

	Nick’s family	Jacquelyn’s family	Jamie’s family
Needs (predicted)			
Needs (actual)			
Wants (predicted)			
Wants (actual)			
Goals (predicted)			
Goals (actual)			

ACTIVITY 1-1 – DISCUSSION QUESTIONS FOR *KATRINA STRIKES*

1. What are your impressions of what the people in these stories went through?

2. If you were in a similar situation, what would you take with you?

3. What would be some good ways to be financially prepared?

VISUAL 2 - 1 – HOW TO WRITE A CHECK

JANE DOE
123 Main Street
Anytown, ST 12345-6789


PAY TO THE
ORDER OF

DATE _____

\$

DOLLARS

1000

 Your Bank's
Information

⑆012345678⑆ 0186789⑆ 1000


ENDORSE HERE:

x

Your Name

DO NOT SIGN / WRITE / STAMP BELOW THIS LINE
FOR FINANCIAL INSTITUTION USAGE ONLY

Original Document

 Your Bank


VISUAL 2 -3 – HOW TO WRITE A DEPOSIT SLIP

DEPOSIT SLIP

JANE DOE
 123 Main Street
 Anytown, ST 12345-6789

DATE _____
DEPOSITS MAY NOT BE AVAILABLE FOR IMMEDIATE WITHDRAWAL

SIGN HERE IF CASH RECEIVED FROM DEPOSIT



Your Bank

⑆012345678⑆ 0186789⑆

CASH ▶

OR TOTAL FROM OTHER SIDE

TOTAL ITEMS SUBTOTAL ▶

LESS CASH ▶

NET DEPOSIT \$

▶	▶	▶	▶	▶	▶	▶	▶	▶	▶
•	•	•	•	•	•	•	•	•	•



STATEMENT FOR

Vera Smith
2 Azalea Road
Anytown, USA

4/1/2007 thru 4/30/2007

Deposits and Other Credits

Date	Amount	Description
4/8	1,200.00	Transfer from 403-9557 at ATM Main St.
4/16	521.78	Customer Deposit at ATM Second St.
4/27	258.90	Direct Deposit from #02523

Total \$1,980.68

Checks and Other Debits

Check	Date Paid	Amount	Check	Date Paid	Amount
181	4/3	15.00	184	4/21	1,232.27
182	4/8	17.00	*186	4/28	54.47
183	4/11	217.54	187	4/29	53.97
				Withdrawal #00281 at ATM Main St.	4/3 40.00
				Withdrawal #02628 at ATM Second St.	4/4 20.00
				Withdrawal #08744 at ATM Second St.	4/5 20.00
				Monthly Maintenance Charge	4/15 3.50

Total \$1,673.75

* Indicates a break in check number sequence

Checking Account - 15380-03

Previous Statement Balance On 3/31/07	612.04
Total of 3 Deposits For	1,980.68 +
Total of 9 Withdrawals For	1,670.25 -
Total Service Charges	3.50 -
New Balance	\$918.97 +

How did Nick and his family manage during Hurricane Katrina and when they were in Atlanta?

1. What was the first thing that Nick's mother took as the family fled?
2. What kinds of papers are important to protect?
3. What was Nick's family's source of income?
4. How did money get into their bank account when they were in Atlanta?
5. How did they access the money once it was deposited?
6. What would they have done if they hadn't had a bank account?
7. What would have happened if they hadn't taken their important documents?

How are they managing financially now that they are back?

8. How did the preparations Nick's family made help them when they returned to New Orleans?
9. Why did Nick open a bank account?

ACTIVITY 2 - 2 – CHECKS

JANE DOE **1000**
123 Main Street
Anytown, ST 12345-6789

DATE _____

PAY TO THE ORDER OF _____ \$

DOLLARS

Y Your Bank's Information

⑆012345678⑆ 0186789⑆ 1000

JANE DOE **1000**
123 Main Street
Anytown, ST 12345-6789

DATE _____

PAY TO THE ORDER OF _____ \$

DOLLARS

Y Your Bank's Information


⑆012345678⑆ 0186789⑆ 1000

DEPOSIT SLIP

JANE DOE
 123 Main Street
 Anytown, ST 12345-6789

DATE _____
DEPOSITS MAY NOT BE AVAILABLE FOR IMMEDIATE WITHDRAWAL

SIGN HERE IF CASH RECEIVED FROM DEPOSIT

 Your Bank

CASH ▶ _____

OR TOTAL FROM OTHER SIDE

TOTAL ITEMS SUBTOTAL ▶ _____
 LESS CASH ▶ _____

NET DEPOSIT \$ _____


⑆012345678⑆ 0186789⑆

DEPOSIT SLIP

JANE DOE
 123 Main Street
 Anytown, ST 12345-6789

DATE _____
DEPOSITS MAY NOT BE AVAILABLE FOR IMMEDIATE WITHDRAWAL

SIGN HERE IF CASH RECEIVED FROM DEPOSIT

 Your Bank

CASH ▶ _____

OR TOTAL FROM OTHER SIDE

TOTAL ITEMS SUBTOTAL ▶ _____
 LESS CASH ▶ _____

NET DEPOSIT \$ _____

⑆012345678⑆ 0186789⑆

ACTIVITY 2 - 4 — EVALUATION FOR *IN THE AFTERMATH*

1. Identify three types of documents that are important for safekeeping. What is one way you could ensure they are available to you during an emergency?

2. Explain two benefits of having a bank account.

3. What are the steps for making a deposit in a bank account?

4. What is the ending balance of a bank account if the starting balance is \$125.67 and the following transactions occur to the account?
 - a. Direct deposit of \$267.09
 - b. Monthly account maintenance fee of \$8.00
 - c. Car insurance payment for \$176.11
 - d. Cash withdrawal of \$100.00

5. Fill in the space with the correct word.
 - a. _____ — A bank account that can be used to easily take out your money by writing checks or using debit or check cards
 - b. _____ — Balance sheet that helps you keep track of how much money you deposit and withdraw
 - c. _____ — A record from the bank of withdrawals and deposits, fees, etc., that you have incurred on your account

ACTIVITY 2 - 4 — ANSWER KEY FOR IN THE AFTERMATH EVALUATION

1. Identify three types of documents that are important for safekeeping. What is one way you could ensure they are available to you during an emergency?

(Passport, birth certificate, mortgage, insurance information, checkbook, bank statement)

2. Explain two benefits of having a bank account.

(Keeping money safe, easier access to money, may earn interest, other answers may vary)

3. What are the steps for making a deposit in a bank account?

(Endorse the check with the account number, fill out a deposit slip, make the deposit into the account, add the deposit to the check register, verify the deposit on the statement)

4. What is the ending balance of a bank account if the starting balance is \$125.67 and the following transactions occur to the account?

- a. Direct deposit of \$267.09
- b. Monthly account maintenance fee of \$8.00
- c. Car insurance payment for \$176.11
- d. Cash withdrawal of \$100.00

(\$125.67 + \$267.09 - \$8.00 - \$176.11 - \$100.00 = \$108.65)

5. Fill in the space with the correct word.

Checking account—A bank account that can be used to easily take out your money by writing checks or using debit or check cards

Check register—Balance sheet that helps you keep track of how much money you deposit and withdraw

Account statement—A record from the bank of withdrawals and deposits, fees, etc., that you have incurred on your account

Checking account

- Most common form of demand deposit
- Money available on demand
- Designed for frequent transactions
- May have associated monthly fees
- May earn interest

Savings account

- Higher interest rate than checking
- Lower interest rate than money market deposit account or certificate of deposit
- Lower account balance requirements than money market deposit account or certificate of deposit
- Flexibility to make some withdrawals

Money market deposit account (MMDA)

- Pays higher interest than checking or savings accounts
- Allows for a limited number of transactions
- Higher balance requirements than checking or savings accounts

Certificate of deposit (CD)

- Requires you to keep a specified amount of money for a fixed amount of time (six months, one year, five years, etc.)
- Significant penalties for early withdrawal
- Interest rates vary based on term but are generally higher than for the other types of accounts

ACTIVITY 2a - I – COMPARING BANK PRODUCTS

Choose a bank or credit union that has a branch office in your area. Visit the office or the institution's Web site to complete the chart for its checking, savings, money market deposit account, certificate of deposit, and other savings or investment tool of your choice (e.g., specialized checking account for a college student).

	Checking account	Savings account	Money market deposit account	Certificate of deposit	Other saving or investment tool of your choice
What is the interest rate paid per year or dividends paid?					
What are the opening balance and minimum balance requirements?					
What are the various fees and rates associated with this account (including overdraft, maintenance fees, etc.)?					
How quickly are the funds available? What are the withdrawal limitations or early withdrawal penalties?					
Describe the risk that this asset will lose value.					
Other account features (e.g., overdraft protection)?					
Why would someone choose this account? Not choose this account?					

VISUAL 3 - I – CREDIT CARD STATEMENT



**Your Credit Card's
Information**

Make check payable to:



YOUR CREDIT CARD SERVICES
P.O. BOX 12345
ANYTOWN, ST 12345-6789

<small>ACCOUNT NUMBER</small>	
1234 5678 9100 1234	
<small>PAYMENT DUE DATE</small>	<small>NEW BALANCE TOTAL</small>
09 / 10 / 07	\$ 125.24
<small>TOTAL MINIMUM PAYMENT DUE</small>	<small>AMOUNT ENCLOSED</small>
\$ 20.00	
<small>DETACH TOP PORTION AND RETURN WITH PAYMENT</small>	



JANE DOE
123 MAIN STREET
ANYTOWN ST 12345-6789

Account Number	Credit Line	Cash or Credit Available	Days in Billing Cycle	Closing Date	Total Minimum Payment Due	Payment Due Date	
1234 5678 9100 1234	\$ 1,200.00	\$ 1,074.76	31	08 / 15 / 07	\$ 20.00	09 / 10 / 07	
<small>Posting Date</small>	<small>Transaction Date</small>	<small>Reference Number</small>	<small>Card Type</small>	<small>Category</small>	<small>Transactions</small>	<small>Charges</small>	<small>Credits (CR)</small>

PURCHASES AND ADJUSTMENTS

Posting Date	Transaction Date	Reference Number	Card Type	Category	Transactions	Charges	Credits (CR)
AUGUST 2007 STATEMENT							
07 / 18	07 / 16	0063	MC	C	KARA'S GARDEN ANYTOWN ST	14.83	
07 / 18	07 / 16	2884	MC	C	SHUN LING RESTAURANT ANYWHERE ST	30.55	
07 / 18	07 / 17	0798	MC	C	GOLDEN DRAGON RESTAURANT ANYTOWN ST	27.50	
07 / 19	07 / 17	6706	MC	C	OFFICES LAND ANYTOWN ST	12.26	
07 / 25	07 / 22	7465	MC	C	VALUE MORE CLOTHING ANYTOWN ST	40.10	
TOTAL FOR BILLING CYCLE FROM 07 / 16 / 2007 THROUGH 08 / 15 / 2007						\$ 125.24	\$ 0.00

IMPORTANT NEWS

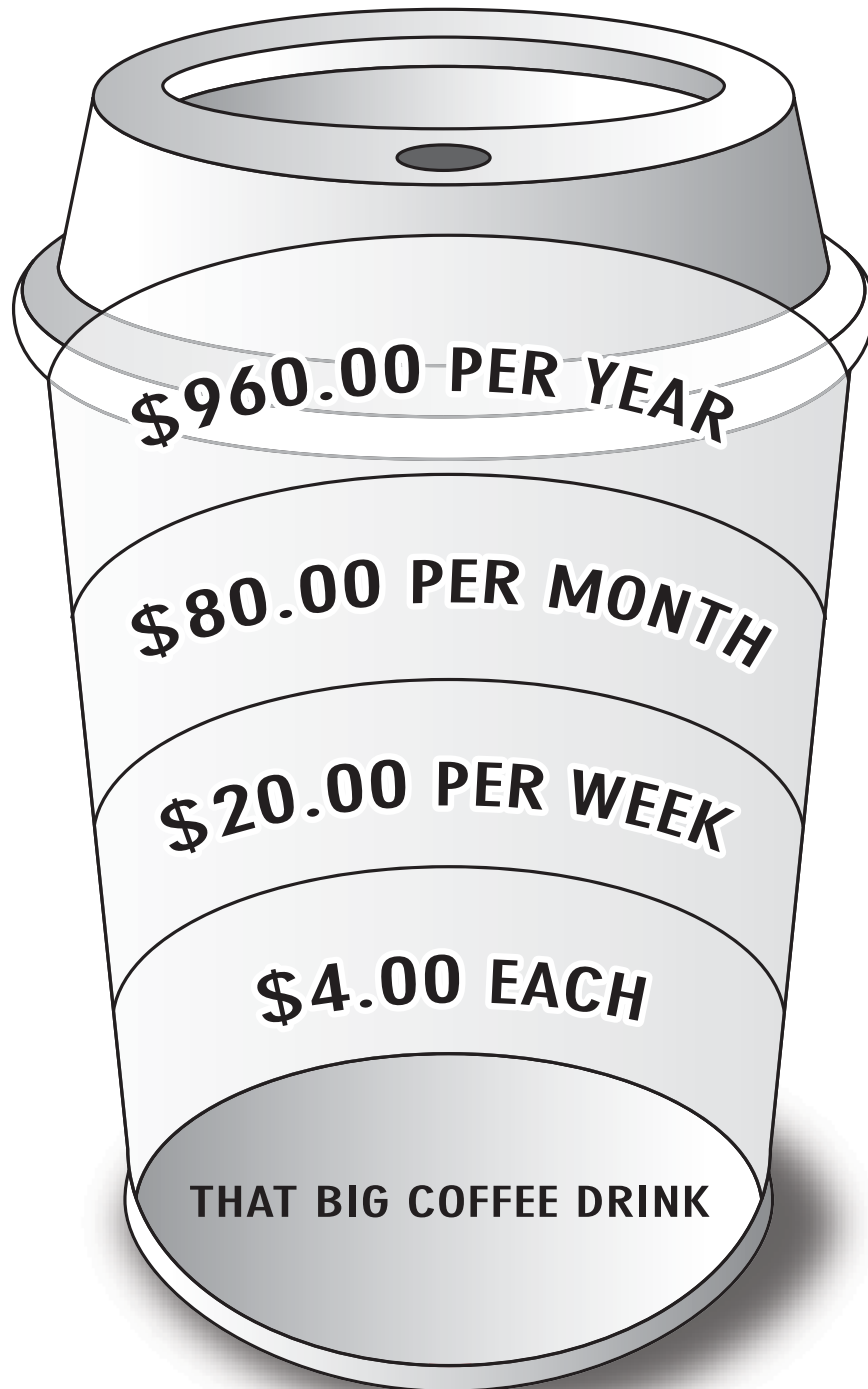
YOU ARE A VALUED CUSTOMER. WE WANT TO MAKE SURE YOU ARE AWARE THAT WE HAVE RECEIVED YOUR LAST PAYMENT IN THE AMOUNT OF **\$168.80**. THANK YOU!

SUMMARY OF TRANSACTIONS

Previous Balance	(-) Payments and Credits	(+) Cash Advances	(+) Purchases and Adjustments	(+) Periodic Rate FINANCE CHARGES	(+) Transaction Fee FINANCE CHARGES	(-) New Balance Total	TOTAL MINIMUM PAYMENT DUE
\$ 168.80	\$ 168.80	\$ 0.00	\$ 125.24	\$ 0.00	\$ 0.00	\$ 125.24	Past Due Amount \$ 0.00 Current Payment \$ 0.00 Total Minimum Payment Due \$20.00

FOR THIS BILLING PERIOD:

ANNUAL PERCENTAGE RATE..... 19.80%



VISUAL 3 - 3 – SIMPLE VERSUS COMPOUND INTEREST

SIMPLE INTEREST (INTEREST RATE = 5%)

Year	Principal	Amount used to calculate interest	Interest	Balance
1	\$ 1,000.00	\$ 1,000.00	\$ 50.00	\$ 1,050.00
2	0	\$ 1,000.00		
3	0			
4	0			

Total amount your money earned with simple interest:

COMPOUND INTEREST (INTEREST RATE = 5%)

Year	Principal	Amount used to calculate interest	Interest	Balance
1	\$ 1,000.00	\$ 1,000.00	\$ 50.00	\$ 1,050.00
2	0	\$ 1,050.00		
3	0			
4	0			

Total amount your money earned with compound interest:

VISUAL 3 - 4 – MAKING THE MINIMUM PAYMENT

How long will it take to pay off this credit card if no additional purchases are made?

Principal Balance = \$1,000

Interest Rate per year = 10%

	Paying only the minimum payment each month (fixed payment of \$20.00)*	Paying 10% of the original balance each month (fixed payment of \$100.00)
Monthly payment	\$20.00	\$100.00
Amount applied to the principal	\$11.67	\$91.67
Amount applied to interest	\$8.33	\$8.33
Total time to pay it off	5.4 years (65 months)	11 months
Total cost of borrowing	\$299.00	\$48.00

* Assuming minimum = 2% of principal

Minimum payment requirements can usually be found on your credit card statement as part of the terms and conditions. This is not the amount shown as the minimum payment due for that month but rather is the basis for calculating all minimum monthly payments in percentage and dollar terms.

How did Jacquelyn and her family manage when they were staying with Jacquelyn's aunt?

1. What were some of the things Jacquelyn's family needed during and immediately after Hurricane Katrina?
2. How did Jacquelyn's family buy groceries and other necessities?
3. What do you think would have happened to them if they did not have any savings in the bank, weren't creditworthy, and didn't have any credit cards?
4. What did her family need when they were forced to leave their home?
5. What did some of the people in this story have to live without?

What is Jacquelyn's family doing now to get on track financially?

6. What is the family doing about their credit card debt?
7. What does Jacquelyn want now that her life is getting back on track?
8. How is Jacquelyn managing her money so she can get what she wants?

ACTIVITY 3 - 2 – EVALUATION FOR A FRESH START

Directions: Match the following vocabulary words with their definitions. Write the corresponding letter of the word in the appropriate blank space.

- | | | |
|--------------------|----------------|----------------|
| A. Interest rate | B. Interest | C. Balance |
| D. Minimum payment | E. Credit line | F. Credit card |

1. _____ Allows access to a type of loan with a specified line of credit; can be a convenient way to pay for things.
2. _____ A type of short-term loan; is an amount negotiated with the credit card company.
3. _____ Money paid for the use of borrowed funds; is also called a finance charge
4. _____ A percentage rate of the interest paid on a loan.
5. _____ The amount you must pay to avoid additional penalties and fees.
6. _____ Total amount of money owed on a credit card.

Directions: Answer the following questions.

7. In the video, Jacquelyn's friends talked about the importance of saving money for an emergency. Give one example of a time when you or someone you know needed money for an emergency.
8. Explain how interest charges influence the rate at which someone should pay off credit card debt.
9. Identify one item that you regularly spend money on. If you gave it up, approximately how much money would you save? Show how you arrived at your answer.
10. A savings account can offer simple interest or compound interest. Suppose you have an initial savings account balance of \$2,000. Assume that you make no additional deposits over the next three years.
 - a. What would you expect the balance to be after three years, assuming a simple interest rate of 5%?
 - b. What would you expect the balance to be after three years, assuming a compound interest rate of 5%?
 - c. What is the difference between your answer in part a and your answer in part b?

Directions: Match the following vocabulary words with their definitions. Write the corresponding letter of the word in the appropriate blank space.

- | | | |
|--------------------|----------------|----------------|
| A. Interest rate | B. Interest | C. Balance |
| D. Minimum payment | E. Credit line | F. Credit card |

1. **F** Allows access to a type of loan with a specified line of credit; can be a convenient way to pay for things.
2. **E** A type of short-term loan; is an amount negotiated with the credit card company.
3. **B** Money paid for the use of borrowed funds; is also called a finance charge
4. **A** A percentage rate of the interest paid on a loan.
5. **D** The amount you must pay to avoid additional penalties and fees.
6. **C** Total amount of money owed on a credit card.

Directions: Answer the following questions

7. In the video, Jacquelyn’s friends talked about the importance of saving money for an emergency. Give one example of a time when you or someone you know needed money for an emergency.

(Answers will vary.)

8. Explain how interest charges influence the rate at which someone should pay off credit card debt.

(It is wise to pay off credit card debt as quickly as possible because interest charges add to the total amount the debtor must pay back. The more quickly a debtor pays off a credit card balance, the less total amount he or she must pay back.)

9. Identify one item that you regularly spend money on. If you gave it up, approximately how much money would you save? Show how you arrived at your answer.

(Answers will vary.)

10. A savings account can offer simple interest or compound interest. Suppose you have an initial savings account balance of \$2,000. Assume that you make no additional deposits over the next three years.

- a. What would you expect the balance to be after three years, assuming a simple interest rate of 5%?

*(\$2,000 x .05 = \$100 per year for three years.
\$2,000 + (\$100 x 3) = \$2,300)*

- b. What would you expect the balance to be after three years, assuming a compound interest rate of 5%?

*Year 1: \$2,000 x 1.05 = \$2,100
Year 2: \$2,100 x 1.05 = \$2,205
Year 3: \$2,205 x 1.05 = \$2,315.25*

- c. What is the difference between your answer in part a and your answer in part b?

\$2,315.25 - \$2,300 = \$15.25

The purpose of this exercise is to help you better understand how a credit score and credit report are derived and their impact on consumer purchasing power. Use the Web site links below to answer the questions on the following pages.

My Fico

<http://www.myfico.com/Default.aspx>

Understanding Your Fico Score

http://www.myfico.com/Downloads/Files/myFICO_UYFS_Booklet.pdf

FRB Philadelphia Consumer Resources

<http://www.philadelphiafed.org/consumer-resources/>

What Your Credit Report Says About You

<http://www.philadelphiafed.org/consumer-resources/publications/what-your-credit-report-says.cfm>

Your Credit Rating

<http://www.philadelphiafed.org/consumer-resources/publications/your-credit-rating.cfm>

Your Credit Rights

<http://www.philadelphiafed.org/consumer-resources/publications/your-credit-rights.cfm>

Credit Report

1. What is a credit report?
2. Where does the information contained in a credit report come from?
3. What are the three main credit reporting agencies?
4. What is the official Web site for the free annual credit report allowed by law?
5. How often should you review your credit report?
6. When can your credit report be reviewed by a lender or other entity?
7. What are the conditions under which a consumer can get a free copy of his or her credit report?
8. How long will negative information remain on your credit report?
9. What is a “healthy mix” of types of credit use on your credit report?
10. On average, how many credit obligations do consumers have on their credit report?
11. Give examples of the most common credit obligations.

Credit Score

12. What is the difference between a credit report and a credit score (FICO score)?

13. What credit information categories make up the FICO score?

14. Which category has the largest impact?

15. List the credit type components of the largest category.

16. What kind of information is not included in your FICO score?

17. What is a credit inquiry, and how does it affect your credit score?

18. List five tips for improving your FICO score.

19. Besides applying for credit, what might your credit score be used for?

20. How does my FICO score change?

21. How will a bankruptcy affect my FICO score?

22. Can accounts that aren't on my credit report affect my score?

23. How will closing old accounts impact my credit score?

Know Your Rights

24. How are mistakes made on a credit report?

25. What should you do if you find an error in your credit report?

26. What does the Fair Credit Reporting Act (FCRA) provide?

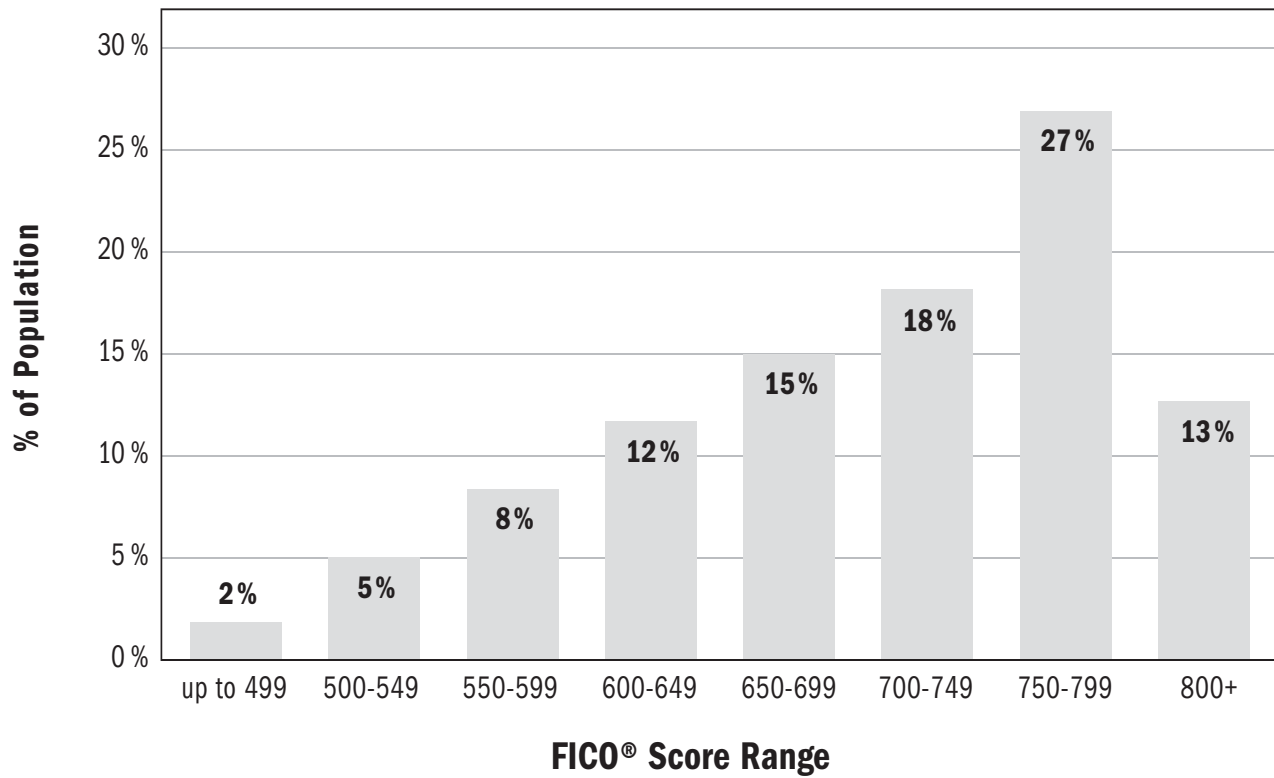
27. What does the Equal Credit Opportunity Act (ECOA) provide?

28. What does the Fair and Accurate Credit Transactions Act provide?

29. What should I do if I am denied credit because of something in my credit report?

30. If negative information is true, can I have it removed from my credit report?

VISUAL 3a- I – NATIONAL CREDIT SCORES



Source: "Understanding Your FICO Score" http://www.myfico.com/Downloads/Files/myFICO_UYFS_Booklet.pdf

Revolving credit (example: credit cards)

- Borrow at any time up to a limit set by the creditor.
- The difference between your credit limit and the amount that you owe is available to borrow.
- Pay back the loan in lump sums or over an extended period of time.
- Interest is charged on the full amount owed (principal, interest, and fees).

Installment credit (examples: car loans, mortgages, student loans)

- Borrow a specific amount for a specific purpose for a specific amount of time at a given interest rate.
- Total amount of interest to be paid is calculated up front.
- Payments are spread out equally over the length of the loan.

Noninstallment or service credit (examples: cell phone plan, utilities)

- Pay for a service that has already been used.
- Payment in full is required by a specified date.
- Failure to pay within the specified time may result in service fees and/or discontinuation of service.

Secured credit

- Requires collateral (something of value, e.g., home or car) to guarantee repayment of the debt.
- If the loan is not repaid, the lender repossesses the collateral.

Unsecured credit

- Loans that do not require a guarantee, e.g., credit cards, service credit, and some installment credit.

- What is credit?
- Is all debt bad?
- Should you be concerned about having bad credit?
- What does your credit report say about you to a potential employer?
- Besides borrowing money, what are some other activities affected by your credit report?

WHAT IS A BUDGET?

A budget is a tool that helps you balance your income and your expenses.

A budget can help you meet your goals. When you keep track of your money, you're in control!

Many people use a monthly budget.

A budget starts with income or an amount of money.

How much money do you get each month?

Income	\$2,000.00
--------	------------

What expenses do you have each month?

Fixed Expenses

Rent	600.00
Cell Phone	40.00
Car loan payment	200.00

Variable expenses

Food (estimate)	500.00
Utility bills (estimate)	50.00
Gas	50.00

Periodic Expenses

Car insurance (\$300 a quarter)	(a month) 100.00
------------------------------------	------------------

Total expenses	\$1,540.00
-----------------------	-------------------

How much is left over for clothes, savings, entertainment, and any other expenses?

Subtract the expenses from the income.

\$ 2,000.00
- 1,540.00
<hr/>
\$460.00

VISUAL 4 - 2 – HOW LONG TO EARN \$1 MILLION?

	How much each year?	How long will earning \$1 million take?
No high school diploma		
High school diploma only		
Associates degree (two year college)		
Bachelor's degree (four year college)		
Master's degree		
Professional degree		

GRAPH THE APPROXIMATE TIME EARNING \$1 MILLION WILL TAKE

	Years									
	5	10	15	20	25	30	35	40	45	
No high school diploma										
High school diploma only										
Associates degree (two year college)										
Bachelor's degree (four year college)										
Master's degree										
Professional degree										

How did Jamie and her family manage financially when she was in Houston?

1. When Katrina struck, Jamie had just bought clothes for school. Where did she get the money for the clothes?
2. What else did she do with the money she saved?
3. How did Jamie and her family manage financially while they were living in Houston?
4. What did Jamie's friends recommend in order to be financially prepared?
5. What did they think you should do in order to save money?
6. What are ways to reduce spending?
7. What kind of spending habits cause people to live above their means

How does Jamie manage financially today?

8. How does Jamie know how much money she can spend, and how much she needs to save to tuition?
9. How does Jamie pay for things?
10. Jamie is on a tight budget. How will saving money help her to get what she wants?

Your Budget

List all of the income you receive each month.

Allowance \$ _____
Job (outside your home) \$ _____
Jobs (at home) \$ _____
Gifts \$ _____
Other income \$ _____

Total Income \$ _____

List your regular expenses, such as car payments, cell phones or anything else you are held responsible for paying each month.

Expense _____ \$ _____
Expense _____ \$ _____
Expense _____ \$ _____
Expense _____ \$ _____

Total Expenses \$ _____

Now subtract your expenses from your income to see how much you have left for clothes, savings, and entertainment.

Total Income \$ _____
Total Expenses - _____

\$

ACTIVITY 4 -3 – HOW LONG TO EARN \$ 1 MILLION?

	How much each year?	How long will earning \$1 million take?
No high school diploma		
High school diploma only		
Associates degree (two year college)		
Bachelor's degree (four year college)		
Master's degree		
Professional degree		

GRAPH THE APPROXIMATE TIME EARNING \$1 MILLION WILL TAKE

	Years									
	5	10	15	20	25	30	35	40	45	
No high school diploma										
High school diploma only										
Associates degree (two year college)										
Bachelor's degree (four year college)										
Master's degree										
Professional degree										

1. Review your budget from Activity 4-2. List below the fixed expenses, variable expenses, and periodic expenses in your budget. If you do not have at least one example for one of those categories, identify an example of that category.

a. Fixed expense(s):

(Answers will vary but should be expenses that do not change from month to month.)

b. Variable expense(s):

(Answers will vary but should be expenses that may change from month to month.)

c. Periodic expense(s):

(Answers will vary but should be expenses that occur on an occasional basis.)

2. What is the purpose of a budget?

(Answers should be based on the following ideas: A budget is a plan that helps you manage your money by balancing your income with your expenses. It helps you live within your means and reach your goals. If a budget is realistic, and you stick to it, you will be able to pay for the things you need and save money for things that are important. Sticking to a budget puts you in control of your money.)

3. Identify the danger of living paycheck to paycheck.

(Answers will vary but should include that living paycheck to paycheck would create a problem during a disruption to one's financial life, e.g., natural disaster, job loss, sick relative, etc. The result could be not having funds or going into debt.)

4. Suppose you decided to save money for a large purchase but you currently have no money left in your budget after your expenses have been subtracted from your income. You could increase your income and/or decrease your expenses to increase the amount you could save during each budget cycle. Describe a specific plan to save the money for your large purchase.

(Answers will vary.)

5. Describe the relationship between education and income. Identify the education level you plan to attain and explain the reasons for your choice. What barriers exist for achieving that level of education?

(Answers will vary but should include that people who get an advanced education will make more money over their lifetimes than people who do not. Education is a key to greater financial well-being, and it is also important for a meaningful, interesting career.)

ACTIVITY 4a - I – COST COMPARISON WORKSHEET

Amount	Amount	Amount	Amount
\$20,000	loan principal	_____	_____
\$6,644	interest payments	_____	_____
(for a 120-month, 6% fixed-rate loan)			
_____	_____	_____	_____
_____	_____	_____	_____
_____	_____	_____	_____
_____	_____	_____	_____
_____	_____	_____	_____
_____	Total	_____	Total

Instructions: Print or photocopy the cards below and cut them along the dotted lines. Have a representative from each group randomly draw one card, which will serve as the occupation for all group members to use during Step 4 of this lesson.

Veterinarian	Interpreter/Translator
Paralegal	Chiropractor
Dancer	Librarian
Athletic Trainer	Social and Human Service Assistant
Conservation Scientist/Forester	Graphic Designer
Landscape Architect	Registered Nurse
Fashion Designer	Urban and Regional Planner

ACTIVITY 4a - 3 — IN-CLASS ESSAY: COMPARING COSTS AND BENEFITS

Give students approximately 20 minutes to outline and write a response to the following prompt. (Responses should be at least two to three complete paragraphs.)

If you were to pursue the profession listed on your scenario card, do you think it is a good idea to take out a 120-month college loan for \$20,000 at 6 percent interest? Why or why not? Use the data you have collected on your cost comparison worksheet to justify your response, comparing the costs of borrowing money against the benefits.