

IT'S YOUR PAYCHECK!

Andrew Anako
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Our Town, USA

Date	Item	Amount
1-May	Opening deposit	\$40.00
2-May	ATM withdrawal	\$47.30
5-May	Debit card	\$95.00
16-May	Deposit	\$34.80
17-May	Check #96	
18-May	Debit card	\$60.00
31-May	Deposit	\$1.50
31-May	ATM	
31-May	Service charge	

Produced by the Federal Reserve Bank of St. Louis

31-May **ENDING BALANCE** \$115.00
Check # #96
In your check with a check all checks paid
Enter the ending balance on the bank statement



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Overview

In 2005, the Federal Reserve Bank of St. Louis was a partner in a community initiative to educate teens about how to manage their personal finances. As part of the initiative, a program called *Your Paycheck* was developed. This program involved college students as instructors teaching personal finance concepts to new, teenage employees of local businesses.

In 2007, as part of its economic and financial education program, the St. Louis Fed decided to develop its own personal finance curriculum for use by high school educators, with similar and expanded content based on *Your Paycheck*. The new curriculum is called *It's Your Paycheck!*

It's Your Paycheck! was designed for use in high school personal finance classes. The curriculum contains three sections—"Know Your Dough," "KaChing!" and "All About Credit." The lessons in each of these sections employ various teaching strategies to engage students so that they have opportunities to apply the concepts being taught. Each lesson includes black-line masters of the handouts and visuals needed to teach the lesson.

All of the lessons are correlated with the National Personal Finance Standards and the National Standards in Economics. (See the "Lesson Correlation" section for more information.) Below is a brief description of each lesson in the unit.

Unit A: Know Your Dough

Lesson 1: Invest in Yourself

Students are divided into groups to produce name tents. Each of four groups in the classroom produce name tents in a different way to highlight different levels of human capital. The students identify ways in which people invest in human capital and the link between investment in human capital and earning income.

Lesson 2: "W" Is for Wages, W4 and W2

Students compute the gross pay for a fictional John Dough given his hourly wage and the number of hours worked. They compare gross pay to net pay. They learn what FICA and federal income taxes are. They learn how to complete a W-4 form and what a W-2 form is.

Unit B: KaChing!

Lesson 3: Cash the Check and Track the Dough

Students participate in an activity to learn about checking accounts, savings accounts and check-cashing services. Students learn the components of a check, and they organize and enter information into an account register for a fictitious person in order to determine the person's balance. Students learn why maintaining account records is important. Students balance a monthly account statement.

Lesson 4: Your Budget Plan

Students work in pairs to participate in a "Track Star" game that illustrates positive and negative spending behaviors. Each pair of students analyzes the "Track Star" results, identifies effective and ineffective budgeting behaviors, and generates a list of budgeting principles.

Lesson 5: Savvy Savers

Students calculate compound interest to identify benefits of saving in interest-bearing accounts. They learn the “rule of 72” and apply it to both investments and debt. They learn that there is a relationship between the level of risk for an investment and the potential reward or return on that investment.

Unit C: All about Credit

Lesson 6: Credit Reports—and You Thought Your Report Card Was Important

Students complete an activity sheet and discuss the advantages and disadvantages of using credit. Students read a scenario about a young person’s use of a credit card and answer some questions regarding repayment. Students learn about credit history, credit reports and credit-reporting agencies.

Lesson 7: Creditors’ Criteria and Borrowers’ Rights and Responsibilities

Students discuss key terms related to credit and learn how creditors use capacity, character and collateral as criteria for making loans. Students learn about credit rights and responsibilities. Groups use role-play scenarios in order to identify and discuss the rights and responsibilities of using credit.

Lesson 8: So How Much Are You Really Paying for that Loan?

Students learn what a payday loan is and the high cost involved in using such a loan. Working in groups, students calculate an annual percentage rate (APR) on a short-term loan.

Lesson 9: To Rent-to-Own or Not to Rent-to-Own?

Students review the elements of a contract. They discuss the characteristics of rent-to-own contracts and compare the cost of those contracts with the outright purchase of goods.

Acknowledgements

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Lesson Correlations with the National Standards in Economics and the National Standards in K-12 Personal Finance

It's Your Paycheck Correlation with National Standards in K-12 Personal Finance									
Lesson	1	2	3	4	5	6	7	8	9
<p>Financial Responsibility and Decision Making: Apply reliable information and systematic decision making to personal finance decisions</p> <p>Standard 1: Take responsibility for personal financial decisions. High school expectation 3: Identify changes in personal spending behavior that contribute to wealth building.</p>				X				X	
<p>Financial Responsibility and Decision Making: Apply reliable information and systematic decision making to personal finance decisions</p> <p>Standard 1: Take responsibility for personal financial decisions. Eighth-grade expectation 2: Give examples of the benefits of financial responsibility and the costs of financial irresponsibility.</p>									X
<p>Financial Responsibility and Decision Making: Apply reliable information and systematic decision making to personal finance decisions.</p> <p>Standard 1: Take responsibility for personal financial decisions. Eighth-grade expectation 1: Identify ways to be a financially responsible young adult</p>						X	X	X	
<p>Financial Responsibility and Decision Making: Apply reliable information and systematic decision making to personal financial decisions.</p> <p>Standard 2: Find and evaluate financial information from a variety of sources. Eighth-grade expectation 1: Analyze and evaluate advertising claims.</p>								X	
<p>Financial Responsibility and Decision Making: Apply reliable information and systematic decision making to personal financial decisions.</p> <p>Standard 2: Find and evaluate financial information from a variety of sources. High school expectation 1: Determine whether financial information is objective, accurate and current.</p>						X	X	X	

It's Your Paycheck! | Introduction

It's Your Paycheck Correlation with National Standards in K-12 Personal Finance									
Lesson	1	2	3	4	5	6	7	8	9
<p>Financial Responsibility and Decision Making: Apply reliable information and systematic decision making to personal finance decisions.</p> <p>Standard 4: Make financial decisions by systematically considering alternatives and consequences. Eighth-grade expectation 3: Evaluate the results of a financial decision.</p>						X	X		X
<p>Financial Responsibility and Decision Making: Apply reliable information and systematic decision making to personal finance decisions.</p> <p>Standard 4: Make financial decisions by systematically considering alternatives and consequences. High school expectation 6: Give examples of how decisions made today can affect future opportunities.</p>						X	X		X
<p>Financial Responsibility and Decision Making: Apply reliable information and systematic decision making to personal finance decisions.</p> <p>Standard 5: Develop communication strategies for discussing financial issues. High school expectation 3: Give examples of contracts between individuals and between individuals and businesses, and identify each party's basic responsibilities.</p>									X
<p>Credit and Debt: Maintain creditworthiness, borrow at favorable terms and manage debt.</p> <p>Standard 1: Identify the costs and benefits of various types of credit. Eighth-grade expectation 2: Explain how interest rate and loan length affect the cost of credit.</p>								X	X
<p>Credit and Debt: Maintain creditworthiness, borrow at favorable terms and manage debt.</p> <p>Standard 1: Identify the costs and benefits of various types of credit. Eighth-grade expectation 4: Give examples of "easy access" credit.</p>						X			
<p>Credit and Debt: Maintain creditworthiness, borrow at favorable terms and manage debt.</p> <p>Standard 1: Identify the costs and benefits of various types of credit. Eighth-grade expectation 5: Discuss potential consequences of using "easy access" credit.</p>						X			

It's Your Paycheck! | Introduction

It's Your Paycheck Correlation with National Standards in K-12 Personal Finance									
Lesson	1	2	3	4	5	6	7	8	9
<p>Credit and Debt: Maintain creditworthiness, borrow at favorable terms, and manage debt.</p> <p>Standard 2: Explain the purpose of a credit record and identify borrowers' credit report rights. High school expectation 4: Identify organizations that maintain consumer credit records.</p>						X			
<p>Credit and Debt: Maintain creditworthiness, borrow at favorable terms, and manage debt.</p> <p>Standard 2: Explain the purpose of a credit record and identify borrowers' credit report rights. High school expectation 7: Discuss ways that a negative credit report can affect a consumer's financial future.</p>						X			X
<p>Credit and Debt: Maintain creditworthiness, borrow at favorable terms, and manage debt.</p> <p>Standard 3: Describe ways to avoid or correct credit problems. High school expectation 2: List actions that a consumer could take to reduce or better manage excessive debt.</p>						X			
<p>Income and Careers: use a career plan to develop personal income potential.</p> <p>Standard 1: Explore career options Eighth-grade expectation 1: Give an example of how education and/or training can affect lifetime Income.</p>	X								
<p>Income and Careers: Use a career plan to develop personal income potential</p> <p>Standard 3: Describe factors affecting take-home pay. Eighth-grade expectation 1: Explain items commonly withheld from gross pay.</p>		X							
<p>Income and Careers: Use a career plan to develop personal income potential</p> <p>Standard 3: Describe factors affecting take-home pay. Eighth-grade expectation 3: Explain the difference between Social Security and Medicare programs.</p>		X							

It's Your Paycheck! | Introduction

It's Your Paycheck Correlation with National Standards in K-12 Personal Finance									
Lesson	1	2	3	4	5	6	7	8	9
<p>Planning and Money Management: Organize and plan personal finances and use a budget to maintain cash flow.</p> <p>Standard 3: Describe how to use different payment methods.</p> <p>Eighth-grade expectation 3: Compare the costs of cashing a third-party check at various local financial institutions including check-cashing services.</p>			X						
<p>Planning and Money Management: Organize and plan personal finances and use a budget to maintain cash flow.</p> <p>Standard 3: Describe how to use different payment methods.</p> <p>High-school expectation 1: Demonstrate skill in basic financial tasks including scheduling bill payments, writing a check, reconciling a checking/debit account statement, and monitoring printed and/or online account statements for accuracy.</p>							X		
<p>Saving and Investing: Implement a diversified investment strategy that is compatible with personal goals.</p> <p>Standard 1: Discuss how saving contributes to financial well-being.</p> <p>High school expectation 3: Identify and compare saving strategies, including "paying yourself first," using payroll deduction and comparison shopping to spend less.</p>					X				
<p>Saving and Investing: Implement a diversified investment strategy that is compatible with personal goals.</p> <p>Standard 3: Evaluate investment alternatives</p> <p>High school expectation 3: Compare the risks and returns of various investments.</p>					X				

X

It's Your Paycheck Correlation with National Content Standards in Economics									
Lesson	1	2	3	4	5	6	7	8	9
<p>Standard 12: Interest rates, adjusted for inflation, rise and fall to balance the amount saved with the amount borrowed, thus affecting the allocation of scarce resources between present and future uses. Benchmark 1, Grade 12: An interest rate is the price of money that is borrowed or saved.</p>					X				
<p>Standard 13: Income for most people is determined by the market value of the productive resources they sell. What workers earn depends, primarily, on the market value of what they produce and how productive they are. Benchmark 2, Grade 8: People's incomes, in part, reflect choices they have made about education, training, skill development and careers. People with few skills are more likely to be poor.</p>	X			X					

