

KATRINA'S CLASSROOM:

FINANCIAL LESSONS FROM A HURRICANE

INTRODUCTION

OVERVIEW: THE IMPORTANCE OF BEING FINANCIALLY PREPARED

During ordinary times, people with financial knowledge and skills contribute to a stable economy by consuming wisely, saving, and investing. In the face of a natural disaster, such as Hurricane Katrina, or in the face of a personal tragedy, the financially prepared are generally able to regain equilibrium, which helps the economy remain stable.

The Federal Reserve works to ensure the financial system is safe and sound and that payments can be made smoothly, even in the wake of a natural disaster. The Fed also recognizes that promoting financial education is an important way to ensure future economic stability and growth. To that end, the Federal Reserve Bank of Atlanta, drawing on its own experience as well as the experiences of people living in the area affected by Hurricane Katrina, has created *Katrina's Classroom: Financial Lessons from a Hurricane*, a four-part video-based curriculum designed to teach middle and high school students some of the most important aspects of financial responsibility.

VIDEO SUMMARY—A BRIEF OVERVIEW OF EACH STORY

1. Katrina Strikes—page 5

Katrina Strikes is an introduction that sets the scene for the approach of Hurricane Katrina and introduces each of the three major characters.

2. In the Aftermath—page 11

As Nick's family fled New Orleans, his mother wisely took all their important financial records so she could access her bank account when the family was staying in Atlanta. Her Social Security payments were electronically deposited into her account, so she received her payments without interruption. Today, Nick works for neighbors to make extra money and is opening a bank account to keep his money safe.

3. A Fresh Start—page 35

When Jacquelyn and her family returned to Biloxi, Mississippi, after Katrina, their entire neighborhood was destroyed. Today, the family has rebuilt their home, and they are rebuilding their finances by paying off credit card debt as quickly as they can. Jacquelyn's life is also returning to normal, and she is able to save money to buy a dress so she can participate in a school pageant.

4. Back to School—page 65

After spending most of her senior year of high school in Houston, Texas, Jamie returned to New Orleans to attend college at Xavier University. Jamie has a bank account and lives on a tight budget so she can pay for the things she needs in college while building the basis for a good income in the future.

MATERIALS

Teachers will need

- A DVD player.
- A chart to record the answers to discussion questions.

Each lesson comes with

- Visuals to photocopy and project as transparencies.
- Activity worksheets to copy and distribute to students.

NATIONAL STANDARDS ALIGNMENT

The goals of this curriculum and learning objectives of each lesson align with Jump\$tart National Standards in K–12 Personal Finance Education, third edition, 2007. The standards that are treated in each lesson are identified at the beginning of the lesson and in the matrix on page 87.

COURSE GOALS

These powerful stories underscore critical lessons for financial literacy. The themes of financial responsibility, preparation, and decision making are woven throughout. By watching the stories, engaging in discussions, and participating in activities, students will learn to

- Distinguish between needs and wants.
- Explain why wise financial decision making is the key to meeting needs and attaining wants.
- Identify fundamental tools and practices that are required to become financially responsible.
- Predict the consequences of failure to plan financially.
- Relate the benefits of financial planning to their own lives.
- Apply fundamental financial practices and tools.

FOUR-DAY CURRICULUM

Each lesson in the curriculum is designed to take one 45-minute classroom period. Lesson 4 includes an optional field trip to a local bank. Optional expansion activities require additional time.

LESSONS

1. Katrina Strikes
2. In the Aftermath (with optional extension activity)
3. A Fresh Start (with optional extension activity)
4. Back to School (with optional field trip to a local bank and optional extension activity)

VISUALS AND WORKSHEETS

One copy of each visual and worksheet for the teacher to use to create transparencies and to photocopy for students to use.

KATRINA'S CLASSROOM:

FINANCIAL LESSONS FROM A HURRICANE

LESSON 1: KATRINA STRIKES

This introductory video sets the scene for Hurricane Katrina by portraying the storm striking, showing some of the devastation during and immediately after the storm, and introducing three families whose stories we will follow throughout the curriculum.

Jump\$tart National Standards and Benchmarks for This Lesson

This lesson introduces standards that will be explored in greater depth throughout the curriculum. The primary application standard of the activity for this lesson is identifying needs, wants, and goals.

FINANCIAL RESPONSIBILITY AND DECISION MAKING

Standard 4: Make financial decisions by systematically considering alternatives and consequences	Grades 8, 12
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INCOME AND CAREERS

Standard 2: Identify sources of personal income	Grade 8
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PLANNING AND MONEY MANAGEMENT

Standard 3: Describe how to use different payment methods	Grades 8, 12
Standard 6: Develop a personal financial plan	Grade 12

CREDIT AND DEBT

Standard 1: Identify the costs and benefits of various types of credit	Grades 8, 12
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RISK MANAGEMENT AND INSURANCE

Standard 1: Identify common types of risks and basic risk management methods.	Grades 8, 12
Standard 3: Explain the purpose and importance of health, disability, and life insurance protection	Grades 8, 12

LEARNING OBJECTIVES

At the end of the lesson, students will be able to

- Identify the difference between needs, wants, and goals.
- Recognize the need for financial preparedness in the face of a disaster.

TOOLS AND CONCEPTS

Students are introduced to concepts and tools that will be explored in greater depth throughout the curriculum

- Bank accounts.
- Emergency funds.
- Credit cards.
- Managing important documents.

PREPARATION

Make a transparency of Visual 1.1—Needs, Wants, and Goals

Photocopy Activity 1.1—Discussion Questions for *Katrina Strikes*

KEY MESSAGES

- Being financially prepared by having records on hand and a banking account.
- Understanding needs and wants.

PROCEDURE

1. Introduce the video.

Ask the class what they know about Hurricane Katrina and its aftermath. Have students share stories about a disaster their family may have had or one that they have read about. On the chalkboard, write the names of the three teenagers in the story, Nick, Jacquelyn, and Jamie, and tell students to be looking for the needs, wants, and goals of each one.

2. Play *Katrina Strikes*.

Explain that many families along the Gulf Coast lost their homes and everything they owned. Some families evacuated and stayed in other towns for weeks and even months. Others remained, living in crowded shelters, trailers, or their homes. Living conditions were extremely difficult. Families who were financially prepared were able to get their lives back on track more quickly after the storm.

3. Distribute Activity 1-1—Discussion Questions for *Katrina Strikes*. Discuss the video.

Explain that in this course students will meet the three real families who were introduced in the video and will learn more about how the families are getting their lives back after Hurricane Katrina.

Discuss the following questions with students:

- What are your impressions of what the people in these stories went through?
- If you were in a similar situation, what would you take with you?
- What would be some good ways to be financially prepared? (a bank account; an emergency fund; financial records at hand; managing important documents.)

The young people in these stories all learned the difference between needs and wants. Today, as they try to rebuild their lives, they are also discovering personal goals. Some of these goals will require good financial practices. Making wise financial decisions requires an awareness of the things we need, the things we want, and the goals we want to achieve.

4. Display Visual 1-1—Needs, Wants, and Goals.

Call attention to the names of the teenagers on the chalkboard, and ask students to predict their needs, wants, and goals.

- As human beings, we all need some basic things like food, shelter, and clothing. What do you think these families needed right after Hurricane Katrina? Enter the **predicted needs** in the row below each character.
- All of us want things that are beyond the basics, things like cell phones, cars, extra clothing, and entertainment. What do you think Nick, Jacquelyn, and Jamie might want now? Enter the **predicted wants** in the row below each character.
- Goals are things we want that require long-term planning. They are often things that will make us more secure or will make our lives better. Things like buying a home, going to college, or buying a car are goals. What goals might Nick, Jacquelyn, and Jamie have that will require financial planning? Enter the **predicted goals** in the row below each character.
- You have filled in the rows with the predicted needs, wants, and goals only. Save this transparency and return to it in each of the following lessons to record the actual needs of the young people in the story, what they want now, and how they are using financial skills to achieve their goals. Fill in the actual information after each lesson. The completed chart with actual needs, wants, and goals appears on the next page.

NEEDS, WANTS, AND GOALS

	Nick's family	Jacquelyn's family	Jamie's family
Needs (predicted)	?	?	?
Needs (actual)	Shelter, food	Shelter, food, clothes	Shelter, food, clothes
Wants (predicted)	?	?	?
Wants (actual)	To be with friends; to be in New Orleans; New Orleans food	To be in a beauty pageant; a new dress	To go to college; books for college
Goals (predicted)	?	?	?
Goals (actual)	To go to school; to earn extra income; a permanent home	A new dress; to save for an emergency fund; to pay off credit cards	To complete college and become a doctor

CLOSURE

- Why would being financially prepared help a family survive a disaster? (they could find a place to live; they could buy food; they could get away more easily)

EVALUATION

Ask students the following:

- What did the families need immediately after Hurricane Katrina struck? (food, shelter)
- What do you think they might want now that they are getting their lives back together? (new clothes, new homes, a new car, to be back with their friends in school)
- What goals might these teenagers have for their futures? (to save money, to do well in school, to have good jobs)

	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?

KATRINA'S CLASSROOM:

FINANCIAL LESSONS FROM A HURRICANE

LESSON 2: IN THE AFTERMATH

Students learn the importance of keeping important documents and records in a safe place and the benefits of keeping money in a bank. Through demonstrations and activities, they learn how to open an account and make a deposit.

Jump\$tart National Standards, Knowledge Statements, and Benchmarks for This Lesson

FINANCIAL RESPONSIBILITY AND DECISION MAKING

Knowledge Statement: Financial choices that people make have benefits, costs, and future consequences	Grade 8
Knowledge Statement: Financially responsible individuals accept the fact that they are accountable for their financial future	Grade 12
Standard 4: Make financial decisions by systematically considering alternatives and consequences	Grades 8, 12

INCOME AND CAREERS

Knowledge Statement: Social Security and Medicare are government programs that provide insurance against some loss of income and benefits to eligible recipients	Grade 12
Standard 2: Identify sources of personal income	Grade 8

PLANNING AND MONEY MANAGEMENT

Knowledge Statement: People perform basic financial tasks to manage money	Grade 8
Standard 3: Describe how to use different payment methods	Grades 8, 12

RISK MANAGEMENT AND INSURANCE

Knowledge Statement: Risk management strategies include risk avoidance, risk control, and risk transfer through insurance	Grade 8
Knowledge Statement: People purchase insurance to transfer the risk of financial loss	Grade 12
Standard 1: Identify common types of risks and basic risk management methods	Grades 8, 12
Standard 3: Explain the purpose and importance of health, disability, and life insurance protection	Grades 8, 12

LEARNING OBJECTIVES

At the end of the lesson, students will be able to

- Identify types of documents that are important and create a plan for saving them.
- Describe benefits of having a bank account.
- Apply skills necessary to have a bank account, including making a deposit, writing a check, balancing a checkbook, and reconciling a bank statement.

TOOLS AND CONCEPTS

In the video, students will learn about

- Types of bank accounts such as checking and savings.
- Receiving electronic payments like paychecks and Social Security.
- Managing a bank account.

PREPARATION

Make transparencies of Visual 2-1—How to Write a Check, Visual 2-2—How to Endorse a Check, Visual 2-3—How to Write a Deposit Slip, Visual 2-4—How to Balance a Checkbook, Visual 2-5—Your Bank Statement.

Photocopy worksheets Activity 2-1—Discussion Questions for *In the Aftermath*, Activity 2-2—Checks, Activity 2-3—Deposit Slips, Activity 2-4—Evaluation for *In the Aftermath*.

KEY MESSAGES

- Access to money.
- Keeping track of financial documents.

PROCEDURE

1. Introduce the video.

Explain to the class that they are going to watch the story of Nick, a young man whose family fled from New Orleans during Hurricane Katrina and stayed in Atlanta, Georgia. Ask them to pay attention to what Nick and his family took with them and how they were able to get money while they were gone.

2. Play *In The Aftermath*.

Relate the story to any personal experiences in the class.

3. Distribute Activity 2-1—Discussion Questions for *In The Aftermath*. Discuss the video.

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

- What was the first thing that Nick's mother took as the family fled? (important papers to establish their identity and prove ownership of their home, plus insurance documents)
- What kinds of papers are important to protect? (passport, birth certificate, mortgage, insurance information, checkbook, bank statement)
- What was Nick's family's source of income? (dad's income and mom's disability payments)
- How did money get into their bank account when they were in Atlanta? (electronically deposited payments)
- How did they access the money once it was deposited? (ATM machines, writing checks)
- What would they have done if they hadn't had a bank account? (they would have had to carry large amounts of cash, which is not always safe, to buy food or gas or stay in a hotel)
- What would have happened if they hadn't taken their important documents? (they could not have proved they owned their house; they could not have written checks)

How are they managing financially now that they are back?

- How did the preparations Nick's family made help them when they returned to New Orleans? (they were able to prove their identity and show they owned the home)
- Why did Nick open a bank account? (to keep his money safe)

From an early age, we learn responsibility. Young children learn to keep track of their possessions. As an adult, you learn to protect valuable documents and money.

4. Define and discuss important terms.

Check with the class to be sure they understand critical terms that they will need in order to participate in this lesson.

What is a bank account?

Ask students to define “bank account.” Ask if any students have a bank account and what kind of bank accounts they have.

Bank accounts are places in a bank to keep your money safe. The two most common kinds of bank accounts are **checking accounts** and **savings accounts**. It’s a good idea to have one of each.

- A **checking account** is a bank account that can be used to easily take out your money by writing checks, using debit or check cards, using an ATM (automated teller machine) to get cash, or making electronic payments through online banking. You also can use an ATM to make deposits and transfer money between accounts.
- A **checking account** is one way to pay bills and get money easily to make other purchases. Nick’s mother brought her checkbook so she was able to write checks and pay for things when they were in Atlanta.
- A **savings account** is a bank account used to accumulate money safely and earn interest. Money is accessed by making electronic transfers or by using a withdrawal slip.
- A **savings account** earns more interest than a checking account and is one tool to use to save for goals.

What are the benefits of having a bank account?

- Ask the class to describe benefits of a bank account. (keeps money safe, helps you keep track of your money, can help you earn interest)
- Even in an emergency, you can get money from your bank because the Fed keeps cash, check, and automated clearing-house payments flowing. During Hurricane Katrina and its aftermath, the Fed worked with banks to waive fees, honor checks from other banks, and defer mortgage payments.

What is Social Security?

- Social Security is a type of insurance that is managed by the federal government. Money is taken out of every worker’s paycheck and put into a fund. The benefits are paid out of the fund when a worker retires or becomes disabled. If a parent dies, the children receive the benefits until they turn age 18.

Note: Before completing steps 5 and 6 below, determine if the class is familiar with making deposits and writing checks. If so, condense this content as necessary and focus on balancing a checkbook.

5. Writing a check.

Project Visual 2-1—How to Write a Check

- Demonstrate how to fill in a check: where to put the date, the name of the payee, the amount, and your signature.

Distribute Activity 2-2—Checks

- Conduct a role play activity. Working in pairs, each student takes turns being the worker and the employer. The “employer” fills in a check to pay the “worker.”

6. Making a deposit.

- Explain that when you put money into an account, you make a deposit. A deposit can be made in person at a bank with a teller, at an ATM, in the mail, or by an **electronic deposit**.
- Some employers and other institutions make deposits directly into your bank account via automated clearinghouse payments. Such electronic deposits are an efficient way to get paid because they are considered safe and reliable, save time, and make funds available immediately. You don't have to go to the bank when you get your payment. Nick's mother was able to have her Social Security payments electronically deposited so she never missed a payment, even when her local bank was closed and she was far from home.
- If you deposit a check at a bank, the funds may not be available for a few days until the check clears and the funds become available in your account.

Project Visual 2-2—How to Endorse a Check

Show how to endorse a check by signing your name and writing your account number on the back of the check.

Project Visual 2-3—How to Write a Deposit Slip

- Demonstrate how to fill in a deposit slip for a single check or for multiple checks. Show the receipt from the bank that indicates the amount of your deposit and the current balance in the account.
- Explain that whenever you deposit checks, either with a teller, in an ATM, or through the mail, you must fill out a deposit slip. You will always receive a receipt for the deposit. If you make an error, the bank will adjust the amount of the deposit, and you will be notified.

Distribute Activity 2-3—Deposit Slips

- Use the activity page and the previously written checks to do a role play activity. Working in pairs, each student takes turns being the bank customer and the bank teller.
 - a. The customer endorses the check, fills out the deposit slip, and gives it to the banker.
 - b. The banker ensures that the check is properly endorsed and the deposit slip is filled out correctly.
 - c. The banker completes the receipt for the date and amount of the deposit.

7. Making withdrawals.

- You take money out of an account by making a withdrawal. You can withdraw money from a checking account by **writing a check**, using an ATM or a **debit card**, or making an **electronic transfer**. You can withdraw money from a savings account by using an ATM, **making a transfer**, or presenting a **withdrawal slip** and proper identification to a bank teller.
- An ATM card lets you take money out of your account at an ATM. A debit card can be used to make purchases at merchants that accept the card. When you use an ATM that is not in your bank's network, you may be charged an additional fee.
- When you write a check, you authorize the bank to remove money from your account to pay off the recipient of the check. Every time you write a check, that amount of money is taken out of your account.

8. Balancing a checkbook.

- When you open a bank account, you will receive a **register** that will help you keep track of how much money you deposit and withdraw. Every time you make a deposit, add the amount to your balance. Every time you make a withdrawal, subtract the amount from the balance. Just because your ATM balance shows you have a certain amount of money does not mean that you can use the full amount. You must consider what checks you have written that haven't "cleared" or been subtracted from your account yet.
- Your balance is the key to how much money you have in your account, regardless of how many checks you have left or what your balance inquiry says.

Project Visual 2-4—How to Balance a Checkbook

- Show how to enter the amount in the register and subtract it from the balance.

Ask students: What happens if you write a check but there is not enough money in your account?

- If you write a check and you don't have enough money in your account to cover the payment, the check **bounces** as an NSF (not sufficient funds) item back to the person or merchant who was supposed to receive the payment. Banks and merchants both charge fees for bounced checks. Fees from the merchant and the bank for bouncing one check can range from \$30–\$50 each! A bounced check of \$20 can end up costing \$120.
- You can avoid NSF fees by entering every transaction you make into your checkbook and adding or subtracting it so you always know how much you really have.

9. Your monthly statement.

- Every month, your bank will send you a **statement**. A statement is a record of your withdrawals, deposits, interest and fees you have incurred, such as a fee for having the checking account or fees for using ATMs. When you balance your checkbook, subtract the fees from the balance. Keep your statements in a safe place.

Project Visual 2-5—Your Bank Statement

- Your bank statement shows all the withdrawals you have made via ATMs or debit cards, all the deposits you have made and may include images of the checks you have written. The balance tells you how much you have in the account. Make sure all your deposits and withdrawals are included. A check that has not been cashed may not be included in your statement. If that's the case, you have less money than is shown on the statement.

10. Nick's Needs, Wants, and Goals.

Project Visual 1-1 from the previous lesson.

- Ask the class what needs, wants, and goals Nick and his family have. Fill in the actual information about Nick.

Nick's Needs: Shelter, food

Nick's Wants: To be with friends; New Orleans food

Nick's Goals: To go to school; to earn extra income; a permanent home

- Compare predictions with actual answers.

CLOSURE

- What sources of income did Nick and his family rely on when they were in Atlanta? (Social Security, paychecks)
- How did they access this money? (it was electronically deposited into their bank account; they could write checks and use ATMs to get cash)
- What important documents did Nick's mother take with her as the family fled? (Social Security records, birth certificates, mortgage, insurance)

EVALUATION

Ask students the following:

- What is a bank account? (a place to keep money safe)
- How do you make payments from a bank account? (write checks, make electronic payments)
- How do you keep track of how much money you have in your account? (keep a balance by adding each deposit and subtracting each withdrawal)
- What does your bank statement tell you? (what transactions occurred during the statement period; what your balance was at the end of the period; what fees you incurred during the period)

Distribute Activity 2-4—Evaluation for *In the Aftermath*. Ask students to complete the handout during class or for homework.

Review the answers with students.

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 _____

LESS CASH ▶ _____

SUBTOTAL ▶ _____

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

LESSON 2a: IN THE AFTERMATH EXTENSION ACTIVITY

Students learn about the various products and types of accounts that banks may offer their customers by investigating the banks in their local area. Students gather information about products (checking accounts, savings accounts, money market deposit accounts, certificates of deposit) to determine the products' relative advantages and limitations as well as differences in their costs, returns, and requirements.

Jump\$tart National Standards, Knowledge Statements, and Benchmarks for This Lesson

FINANCIAL RESPONSIBILITY AND DECISION MAKING

Knowledge Statement: Comparison shopping helps consumers get the best value for their money	Grade 8
Knowledge Statement: Financial advice is available from a variety of sources, such as professional financial advisors, books, and the Internet	Grade 12
Standard 2: Find and evaluate financial information from a variety of sources	Grades 8, 12

PLANNING AND MONEY MANAGEMENT

Knowledge Statement: Some payment methods are more expensive than others	Grade 8
Standard 3: Describe how to use different payment methods	Grade 8, 12

LEARNING OBJECTIVES

At the end of the lesson, students will be able to

- Describe the characteristics of checking accounts, savings accounts, money market deposit accounts, and certificates of deposit.
- Explain the advantages and limitations of various banking products and under what circumstances an individual would want to purchase those products.

TOOLS AND CONCEPTS

- Bank account.
- Checking account.
- Savings account.
- Money market deposit account (MMDA).
- Certificate of deposit (CD).

PREPARATION

Make transparency of Visual 2a-1—Types of Banking Products.

Photocopy worksheets Activity 2a-1—Comparing Bank Products, Activity 2a-2—It's in Your Hands.

Coordinate Internet access for each student, either at home or at school.

KEY MESSAGES

- Types of bank products
- Having emergency savings

TIME REQUIRED

50–100 minutes

PROCEDURE

1. Discuss the types of bank products available.

Explain to the class that Nick's family had access to money because of a bank account.

- Tell the students that banks, credit unions, and other financial institutions offer a variety of different types of bank accounts for customers, each with different characteristics regarding access to money, interest paid, fees, and requirements.
- Ask students if they, or members of their family, have a bank account and if they know what type of account they have (e.g., savings, checking). Why do they keep their money in a bank account instead of at home as cash? That is, what are the benefits of having a bank account? (Answers may include keeping money safe, earning an interest rate.)
- Tell students that today they will learn more about four different types of bank products in which they may keep their money: checking, savings, and money market deposit accounts (MMDAs) and certificates of deposit (CDs). The differences in these types of accounts provide benefits to customers, especially based upon the access they want and the length of time they plan to keep their money in the account.
- Use Visual 2a-1—Types of Banking Products to explain the characteristics of each type of account, and tell students that the more complex someone's banking needs are, the more likely he or she is to have a variety of accounts.
- Checking accounts provide depositors with everyday access to money.
- Savings accounts are good for attaining savings goals when access to money is not of primary importance. MMDAs and CDs have higher returns than savings accounts (i.e., pay higher interest rates) but tend to have restrictions on access and withdrawals.
- If you have classroom access to the Internet, show students where to find information on bank products online at various local, regional, or national bank Web sites.

2. Students conduct research.

Tell students to choose a bank or credit union with an office or branch in the area they live that offers banking products (may be a local, regional, or national bank). Tell students to use Activity 2a-1—Comparing Bank Products to research the different rules, requirements, and characteristics of the different types of accounts at the institution they choose. Explain that some banks may offer different types of similar accounts, e.g., a bank may have a college student checking account and a checking account for a nonstudent. Tell students that, for the purposes of this assignment, they may decide to gather information about whichever checking account(s) the bank offers. Or students may choose to gather information about an alternate checking account for the comparison chart column in Activity 2a-1—Comparing Bank Products, “Other savings or investment tool of your choice.”

3. Debrief students’ findings.

Discuss the characteristics of the accounts and their relative benefits and limitations.

CLOSURE

- What are the advantages of having a bank account?
- Which accounts usually pay the depositor a relatively higher interest rate? (MMDAs, CDs)
- What fees did you come across in your research? (insufficient funds, failure to maintain minimum balance, maintenance fees, returned check fees, ATM fees, etc.) What fees are associated with which accounts? (e.g., penalty for early withdrawal on a CD)
- Which accounts allow relatively easy access to money? (checking, to a lesser extent savings and MMDAs)
- Why do you think that a person would choose to save his or her money in a CD? (to earn a higher interest rate)
- Why do you think that a person would choose to save his or her money in a checking account? (no limitations on transactions, easy access to money)
- Why do you think some accounts pay a higher interest rate compared to others? (Banks are less willing to pay a relatively high interest rate on checking accounts because frequent transactions make them more expensive to maintain. Also, checking account balances tend to be more volatile and do not always have minimum balances, so the bank may not have the ability to loan the funds, rendering the checking account potentially less profitable for the bank. Alternatively, the bank is more likely to be able to loan out funds from accounts that have minimum balance requirements or more stable or predictable balances; thus banks are more willing to pay the depositor a relatively higher interest rate.)

EVALUATION

Distribute Activity 2a-2—It’s in Your Hands to students and instruct them to follow the directions. Though answers will vary, evaluate responses on how well students defend their choice of bank product. For the last question regarding content from *In the Aftermath*, answers will also vary. (Possible response: The bank provided Nick’s mom with a debit card on the account so she could withdraw her money from any ATM. Also, the account featured direct deposit, so her payments were directly deposited into her 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?					

Consider which banking product you would choose in each scenario. How would you allocate the money? Refer to your notes about banking products and your Activity 2a-1—Comparing Bank Products chart to complete the activity. For each scenario, briefly describe your decision and explain your reasoning. Also include the benefits and limitations of your choice.

1. You receive \$100 as a birthday gift from a relative.
2. You are 30 years old with a steady job. After paying your bills and leaving out other budgeted funds, you have \$500 left over.
3. You are in college and holding down a job. Money is tight, but you know the value of saving and have managed to pull together \$1,000.
4. Your retired grandparents are searching for a safe way to keep \$5,000 and have ready access to it if they need it.

Recall that Nick's family's bank account allowed the family to have access to their money despite the circumstances caused by Hurricane Katrina. Describe the characteristics of that bank account that provided benefits to the family during the crisis.

KATRINA'S CLASSROOM:

FINANCIAL LESSONS FROM A HURRICANE

LESSON 3: A FRESH START

Students learn about the wise use of credit cards. Through demonstrations and activities, they analyze different strategies for paying off credit card balances. They learn about the value of having emergency savings.

Jump\$tart National Standards, Knowledge Statements, and Benchmarks for This Lesson

FINANCIAL RESPONSIBILITY AND DECISION MAKING

Knowledge Statement: A key to financial well-being is to spend less than you earn	Grade 8
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INCOME AND CAREERS

Knowledge Statement: People can earn income from rent and interest	Grade 8
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PLANNING AND MONEY MANAGEMENT

Knowledge Statement: Some payment methods are more expensive than others	Grade 8
Standard 3: Describe how to use different payment methods	Grades 8, 12
Standard 4: Apply consumer skills to purchase decisions	Grade 8

CREDIT AND DEBT

Knowledge Statement: For any given loan amount and interest rate, the longer the loan period, the smaller the monthly payment and the larger the total cost of credit	Grade 8
Knowledge Statement: Making minimum payments on credit card balances increases the total cost and repayment time	Grade 12
Knowledge Statement: Understanding credit card disclosure information is key to controlling borrowing costs	Grade 12
Standard 1: Identify the costs and benefits of various types of credit	Grades 8, 12

SAVING AND INVESTING

Knowledge Statement: Saving means setting income aside for emergencies and immediate needs. Investing means putting money to work earning more money for the future. Funds for investing often come from current income not spent	Grade 8
Knowledge Statement: Compound interest is money earned on both principal and previously earned income	Grade 8
Standard 1: Discuss how saving contributes to financial well-being	Grade 8, 12
Standard 2: Explain how investing builds wealth and helps meet financial goals	Grade 8

LEARNING OBJECTIVES

At the end of the lesson, students will be able to

- Describe guidelines for the wise use of credit cards.
- Create an effective strategy for paying off credit card debt.
- Describe how to set aside funds to create an emergency fund.
- Apply the principles of compounding to predict interest payments on a deposit.

TOOLS AND CONCEPTS

In the video, students will learn about

- Credit cards.
- Emergency funds.

PREPARATION

Make transparencies of Visual 3-1—Credit Card Statement, Visual 3-2—That Big Coffee Drink, and Visual 3-3—Simple vs. Compound Interest. If you choose to do the optional activity, make a transparency Visual 3-4—Making the Minimum Payment.

Photocopy Activity 3-1—Discussion Questions for *A Fresh Start* and Activity 3-2—Evaluation for *A Fresh Start*.

KEY MESSAGES

- Wise use of credit and credit cards
- Having emergency savings

PROCEDURE

1. Introduce the video.

Explain to the class that they are going to watch the story of Jacquelyn, a young woman whose family left Biloxi, Mississippi, during Hurricane Katrina. Ask them to pay attention to how Jacquelyn's family paid for necessities while they were gone and what they are doing now to get back on track financially.

2. Play *A Fresh Start*.

Relate the story to any personal emergency experiences in the class.

3. Distribute Activity 3-1—Discussion Questions for *A Fresh Start*. Discuss the video.

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

- What were some of the things Jacquelyn's family needed during and immediately after Hurricane Katrina? (they needed to buy food and clothes; they needed a place to stay)
- How did Jacquelyn's family buy groceries and other necessities? (they brought cash and used credit cards)
- 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? (they couldn't have covered day-to-day expenses)
- What did her family need when they were forced to leave their home? (shelter, food)
- There is a difference between needs and wants. Sometimes it seems that we need things that we can actually live without.
- What did some of the people in this story have to live without? (power, computers, cell phones, phones, air conditioning)

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

- What is the family doing about their credit card debt? (trying to pay it back as quickly as they can)
- What does Jacquelyn want now that her life is getting back on track? (a dress so she can be in the school pageant.)
- How is Jacquelyn managing her money so she can get what she wants? (earning money by doing chores and babysitting, saving money for a goal)

4. Discuss the need for emergency funds.

In the video, Jacquelyn's friends talked about the importance of saving money for an emergency. Hurricane Katrina was a major natural disaster, but emergency funds are important for all kinds of unexpected events.

- Have you ever been in any kind of situation in which you needed money for an emergency? (car broke down, had to travel to see a sick relative)
- How would/did it feel not to have money when you needed it? (bad, scary)
- How would/did it feel to have money when you needed it? (good, in control, being able to help someone, feeling relieved)

5. Using credit cards.

Jacquelyn's family took some money out of the bank, but it didn't last long. Soon they had to rely on credit cards to pay for the things they needed, like food and clothes.

Ask students the following questions and discuss answers.

- What is a **credit card**? How does it work? (A credit card is type of loan called a line of credit. It is accessed with a plastic card containing a secure number that allows the holder to borrow money to make a purchase. The bank that issues the credit card pays for the purchase, and the holder must then pay back the bank. If the customer does not pay the credit card bill within a certain period of time, the bank charges interest on the loan. In addition to interest on the unpaid balance, some credit card companies charge an annual fee just to have the credit card.)

- What is the value of having a credit card? (A credit card is a convenient way to pay for things. It is especially good to have in an emergency.)
- What are the risks of using credit cards? (When you use a credit card, you are borrowing money. Some people use credit cards to pay for things they don't need or can't afford. Then they have a hard time paying the balance each month, and they end up paying a lot of interest in addition to the amount of the original purchases. If you pay off your credit card by the due date shown on the statement, no cost is incurred except for a possible annual fee.)
- What is the best way to use credit cards? (Use credit cards if you can pay off the balance each month or need it for an emergency. Shop carefully for credit card interest rates, fees, and terms. Generally, do not use a credit card to get a cash advance. The interest rate for a cash advance is high.)

6. Paying a credit card statement.

Project Visual 3-1—Credit Card Statement. Examine the credit card statement with students, explaining that this is a monthly “bill.”

Discuss terminology in the questions below. Check with your class to be sure they understand critical terms. Point out each element on the credit card statement as you define the terms.

- What is a **credit line**? (A credit line is a type of short-term loan. The credit line on this statement is \$1,200.)
- What is a **balance**? (A balance is the total amount of money owed on a credit card. On this billing statement the new balance is \$125.24.)
- What is **interest**? (Interest is money paid for the use of borrowed funds. It is also called a finance charge, as on this statement.)
- What is an **interest rate**? (An interest rate is the percentage rate of the interest paid; for example, this credit card provider charges 19.80% a year to its customers on their balances.)
- What is the **minimum payment**? (The minimum payment is the amount you must pay to avoid additional penalties and fees. The minimum payment for this statement is \$20.)

Ask: Why is Jacquelyn's family paying off their credit card debt quickly? (Jacquelyn's family is trying to pay off their credit card debt as quickly as they can because they would pay interest on the debt. The sooner they can pay off the balance, the less interest they will have to pay.)

Discuss credit card debt with students as stated below.

- Credit card companies can charge a lot of interest. It would be unusual to earn an interest rate on savings that is as high as what a credit card company charges, so the smartest thing to do is avoid credit card debt and pay it off as quickly as you can.
- When you don't have debt, you can use your money to earn interest by investing it in a savings account, money market account, or certificate of deposit (CD). You can also earn income on other types of investments like mutual funds and buying property, although these investments are riskier. They can go up in value, but they can also go down.
- It is hard to save money to put into an account. One way to do that is to cut back on expenses.

7. Identify and discuss savings goals.

Jacquelyn had a savings goal: to buy a dress. Her family understands the importance of saving for an emergency fund. All of us have goals for the future. Some are small, like buying a dress. Others are bigger, like buying a car or going to college.

Ask: Why is it important to save for an emergency fund? (you have money when you need it, you can get through a crisis more easily, you won't go into debt)

Ask: What are some savings goals?

Brainstorm goals. Write them on the chalkboard in front of the class. Ask students to estimate a cost to each goal; for example, an emergency fund for a student might be \$100; a dress might be \$50. Tickets to a ball game for four people might be \$100. A flat screen television might be \$2,000. A computer might be \$500.

8. Cutting expenses.

Project Visual 3-2—That Big Coffee Drink

Tell Students: Some coffee drinks can cost around \$4 each. Many people buy one every day without even thinking. That \$4 can really add up. Let's see how. (Note: You might need to change this to another drink that is more popular with students in your area.)

Discuss each question below with the class. Ask them to provide the numbers. Point out the numbers on the visual as you go.

- If you bought a coffee drink five times a week, how much is that? (\$20)
- How much is that per month? (\$80)
- How much is that per year? (\$960)

Tell students: That is almost \$1,000! If you don't drink the coffee drinks that regularly, you probably drink something else just as expensive. Now let's look at what that \$1,000 would do if you didn't buy the coffee drinks but instead put it into an interest-bearing savings account at 5% interest.

9. Simple versus compound interest.

Project Visual 3-3—Simple versus Compound Interest

Tell students: Let's see what happens if you gave up the coffee drink for one year and saved the money instead.

Explain that a savings account can offer simple interest or compound interest. Walk the class through the difference. Ask the class to provide you with the numbers as you fill them in on the visuals with the figures listed in the chart below.

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	\$ 50.00	\$ 1,100.00
3	0	\$ 1,000.00	\$ 50.00	\$ 1,150.00
4	0	\$ 1,000.00	\$ 50.00	\$ 1,200.00

Total amount your money earned with simple interest: \$200.00

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	\$ 52.50	\$ 1,102.50
3	0	\$ 1,102.50	\$ 55.13	\$ 1,157.63
4	0	\$ 1,157.63	\$ 57.88	\$ 1,215.51

Total amount your money earned with compound interest: \$215.51

Discuss:

- What was the difference in interest earned between simple and compound interest? (\$15.51) Explain that this difference could be quite a bit more if more money were saved or if the interest percentage were higher.
- What was the total amount you saved by not drinking the coffee for a year? (\$1,215.51)
- What could you do with \$1,215? Return to the goals you created during the brainstorming session on the chalkboard. How could this savings help reach any of these goals? About how long would it take to reach some of these goals?

There were three things that helped you save:

- (1) You didn't drink coffee for a year and saved the money.
- (2) You received interest on the money you saved.
- (3) Your interest was compounded.

10. Optional Activity—Doing the minimum.

Everyone knows what it means to “do the minimum.” It means doing just enough to get by. When it comes to paying off credit card debt, doing the minimum can really end up being the maximum. Here's how.

Project Visual 3-4—Making the Minimum Payment

(Note: Cover each column of the table with a separate sheet of paper.)

Discuss:

- The balance on this bill is \$1,000. This is the total amount the credit card holder owes. The annual interest rate is 10%. The minimum payment on this bill is \$20.
- If you paid \$20 a month (the minimum payment) without making any additional charges, how much would you pay toward principal, and how much would you pay towards the interest? *(Reveal the rows in this column that show how much of the payment goes to the principal and how much goes to the interest. If they paid \$20 this month, \$8.33 goes towards the interest and the other \$11.67 goes towards the principal balance.)*
- How long do you think it would take to pay off the balance? *(Reveal the row that shows how long it would take to pay off the balance.)* By paying \$20 a month, it would take more than five years to pay off this balance!
- How much do you think it would cost in interest payments? *(Reveal the row that shows the total cost of borrowing.)* The total cost of borrowing the \$1,000 would be \$299.
- Let's see what happens if you could afford to pay 10% of the original balance each month. If you paid \$100 each month, without making any additional charges, how much would you pay each month towards interest, and how much would you pay towards the principal? *(Reveal the rows that indicate what happens by paying off 10% of the balance each month, and show how much of the payment goes to the interest and how much goes to the principal.)* The interest payment will be \$8.33 a month, and the principal payment will be \$91.67 a month.
- How long do you think it would take to pay off the balance? *(Reveal the row that shows how long it would take to pay off the balance.)* By paying \$100 a month, the credit card holder can pay off the debt in 11 months.

- How much do you think it would cost in interest payments? (*Reveal the row that shows the total cost of borrowing.*)
The total cost of borrowing the \$1,000 would be \$48.
- It would be best to pay the balance off as quickly as possible.

11. Jacquelyn's Needs, Wants, and Goals.

Project Visual 1-1 from Lesson 1.

- Ask the class what needs, wants, and goals Jacquelyn and her family have. Fill in the actual information about Jacquelyn.
Jacquelyn's Needs: Shelter, food, clothes.
Jacquelyn's Wants: To be in a beauty pageant; a new dress.
Jacquelyn's Goals: To pay off credit card debt; to save for an emergency fund; a new dress.
- Compare predictions with actual answers.

CLOSURE

Ask students the following:

- Why is it wise to pay back credit cards as quickly as possible? (you reduce your debt and avoid paying large amounts of interest)
- What is the difference between simple and compound interest? (simple interest is added only to the original principal; compound interest is paid on both the principal and the accumulating interest)

EVALUATION

Distribute Activity 3-2—Evaluation for *A Fresh Start*. Ask students to complete the handout during class or for homework. Review the answers with students.

You Decide. Have students write a story about a character who faces a situation in which an emergency fund would be helpful. Write two endings for the story. The first ending shows what happens to the character when he or she has the emergency fund; the second ending shows what happens to the character without an emergency fund.

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

LESSON 3a: A FRESH START EXTENSION ACTIVITY

Students learn how financial decisions are reflected in a credit history and about the impact of poor decisions on a credit report and credit score. Using a WebQuest of selected credit education Internet sites, students define key terms, identify the components of a credit score, identify the three main credit reporting agencies, and explore the process for obtaining a credit report and reporting errors or concerns.

Jump\$tart National Standards, Knowledge Statements, and Benchmarks for This Lesson

CREDIT AND DEBT

Knowledge Statement: Consumers can choose from a variety of credit sources	Grade 8
Knowledge Statement: Credit bureaus maintain credit reports, which record borrowers' histories of repaying loans	Grade 8
Knowledge Statement: Sometimes people borrow more money than they can repay, which can have consequences such as repossession and garnishment	Grade 8
Knowledge Statement: Bankruptcy provides debt relief, but has serious negative consequences	Grade 12
Knowledge Statement: Negative information on credit reports can affect your financial future	Grade 12
Knowledge Statement: Laws and regulations offer specific protection for borrowers	Grade 12
Standard 1: Identify the costs and benefits of various types of credit	Grade 12
Standard 2: Explain the purpose of a credit record and identify borrowers' credit report rights	Grade 12
Standard 3: Describe ways to avoid or correct debt problems	Grade 12

LEARNING OBJECTIVES

At the end of the lesson, students will be able to

- Define key terms.
- Identify the components of a credit score.
- Identify the three main credit reporting agencies and explain how to order a credit report.
- Highlight key facts about credit reports.

TOOLS AND CONCEPTS

Through this activity, students will learn about credit reports, credit scores, credit reporting agencies, default, delinquency, credit inquiries, installment credit, revolving credit, secured credit, unsecured credit, FICO, Fair Credit Reporting Act, and the Equal Credit Opportunity Act.

PREPARATION

Review background narrative for lesson introduction lecture and demonstration.

Prepare Visuals 3a-1—National Credit Scores, Visual 3a-2—Types of Credit, Visual 3a-3—Credit Conditions, and Visual 3a-4—Credit Review as PowerPoint slides or overhead transparencies.

Coordinate student Internet access to www.myfico.com and www.philadelphiafed.org.

Photocopy Handout 3a-1—Guided Exploration for each student.

Students will produce a quick reference “Credit Report Card.” Have available cardstock, markers, construction paper, scissors, pencils, glue sticks, tape, stapler, etc. Students may also create the card with word processing, desktop publishing, or presentation applications such as Microsoft Word, Publisher, or PowerPoint.

Optional: This activity can be done individually or as a group assignment. If using groups, determine the optimum group size in advance and/or assign students to a group. A group size of four to five students is suggested.

KEY MESSAGES

- Building and maintaining a good credit history takes time.
- A credit report is a reflection of one’s financial decisions and behavior.
- A credit report affects more than just borrowing. It can influence the cost of insurance or the outcome of a job search, an apartment rental, or a cell phone service application.

TIME REQUIRED

90 minutes or two 50-minute class periods

PROCEDURE

1. **Introduce the topic of credit, credit reports, and credit scores by presenting the background information lecture and demonstration.**

Background Information:

What is “credit”? A quick check of “credit” in the dictionary yields definitions such as trust, a reputation for sound character, and a source of honor or distinction. Financially speaking, credit is both a reputation for solvency (being able to meet

financial obligations) and integrity (honesty) and a financial tool that is available to help us purchase the things we need or want. Using credit (the tool) is neither good nor bad; however, the way we manage our use of credit tips the scales of our credit reputation in one direction or the other.

As in all things, trustworthiness and a sound reputation are earned. Good credit is earned through sound financial decision making about controlling debt and managing credit. Credit is the ability to borrow money. Good credit allows us to borrow money to finance larger purchases—such as cars, homes, school tuition, furniture, etc.—that would otherwise take a long time to accumulate enough cash to pay for all at once. Debt is the amount of money owed as a result of our credit worthiness. The balance between our income and our debt level, along with how we manage that debt, makes up our credit history and determines our credit score.

2. Display Visual 3a-1—National Credit Scores.

Your credit score is the measure of how you handle your financial obligations. Think of it as your financial GPA. It is a three-digit number that lenders and other creditors use to make an informed decision about your creditworthiness, which can help them determine an appropriate interest rate. The number is generated by assigning points to the various activities on your credit report, much like the grades you earn in school.

A credit score can range from 300 to 900, and the higher, the better. Nationally, consumers credit scores are distributed as follows:

800+	13%
750–799	27%
700–749	18%
650–699	15%
600–649	12%
550–599	8%
500–549	5%
up to 499	2%

A poor credit history can hurt your chances of getting a cell phone, a car, an apartment, or a house. It can cause your insurance rates to rise, and it can hurt your chances with a prospective employer. Your credit history reflects more than just your financial management skill; it also reflects your character and your level of preparedness to address or adapt to changing circumstances.

Our economy thrives on credit. In order to understand the impact of credit behavior on our credit report or credit score, we must understand the different types of credit and the conditions under which credit is granted.

3. Display Visual 1a-2 — Types of Credit.

Types of Credit

Revolving credit – For example, credit cards. Credit cards allow you to borrow at any time up to a limit set by the creditor. As you borrow against your credit limit, the amount available to borrow is reduced. As you repay your debt, the difference between your credit limit and the amount that you owe is available for you to borrow again. You are allowed to pay back the loan in lump sums or over an extended period of time. If you choose to pay over time, you will be charged interest on the full amount that you owe.

Installment credit – For example, car loans, mortgages, student loans, etc. A lender allows you to borrow an amount for a specific purpose for a specific amount of time at a given interest rate. The total amount of interest to be paid is calculated up front, and payments are spread out equally over the length of the loan.

Noninstallment or service credit – For example, cell phone plan, utilities, etc. With this arrangement, you are paying for a service that has already been used. Payment in full is required by a specified date. While interest is not charged, failure to pay within the specified time may result in service fees and/or discontinuation of service.

4. Display Visual 3a-3 — Credit Conditions.

Credit Conditions

Secured credit – Secured loans are those that require collateral (something of value) to guarantee repayment of the debt. For example, car loans and home mortgages require the lender to hold the title of the car or property as collateral until it is paid in full. In the event the loan is not paid, the lender repossesses the car or home.

Unsecured credit – Loans that do not require a guarantee—for example, credit cards, service credit, and some installment credit.

5. Students conduct a WebQuest.

Tell students that they will explore several Web sites to research terms and facts about credit reports and credit scoring.

- Divide the class into groups of four or five students.
- Distribute a copy of Handout 3a-1—Guided Exploration to each student. Depending upon your preference, you may (1) assign each member of the group preselected questions to complete, (2) assign the group all the questions to complete, or (3) preselect several questions for the group to complete.
- Direct the students to www.myfico.com. Give general directions for accessing the following sections to be used in the activity.
 - From the main page, scroll down to the bottom and demonstrate how to use the “Fico Credit Score” table.
 - Point out the “Good credit scores save you money” tab and the “About FICO scores” tab.
 - Explain to the students that the interest charged on a loan depends upon the amount borrowed, the reason borrowed, and the borrower’s credit score.

- o Using the “Good credit scores save you money” tab, point out to the students the three loan types illustrated: 30 Yr fixed mortgage, 15 Yr home equity loan, 36 month auto loan.
- o Select your home state (or any state) and show the students how the cost of credit changes by state, loan type, and credit score.
- o From the main page, click “Credit Education” from the topic bar. Answers to many of the questions on the WebQuest can be found by maneuvering through this page.
- o From the “Credit Education Center” page, click “Credit Basics” and /or “Credit Q&A” from the topic bar. Answers to many questions on the WebQuest can be found by maneuvering through these pages.
- Have the students or groups explore the sites and find the answers to the questions on the handout.

6. Debrief student findings.

Reconvene the group and have each student contribute his or her findings to the group so that each group has a fully completed results page or has all assigned questions completed.

CLOSURE

7. Display Visual 3a-4 — Credit Review.

As a wrap-up of the credit discussion, ask the students the following:

- What is “credit”?
- Is all debt bad? Why or why not?
- Should we be concerned about having bad credit? Why or why not?
- What does our credit report say about us to a potential employer?
- Besides borrowing money, what are some other activities affected by our credit report?

EVALUATION

8. “Credit Report Card.”

Tell the students that each group will examine the results of the WebQuest activity and develop a visual display of key facts about credit reports. The visual display, called a “Credit Report Card” is an 8 1/2" x 11" poster that serves as a visual reminder of the importance of developing and maintaining good credit. This activity may take a full 50-minute class period to complete, or, alternatively, it can be assigned as a take-home activity.

- Each group will use the questions they were assigned in the WebQuest activity as the topic for its poster. If the groups were required to complete the entire WebQuest, evenly distribute a category of questions (Credit Report, Credit Score, Know Your Rights) between the class groups so that all the categories are addressed.
- Instruct the group to review the results of their WebQuest and identify as a group what they perceive to be the four most important or interesting facts or lessons revealed in the answers and list the facts in ascending rank order with the highest priority item LAST. The facts or information can be suggestions, cautions, facts, procedures, statistics, etc. Creativity counts.

- Distribute the paper or cardstock and make available the necessary supplies (markers, construction paper, scissors, pencils, glue sticks, tape, stapler, etc.) If computer access is readily available, students may use word processing, desktop publishing, presentation applications such as Word, Publisher, PowerPoint, or other graphic applications to produce the “Credit Report Card.”
- Allow time for the groups to discuss, plan, and create their cards. The cards can be text, graphic, drawings, images, rhyme, mnemonic devices, slogans, etc., designed to improve recall of the selected facts.
- Reconvene the group and review the activity results by asking each group to display its quick-reference “Credit Report Card” and present a summary of the four facts that they selected as the most important. Encourage the students to explain the meaning or relationship of the imagery or verse they used on their “Credit Report Card.” Provide feedback or solicit feedback from the group if preferred. As an ongoing reminder of the results of the exploration, display the “Credit Report Cards” around the room or on the bulletin board.

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?

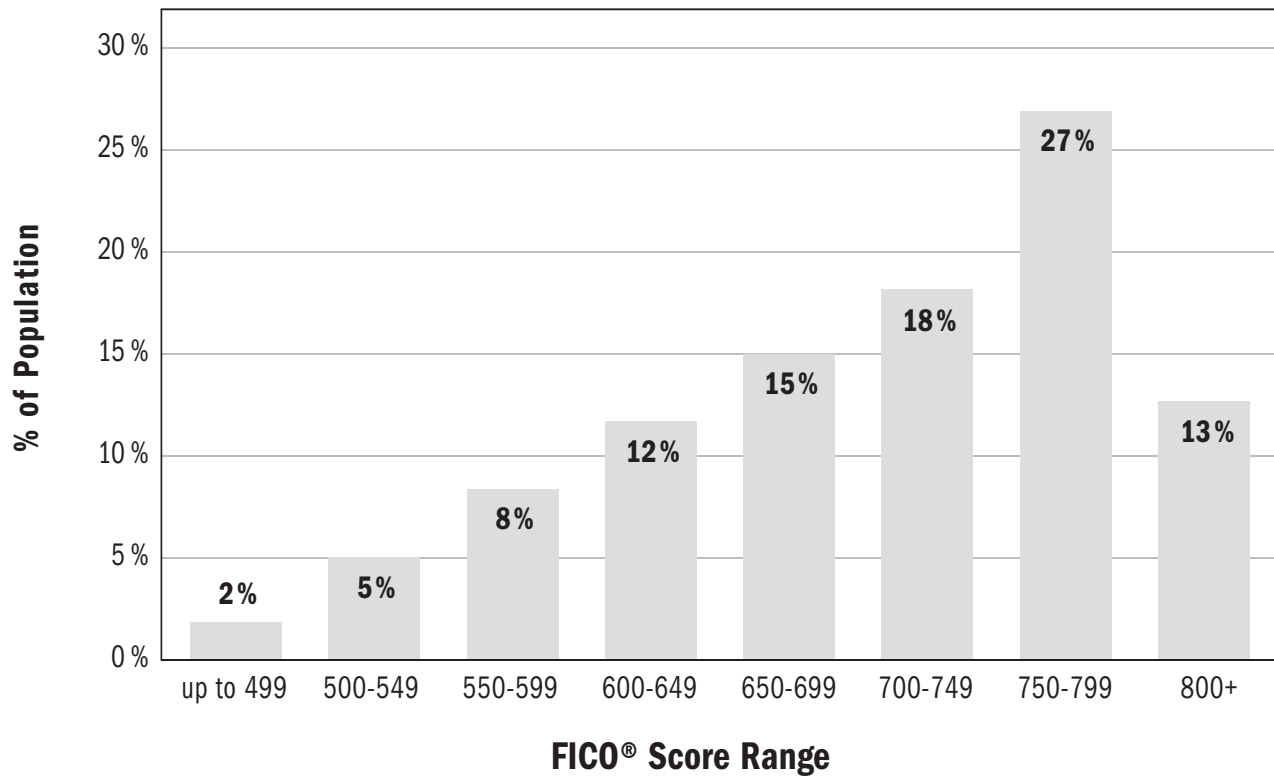
27. What does the Equal Credit Opportunity Act (ECOA) provide?

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?

KATRINA'S CLASSROOM:

FINANCIAL LESSONS FROM A HURRICANE

LESSON 4: BACK TO SCHOOL

Students learn the importance of budgeting and delayed gratification in order to pursue an education and plan for a meaningful career.

Jump\$tart National Standards, Knowledge Statements, and Benchmarks for This Lesson

FINANCIAL RESPONSIBILITY AND DECISION MAKING

Knowledge Statement: A key to financial well-being is to spend less than you earn	Grade 8
Knowledge Statement: Financially responsible individuals accept the fact that they are accountable for their financial futures	Grade 12
Standard 4: Make financial decisions by systematically considering alternatives and consequences	Grades 8, 12

INCOME AND CAREERS

Knowledge Statement: Generally, people earn higher incomes with higher levels of education	Grade 8
Knowledge Statement: People's income reflects choices they have made about jobs and careers, education, and skill development	Grade 12
Standard 1: Explore career options	Grades 8, 12
Standard 2: Identify sources of personal income	Grade 8

PLANNING AND MONEY MANAGEMENT

Knowledge Statement: A budget identifies expected income and expenses, including saving, and serves as a guide to help people live within their income	Grade 8
Standard 1: Develop a plan for spending and saving	Grades 8, 12
Standard 3: Describe how to use different payment methods	Grades 8, 12
Standard 4: Apply consumer skills to purchase decisions	Grade 8
Standard 6: Develop a personal financial plan	Grade 12

SAVING AND INVESTING

Knowledge Statement: Saving means setting income aside for emergencies and immediate needs. Investing means putting money to work earning more money for the future. Funds for investing often come from current income not spent	Grade 8
Standard 1: Discuss how saving contributes to financial well-being	Grades 8, 12
Standard 2: Explain how investing builds wealth and helps meet financial goals.	Grade 8

LEARNING OBJECTIVES

At the end of the lesson, students will be able to

- Identify the purpose of a budget.
- Identify the dangers of living paycheck to paycheck.
- List strategies for living within one's means.
- Recognize that higher education is key to greater income over a lifetime.

TOOLS AND CONCEPTS

In the video, students will learn about

- Budgeting and savings.
- Education is the foundation for greater future income.

PREPARATION

Make transparencies of Visual 4-1—What Is a Budget? and Visual 4-2—How Long to Earn \$1 Million?

Photocopy Activity 4-1—Discussion Questions for *Back To School*, Activity 4-2—Creating a Budget, Activity 4-3—How Long to Earn \$1 Million? and Activity 4-4—Evaluation for *Back to School*

KEY MESSAGES

- Budgeting and savings.
- Invest in an education for future income.

PROCEDURE

1. Introduce the video.

Explain to the class that they are going to watch the story of Jamie, a young woman whose family left New Orleans during Hurricane Katrina and lived in Texas with relatives. Ask them to pay attention to what Jamie brought with her as she fled and how she is managing her money today.

2. Play *Back to School*.

Relate the story to any personal experiences in the class.

3. Distribute Activity 4-1—Discussion Questions for *Back To School*. Discuss the video.

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

- When Katrina struck, Jamie had just bought clothes for school. Where did she get the money for the clothes? (She had saved the money from her summer job.)
- What else did she do with the money she saved? (She had money to spend when she was in Houston.)
- How did Jamie and her family manage financially while they were living in Houston? (her parents used debit card to get money and pay for things)
- What did Jamie's friends recommend in order to be financially prepared? (having an emergency fund, don't live paycheck to paycheck)
- What did they think you should do in order to save money? (examine one's lifestyle, save as much as you can, live comfortably but not too comfortably)
- What are ways to reduce spending? (packing your lunch instead of buying it, finding cheaper entertainment like free concerts, reducing the number of take-out coffee drinks or other beverages, avoid impulse buying of clothing or other items)
- What kinds of spending habits cause people to live above their means? (impulsively buying things, having cell phone contracts that are expensive, managing cell phone minutes and text messaging carelessly)

How does Jamie manage financially today?

- How does Jamie know how much money she can spend, and how much she needs to save for tuition? (She has a budget.)
- How does Jamie pay for things? (She uses her debit card to make some purchases. She uses her debit card to get cash.)
- Jamie is on a tight budget. How will saving money now help her get what she wants? (She can finish school, and then she will be able to get a job that pays well.)

4. Define and discuss budgets.

What is a budget? (A budget is a plan that helps you manage your money by balancing your income with your expenses.)

A budget is a tool that helps you live within your means and reach your goals. If your 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 really important. Sticking to a budget puts you in control of your money.

Project Visual 4-1—What Is a Budget?

Walk through each element of a budget. Explain different types of expenses. Explain that **fixed expenses** are those that do not change from month to month, and **variable expenses** do change. Explain that **periodic expenses** occur on an occasional basis.

Distribute Activity 4-2—Creating a Budget

In this activity, students create a simple budget. Divide the class into groups or have students complete the worksheet on their own.

Tell students to examine Visual 4-1 and make a budget of their own based on it. Tell them to list all sources of income that they now have, including allowance, gifts, and jobs for which they are paid (work-at-home as well as regular jobs). Then have students list their expenses in all categories. Finally, have them subtract their expense totals from their incomes to see how much is left for clothes, savings, and entertainment, as was done in the budget on the visual.

Review the completed budgets and discuss.

- How will you use the remaining money in the box at the bottom of the budget sheet? (clothes, entertainment, savings, etc.)
- What are some savings goals that you could add?
- What are some ways you could save money?

5. Explore the importance of higher education.

People who get an advanced education will make more money over their lifetimes than people who do not. Education is not only the key to greater financial well-being, but it is also essential if you want to have a meaningful, interesting career. Saving for your future education can be very important to you.

- In order to continue her studies and pursue her goal, Jamie will have to make serious lifestyle choices while she is in school. Will it be worth it? Discuss with students.
- What will the payoffs be for Jamie if she becomes a doctor? (She will help people, she will have an interesting job, she will make good money.)

Explain to students that they will now investigate how long it will take to become a millionaire.

Project Visual 4-2— How Long to Earn \$1 Million?

Distribute Activity 4-3— How Long to Earn \$1 Million?

Tell students that you would like them to guess how much someone in each category makes each year. (You may want to give hints, like “higher” or “lower.”) As amounts are determined, put the average earnings for someone in the category into the chart from the information below. Have students follow along with the answers on the visual, and have them fill in the information on their own activity pages. Next, ask students to divide \$1 million by this annual salary to see how long it will take them to earn that million. Challenge students to see who can get the correct answer first. Enter the correct answer in that row. After salaries and years are determined, ask students to shade the rows in the graph so that it corresponds to the correct answer. The completed chart appears on the next page.

Discuss information on average salaries for this activity:

- No High School Diploma—How long do you think it would take someone without a high school diploma to earn \$1 million? Let students guess. Then explain that the average amount someone in this category will earn over a 40-year period is about \$23,000 per year. How long will it take? (At that rate, it would take almost 44 years to earn \$1 million.)
- High School Diploma Only—How long do you think it would take someone with only a high school diploma to earn \$1 million? Let students guess. Then explain that the average amount someone in this category will earn over a 40-year period is about \$30,000 per year. How long will it take? (At that rate, it would take almost 33 years to earn \$1 million.)
- Associate’s Degree—How long do you think it would take someone with an associate’s degree from a two-year college to earn \$1 million? Then explain that the average amount someone in this category will earn over a 40-year period is about \$38,000 per year. How long will it take? (At that rate, it would take a little over 26 years to earn \$1 million.)
- Bachelor’s Degree—How long do you think it would take someone with a bachelor’s degree from a four-year college to earn \$1 million? Let students guess. Then explain that the average amount someone in this category will earn over a 40-year period is about \$52,000 per year. How long will it take? (At that rate, it would take about 19 years to earn \$1 million.)
- Master’s Degree—How long do you think it would take someone with a master’s degree to earn \$1 million? Let students guess. Then explain that the average amount someone in this category will earn over a 40-year period is about \$62,000 per year. (At that rate, it would take almost 16 years to earn \$1 million.)
- Professional Degree—How long do you think it would take someone with a professional degree (doctor, lawyer, dentist) to earn \$1 million? Explain that the average amount someone in this category will earn over a 40-year period is about \$109,000 per year. How long will it take? (At that rate, it would take about nine years to earn \$1 million.)

HOW LONG TO EARN \$1 MILLION?

GRAPH THE APPROXIMATE TIME EARNING \$1 MILLION WILL TAKE

Data for the **How to Become a Millionaire** activity were obtained from *The Big Payoff: Educational Attainment and Synthetic Estimates of Work-Life Earnings*, a special study published by the U.S. Department of Commerce and the U. S. Census Bureau. The complete study is available in PDF format at <http://www.census.gov/prod/2002pubs/p23%2D210.pdf>.

6. Optional activity: What do you want to be?

Ask students to consider a potential career that might interest them. Using the Internet or other research tools, have them find out the educational requirements and average annual salary of someone in that profession.

Discuss the following budgeting project for the future:

- a. Tell them to think about how much income they might be earning as a beginner in this new job after they have finished all of the necessary schooling.
- b. Brainstorm with students to create a list of expenses that they might have when they get out on their own for the first time with this new job.
- c. Tell them to work individually to create a new budget that they could use on this job in the future, based on their projected income in their new job. Have them use the list of expenses they created, and the budget on Activity 4-2 to guide them in creating their own individual budgets for the future. Alert students to remember to include saving in their budget plans.

7. Jamie's Needs, Wants, Goals.

Project Visual 1-1 from Lesson 1.

- Ask the class what needs, wants, and goals Jamie and her family have. Fill in the actual information about Jamie.
Jamie's Needs: Shelter, food, clothes.
Jamie's Wants: To be with friends, books, to hear music.
Jamie's Goals: To complete college, to become a doctor.
- Compare predictions with actual answers.
- Discuss similarities and differences among the three students.

CLOSURE

- Ask students if they realized the difference in potential earnings. Does this information surprise you?
- What could someone who is earning more each year do to make even more money? (save money, spend less, invest money and earn interest)

EVALUATION

Distribute Activity 4-4—Evaluation for *Back to School*. Ask students to complete the handout during class or for homework.

Review the answers with students.

Have students take their budget worksheets home and ask them to track their earnings and expenses. At the end of a week, ask them to review their budgets. Did their expenses differ from what they had anticipated? Was their income different? Have they found new ways to save money?

EXTENSION ACTIVITY:

Field Trip to Local Bank

Time: Half Day

Contact a local bank or financial institution to arrange a field trip. Have the bank manager walk students through the process of opening an account and how a bank works. They will be able to go through a mock account opening, but they will not be able to open an account. To open an account, a minor must have a parent or guardian present.

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
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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										

ACTIVITY 4 - 4 – EVALUATION FOR *BACK TO SCHOOL*

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):
 - b. Variable expense(s):
 - c. Periodic expense(s):
2. What is the purpose of a budget?
3. Identify the danger of living paycheck to paycheck.
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.
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?

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.)

LESSON 4a: BACK TO SCHOOL EXTENSION ACTIVITY

Students learn and apply the concept of opportunity cost in the process of evaluating higher education financing options. Students account for all aspects of the total cost of borrowing for higher education, including opportunity cost, and consider whether student loans are a desirable option for financing their education beyond high school.

JumpStart National Standards, Knowledge Statements, and Benchmarks for This Lesson

FINANCIAL RESPONSIBILITY AND DECISION MAKING

Knowledge Statement: Financial choices that people make have benefits, costs, and future consequences.	Grade 8
Standard 3: Attitudes and values affect financial decisions.	Grade 12
Standard 4: Make financial decisions by systematically considering alternatives and consequences.	Grade 12

INCOME AND CAREERS

Knowledge Statement: People's income reflects choices they have made about jobs and careers, education, and skill development.	Grade 12
Knowledge Statement: The wages/salaries paid for a given job depend on a worker's skill and education, plus the importance of the work to society and the supply of and demand for qualified workers.	Grade 12
Standard 1: Explore career options.	Grade 12

LEARNING OBJECTIVES

At the end of the lesson, students will be able to

- Understand the concept of opportunity cost and apply it by estimating the total cost of borrowing to finance their postsecondary education.
- Evaluate the usefulness of student loans to finance postsecondary education.
- Develop a set of criteria for assessing various career options.

TOOLS AND CONCEPTS

Through this activity, students will learn about opportunity cost, principal, and interest.

PREPARATION

Coordinate Internet access for groups of three or four students to work during class time on the online research assignment.

Photocopy Activity 4a-1—Cost Comparison Worksheet and Activity 4a-3 — In-Class Essay: Comparing Costs and Benefits for each student in the class.

Make one photocopy of Activity 4a-2—Scenario Cards, and cut the paper to create the cards.

KEY MESSAGES

- Costs and benefits when making financial decisions
- Opportunity cost as part of the total cost of a choice

TIME REQUIRED

90 minutes or two 50-minute class periods

PROCEDURE

1. Discuss costs, principal, and interest.

Ask students how they would calculate the total cost of a student loan and solicit responses until they identify principal and interest as components of total cost. They do not actually have to use the terms “principal” and “interest,” but they should at least describe the concepts. Cost calculations can also include such factors as time spent researching financing options, transportation costs associated with meeting with potential lenders, or costs from phone service providers incurred as a result of calls to potential lenders.

Provide definitions of principal and interest, using those outlined below, to ensure all students understand these terms:

- Principal— The unpaid balance on a loan, not including interest; the amount of money invested.
- Interest—A fee for the use of money over time. It is an expense to the borrower and revenue to the lender.

2. Discuss costs, benefits, and opportunity costs.

Make sure students understand the difference between costs and benefits. Explain that costs and benefits can be understood as the two sides of an exchange.

- Costs—The value that must be given up to acquire a good or a service.
- Benefits—The value received as a result of acquiring a good or service.

Define opportunity cost as the value of the next-best alternative you are giving up in order to pursue something. Explain that the true total cost of a loan—or any expense—includes opportunity cost. Any resource, including interest, that someone dedicates to obtaining a loan could be used for some other purpose. Therefore, the value of this other purpose would be the opportunity cost of the loan.

Explain that opportunity costs can be expressed as a monetary (dollar) value. The dollar amount that would compensate for giving up your next-best option (for example, using resources put toward obtaining a college loan for a vacation instead) is the monetary value of the opportunity cost.

3. Cost comparison activity.

Hand out to each student a copy of the Cost Comparison Worksheet (Activity 4a-1). In the Expenses column, line items for principal and interest are already provided. Beneath these line items are additional blank spaces for filling in several different types of costs, including opportunity costs.

Give students ten minutes to think of and write down in the spaces provided some examples of costs associated with researching, obtaining, and repaying a student loan. Then give them an additional ten minutes to estimate the dollar value of each of these costs and calculate the total costs. Instruct the students not to fill in the spaces in the Benefits column yet; instructions for completing that part of the table are listed in the steps below.

Have students form groups of three or four, and have a representative from each group select a scenario (using the scenario cards from Activity 4a-2) from the options listed below.

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

Using a computer lab, ask each group to access the U.S. Bureau of Labor Statistics Web site section on Professional and Related Occupations (<http://www.bls.gov/oco/oco1002.htm>). Using the information provided on the site, particularly in the “Earnings” and “Nature of the Work” sections, ask each group to brainstorm a list of benefits that an individual could receive if they took out a \$20,000 student loan and entered the profession listed on their scenario card. For example, what benefit would taking out a \$20,000 loan provide if you wanted to become a veterinarian? Would it enable you to train for a more lucrative position? Relocate to a more desirable area? Ask each member of the group to list the group’s answers in the

Benefits column of their cost comparison worksheet. Then ask each student to estimate the dollar value of each benefit they listed. If students require more time to fill out the worksheet, provide time at the beginning of the next class period to conclude this part of the lesson.

4. Complete assessment.

Hand out a copy of Activity 4a-3 to each student. Read the prompt aloud.

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 student 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.

Ask students to respond to the prompt in the space provided below it, giving them up to 15 minutes to write down their answers. Once they have completed their responses, ask students to summarize and share them verbally with the class. Ask them to explain why any items they identified as opportunity costs fit the definition of an opportunity cost. Also, ask them to select an example of a cost and an example of a benefit from their list and explain how they arrived at the dollar values that they assigned to them. Ask students if they agree with the dollar valuations and, if not, how they might calculate them differently.

After concluding the debriefing, collect each student's response and their cost comparison worksheet.

CLOSURE

- How can understanding costs and benefits help you to decide whether to take out a student loan?
- Has this lesson made you think differently about whether it would be worthwhile to take out a student loan? Why or why not?

EVALUATION

Have students complete their cost comparison worksheets in class, and ensure that they have followed the instructions in filling them out. Using the data from their worksheets as a guide, have students write the in-class essay on the handout form that you have provided them. Collect both the cost comparison and essay sheets, and evaluate the content based on the completeness of their responses. Answers on the cost comparison worksheet should reflect that the student can correctly identify costs and benefits. The essays should include a clear thesis statement that is relevant to the assignment as well as supporting statements that make reference to the costs and benefits of obtaining a student loan.

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.

Jump\$tart National Standards in K-12 Personal Finance Education, 3rd edition, 2007				
	Lesson 1 <i>Katrina Strikes</i>	Lesson 2 <i>In the Aftermath</i>	Lesson 3 <i>A Fresh Start</i>	Lesson 4 <i>Back to School</i>
Category 1: Financial Responsibility and Decision Making				
Overall Competency: Apply reliable information and systematic decision making to personal financial decisions.				
1. Take responsibility for personal financial decisions.				
2. Find and evaluate financial information from a variety of sources.				
3. Summarize major consumer protection laws.				
4. Make financial decisions by systematically considering alternatives and consequences.	X	X		X
5. Develop communication strategies for discussing financial issues				
6. Control personal information.				
Category 2: Income and Careers				
Overall Competency: Use a career plan to develop personal income potential.				
1. Explore career options.				X
2. Identify sources of personal income.	X	X		X
3. Describe factors affecting take-home pay.				
Category 3: Planning and Money Management				
Overall Competency: Organize personal finances and use a budget to manage cash flow.				
1. Develop a plan for spending and saving.				X
2. Develop a system for keeping and using financial records.				
3. Describe how to use different payment methods.	X	X	X	X
4. Apply consumer skills to purchase decisions.			X	X
5. Consider charitable giving.				
6. Develop a personal financial plan.	X			X
7. Examine the purpose and importance of a will.				

Jump\$tart National Standards in K-12 Personal Finance Education, 3rd edition, 2007				
	Lesson 1 <i>Katrina Strikes</i>	Lesson 2 <i>In the Aftermath</i>	Lesson 3 <i>A Fresh Start</i>	Lesson 4 <i>Back to School</i>
Category 4: Credit and Debt				
Overall Competency: Maintain creditworthiness, borrow at favorable terms, and manage debt.				
1. Identify the costs and benefits of various types of credit.	X		X	
2. Explain the purpose of a credit record and identify borrowers' credit report rights.				
3. Describe ways to avoid or correct debt problems.				
4. Summarize major consumer credit laws.				
Category 5: Risk Management and Insurance				
Overall Competency: Use appropriate and cost-effective risk management strategies.				
1. Identify common types of risks and basic risk management methods.	X	X		
2. Explain the purpose and importance of property and liability insurance protection.				
3. Explain the purpose and importance of health, disability, and life insurance protection.	X	X		
Category 6: Saving and Investing				
Overall Competency: Implement a diversified investment strategy that is compatible with personal goals.				
1. Discuss how saving contributes to financial well-being.			X	X
2. Explain how investing builds wealth and helps meet financial goals.			X	X
3. Evaluate investment alternatives.				
4. Describe how to buy and sell investments.				
5. Explain how taxes affect the rate of return on investments.				
6. Investigate how agencies that regulate financial markets protect investors.				

KATRINA'S CLASSROOM:

FINANCIAL LESSONS FROM A HURRICANE

RESOURCES FROM THE FEDERAL RESERVE

Each of the twelve Federal Reserve Banks offers many resources for teachers that can be found on the Web sites for the individual banks. These sites are accessible through the Federal Reserve System education Web site, www.FederalReserveEducation.org.

Many of these resources will complement these lessons and may prove useful to you as you use this lesson package. Some specific resources are listed below.

LESSON 2

The following publications have more information on the topics addressed in this lesson. You can request class sets of many of these publications through the Federal Reserve's online publications catalogue, which is archived at www.newyorkfed.org. At that site, click "Publications Catalog." Some publications there are also available for downloading.

A Guide to Your First Bank Account and *Paying for It*, Federal Reserve Bank of Atlanta. At www.frbatlanta.org, click "Publications" and "Books and Brochures."

Banking Basics, Federal Reserve Bank of Boston. At www.bos.frb.org, click "Publications" and "Economic Education."

The Story of Checks and Electronic Payments, Federal Reserve Bank of New York. At www.newyorkfed.org, click "Publications Catalog" and "Comics."

LESSON 3

The following publications have more information on the topics addressed in this lesson. You can request class sets of many of these publications through the Federal Reserve's online publications catalogue, which is archived at www.newyorkfed.org. At that site, click "Publications Catalog." Some publications there are also available for downloading.

Credit brochures (*How to Establish, Use, and Protect Credit*; *What Your Credit Report Says About You*; *Your Credit Rating*; and *Your Credit Rights*), Federal Reserve Bank of Philadelphia. At www.phil.fed.org, Click "Publications" and "Educational Booklets."

A Penny Saved, Federal Reserve Bank of New York. At www.newyorkfed.org, click "Publications Catalog" and "Comics."

LESSON 4

The following publication has more information on the topics addressed in this lesson. You may request class sets of this publication or download it.

Building Wealth: A Beginners Guide to Securing Your Financial Future, Federal Reserve Bank of Dallas.

At www.dallasfed.org, click “Publications and Resources.”