In exchange for regular payments (premiums), an insurance company agrees to take on, at least a portion of, the financial burdens associated with damaged and/or destroyed assets.

☑️ Policyholder - 

☑️ Premium - 

Play the vignette “Insurance”
Within the slide presentation, the following concepts, key terms, and definitions will be covered:

As already previewed, there are a number of different types of insurance that one will likely use, such as health insurance.

- **Health insurance** -

Along with premiums, health insurance policies may also require consumers to pay deductibles and/or co-pays.

- **Deductible** -

- **Co-pay (coinsurance)** -

Unfortunately, there is a large group of individuals who do not carry healthcare insurance. As discussed previously, having no insurance can set you back financially for many years. One unexpected visit to the hospital can cost you thousands. It is a risk you do not want to take. Obviously the expense of and access to affordable healthcare is what prevents most from obtaining this insurance. Take a look at the article below, as it discusses ways to obtain insurance for those with limited income.

  » [11 Ways to Get Health Insurance With No Job or Little Money](#)

In addition, those on lower incomes should try to create an emergency fund that would cover the deductibles for insurance policies. In this way, they can lower their premiums by choosing larger deductibles yet still remain financially protected if a loss occurs.
Within the slide presentation, the following concepts, key terms, and definitions will be covered:

Play the vignette “Types of Insurance”

There are other, also very important, types of insurance policies, which consumers will utilize, including:

- **Auto insurance**
- **Life insurance**
- **Homeowner’s insurance**
- **Renter’s insurance**
Directions: Answer the questions below, and in the chart, identify (for the 5 types of insurance policies covered), at what age(s) do you think that you will need each type of insurance policy, and why.

1. What would the world be like, if no insurance policies were available?

2. Identify what risks these policies cover and how would it help you financially.

<table>
<thead>
<tr>
<th>Type of Insurance Policy</th>
<th>Age(s) where you think you will use this type of insurance policy, and why?</th>
</tr>
</thead>
<tbody>
<tr>
<td>Health Insurance</td>
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Youth today face the frustration of expensive auto insurance premiums. Due to age, young people are placed in a category considered high risk because of their inexperience on the road. Read the following article to discover different ways to lower the cost of auto insurance for young drivers.

» *How to Lower Car Insurance for Young Drivers*

**REFLECTION**

Do you believe that health insurance is a right or a privilege? Why?
GLOSSARY

A

**Associate's degree** - a degree awarded by a community/junior college for the completion of a level of studies that generally takes two years

**Auto insurance** - an insurance policy that provides protection against most risks involved in owning an automobile, including accidents and theft

B

**Bachelor's degree** - a degree awarded by a college/university for a typical four year program (undergraduate, with a major, for a specific academic focus)

**Balance** - the amount of money that is ‘currently’ within a bank account, following deposit and/or withdrawal transactions

**Bank** - an establishment that provides financial services such as money deposits, money withdrawals, and loans

**Bonds** - an investment which consists of a person providing a business or government with a sum of money, up front, with the agreement that they will be paid back a sum of money (usually the initial amount plus interest) at a later date; essentially the opposite of a personal loan

**Budget** - a plan detailing one’s cash flows (income and expenses), generally for one month at a time

**Budget deficit** - a budgetary scenario where, after accounting for some expenses, there is not enough money available to cover all expenses. This scenario often leads into credit being used to meet shortfalls

**Budget surplus** - a budgetary scenario where, after accounting for all expenses, there is income left over from the original budget

C

**Career** - an occupation that a person has for a significant portion of their life with opportunities for advancement

**Cashflow** - the concept of money coming in (income) and going out (expenses)

**Certification/Licensure** - provides the verification of a certain level of expertise in a particular area and one has completed the necessary steps that are required to receive approval for that particular designation

**Check** - a pre-printed document ordering a bank to withdraw money from an account and pay it to someone else

**Checking account** - a bank account that allows the account holder to deposit and withdraw money, write checks to make a purchase/pay a bill, and utilize a debit card to access ATMs

**Check register** - a booklet for keeping a record of checking account transactions and balances

**Compound interest** - when interest is calculated on the original principal, and on the interest accrued from prior periods

**Co-pay (coinsurance)** - the amount paid for medical care services directly by an insured person, with the insurance company paying for all remaining costs of medical care

**Creditor** - a person or company who lends money, goods, or services

**Credit report** - a report detailing a person’s financial history, specifically related to their ability to repay borrowed money

**Credit score** - a numerical system used by creditors to determine whether they should provide credit opportunities to a possible debtor

**Debit card** - a card which looks like a credit card, but is linked to money that one has in a checking account; this card can be used to make purchases and/or withdraw money at an ATM

**Debtor** - a person or company who borrows money for the purchase of goods and services, with an agreement in place to repay this borrowed money within a certain timeframe
**Deductible** - a portion of an insurance claim that is paid directly by an insured person, prior to an insurance company honoring claims/paying bills

**Deductions** - amounts of money subtracted from one's gross pay. These deductions include taxes, but could include additional deductions like health insurance contributions, retirement plan contributions, labor union dues, etc.

**Deposit** - an addition of funds into one's bank account, generally in the form of cash or a paycheck

**Discretionary income** - money remaining after mandatory expenses, which can be used as one sees best-fit (saving, investing, entertainment, or other 'wants')

**Emergency fund** - money set aside for unanticipated necessary expenses (e.g. if one gets sick, gets injured, loses a job, has to fix their car, etc.)

**Endorse** - to sign the back of a check when depositing/cashing it, proving you are the intended payee

**Entrepreneurship** - an investment involving an investor, or a group of investors, opening up a business, taking on the financial risk in doing so; also generally requires a large up-front investment on the business venture

**FAFSA** (Free Application for Federal Student Aid) - form used to determine one's need for financial aid, and to apply for federal education grants and loans

**FICA tax** (Federal Insurance Contributions Act) - a federal government tax, collected out of one's paychecks, in a set percentage, which is used to fund Social Security and Medicare

**Filing taxes** - name for the process of reporting one's income and taxes paid, from the previous calendar year, by 'tax day' of each year

**Financial planning** - organizing plans to spend, save, and invest money to live comfortably, have financial security, and achieve goals

**Fixed expense** - an expense that generally does not change in value from month-to-month (e.g. apartment rent, car loan payment, health insurance premium, etc.)

**Graduate degree** - a degree awarded for academic programs beyond a Bachelor's degree

**Gross pay** - the amount of money one has made before taxes/deductions have been deducted from the paycheck

**Health insurance** - a type of insurance policy in which a policyholder will reduce their risk/financial burden should they become injured or ill

**Homeowner's insurance** - an insurance policy that covers the cost to fix or replace one's home after experiences such as a natural disaster, downed trees, falling wires, etc.

**Hourly rate** - an amount of money that one earns per hour of work, which would be calculated/indicated within one's pay stub

**Income tax** - a tax collected by state and federal governments, out of one's paychecks, in a set percentage, which is used to fund a variety of government programs

**Installment credit** - a credit opportunity where money borrowed for a specific good, which would be repaid at regular intervals (usually monthly) over a specified period of time, until it is paid back in full

**Insurance** - a contracted guarantee that the payment of a sum of money will be provided by an insurance company in the event of a loss or damage to property or life, which is secured by regular payments (premiums) made by a consumer
Interest - a fee paid, generally in the form of a percent, for the right to use borrowed money and/or for keeping money in certain types of bank accounts.

Internal Revenue Service (IRS) - the federal agency responsible for administering and enforcing the United States’ tax laws

Investment - an asset purchased with the hopes of earning a profit

Life insurance - an insurance policy that provides a lump-sum payment to a selected beneficiary in the event of the policyholder’s death

Living wage - an idea or calculated minimum income level needed to pay for basic needs in a particular area or region of the country

Loan - a temporary transfer of money from one person or institution to another, with this money being repaid over time, generally with an interest component

Long-term goal - a financial goal taking more than five years to accomplish

Life insurance - an insurance policy that provides a lump-sum payment to a selected beneficiary in the event of the policyholder’s death

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Long-term goal - a financial goal taking more than five years to accomplish

Medicare - a federal government program, which provides healthcare benefits to retired Americans or disabled Americans

Middle-term goal - a financial goal taking between one and five years to accomplish

Minimum wage - the lowest wage that a person can be paid per hour for their work. This wage is often set at the federal level; however, individual states can set the wage to be higher

Money management - keeping track of income, all living expenses, and creating a plan for the future use of money, including saving and investing

Mutual fund - an investment in which a number (usually very large) of investors will pool their money together, which will then be used to purchase a wide variety of investment assets (stocks, bonds, etc.) with shared ownership, risks, and profits; a way to have a diverse set of investments at a cheaper cost

Needs - goods and services that an individual must have to survive (e.g. food, clothing, shelter, etc.)

Net pay - the amount of money one has made after taxes/deductions have been subtracted from their gross pay (also known as take home pay).

Opportunity cost - the cost of making a choice, i.e., what is given up when one makes a decision about how to prioritize their use of time or money

Paycheck - paper document issued to an employee, which would provide a method of paying them for their completed work

Payee - the person to whom a check is paid

Payer - the person that issues the check

Pay stub - a document attached to a paycheck, which details one’s gross pay, deductions, and net pay

Personal finance - financial management; what one is required to do to obtain, budget, save, and spend money over time

PIN (personal identification number) - a sequence of numbers (usually 4) that act as a password to access your checking account’s funds

Policyholder - a person that makes regular insurance payments for insurance coverage

Premium - a regularly made payment for insurance coverage

Property tax - a local government (township, city, or municipality) tax paid, based on the value of one’s owned property, in the form of a set percentage, which is the primary source of funding for local public schools
R

Real estate - a category of investments that includes homes (including the one you live in), second homes (beach houses, mountain homes, etc.), apartment buildings, or land; will generally require a large amount of money up front (for down payment on the property)

Renter's insurance - an insurance policy that covers the cost to fix or replace one’s assets should they be damaged/stolen while one lives in a rental property

Revolving credit - a retail credit opportunity where a buyer can purchase goods and services with money borrowed from a credit source, with the buyer being provided with the option to pay this amount back completely, partially, or minimally; the buyer can use this form of credit over-and-over, as long as a set maximum limit of allowed debt has not been reached

Risk - uncertainty as to the outcome of an event, or the chance of loss

S

Salary - a fixed amount of income that one is paid, regardless of the amount of hours worked

Sales tax - a state government tax, which adds a decided-upon percentage onto the purchase price of purchased items

Short-term goal - a financial goal taking less than one year to accomplish

Social Security - a federal government program, which provides monetary benefits to retired Americans (who have worked), or disabled Americans (who are not able to work)

Stocks - an investment with which one purchases a unit known as a share, that represents a piece of ownership in a company

Student loans - money borrowed (usually from the federal government), which is used to pay for education/training costs

T

Taxes - fees imposed by the government, which are utilized to fund government programs

Tuition - the cost of receiving training or instruction by an educational institution

V

Variable expense - an expense that may vary in value from month-to-month (e.g. a utility bill, food costs, automobile gasoline, etc.)

Vocational school - an education/training institution in which one receives training for a particular job/vocation. This education/training is often short and career-focused for a hands-on vocation (i.e., plumber, electrician, mechanic, heating/air-conditioning, etc.)

W

Wants - goods and services that add pleasure to one’s life, but are not necessary for survival (e.g. a better computer, sports car, baseball camp, vacation, concert tickets, etc.)

Withdrawal - the removal of money from a bank account
REFERENCES - READINGS

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11 Great Ways to Stay Relevant in a Changing Job Market

How Will the Fourth Industrial Revolution Impact the Future of Work?

The 10 Skills You Need To Thrive In The Fourth Industrial Revolution

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How to Lower Car Insurance for Young Drivers