



**CANADA**  
4-H Ontario

[www.4-hontario.ca](http://www.4-hontario.ca)

## 4-H ONTARIO PROJECT



**Financial Fitness**

**REFERENCE MANUAL**

### **The 4-H Pledge**

I pledge my Head to clearer thinking,  
my Heart to greater loyalty,  
my Hands to larger service,  
my Health to better living,  
for my club, my community and my country.

### **The 4-H Motto**

Learn To Do By Doing

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Date: March, 2019

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### **Thank you to the 4-H Club volunteer that reviewed this project. Charlie Twiss, Wellington 4-H Association**

4-H Ontario is pleased to be able to provide project resource reference manuals for use by volunteers in clubs. 4-H Ontario screens and trains volunteers to equip them with the tools to serve as positive role models for youth. With so many topics to choose from, 4-H volunteers are trusted to use these resources to provide safe and quality programming while using their judgement to assess the appropriateness of activities for their particular group of youth. By downloading any 4-H resource, you agree to use it for 4-H purposes and give credit to the original creators. Your provincial 4-H organization may have restrictions on the types of 4-H projects or activities which can be completed in your region.

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**CANADA**  
4-H Ontario



## 4-H Inclusion Statement

4-H in Canada is open to all\* without discrimination based on race, national or ethnic origin, colour, religion, sex, age or, mental or physical disability.\*\*

4-H is dedicated to providing a safe and inclusive environment that allows for universal access and participation. Where barriers to participation are identified, 4-H will, with reasonable accommodation, adapt programs, rules, policies, or expectations to reduce or remove the barriers.

Any accommodations, changes or exceptions will be assessed on an individual basis, taking into account the individual experience of the member and their family. The physical safety and emotional well-being of members, leaders, staff and volunteers is 4-H's highest priority, and is the ultimate consideration in final decisions.

4-H Canada and local 4-H organizations consider inclusion a priority. Leaders are encouraged to work with individuals and their families to identify and discuss accommodations as required, and to reach out to provincial or national office staff for help with unresolved concerns.

*\*This applies to youth members (ages 6 to 21), volunteers, leaders, staff and professionals.*

*\*\*Definition of discrimination as per Canadian Charter of Rights and Freedoms.*

## Déclaration sur l'inclusion des 4-H

L'adhésion aux 4-H au Canada est ouverte à tous les jeunes\* sans discrimination fondée sur la race, l'origine nationale ou ethnique, la couleur de la peau, la religion, le sexe, l'âge ou le handicap mental ou physique. \*\*

Les 4-H ont pour mission d'offrir un environnement sécuritaire et inclusif qui permet l'accès et la participation de tous. Lorsque des obstacles à la participation sont décelés, les 4-H adapteront, à l'aide de mesures d'adaptation raisonnables, les programmes, les règles, les politiques ou les attentes afin de réduire ou d'éliminer ces obstacles.

Toute mesure d'adaptation, modification ou exception sera évaluée au cas par cas, en tenant compte de l'expérience personnelle du membre et de sa famille. La sécurité physique et le bien-être émotionnel des membres, des animateurs et des animatrices, des membres du personnel et des bénévoles sont la priorité absolue des 4-H et constituent le facteur ultime à considérer lors de la prise des décisions définitives.

Les 4-H du Canada et les organisations locales des 4-H considèrent l'inclusion comme étant une priorité. Les animateurs et les animatrices sont encouragés à collaborer avec les personnes et leurs familles afin de définir et d'examiner les mesures d'adaptation, selon les besoins, et de communiquer avec le personnel du bureau provincial ou national pour obtenir de l'aide en cas de préoccupations non résolues.

*\*Ceci s'applique aux jeunes membres (âgés de 6 à 21 ans), aux bénévoles, aux animateurs, aux membres du personnel et aux professionnels.*

*\*\*Selon la définition de discrimination en vertu de la Charte canadienne des droits et libertés*

# Welcome to 4-H Ontario's Financial Fitness Project!

Welcome to 4-H Ontario's Financial Fitness project! This resource was developed to introduce members to money management, short and long-term goals, and thinking about how money and finances affect them. Money skills are an important part of navigating through life!

## How to Use This Manual

4-H Ontario's Financial Fitness project is made up of 2 parts:

### 1. The Reference Book:

The reference book is laid out into 6 meetings.

- Meeting 1 – Intro to Personal Finance
- Meeting 2 – Learning About Your Money
- Meeting 3 – Earning Your Money
- Meeting 4 – Entrepreneurial Education
- Meeting 5 – Spending Your Money
- Meeting 6 – Saving Your Money

Each meeting has been broken down into an Introduction with Sample Meeting agendas, References and Resources, Topic Information and Activities.

Sample Meeting Agendas: are at the beginning of each meeting. The agendas give suggestions for topic information, activities and judging and/or communications activities along with suggested times for each section. These are only suggestions – you will know your group best and will know the skill and attention level of your members. There is more topic information and activities than what can be completed in a two hour meeting. Be creative!

Activities: should be used in combination with the discussion of topic information to teach members in a hands-on, interactive learning environment.

### 2. The Record Book:

This booklet is designed to make it easier for members to record information throughout the club. Members are to record their expectations and goals for the project in addition to contact information, meeting dates and roll calls. Print or photocopy pages from the Reference Book that you think will benefit the members either as a resource or an activity.

The Record Book should be given to each member at the beginning of the first meeting. Ask

members to keep it in a binder or duotang so they can add to it easily.

Go through the Record Book with the members and explain the charts and forms. Encourage them to use their Record Books at every meeting and record as much information as possible. As an added incentive, a prize could be given at the end of the project for the best Record Book.

# **INCLUDING STEM IN THE 4-H FINANCIAL FITNESS PROJECT**

## **WHAT IS STEM AND WHY IS IT IMPORTANT?**

Since 1915, 4-H in Ontario has engaged youth in science, technology, engineering, and math (STEM). This has traditionally meant a solid focus on agricultural science, mechanics, entrepreneurship, natural sciences and household science. Today, 4-H has grown to include rocketry, robotics, computer science, environmental sciences, and more. 4-H provides hands-on learning experiences to encourage learning about the world around us. Our lives are completely immersed in science and technology.

Understanding how science, engineering, and technology impact our lives, solve problems and create new ones makes it easier to navigate our modern world.

In school, science classes need to cover a broad range of topics in a limited amount of time while STEM in 4-H allows members and leaders time to dig deeper into ideas and concepts and to spend as much time as desired to work on projects based on personal interests, questions, and skills.

STEM in 4-H allows a person to work on their own questions, design their own tests, create their own models, build their understanding, and share their work with others – learn to do by doing. That’s what science and engineering are, trying to understand the natural universe and develop solutions to the problems faced in our world today. Science is inquiry that uses a specific approaches and skills. But all learning is an inquiry process so working with science helps develop your learning muscles.

Within 4-H, the STEM process can go even further to include the Arts, thus changing the acronym to STEAM – Science, Technology, Engineering, Art & Math.

## **STEAM IN 4-H ONTARIO PROJECTS**

As you work through the Financial Fitness Project, you will see STEAM integrated throughout the project within almost all of the activities that members will be completing.

STEAM can be challenging but it can also be fun! Be sure to try out the activities. Observe what works and what doesn’t and how activities can be changed slightly to get different results. It’s all a part of the STEAM learning process!

# Planning a Meeting

Plan your meetings well. Review all the information well in advance so you are prepared and ready!

## **Before Each Meeting:**

- Read the topic information and activities and photocopy any relevant resources for the members' Record Books.
- Be familiar with the topic information for each meeting. Think of imaginative ways to present the information to the members. Do not rely on just reading the information out loud. Review available resources, plan the meetings and choose activities and themes that complement the ages and interests of your members.
- Gather any equipment and/or resources that will be needed to complete the meeting.
- At least 12 hours of club meeting time is required for every project; including club business, specific project information and social recreation. The delivery format for that material is left to the discretion of the leaders. Before each meeting, create a timeline to ensure that you are providing an adequate amount of instructional time for club completion. Note: the best practice recommendation is that a club have multiple meeting times for each project.

Included on the following page is a Leader's Planning Chart to help with the planning of meetings. In addition to the chart, keep track of what went well and what should be changed next time. That way, each time this project is run, the content of the meetings can be different!

When planning each meeting, a typical 4-H meeting agenda should include the following:

- Welcome & Call to Order
  - 4-H Pledge
  - Roll Call
  - Parliamentary Procedure:
    - Secretary's Report
    - Treasurer's Report (if any)
    - Press Report
    - New Business: local and provincial 4-H activities/opportunities, upcoming club activities
  - Meeting content and activities
  - Clean-up
  - Social Recreation and/or refreshments
  - Adjournment

## **Judging and Communications:**

Each meeting must include either a judging or public speaking activity.

- Judging gives the members an opportunity to use judging techniques as part of the learning process. Through judging, members learn to evaluate, make decisions and communicate with others. They also develop critical thinking skills, confidence and self-esteem. Many examples are used in this reference book but use your imagination! As long as members are setting criteria and critically thinking about where items fit within that set of criteria, they are learning the basic skills of judging!
- A communications activity has been provided for each meeting but can be included in the Roll Call or social recreation time. These activities do not need to involve the topic of finances as the outcome is more about understanding the concepts of effective communication.



# LEADER'S PLANNING CHART

Meeting #	Date/Place/ Time	Topics Covered	Activities	Materials Needed

***As a club volunteer your responsibilities are to:***

- Complete the volunteer screening process and attend a volunteer training session.
- Notify the local association of the club, arrange a meeting schedule and participate in club meetings, activities and the Achievement program.
- Review the project material in the Reference and Record books to familiarize yourself with the information and adapt it to fit your group. Be well organized and teach the material based on your group's age, interest and experience level.
- Organize the club so members gain parliamentary procedure, judging and communication skills.
- Have membership lists completed and submitted along with fee collected (if applicable) by the end of the second meeting.
- Have members fill out a Participant Agreement Form and identify any health concerns. Ensure that all members, leaders and parent helpers know the appropriate actions during any emergency. Check with members for any food allergies or dietary restrictions and plan snacks accordingly.

***As a club member your responsibilities are to:***

- Participate in at least 2/3 of his/her own club meeting time. Clubs must have a minimum of 12 hours of meeting time.
- Complete the project requirement to the satisfaction of the club leaders.
- Take part in the project Achievement Program.
- Fill in and complete the Record Book.
- Complete any other project as required by the club leaders.

***Achievement Program Ideas/Suggestions***

- Make a display about Financial Fitness and display it at a local fair, in the mall, in a store front, etc.
- Have members make a presentation at school about finances and how its never too young to start thinking about how money affects their lives both short term and long term.
- Create a skit about finances and perform it at school, at a senior's home, at another organization's meeting, etc.
- Host a bake sale, keeping tracks of costs and income. Decide as a group how any profits will be spent.

### **Special Projects**

These projects are done outside of meeting time and are for members interested in doing more – often senior members. It's up to you as the leader to decide if you will require members to complete a Special Project for club completion. Some ideas include:

- Write a press release about finances and submit it to your local newspaper.
- Interview someone who works in the financial industry and write a press release for the newspaper about them and what they do within the industry.
- Create a display showing how \$1000 invested in different types of investments will earn money.
- Create a video about any aspect of Financial Fitness found in the project. Post on YouTube.

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my Heart to greater loyalty,  
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# MEETING 1: THINKING ABOUT MONEY

## Setting Objectives:

This 6-meeting project will strive to develop a strong foundation for life-long financial competence, teaching 4-H members about money. You will help them discover the relationships of earning, spending and saving. In doing this, members will begin to understand the value of money. Financial literacy focuses on the knowledge and skills they will need to make informed money management decisions.

When developing a financial literacy program, it is important to know the benefits of teaching a financial education to ensure that a member's finance program is personalized to meet their own needs but broad enough to give them the knowledge they need to make informed decisions. It is helpful to think of financial literacy as a lifelong learning process, rather than approaching it simply as a checklist. Keep in mind, the information you impart is important regardless of your members and their family's past, current or future financial situation. The need for good money management skills applies to everyone – the wealthy, those in low-income brackets and everyone in between.

This meeting should introduce members to the concept of personal finance with practical information on ways to create and manage a financial plan including the importance of understanding financial goals and provide resources to help make good financial decisions. This meeting will also give members a basic understanding of financial wants & needs.

### Suggested Lesson Outcomes

- For members to learn what financial literacy is and how they can incorporate this concept into their everyday lives.
- Members should have a good understanding around earning, saving and spending and how to create their own personal finance program.
- Members can recognize their strengths and limitations when working on their personal finance program.
- Provide resources for making good financial decisions.

**Reference material in this section:**

- Benefits of understanding your financial values, wants, needs and impulses
- What are your Personal Finance goals?
- Why is Financial Literacy Important?
- Understanding what resources are available in making financial decisions

**Activities:**

- Identify different money personalities and determine yours.
- Learn how to set financial goals.
- Distinguish between wants and needs.
- Find a balance between spending and saving.
- Take responsibility for personal financial decisions.

**Sample Meeting Agenda      Time: 2 hours 35 minutes**

Note: Agendas are provided as a suggestion. There is more meeting content than what can be completed in 2 hours. Please choose activities according to skill and attention level of your members. Be creative!

Welcome, Call to Order and Pledge		5 min
Roll Call		5 min
Parliamentary Procedure	Pledge	20 min
Topic Information Discussion	1. What is your Financial Personality	10 min
Activities Related to Topic	Activity # 1 – Personality Test	10 min
Topic Information Discussion	2. Setting Goals	10 min
Activities Related to Topic	Activity # 2- What Are Your Goals?	10 min
Topic Information Discussion	3. Understanding your values, wants, needs and impulses Value of money	10 min
Activities Related to Topic	Activity # 3: Needs and Wants?	10 min
Topic Information Discussion	4. Earning Money	10 min
Activities Related to Topic	Activity #4 – Using Money wisely	10 min
Topic Information Discussion	5. Spending, Saving, Sharing	10 min
Activity Related to Topic	Activity #5 – Spending, Saving, Sharing	10 min
Discussion topics #1-9	Meeting discussions encouraged for each topic when time allows or eliminate or assign any of the above as at home activities	10 min each
At Home Activity	Choose one of the activities	5 min
Wrap up, Adjournment & Social Time		10 min

# PERSONAL FINANCE DEFINED

By teaching our youth about money, we help them discover the relationships of earning, spending and saving. In doing this, they begin to understand the value of money.

## Why is Financial Literacy so important?

It's all about Independence.

Young people need to learn how to make informed money decisions to become self-sufficient and contribute to society. Understanding basic money management skills such as living within a budget and handling credit and debt is very important for young people. Having little or no knowledge regarding financial management can affect members in many different aspects of their life.

What does it mean to be financially literate: financial literacy is defined as having “the ability to use knowledge and skills to manage financial resources effectively for a lifetime of financial well-being?”

## Benefits of being Financially Literate

Youth exposed to financial education believed the way they managed their money would impact their future. They are also more likely to set money aside for the future and pay off debt. Individuals who are more financially literate are better equipped to make decisions regarding their budget, savings, consumption, borrowing habits and investment choices.

Also, it is proven that people who acquire financial literacy in childhood are happier, healthier, and more confident as adults.

1. Teaching youth to budget: Creating individual budgets helps develop a sense of financial awareness
2. Saving Habits: Saving today for tomorrow is a fundamental understanding that needs to be ingrained prior to the move away from the family home.
3. Ensuring financial independence: For a young person, this is essential to surviving in today's society.
4. Economic benefits and social responsibility: Teaching about giving back to the community through charities is also a valuable activity.



### Talk about it!

How much do you know about financial literacy?

### Communicate it!

In what ways have you experienced managing money? (part time job, selling items?)  
What did you learn from these experiences?



5. Equipping youth with financial knowledge is the best way for them to make informed choices about their financial future

6. Effects of not having financial literacy skills: There are significant barriers to financial independence if young people are not taught financial literacy.

The best way for youth to learn about money is for them to manage it. When youth have money in their pocket so they have the chance to buy things that they want or to participate in fun activities with their friends, they end up learning about budgeting, needs vs wants and so much more!

### **Financial Personality**

Everyone has a personality: unique attributes, values, goals, worries, tendencies, likes and dislikes that define their character. These traits also apply to your relationship with money – you have a “money personality.” Knowing your money personality can help you meet your financial goals.

The way that you feel about money shapes how you handle it. This is your “money personality.” Once you are aware of what type of Money Personality you have, you can work on changing your behavior to create a more balanced approach between spending and saving when making personal financial decisions.

### **SEE ACTIVITY # 1: WHAT IS OUR FINANCIAL PERSONALITY?**

### **WHY WE NEED MONEY**

**The concept of money:** Money is a helpful tool that makes it easier to get what we need and want, now and later.

We need money because we want to exchange goods and services with other people. The fundamentals about earning and saving, and how to deal with money now will be extremely beneficial to you in the long run and is essential for your future financial success in adulthood. Learning the basics such as how to budget, spend and save will establish good habits for life.

**Discussion #1** Ask members if they have ever traded something with someone else to get something they wanted. Tell members that trading (also known as bartering) was the main system that people used many years ago to get things that they needed or wanted. Trading is still used today for some things, but paper money and coins have generally replaced the trading system.

When we use money to get the things we want and need, we categorize these things into either

goods or services.

**Goods** are things that we buy to keep or use, like a dozen eggs, a bicycle, or a toothbrush. Goods are usually things that we can touch.

**Services** are things that are done for us, like a train ride to visit your grandparents or when you go somewhere you need to buy tickets to get into, like an amusement park.

**Discussion #2** Ask members to list additional goods and services.

### **What Are Financial Goals?**

Sometimes we have to delay spending to save for larger purchases. This can be difficult for many youth who might be anxious to buy something right away. Saving for short-term and long-term spending goals is an important money management skill and an excellent way for young people to decide which purchases are really important to them.

There are 3 major types of financial goals: short term, intermediate and long term.

A **short-term** goal is one that can be reached in a year or less.

An **intermediate** goal is one that can be executed over a period of 1 to 5 years. Examples are: buying a computer or bike

A **long-term** goal usually one that takes more than five years to reach. You would need a disciplined saving and investing strategy. Things like paying off your debts (buying a car, paying a student loan or saving an amount towards the down payment of your home).

While saving for short-term goals, such as a new video game, may take only a couple of weeks, longer-term goals require dedication: it could take months or years of saving to have enough money for the purchase. You can create a budget for the purchase and figure out:

- How much you have saved already.
- How much the item will cost (including tax, shipping and any necessary accessories).
- How much money they expect to earn each week.
- How long it will take you to save.

Financial goals are important and what steps you can take to reach those goals and how to deal with common obstacles is a very important lesson to learn early on.

### **SEE ACTIVITY 2: WHAT ARE YOUR GOALS?**

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### Discussion #3

1. **For all ages:** Begin by asking members if they know what a “bucket list” is. Explain that it is a list of goals one wants to accomplish in life, like climbing Mt. Everest or writing a novel. Ask members what would go on their lists and give them five minutes to reflect and to write a bucket list in their notebooks.
2. Invite members to share from their lists and record some of the items with a clear financial component on the board (e.g., go to college, visit Paris). Ask members what these goals have in common and discuss how money can help us achieve some goals.
3. Next, discuss which of the goals can be reached the fastest and why.

**For 14-21yrs olds:** Challenge small groups of members to sort the goals into three categories: short-term (requires less than six months to achieve), intermediate-term (less than a year) and long-term (longer than a year). Have members explain their identified financial goals

### Discussion #4

1. As a group, discuss some of the factors that go into categorizing short-term, intermediate-term and long-term financial goals. Explain that goals may be categorized by the life stages when they will likely be accomplished and by the amount of money required (goals that require less money may also take less time to achieve).
2. Choose one of the financial goals shared and discuss possible steps members might take in reaching that goal (e.g., saving allowance, gifts, salary and responsible spending).

### Discussion #5

1. Invite volunteers to share their plans for reaching specific savings goals. Encourage members to share the steps they will take to reach their goals, including the areas in which they will cut back spending.

**Meeting or At Home Activity:** Invite members to reflect in their record books about their savings goals. What additional steps should they take to reach their goals? Are there other goals that they want to work towards? How do they think their current goal-setting efforts will affect their future financial lives?

### Wants and Needs

The relationship between needs and wants is an important concept to understand. Needs are things we must have to survive – things we truly can’t be without. Wants, on the other hand, are things that we’d like to have, but that aren’t necessary for survival. Some needs and wants don’t cost any money at all – we all need air, for example, but we don’t have to pay for it. Likewise, we all need exercise to be healthy and we can run around outside for free. Many needs and wants,

### Communicate it!

Some simple money lessons that youth can learn are:

- waiting to buy
- understanding that money is a limited resource
- Money can grow by saving it

however, cost money.

Every purchase has an opportunity cost. Youth also need to know money is finite, even for wealthy families. That means money used to purchase one item won't be available to purchase other items. Make them aware of trade-offs

How to delay gratification. One of the foundational financial lessons every child should learn is how to wait

to make a purchase. Practicing delayed gratification creates the self-discipline needed to save money.

### SEE ACTIVITY # 3: NEEDS and WANTS?

#### Discussion #6

1. Help members to see the difference between needs and wants by asking them to discuss whether any of their recent purchases were items they needed or wanted. Identify common "needs," such as clothing and food and "wants," such as lattes and designer jeans.
2. Discuss how needs and wants relate to one another: What happens if you spend all of your money on things you want? What if an unexpected "need" prevents you from saving for a "want"? Can members think of strategies for balancing the two (e.g., making a budget with spending categories etc.)

### Talk about it!

You can help youth distinguish between needs and wants by discussing different items or looking through magazines and asking about whether things are needs or wants. When you are out shopping, ask youth to point out items that are needs or wants.

### WHERE MONEY COMES FROM

Money doesn't magically appear, it must be earned.

#### Discussion #7

Ask members how people get money. Make a list of their ideas. The importance of saving and sharing: If youth have money, they're likely going to want to spend it; they need to be taught by the time they reach school that it's not okay to spend all of their money at once. Since spending money comes naturally, they also need to learn about saving and sharing.

There are four components to a budget

#### 1. Earning Money:

### Product selling: Bake Sale, Lemonade Stand or Garage Sale

These are common options for youth who want to make money. Product selling teaches youth basic lessons about entrepreneurship. Encouraging youth to make cookies, finger foods, or drinks that can be sold on the street corner will help youth learn how to put in the work to make a product that can be sold, and they will get some spending money when the neighbors stop to buy an item.

Providing Services/Jobs: Common neighbourhood services might include babysitting, house cleaning, lawn mowing, or car washing services. This will help youth improve their “services” experience by learning good techniques to get the job done well. Also, it can help you to see how putting together flyers and price lists are the first steps to running a service oriented business. Once a member is of age to legally work there are many jobs that provide training as well as minimum wage income. Encouraging them to set specific and realistic long-term goals and to save some of their pay each week towards their goals is very important at this stage.

### **2. Spending money wisely:**

Spending money is a big part of most budgets. Some money we spend for things that we need and some money we spend on things that we want. The first step in creating a successful spending budget is to spend money wisely; making sure that we have enough money to pay for the things that we need before we spend money on things that we want, but don't really need. Buying things that we want, but don't really need, isn't necessarily bad, and in fact can be a lot of fun—like a day at an amusement park. But spending money wisely means that we must pay for our needs before we spend money on our wants.

### **3. Saving money:**

Saving money is one of the most important aspects of building wealth and having a secure financial foundation. Saving is something every kid should do. It lets you buy items that otherwise might be out of reach, keeps you out of financial trouble and makes you more independent. Often, it means you can do more, as you have more choices or get additional cash.

#### **Try it!**

- Start with a piggy bank
- Open up a bank account
- Use savings jar

Subsequently, you can feel happier. Most importantly, saving gets you to keep your eye on your dreams. Set goals. Look ahead. With saving, you can make things happen! To help distinguish between money saved and money available to spend, start by write down your saving goals.

There are ways to empower yourself, and that starts by learning the importance of saving from a young age.

**At Home Activity:** Set up as many jars as you have goals; if you want to buy a phone, a bike or a dress, put out 3 jars. When you receive money divide the money into the jars based on your saving priorities. You can save all your cash for one purchase, or you can contribute to different

“jars” for various savings goals. To encourage saving up for short-term goals, put a picture of the desired toy or item on the jar, so you will have a visual reminder of what you are working towards. If you have a bank account, consider opening a separate savings account to put money aside.

#### 4. Sharing money with others:

Philanthropy is a fancy word for giving. A philanthropist is someone who gives to charity. Getting into the giving habit is a sound financial management principal members will get into the positive habit of giving and will learn to build it into their spending plan. Members will be rewarded in other ways—satisfaction in helping others and learning to put off their own needs in favor of someone else’s.

### See Activity #4 – USING MONEY WISELY

#### Discussion #8

Discuss what it means to donate. Engage members by asking the following questions:

- What does it mean to donate?
- Why do you think ‘donate’ is one of the choices you have with what you will do with your money?

Is it an important choice? Why or why not?

- Do you donate? If yes, how? How does it make you feel? Why?

#### 50-40-10 Rule for young people

There are a number of systems you can use to keep track of money:

**Three jars.** Label them Spend, Save and Share.

**Three envelopes.** Label them Spend, Save and Share, and keep them all in one larger envelope.

**Piggy banks that are divided into three sections** spend, save, share bank

Appropriate percentages for youth will be different than adults since their financial obligations and budget are very different. We all have to make choices with our money and three broad choices are to us the following:

- 50% for spending – **Spend.** Buy things you need and want now. This teaches someone how to spend less than they earn, which is the cornerstone of personal finance.
- 40% for saving - **Save.** Set aside money to buy things in the future. This will teach an individual to always pay themselves first.
- 10% for sharing - **Share.** Donate money to help people, animals and the environment. This teaches the value of sharing and giving to others who are less fortunate or to causes someone cares about.

The spend, save, share system helps youth figure out what to do with their money, and it can go a long way toward setting up financially responsible habits.

The percentage allocated to each category is up to the individual, and may depend on what expenses they are expected to cover out of their own money. For example, if you are expected to pay for all your toys except at birthdays and holidays, you may aim for a higher spending percentage. If you pay for very few things, a higher percentage for saving may be appropriate.

### **See Activity #5 – SAVING, SPENDING, GIVING**

#### **Discussion #9**

To demonstrate how you spend, save and share ask the group to allocate their money. If you receive \$10 each week for allowance, what would go toward spending, for saving and for sharing.

#### **40-40-10-10 for teens and young adults.**

Older members may be ready to add investing to their money system so the rule would then be Spend, Save, Share and Invest. The new allocation in percentages would change accordingly. **40% spending; 40% saving; 10% sharing; 10% investing.** He or she would now have four jars or envelopes to use instead of three. Some of the divided piggy banks are available with four sections instead of three to include investing.

Once members understand this system, they can then start saving up money in special jars dedicated to a specific item or purpose. Label the jar “My contribution money” or something else to reinforce the idea that the money in the jar is for a special purpose. When the money reaches a certain amount (say, \$10 or \$25 dollars) or when you reach a set time interval (such as the end of each school year), the money can be sent to the charity the members has selected.

#### **Question it! At Home**

Have a discussion with your family about what you value and your feelings about money. The following questions might facilitate your discussion.

What do you and your family value? Which of these values require thoughts about money in some way?

## ACTIVITY #1: WHAT IS YOUR MONEY PERSONALITY?

<b>DO</b>	<p><b>Time:</b> 10-15 minutes</p> <p><b>Materials/Resources:</b></p> <ul style="list-style-type: none"><li>• Money Personality worksheet</li><li>• Writing utensils (pens, pencils)</li></ul> <p><b>Instructions:</b></p> <ul style="list-style-type: none"><li>• Give each member a money personality worksheet.</li><li>• Explain the worksheet and encourage members to think about their own behaviors that describe their spending habits. Determine current Money Personality.</li><li>• Review the worksheet with the group and get members to share.</li></ul>
<b>REFLECT</b>	<p><b>Learning Outcomes:</b></p> <p>To allow members to evaluate their own financial habits and to determine what their personality is around money so they can make their own money program that is personalized for the individual.</p>
<b>APPLY</b>	<p><b>Processing Prompts:</b></p> <ul style="list-style-type: none"><li>• Why is it important for you to be aware of your own strengths and limitations around finance?</li><li>• Why do you think learning about money is so important?</li><li>• What are some of your strengths and limitations around financial Literacy?</li><li>• How can a personalized financial program benefit you?</li></ul>



# ACTIVITY #1: WHAT IS YOUR MONEY PERSONALITY? WORKSHEET

Work with a partner or group to identify the money personalities below. Ask each other the questions, discuss your answers together, and fill in the blanks on your own worksheet with one of the symbols in the box to the right. Next, put an X beside behaviours that describe your spending habits. Does this help you determine your current Money Personality? Finally, make a list of behaviours you want to change to have a better balance between spending and saving.

## 4 Personality Traits

“FS” = Free Spirit. Spends money without any thought as to where it is coming from or where it is going.

“MS” = Money Star. Likes expensive items that are the hottest, must have items.

“MH” = Money Hoarder. Saves all his or her money and does not spend it even on items or services that would be a good investment in meeting a future goal.

“MW” = Money Wise. Tracks spending and savings with a careful balance of these activities. Knows where their money goes and has a handle on what they want to accomplish financially, what things cost and when to buy items.

1. These shoppers prefer the newest models and top label brands regardless of price.

Money Personality Code \_\_\_\_\_ Your personality \_\_\_\_\_

2. These people love a bargain but often purchase large quantities of sale items without considering if they need or want that much.

Money Personality Code \_\_\_\_\_ Your personality \_\_\_\_\_

3. These people spend money to be recognized, to feel hip or classy, and to look good to others whether they can afford it or not.

Money Personality Code \_\_\_\_\_ Your personality \_\_\_\_\_

4. This money personality has no idea how much they earn or spend.

Money Personality Code \_\_\_\_\_ Your personality \_\_\_\_\_

5. These people know what they earn and spend, and minimize expenses.

Money Personality Code \_\_\_\_\_ Your personality \_\_\_\_\_

6. These people believe more money is always coming. They focus on a short-term spending instead of long-term benefits of saving.

Money Personality Code \_\_\_\_\_ Your personality \_\_\_\_\_

7. These people wait to buy something until they can afford it.

Money Personality Code \_\_\_\_\_ Your personality \_\_\_\_\_

8. These people believe that the things they have impress others.

Money Personality Code \_\_\_\_\_ Your personality \_\_\_\_\_

9. These people buy things of low quality thinking they are saving money, but spend more to repair or replace the low-quality items.

Money Personality Code \_\_\_\_\_ Your personality \_\_\_\_\_

10. These people tend to bounce checks, exceed their ATM limit, never have money, or borrow money and forget to pay it back.

Money Personality Code \_\_\_\_\_ Your personality \_\_\_\_\_

11. These people save for the future, but also enjoy the present by budgeting for a movie or having dinner with friends.

Money Personality Code \_\_\_\_\_ Your personality \_\_\_\_\_

## ACTIVITY #2 - WHAT ARE YOUR GOALS?

<b>DO</b>	<p><b>Time:</b> 10-15 minutes</p> <p><b>Materials/Resources:</b></p> <ul style="list-style-type: none"><li>• Member handout</li><li>• Writing utensils (pens, pencils)</li></ul> <p><b>Instructions:</b></p> <ul style="list-style-type: none"><li>• Give each member a what are your goals worksheet.</li><li>• Review the handout with the group and get members to share.</li><li>• Ask members what some of their goals are, based on their life situation separating them into short, intermediate, and long-term goals.</li><li>• Pick one goal from each group. Have the group brainstorm steps they can take and the resources needed to achieve those goals.</li><li>• Have members identify their current or potential (new job, career change) sources of income.</li><li>• Discuss the feelings of being financially dependent vs. financially independent.</li></ul>
<b>REFLECT</b>	<p><b>Learning Outcomes:</b></p> <p>To allow members to become familiar with setting goals and understand why this concept is so important.</p>
<b>APPLY</b>	<p><b>Processing Prompts:</b></p> <ul style="list-style-type: none"><li>• Why are the components of setting goals important for you to know?</li><li>• How can this handout be helpful when making your own goal setting routine?</li></ul>

## ACTIVITY #2: WHAT ARE YOUR GOALS? WORKSHEET

Step 1: What is your goal? \_\_\_\_\_

Step 2: What is the target date for reaching your goal? \_\_\_\_\_

Step 3: What is the estimated cost? \_\_\_\_\_

To estimate the cost associated with reaching your goal, identify how much each component will cost and then the total amount needed (e.g., for a vacation goal, list the cost of travel, room, food, spending money, etc.)

Estimated Expenses

Cost

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

Step 4: Can you cut back on current spending to put toward your goal? \_\_\_\_\_

\_\_\_\_\_

Step 5: Can you increase income to put money toward your goal? \_\_\_\_\_

\_\_\_\_\_

Step 6: How much money will you need to save monthly? \_\_\_\_\_

\_\_\_\_\_

## ACTIVITY #3 - NEEDS and WANTS

<b>DO</b>	<p><b>Time:</b> 10-15 minutes</p> <p><b>Materials/Resources:</b></p> <ul style="list-style-type: none"><li>• Member handout</li><li>• Writing utensils (pens, pencils)</li></ul> <p><b>Instructions:</b></p> <ul style="list-style-type: none"><li>• Give each member a “needs and wants” worksheet.</li><li>• Explain the worksheet and encourage members to think about their own behaviors that describe their spending habits. Determine what members view as a need and want.</li><li>• Review the worksheet with the group and get members to share.</li></ul>
<b>REFLECT</b>	<p><b>Learning Outcomes:</b></p> <p>To allow members to determine the difference between a want and a need, it is good to ask yourself some questions</p>
<b>APPLY</b>	<p><b>Processing Prompts:</b></p> <ul style="list-style-type: none"><li>• Did you learn something about how you budget your money?</li><li>• What did you like about this exercise? What didn't you like about it?</li><li>• Did you experience any of the benefits of learning about this subject? If so, which ones did you experience?</li></ul>

### ACTIVITY #3: NEEDS and WANTS WORKSHEET

Tell members that to determine the difference between a want and a need, it is good to ask yourself some questions. Write the following list of items and their prices on a piece of paper or board. The goal is to decide if each item is a want or a need. Explain that sometimes wants and needs are differentiated by what prompts the purchase. For example, if your shoes are worn out, then sneakers are a need. If you're just tired of your old sneakers, then that's a want. Challenge members to justify their responses. Then have the group vote on whether each item is a want or a need.

Items to consider:

ITEM	PRICE	W or N
• sneakers	_____	_____
• manicure	_____	_____
• music lesson	_____	_____
• chocolate bar	_____	_____
• video game	_____	_____
• school lunch	_____	_____
• headphones	_____	_____
• cell phone	_____	_____
• pair of jeans	_____	_____

Some additional discussion questions:

- How long will I use this item? \_\_\_\_\_
- How often will I use this item? \_\_\_\_\_
- Is the item worth the money that I will spend? \_\_\_\_\_
- Is the item a good deal? \_\_\_\_\_
- One year from now, will I still have this item? \_\_\_\_\_
- One year from now, will I be happy that I bought this item or will I wish that I still had the money that I spent? \_\_\_\_\_
- Do I already have another item that serves the same purpose?  
\_\_\_\_\_

## ACTIVITY #4 - USING MONEY WISELY

<b>DO</b>	<p><b>Time:</b> 10 minutes</p> <p><b>Materials/Resources:</b></p> <ul style="list-style-type: none"><li>• Using Money Wisely Worksheet</li><li>• Writing utensils (pens, pencils)</li></ul> <p><b>Instructions:</b></p> <ul style="list-style-type: none"><li>• Give each member a Using money wisely worksheet.</li><li>• Explain the worksheet and encourage members to work together</li></ul> <p>Review the worksheet with the group and get members to share.</p>
<b>REFLECT</b>	<p><b>Learning Outcomes:</b></p> <p>To introduce members to a variety of exercises that they can use in their own financial literacy program.</p>
<b>APPLY</b>	<p><b>Processing Prompts:</b></p> <ul style="list-style-type: none"><li>• Did you learn something about how you budget your money?</li><li>• What did you like about this exercise? What didn't you like about it?</li><li>• Did you experience any of the benefits of learning about this subject? If so, which ones did you experience</li></ul>

# MEETING 1: THINKING ABOUT MONEY

## Setting Objectives:

This 6-meeting project will strive to develop a strong foundation for life-long financial competence, teaching 4-H members about money. You will help them discover the relationships of earning, spending and saving. In doing this, members will begin to understand the value of money. Financial literacy focuses on the knowledge and skills they will need to make informed money management decisions.

When developing a financial literacy program, it is important to know the benefits of teaching a financial education to ensure that a member's finance program is personalized to meet their own needs but broad enough to give them the knowledge they need to make informed decisions. It is helpful to think of financial literacy as a lifelong learning process, rather than approaching it simply as a checklist. Keep in mind, the information you impart is important regardless of your members and their family's past, current or future financial situation. The need for good money management skills applies to everyone – the wealthy, those in low-income brackets and everyone in between.

This meeting should introduce members to the concept of personal finance with practical information on ways to create and manage a financial plan including the importance of understanding financial goals and provide resources to help make good financial decisions. This meeting will also give members a basic understanding of financial wants & needs.

### Suggested Lesson Outcomes

- For members to learn what financial literacy is and how they can incorporate this concept into their everyday lives.
- Members should have a good understanding around earning, saving and spending and how to create their own personal finance program.
- Members can recognize their strengths and limitations when working on their personal finance program.
- Provide resources for making good financial decisions.



**Reference material in this section:**

- Benefits of understanding your financial values, wants, needs and impulses
- What are your Personal Finance goals?
- Why is Financial Literacy Important?
- Understanding what resources are available in making financial decisions

**Activities:**

- Identify different money personalities and determine yours.
- Learn how to set financial goals.
- Distinguish between wants and needs.
- Find a balance between spending and saving.
- Take responsibility for personal financial decisions.

**Sample Meeting Agenda      Time: 2 hours 35 minutes**

Note: Agendas are provided as a suggestion. There is more meeting content than what can be completed in 2 hours. Please choose activities according to skill and attention level of your members. Be creative!

Welcome, Call to Order and Pledge		5 min
Roll Call		5 min
Parliamentary Procedure	Pledge	20 min
Topic Information Discussion	1. What is your Financial Personality	10 min
Activities Related to Topic	Activity # 1 – Personality Test	10 min
Topic Information Discussion	2. Setting Goals	10 min
Activities Related to Topic	Activity # 2- What Are Your Goals?	10 min
Topic Information Discussion	3. Understanding your values, wants, needs and impulses Value of money	10 min
Activities Related to Topic	Activity # 3: Needs and Wants?	10 min
Topic Information Discussion	4. Earning Money	10 min
Activities Related to Topic	Activity #4 – Using Money wisely	10 min
Topic Information Discussion	5. Spending, Saving, Sharing	10 min
Activity Related to Topic	Activity #5 – Spending, Saving, Sharing	10 min
Discussion topics #1-9	Meeting discussions encouraged for each topic when time allows or eliminate or assign any of the above as at home activities	10 min each
At Home Activity	Choose one of the activities	5 min
Wrap up, Adjournment & Social Time		10 min

# PERSONAL FINANCE DEFINED

By teaching our youth about money, we help them discover the relationships of earning, spending and saving. In doing this, they begin to understand the value of money.

## Why is Financial Literacy so important?

It's all about Independence.

Young people need to learn how to make informed money decisions to become self-sufficient and contribute to society. Understanding basic money management skills such as living within a budget and handling credit and debt is very important for young people. Having little or no knowledge regarding financial management can affect members in many different aspects of their life.

What does it mean to be financially literate: financial literacy is defined as having “the ability to use knowledge and skills to manage financial resources effectively for a lifetime of financial well-being?”

## Benefits of being Financially Literate

Youth exposed to financial education believed the way they managed their money would impact their future. They are also more likely to set money aside for the future and pay off debt. Individuals who are more financially literate are better equipped to make decisions regarding their budget, savings, consumption, borrowing habits and investment choices.

Also, it is proven that people who acquire financial literacy in childhood are happier, healthier, and more confident as adults.

1. Teaching youth to budget: Creating individual budgets helps develop a sense of financial awareness
2. Saving Habits: Saving today for tomorrow is a fundamental understanding that needs to be ingrained prior to the move away from the family home.
3. Ensuring financial independence: For a young person, this is essential to surviving in today's society.
4. Economic benefits and social responsibility: Teaching about giving back to the community through charities is also a valuable activity.



### Talk about it!

How much do you know about financial literacy?

### Communicate it!

In what ways have you experienced managing money? (part time job, selling items?)  
What did you learn from these experiences?

5. Equipping youth with financial knowledge is the best way for them to make informed choices about their financial future

6. Effects of not having financial literacy skills: There are significant barriers to financial independence if young people are not taught financial literacy.

The best way for youth to learn about money is for them to manage it. When youth have money in their pocket so they have the chance to buy things that they want or to participate in fun activities with their friends, they end up learning about budgeting, needs vs wants and so much more!

### **Financial Personality**

Everyone has a personality: unique attributes, values, goals, worries, tendencies, likes and dislikes that define their character. These traits also apply to your relationship with money – you have a “money personality.” Knowing your money personality can help you meet your financial goals.

The way that you feel about money shapes how you handle it. This is your “money personality.” Once you are aware of what type of Money Personality you have, you can work on changing your behavior to create a more balanced approach between spending and saving when making personal financial decisions.

### **SEE ACTIVITY # 1: WHAT IS OUR FINANCIAL PERSONALITY?**

### **WHY WE NEED MONEY**

**The concept of money:** Money is a helpful tool that makes it easier to get what we need and want, now and later.

We need money because we want to exchange goods and services with other people. The fundamentals about earning and saving, and how to deal with money now will be extremely beneficial to you in the long run and is essential for your future financial success in adulthood. Learning the basics such as how to budget, spend and save will establish good habits for life.

**Discussion #1** Ask members if they have ever traded something with someone else to get something they wanted. Tell members that trading (also known as bartering) was the main system that people used many years ago to get things that they needed or wanted. Trading is still used today for some things, but paper money and coins have generally replaced the trading system.

When we use money to get the things we want and need, we categorize these things into either

goods or services.

**Goods** are things that we buy to keep or use, like a dozen eggs, a bicycle, or a toothbrush. Goods are usually things that we can touch.

**Services** are things that are done for us, like a train ride to visit your grandparents or when you go somewhere you need to buy tickets to get into, like an amusement park.

**Discussion #2** Ask members to list additional goods and services.

### **What Are Financial Goals?**

Sometimes we have to delay spending to save for larger purchases. This can be difficult for many youth who might be anxious to buy something right away. Saving for short-term and long-term spending goals is an important money management skill and an excellent way for young people to decide which purchases are really important to them.

There are 3 major types of financial goals: short term, intermediate and long term.

A **short-term** goal is one that can be reached in a year or less.

An **intermediate** goal is one that can be executed over a period of 1 to 5 years. Examples are: buying a computer or bike

A **long-term** goal usually one that takes more than five years to reach. You would need a disciplined saving and investing strategy. Things like paying off your debts (buying a car, paying a student loan or saving an amount towards the down payment of your home).

While saving for short-term goals, such as a new video game, may take only a couple of weeks, longer-term goals require dedication: it could take months or years of saving to have enough money for the purchase. You can create a budget for the purchase and figure out:

- How much you have saved already.
- How much the item will cost (including tax, shipping and any necessary accessories).
- How much money they expect to earn each week.
- How long it will take you to save.

Financial goals are important and what steps you can take to reach those goals and how to deal with common obstacles is a very important lesson to learn early on.

### **SEE ACTIVITY 2: WHAT ARE YOUR GOALS?**

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### Discussion #3

1. **For all ages:** Begin by asking members if they know what a “bucket list” is. Explain that it is a list of goals one wants to accomplish in life, like climbing Mt. Everest or writing a novel. Ask members what would go on their lists and give them five minutes to reflect and to write a bucket list in their notebooks.
2. Invite members to share from their lists and record some of the items with a clear financial component on the board (e.g., go to college, visit Paris). Ask members what these goals have in common and discuss how money can help us achieve some goals.
3. Next, discuss which of the goals can be reached the fastest and why.

**For 14-21yrs olds:** Challenge small groups of members to sort the goals into three categories: short-term (requires less than six months to achieve), intermediate-term (less than a year) and long-term (longer than a year). Have members explain their identified financial goals

### Discussion #4

1. As a group, discuss some of the factors that go into categorizing short-term, intermediate-term and long-term financial goals. Explain that goals may be categorized by the life stages when they will likely be accomplished and by the amount of money required (goals that require less money may also take less time to achieve).
2. Choose one of the financial goals shared and discuss possible steps members might take in reaching that goal (e.g., saving allowance, gifts, salary and responsible spending).

### Discussion #5

1. Invite volunteers to share their plans for reaching specific savings goals. Encourage members to share the steps they will take to reach their goals, including the areas in which they will cut back spending.

**Meeting or At Home Activity:** Invite members to reflect in their record books about their savings goals. What additional steps should they take to reach their goals? Are there other goals that they want to work towards? How do they think their current goal-setting efforts will affect their future financial lives?

### Wants and Needs

The relationship between needs and wants is an important concept to understand. Needs are things we must have to survive – things we truly can’t be without. Wants, on the other hand, are things that we’d like to have, but that aren’t necessary for survival. Some needs and wants don’t cost any money at all – we all need air, for example, but we don’t have to pay for it. Likewise, we all need exercise to be healthy and we can run around outside for free. Many needs and wants,

### Communicate it!

Some simple money lessons that youth can learn are:

- waiting to buy
- understanding that money is a limited resource
- Money can grow by saving it

however, cost money.

Every purchase has an opportunity cost. Youth also need to know money is finite, even for wealthy families. That means money used to purchase one item won't be available to purchase other items. Make them aware of trade-offs

How to delay gratification. One of the foundational financial lessons every child should learn is how to wait

to make a purchase. Practicing delayed gratification creates the self-discipline needed to save money.

### SEE ACTIVITY # 3: NEEDS and WANTS?

#### Discussion #6

1. Help members to see the difference between needs and wants by asking them to discuss whether any of their recent purchases were items they needed or wanted. Identify common "needs," such as clothing and food and "wants," such as lattes and designer jeans.
2. Discuss how needs and wants relate to one another: What happens if you spend all of your money on things you want? What if an unexpected "need" prevents you from saving for a "want"? Can members think of strategies for balancing the two (e.g., making a budget with spending categories etc.)

### Talk about it!

You can help youth distinguish between needs and wants by discussing different items or looking through magazines and asking about whether things are needs or wants. When you are out shopping, ask youth to point out items that are needs or wants.

### WHERE MONEY COMES FROM

Money doesn't magically appear, it must be earned.

#### Discussion #7

Ask members how people get money. Make a list of their ideas. The importance of saving and sharing: If youth have money, they're likely going to want to spend it; they need to be taught by the time they reach school that it's not okay to spend all of their money at once. Since spending money comes naturally, they also need to learn about saving and sharing.

There are four components to a budget

#### 1. Earning Money:

## ACTIVITY #4: USING MONEY WISELY WORKSHEET

John has earned \$50 by doing odd jobs for his family and neighbours. There are a lot of ways he wants to use his money, but he doesn't have enough money for all of them. Circle YES or NO for each item on John's list. Remember, the total amount of money must be \$50, no more, no less. Use the worksheet to figure out your total.

### John's List

A. The animal shelter really needs food for the animals. Should John give to the animal shelter?

- YES (How much? \$)
- NO

B. John really wants to download a new album by his favorite band, Three Green Monkeys. The album costs \$10. Should he buy it?

- YES
- NO

C. John has lost his backpack. A new backpack costs \$25. Should he buy one?

- YES
- NO

D. A video game that John has always wanted is on sale. It only costs \$25. Should he buy it?

- YES
- NO

E. John's family is going on vacation this summer and he wants spending money. His parents said they would give him a dollar for every dollar he saves. Should he save some of his money?

- YES (How much? \$ \_\_\_\_\_)
- NO

ENTER AMOUNT HERE	
A.	\$
B.	\$
C.	\$
D.	\$
E.	\$



## ACTIVITY #5 - SPENDING, SAVING, GIVING

<b>DO</b>	<p><b>Time:</b> 10 minutes</p> <p><b>Materials/Resources:</b></p> <ul style="list-style-type: none"><li>• Using Saving, Spending, Giving worksheet</li><li>• Writing utensils (pens, pencils)</li></ul> <p><b>Instructions:</b></p> <ul style="list-style-type: none"><li>• Give each member a Saving, Spending, Giving worksheet.</li><li>• Explain the worksheet and encourage members to work together</li><li>• Review the worksheet with the group and get members to share.</li></ul>
<b>REFLECT</b>	<p><b>Learning Outcomes:</b></p> <p>The spend, save, share system helps youth figure out what to do with their money, and it can go a long way toward setting up financially responsible habits.</p>
<b>APPLY</b>	<p><b>Processing Prompts:</b></p> <ul style="list-style-type: none"><li>• Do you feel empowered?</li><li>• Did you learn the importance of saving and managing your money?</li></ul>

### References

- <https://www.investopedia.com/university/teaching-financial-literacy-youth/#ixzz5S7cfKMj8>

## **ACTIVITY #5 - SPENDING, SAVING, GIVING**

Pretend that you and your friends have earned \$100 altogether by doing odd jobs in your neighbourhood like raking leaves and walking pets. You must all decide how you will use the \$100. You must put some money into SAVINGS, some money into SPENDING, and some money into GIVING.

### **SAVINGS:**

How much? \_\_\_\_\_

What will your group be saving for? \_\_\_\_\_

### **SPENDING:**

How much? \_\_\_\_\_

What will your group buy? \_\_\_\_\_

### **GIVING:**

How much? \_\_\_\_\_

Where will you donate your money, and who will it help? \_\_\_\_\_

\_\_\_\_\_

## ACTIVITY #4: USING MONEY WISELY WORKSHEET

John has earned \$50 by doing odd jobs for his family and neighbours. There are a lot of ways he wants to use his money, but he doesn't have enough money for all of them. Circle YES or NO for each item on John's list. Remember, the total amount of money must be \$50, no more, no less. Use the worksheet to figure out your total.

### John's List

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- YES (How much? \$ \_\_\_\_\_)
- NO

ENTER AMOUNT HERE	
A.	\$
B.	\$
C.	\$
D.	\$
E.	\$

## ACTIVITY #5 - SPENDING, SAVING, GIVING

<b>DO</b>	<p><b>Time:</b> 10 minutes</p> <p><b>Materials/Resources:</b></p> <ul style="list-style-type: none"><li>• Using Saving, Spending, Giving worksheet</li><li>• Writing utensils (pens, pencils)</li></ul> <p><b>Instructions:</b></p> <ul style="list-style-type: none"><li>• Give each member a Saving, Spending, Giving worksheet.</li><li>• Explain the worksheet and encourage members to work together</li><li>• Review the worksheet with the group and get members to share.</li></ul>
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### References

- <https://www.investopedia.com/university/teaching-financial-literacy-youth/#ixzz5S7cfKMj8>

## **ACTIVITY #5 - SPENDING, SAVING, GIVING**

Pretend that you and your friends have earned \$100 altogether by doing odd jobs in your neighbourhood like raking leaves and walking pets. You must all decide how you will use the \$100. You must put some money into SAVINGS, some money into SPENDING, and some money into GIVING.

### **SAVINGS:**

How much? \_\_\_\_\_

What will your group be saving for? \_\_\_\_\_

### **SPENDING:**

How much? \_\_\_\_\_

What will your group buy? \_\_\_\_\_

### **GIVING:**

How much? \_\_\_\_\_

Where will you donate your money, and who will it help? \_\_\_\_\_

\_\_\_\_\_

# MEETING 2: LEARNING ABOUT YOUR MONEY

## Setting Objectives:

Money skills are an important part of navigating through life. This meeting will introduce members to the general concept of Money as a medium of exchange that can be used to pay for goods and services and to measure the value of things. This meeting will help members identify their relative values in terms of purchasing power.

The content is for all ages but the activities in this meeting will be broken into three age categories: 9-13, 14-16 and 17 plus.

### Suggested Lesson Outcomes

- For members to learn about what money is and how it is used in the exchange of goods and how they can incorporate this concept into their everyday lives.
- Members will have a good understanding of how financial institutions work and provide resources for making good banking decisions.
- Members will recognize the services banks provide and how to use these institutions and their services more effectively.

### Reference material in this section:

- Identifying money
- Comparing and evaluating various banking services
- Types of financial institutions
- Types of bank accounts
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**Sample Meeting Agenda      Time: 2 hours 35 minutes (sections will be the same but activities will be age specific)**

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## The Meaning of Money

**Opening Discussion #1:** What is money, and how is it used in our society?

- Have you ever received money in exchange for your work? Describe the work that you did and how you were paid.
- Have you ever received money as a gift? What did you do with that money?
- What's the difference between earning money and receiving money as a gift?
- What kinds of things can you buy with your money?
- Are the things you buy or pay for always products, something you can see and touch? For example, what if you paid someone for a haircut?

**Money** changes hands frequently –it's exchanged everyday between people, businesses, and banks. Money is based on the dollar. Coins are fractions of that unit; bills are multiples of that unit.

**Currency** is a term for a country's money in circulation—that is coins and bills. Money is the medium of exchange for most goods and services. Different coins and paper money have different values.

**Physical money** comes in different shapes and sizes. It comes in coins and in paper. Different units of money have different values that can be used to pay for different things. Coins in circulation today are the nickel, dime, quarter, \$1 and \$2. Bills in circulation today include the \$5, \$10, \$20, \$50, and \$100 bills.

**Discussion #2:** Think of how many combinations of coins might equal \$1 (nickels, dimes & quarters). Repeat this with other amounts, such as \$10 or a \$50. Use a piece of paper to make calculations.

### **Making Change**

The word change refers to the loose coins you have in your pocket. It also means the difference between what something costs and the money that's been tendered to pay for it.

### **Invisible money**

With credit cards, internet banking and online shopping, we don't often see people buying products with physical money like notes and coins. Not seeing money exchanged for purchases makes it harder for youth to get their heads around what things cost. They might see this invisible money as an abstract and unlimited resource rather than real money coming in and out of their family's bank accounts.

#### **Reach out!**

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**Activity #1: What does money mean to you?** (see instructions at the end of the section)

**Check it out at home!**

Make a trip to the bank with your parents. Find out how to open a savings account and make regular deposits.

**Discussion #3:** Show how money flows from hand to hand: Pretend that your grandparents give you \$100 for your birthday. You don't want to lose it, so you take it to your bank and deposit it into your savings account. The bank is now paying you interest –so you're earning money!

Imagine that two months later your favorite game goes on sale. You go to the bank and withdraw \$60 cash from your savings account, and then you go buy the game. Now your \$60 is in the hands of the store owner, who deposits the money in her bank account.

The money has moved circularly, from hand to hand, first to the bank and then back again!

**Discussion #4:** Out of these three scenarios, which one is the best?

- You found a \$20 bill on the street.
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In each situation, you're saving \$20. And you can put that \$20 to good use!

Sometimes, we allow ourselves to think that the value of money changes in different situations. But the fact is, \$20 is \$20.

The following is a list of terms every young person should be familiar with.

1. **Saving(s):** Saving means not using all of your money right away, but instead putting it aside for later.

**Discussion #5:** Do you save your money? Why do you save?

2. **Budget:** A budget is a plan that you make to keep track of your money and where it is going.

3. **Loan:** A loan is something that is borrowed, often money, which has to be paid back with interest. When you borrow money from a bank, you pay interest to the bank for lending you the money. Common ways to borrow money are loans and credit cards.

**Discussion #6:** Why do people take out loans? What would be an item you would want to get a

loan for?

**4. Debt:** A debt is money that you owe someone. It will need to be paid back over a determined period of time. Once you have a debt, it doesn't go away until you've paid it down.

**5. Interest:** Interest has two sides: it's either something you pay when someone lends you money or something that you earn when you lend money to someone else.

**Discussion #7:** Your sister runs out of her allowance but needs money this weekend. You could lend her \$50 but charge her \$2 per week in interest, which she will have to pay you back. How much would she owe you if she did not pay you for 8 weeks?

**6. Debit Card:** A debit card is a "money access card" that takes money directly from your chequing account.

**7. Taxes:** Taxes are payments that go to the government for the work that it does, such as improving schools, health care/hospitals, and fixing roads. They're taken right from your paycheck and the amount you pay depends on how much money you make. Taxes are also an additional amount on everything your purchase. In Ontario, we have a 13% tax (called the HST or Harmonized Sales Tax) on most of our goods and services purchased.

### Content for Ages 17 Plus

**8. Credit/Credit Card:** Credit lets you buy something without having to pay for it right away.

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**10. Investment:** An investment is something that you spend money on which you believe will earn you even more money

**11. Stock:** A stock is a piece of a company. When you own a stock of a company, you own a small piece of its business. Every stock has a price and that price can go up or down, depending on what's happening at the company. Stock movements are best illustrated to youth with an example of a company they know.

**12. The Stock Market:** The "stock market" is where people buy and sell (trade) their stocks. There is an actual place where stocks are traded but it can also be done over the Internet. Stocks aren't actually traded on the internet, they are traded on stock exchanges. Most Western countries and many others have stock exchanges, sometimes more than one. You can use an app or website to access information on your stock portfolio and you can initiate trades using the app or the website but the stock itself is still traded at the stock exchange.

**Discussion #9:** You bought one share of Apple stock for \$200. If the company sold a ton of iPhones, which is good for the company, it could make the stock price go up to \$225, meaning you would have earned \$25 on your investment. On the other hand, if Apple didn't sell a lot of iPhones and the stock fell to \$175, you would have lost \$25. Most people don't own a single stock (share) in a company, but tens, hundreds or thousands of shares. And most people also own stock of several different companies.

### **Types of Financial Institutions**

Financial institutions are organizations that process monetary transactions, including business and private loans, customer deposits and withdrawals and investments. To know which financial institution is most appropriate in serving a specific need, it is important to understand the difference between the types of institutions and the purposes they serve.

- Banks
- Internet Banks
- Credit Unions
- Investment Banks and Companies
- Stock Brokerage Firms
- Mortgage Companies
- Insurance Companies

### **Content for Ages 9-17 plus**

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**Banks:** Banks are trusted businesses where people can safely keep their money. Banks offer a number of tools for managing your money. If you put your money in a savings account, the bank will pay you a small amount of money, called interest, on the amount you save. Your money stays safe –and it grows!

Banks also offer chequing accounts. These allow people to pay for things like rent, electricity, groceries and other bills.

Retail Banks offered products to individual consumers while commercial banks worked directly with businesses. Banks offer deposit accounts, lending, and limited financial advice to both demographics. Products offered at retail and commercial banks include chequing and savings accounts, investments, loans, mortgages, lines of credit, insurance, and credit cards.

**Discussion #10:** To start members thinking about this concept and how it relates to them ask them if they have you ever been to a bank? What did they see there?

**Internet Banks:** A newer type in the financial institution market is the internet bank, which works similarly to a retail bank. Internet banks offer the same products and services as conventional banks, but they do so through online platforms instead of brick and mortar locations. Example of internet banks are PC Financial, Canadian Tire Bank, and Tangarine.

**Credit Unions:** A credit union is a member owned financial cooperative, controlled by its members and operated on the principle of people helping people, providing its members credit at competitive rates as well as other financial services. Credit unions are found all over the world, including throughout Canada. Some credit unions serve a specific demographic of membership, such as teachers or members of the military, while most serve customers of all demographics, especially in areas not well serviced by the larger Canadian Banks. While products offered resemble retail bank offerings, credit unions are owned by their members and operate for their benefit.

The biggest difference is that banks function to generate profits for their shareholders, while credit unions operate to generate profits for their members who are also their customers. Credit unions are co-operatives and one of their key objectives is to reinvest in the local communities that they serve.

\*Definition of demographic is the number and characteristics of people who live in a particular area or form a particular group, especially in relation to their age, how much money they have and what they spend it on

**Content for Ages 17 Plus**

**Brokerage Firms:** A brokerage firm assists individuals and institutions in buying and selling securities among available investors. Customers of brokerage firms can place trades of stocks, bonds, mutual funds, exchange-traded funds (ETFs) and some alternative investments.

**Mortgage Companies:** Financial institutions that originate or fund mortgage loans are mortgage companies. While most mortgage companies serve the individual consumer market, some specialize in lending options for commercial real estate only.

**Insurance Companies:** Financial institutions that help individuals transfer risk of loss are known as insurance companies. Individuals and businesses use insurance companies to protect against financial loss due to death, disability, accidents, property damage and other misfortunes.

**Central Bank of Canada:** A central bank is the financial institution responsible for the oversight and management of all other banks. In Canada, the central bank is the Central Bank of Canada, which is responsible for conducting monetary policy, supervision and regulation of financial institutions. and for the promotion of a safe, sound financial system within Canada. The Bank of Canada is the sole issuing authority of Canadian banknotes provides banking services and money management for the government, and loans money to Canadian financial institutions. Individual consumers do not have direct contact with a central bank; instead, large financial institutions work directly with the Central Bank of Canada to provide products and services to the general public.

When choosing a bank, compare different options and list the pros and cons for each option. Choose an account with the best interest rate, and beware of “freebies” that are used to make some accounts look more attractive in the short run.

### **Types of Bank Accounts**

**Discussion 11#:** What are the responsibilities of having a chequing account?

A **bank account** is the record your bank keeps to know how much money you have given them to take care of. It has your name on it so the bank or credit union knows it is your money. You can put money into your account when you want to save, and take it out when you need it. When you leave money in your account, the bank or credit union pays you interest. The reason they pay you interest is because when you deposit money with them, they take that money and lend it out to other customers. The bank or credit union earns interest on the money they lend to others, and pay interest to you for providing them with the money to lend out.

**Chequing account:** A chequing account is used for day to day cash transactions, bill payments and transfers between accounts and e Transfers. The account comes with a bank card and cheque book (if you request one).

**Savings Account:** The first account many people open is a savings account, which can be used by all ages. It is the most basic account offered by most banks and credit unions. It offers interest on the account, but access to funds may be limited, and a minimum amount may be required to open or maintain the account.

A savings account is used to put money aside for future use, specific goals or to build up an emergency fund in case the unexpected happens. With this type of account, you'll earn interest on your savings. Banks and credit unions offer incentives for people to keep their savings in savings accounts.

**Discussion #12:** Does anyone have a savings account at a bank or credit union? Why did you open the account?

- Are you saving money for something you want or need? Describe how you are managing to save money.
- In your opinion, what's the best thing about saving your money?
- Why would you recommend opening a savings account to someone who doesn't have one yet?

**Some questions to ask before opening a new bank account:**

1. **Are there monthly fees?** Most banks and credit unions charge monthly fees for their basic chequing and/or savings accounts.
2. **Which ATMs can I use for free?** Most banks and credit unions allow you to use their own ATMs at no cost, but your bank or credit union may not always be the most convenient way to access cash when you need it. Using an out-of-network ATM will cost you fees from your bank or credit union as well as from the bank or credit union that owns the ATM where you withdrew your money.
3. **Is there a cost to pay bills online?** Your account may be known as a chequing account, but with online bill-pay services, you may never have to actually write a paper cheque. Most banks and credit unions offer absolutely free online bill-payment services.
4. **Can I make mobile deposits for free?** Your bank or credit union likely has a mobile app that lets you deposit cheques from your phone. Most banks and credit unions offer that service for free.
5. **What interest rate will I earn?** Most banks and credit unions offer some interest on their savings accounts.

6. **What happens if I spend more than I have in the account?** If you overdraw your account, your bank or credit union may deny the withdrawal or charge you an overdraft fee.
7. **How can I get help if something goes wrong?** Your bank may have nearby branches that you can walk into to ask for help. If you have an Internet-only bank or use a bank from out of town, you can use phone, webchat, or email to resolve any problems that may arise.
8. **What's do I get for banking?** - many banks offer rewards programs for things like using your debit card to make purchases, or having a credit card as well as deposit accounts with the bank.

### **Opening a Chequing or Savings Account—What to Bring**

Here are some guidelines for how to open a savings account, and what you need to bring with you to the bank:

A parent or guardian must accompany a person under 18 and must bring 2 forms of current photo ID, including:

- Birth Certificate
- Passport
- Drivers license

### **There are different ways to do business with a bank. You can:**

- Go to the bank and talk with a bank employee
- Use an Automated Teller Machine (ATM)
- Do your banking over the phone
- Use online banking services (mobile app or website)
- Use a banking store located in a grocery store

Once you have opened an account you will be given a bank card (ATM). The bank will issue you an ATM card and a personal identification number, or PIN. Your PIN is a secret code that only you should know. (If someone else knows your PIN, they might be able to take money out of your account!) Never tell anyone your PIN.

### **Depositing money in a chequing or savings account**

To put money in an account at the bank you will need to give the cash or cheques to a bank teller, who will take care of the rest.

Another more common way to put money in your account is by using an ATM, which means automated teller machine. Instead of going inside a bank, you use a machine located outside the

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### **Types of Bank Accounts**

**Discussion 11#:** What are the responsibilities of having a chequing account?

A **bank account** is the record your bank keeps to know how much money you have given them to take care of. It has your name on it so the bank or credit union knows it is your money. You can put money into your account when you want to save, and take it out when you need it. When you leave money in your account, the bank or credit union pays you interest. The reason they pay you interest is because when you deposit money with them, they take that money and lend it out to other customers. The bank or credit union earns interest on the money they lend to others, and pay interest to you for providing them with the money to lend out.

**Chequing account:** A chequing account is used for day to day cash transactions, bill payments and transfers between accounts and e Transfers. The account comes with a bank card and cheque book (if you request one).

**Savings Account:** The first account many people open is a savings account, which can be used by all ages. It is the most basic account offered by most banks and credit unions. It offers interest on the account, but access to funds may be limited, and a minimum amount may be required to open or maintain the account.

A savings account is used to put money aside for future use, specific goals or to build up an emergency fund in case the unexpected happens. With this type of account, you'll earn interest on your savings. Banks and credit unions offer incentives for people to keep their savings in savings accounts.

**Discussion #12:** Does anyone have a savings account at a bank or credit union? Why did you open the account?

- Are you saving money for something you want or need? Describe how you are managing to save money.
- In your opinion, what's the best thing about saving your money?
- Why would you recommend opening a savings account to someone who doesn't have one yet?

**Some questions to ask before opening a new bank account:**

1. **Are there monthly fees?** Most banks and credit unions charge monthly fees for their basic chequing and/or savings accounts.
2. **Which ATMs can I use for free?** Most banks and credit unions allow you to use their own ATMs at no cost, but your bank or credit union may not always be the most convenient way to access cash when you need it. Using an out-of-network ATM will cost you fees from your bank or credit union as well as from the bank or credit union that owns the ATM where you withdrew your money.
3. **Is there a cost to pay bills online?** Your account may be known as a chequing account, but with online bill-pay services, you may never have to actually write a paper cheque. Most banks and credit unions offer absolutely free online bill-payment services.
4. **Can I make mobile deposits for free?** Your bank or credit union likely has a mobile app that lets you deposit cheques from your phone. Most banks and credit unions offer that service for free.
5. **What interest rate will I earn?** Most banks and credit unions offer some interest on their savings accounts.

6. **What happens if I spend more than I have in the account?** If you overdraw your account, your bank or credit union may deny the withdrawal or charge you an overdraft fee.
7. **How can I get help if something goes wrong?** Your bank may have nearby branches that you can walk into to ask for help. If you have an Internet-only bank or use a bank from out of town, you can use phone, webchat, or email to resolve any problems that may arise.
8. **What's do I get for banking?** - many banks offer rewards programs for things like using your debit card to make purchases, or having a credit card as well as deposit accounts with the bank.

### **Opening a Chequing or Savings Account—What to Bring**

Here are some guidelines for how to open a savings account, and what you need to bring with you to the bank:

A parent or guardian must accompany a person under 18 and must bring 2 forms of current photo ID, including:

- Birth Certificate
- Passport
- Drivers license

### **There are different ways to do business with a bank. You can:**

- Go to the bank and talk with a bank employee
- Use an Automated Teller Machine (ATM)
- Do your banking over the phone
- Use online banking services (mobile app or website)
- Use a banking store located in a grocery store

Once you have opened an account you will be given a bank card (ATM). The bank will issue you an ATM card and a personal identification number, or PIN. Your PIN is a secret code that only you should know. (If someone else knows your PIN, they might be able to take money out of your account!) Never tell anyone your PIN.

### **Depositing money in a chequing or savings account**

To put money in an account at the bank you will need to give the cash or cheques to a bank teller, who will take care of the rest.

Another more common way to put money in your account is by using an ATM, which means automated teller machine. Instead of going inside a bank, you use a machine located outside the



bank or at another location. ATMs are almost everywhere, and they're really convenient.

### **Withdrawing Your Money**

**Discussion #13:** Let's say you have some money in a savings account, and you want to take some of the money out. Where would you go to do that, and what would you have to do?

After you have deposited money in a savings account, you can make a withdrawal at the bank or use an automated teller machine (ATM).

- You can withdraw money from a chequing or savings account by seeing a teller at the bank or by using an ATM.
- If you withdraw money through a teller you'll need to use your bank card, and possibly some form of identification or a password to access the account.
- At an ATM there is usually a maximum limit available per day for withdrawals and deposits can be in any amount. Many banks and credit unions have moved away from this recently and now allow many denominations including \$5, \$10, \$20, \$50. Sometimes the bank or credit union will put a hold on some or all of the money that you deposited until they can verify it the next day.
- Because ATMs issue money, always be alert and aware of people around you when using an ATM.

Many credit unions and banks have special programs for youth that only require a first deposit of \$5 to \$25 to open an account. Teenagers usually find chequing accounts helpful because they give more regular access to their money. Under the age of 18, most banks require an adult to sign on the account also, and there is typically a small minimum balance requirement of about \$50.

**Interest Earned:** This interest is different from the one you are charged on loans or credit cards. This time the money comes to you. This is money the bank pays you for letting them look after your money. It's kind of like a reward for you not spending your money. The more money you put in the bank and the longer you leave it there for, the more interest you'll get.

**Discussion #14:** Why does the bank pay you interest for keeping your money in a savings account? Because you are allowing the bank to use your money for a period of time until you choose to take the money out of your savings account.

You have a balance of \$100 in your savings account. The bank has sent you a statement that shows you have \$103.52

in your account. Where did the \$3.52 come from?

## Activity #2 Calculating Interest Earned

### Discussion #15: Ages 17 plus: Saving for College or University.

Angie is saving \$20 every 1 week in her college or university fund. If the bank pays 5% interest compounded monthly, how much interest will Angie have earned after 6 months?

### Bank Account Terms - All Ages

A **Transaction** is something you do that changes the balance of your account. This can be either a deposit or withdrawal from your account.

A **Deposit** is when you put money IN to your bank account. When you make a deposit, your account balance goes up.

A **Withdrawal** is when you take money OUT of your bank account. When you make a withdrawal, your account balance goes down.

An **Account balance** is the amount of your money the bank is holding.

Example: It's like the "=" amount in a math problem. For example, if you start with \$5 and deposit (or add) \$2, your balance is \$7. If you then withdraw (or take out) \$3, your balance becomes \$4 (Because  $\$7 - \$3 = \$4$ )

### Discussion #16: What is an ATM card and how it is used?

An **ATM** is a short way to say "Automated Teller Machine". It's a special machine that has money inside it and lets the bank's customers make cash withdrawals and check their account balances without the need to go into the branch. Many ATMs also allow people to deposit cash or cheques and transfer money between their bank accounts.

An **ATM CARD** is a bank card that people use to withdraw money from their bank account using an ATM. The card has special numbers on it that tell the ATM (and the bank) what account to take the money from. People also have a PIN (or Personal Identification Number) that is like their secret password to tell the bank they say it is OK to do whatever type of transaction they are asking to be done.

A **PIN** (or Personal Identification Number) is like a special secret password (made up of numbers) that you input into an ATM or EFTPOS machine to tell the bank that it's OK to do the transaction you are asking for. It is very important that you don't tell your PIN to other people. If

you do, they can take your money.

**EFTPOS** stands for “Electronic Funds Transfer at Point of Sale” – this is just a fancy way to say you can buy things at shops and pay for them using money from your bank account directly. When you use your card (the same one you use in an ATM) and put your PIN in to the special machine at the shop, that tells the bank that you want to send the money for what you have bought to the shop keeper’s account directly (which means you don’t have to go to the bank to get the cash out beforehand).

**Discussion # 17:** What a debit card is and how it is used?

A **DEBIT CARD** is a service provided by a bank. It is a banking card enhanced with automated teller machine (ATM) and point-of-sale features to become a debit card. It can be used for purchases at stores and restaurants. Debit cards are linked to an individual’s chequing account, allowing funds to be withdrawn at the ATM and point-of-sale without writing a cheque.

### **Using a Debit Card**

When using a debit card to pay for goods and services, the purchase amount is deducted from the cardholder’s chequing account. Depending on the type of card, processing a debit card transaction requires the cardholder either to enter a PIN into special terminal, just like at an ATM.

### **Benefits of using a debit card**

- Convenience. The payment process at the checkout counter is made quicker and more convenient. No need to fill out a cheque or to present identification and wait while the identification is written down or verified.
- Eliminates the need to carry a lot of cash.
- Useful budgeting tool to track purchases.
- Can be used out of town or at any retail locations
- Reduces the possibility of loss or theft of cash.
- Is not a loan, no interest accrues on purchases.

### **How do you keep track of your debit card transactions?**

Debit card holders receive a receipt at each ATM or merchant location. Users typically receive a printed record of their account activity or track their account activity online. You will be able to maintain the most up-to-date available balance through either method.

### **Prepaid Cards:**

**A Gift Card** is a prepaid stored-value money card usually issued by a retailer or bank to be used

as an alternative to cash for purchases within a particular store or related businesses. With a prepaid “gift” card you are spending money that was loaded onto the prepaid card in advance and has a X value which means you can’t spend more money than you have already loaded onto your prepaid card.

### **Activity #3: Gift Card Budgeting**

In the group, hand out a blank gift card to each member. Give each gift card a dollar amount. Then ask the members to make a spending chart on a piece of paper. This chart should be divided into four columns and several rows. The first column is titled AMOUNT, the second is ITEM PURCHASED, the third is COST and the fourth is REMAINING BALANCE. Give the members several items to purchase with different values. Every time a member makes a “pretend” purchase have them write it down with the appropriate information in each column. The members will see exactly how much money they have used how much they have left, and will then get a good idea of what they are spending money on.

**A prepaid credit card** refers to a card that you can load funds onto and use the same way you would a debit card; you can then reuse the same card each time the funds get low simply by reloading it with more funds. This is a great alternative to cash to teach young people how to spend wisely. Plus, you can set spending limits and monitor what you are spending on. A bonus is that you load cash onto it, and it can then be used in shops and cafés just like a debit or credit card. they don’t work the same way as traditional credit cards. They don’t come with a line of credit and they have much more stringent eligibility requirements than most cards.

A prepaid card is very different from a bank account debit card. A bank account debit card is linked to your chequing account.

### **Electronic Banking Services**

Ages 17 Plus

**Online banking:** banking through online services. Bank websites allow customers to check balances, pay bills, transfer funds, complete e-Transfers, invest money, compare savings plans, and apply for loans and mortgages on the internet.

**Direct deposit:** earnings (or government payments) automatically deposited into bank accounts, saving time, effort, and money.

**Automatic payments:** utility companies, loan payments, and other businesses use an automatic payment system with bills paid through direct withdrawal from a bank account.

**Automatic teller machines:** allow customers to obtain cash and conduct banking transactions;

some ATMs sell bus passes, postage stamps, gift certificates, and mutual funds.

**Point-of-sale transactions:** acceptance of ATM/debit card at retail stores and restaurants for payment of goods and services.

**Electronic cash:** companies are developing electronic replicas of all existing payment systems—cash, cheque, credit cards, and coins.

**Mobile banking** is a service provided by a bank or other financial institution that allows customers to conduct financial transactions remotely using their mobile device such as a smartphone or tablet. A monitoring account balances, transferring funds between accounts, bill payment and locating an ATM.

Most mobile banking apps do not store your bank details directly on your phone, but instead access it from a secure data centre. This means your mobile itself will never hold your personal bank information. Banks can also protect you with refunds if your account is compromised through your phone.

**Advantages of Mobile Banking:** In Mobile banking, the user can transfer funds from your bank account to another bank account with a smartphone just with the help of the internet, from anywhere to everywhere. It is available for 24 hours and easy and convenient mode for many Mobile users in the rural areas.

Be careful when using online banking services, especially when out and about:

DON'T Use public Wi-Fi (e.g. hotels, internet cafes and other public venues) when banking online.

DON'T write down your passwords and other secrets and keep them in your wallet or about your person (cards + credentials = criminals' heaven).

Enroll in two factor authentications with your bank, that additional layer of security could save you a lot of heartache (and money...).

Remember to do the following:

- locking down your mobile device with a PIN code (an okay level of security) or lengthier password (more secure, if you use a combination of letters, numbers, symbols and avoid using common words)
- being aware of your surroundings and who may be watching you either directly or via any cameras in the locale
- never allowing any website or app to remember your login details – such convenience could

ultimately prove to be very costly

- keeping your mobile banking app up to date, along with the device's operating system
- looking out for rogue emails that ask you to login to your bank account via an included link – your bank should never ask you to do this
- keeping your wits about you if you ever receive a text or phone call from an official claiming there is a problem with your account – no legitimate organization will ever ask you to confirm all your details so don't give them out
- only ever download banking and other apps from official sources, such as Google Play and Apple's App Store, as third-party sites have often been known to host rogue versions of popular files
- consider installing a mobile security solution – many apps, even from the biggest names in the security industry, are free on mobile platforms
- if your bank offers a facility to send a text message whenever a transaction is actioned on your account, take advantage of it, and check those transactions when they come through to ensure they were authorized by you

## ACTIVITY #1 - WHAT DOES MONEY MEAN TO YOU? Ages 9-13

<b>DO</b>	<p><b>Time:</b> 20 minutes</p> <p><b>Ages 9-13 Let's Go Out to Eat</b> Set up a pretend restaurant where members can make purchase decisions using menus with food options and prices listed.</p> <p><b>Materials/Resources:</b></p> <ul style="list-style-type: none"><li>• Restaurant menu</li><li>• Writing utensils (pens, pencils)</li><li>• Sheet of paper</li><li>• Calculator or phone</li></ul> <p><b>Instructions:</b></p> <ul style="list-style-type: none"><li>• Create group of 2 -4 members</li><li>• Give each group a menu</li><li>• Give each member a \$20 budget for their own meal</li><li>• Give each member a sheet of paper.</li><li>• Explain the menu and ask members to choose an items) they would like to eat.</li><li>• On their own sheet of paper have them write down the items they wish to eat and the price of each food item.</li><li>• Once each member has done this ask them to calculate everyone's order and total the bill.</li></ul> <p><b>Additional Activity:</b></p> <ul style="list-style-type: none"><li>• Discuss how adding tax changes their meal total.</li></ul>
<b>REFLECT</b>	<p><b>Learning Outcomes:</b></p> <p>To allow members to evaluate their purchasing habits and to determine how they can budget so they can make smart purchasing choices.</p>

## APPLY

### Processing Prompts:

- Why is it important for you to understand how to budget when going out for dinner?
- Was this an easy or hard activity? Why?



## ACTIVITY #1 - WHAT DOES MONEY MEAN TO YOU? Ages 14-16

DO

**Time:** 20 minutes

### **Ages 14-16 Let's go Shopping**

#### **"Mock" Grocery Store**

Set up a pretend grocery store where members can shop for healthy breakfast or lunch items.

#### **Materials/Resources:**

- play food with prices
- empty food containers with prices,
- play money
- toy cash register
- Writing utensils (pens, pencils)
- Sheet of paper
- Calculator or phone
- Cookbook

#### **Instructions:**

- Pick a recipe for a member or the group to make to make (make sure the items from the recipe are included in your "mock" store)
- Make a grocery list of items needed for the recipe
- Beside each item have members estimate the cost of each item
- Have members pick items from "mock" grocery store
- Take a pencil and list into the "store" and write down the real cost of each item to see how close the estimate was.

#### **Additional Activity:**

- Using a copy of the list, add a grocery circular and any coupons you might be using, ask members to estimate how much they could have saved if they had used a coupon.

<b>REFLECT</b>	<b>Learning Outcomes:</b>  To practice math and literacy skills in the real-life environment of the grocery store
<b>APPLY</b>	<b>Processing Prompts:</b> <ul style="list-style-type: none"><li>• Why is it important for you to understand the price of items when purchasing food?</li><li>• Was this an easy or hard activity? Why?</li><li>• How close were your guesses?</li><li>• What items did you estimate better than others?</li><li>• Why do you think you were so close/so far from the correct answer?</li></ul>

## ACTIVITY #1 - WHAT DOES MONEY MEAN TO YOU? Ages 17+

<b>DO</b>	<p><b>Time:</b> 20 minutes <b>Ages</b>17+</p> <p><b>Materials/Resources:</b></p> <ul style="list-style-type: none"><li>• Daily diary</li><li>• Writing utensil</li></ul> <p><b>Instructions:</b></p> <ul style="list-style-type: none"><li>• Ask members to keep a spending diary for one week.</li><li>• Give each member a diary form.</li><li>• After one week, discuss expenses at the next meeting.</li><li>• Group similar expenses together.</li><li>• Decide on names for expense categories (for example: food, transportation, clothes, entertainment).</li></ul>
<b>REFLECT</b>	<p><b>Learning Outcomes:</b></p> <p>To practice math and literacy skills in real-life to plan for future purchases.</p>
<b>APPLY</b>	<p><b>Processing Prompts:</b></p> <ul style="list-style-type: none"><li>• Why is it important for you to understand how and what you purchase?</li><li>• Was this an easy or hard activity? Why?</li></ul>



## ACTIVITY #2 - HOW MUCH MONEY CAN BE EARNED?

### AGES 9-13

#### Lunch Time Puzzler

The school cafeteria is making members think before they buy a lunch item. The prices are all written in code!

Code: A = 1 B = 2 C = 3 and so forth until you get to Z = 26

To figure out what each snack item costs, you must first find out what number goes with each letter in the word. Then, add the numbers that “spell” each word to get the price.

For example:

#### CHIPS

$$3\text{¢} + 8\text{¢} + 9\text{¢} + 16\text{¢} + 19\text{¢} = 55\text{¢}$$

#### JUICE

$$\underline{\quad} + \underline{\quad} + \underline{\quad} + \underline{\quad} + \underline{\quad} = \underline{\quad}$$

#### CHEESE

$$\underline{\quad} + \underline{\quad} + \underline{\quad} + \underline{\quad} + \underline{\quad} + \underline{\quad} = \underline{\quad}$$

#### CRACKERS

$$\underline{\quad} + \underline{\quad} + \underline{\quad} + \underline{\quad} + \underline{\quad} + \underline{\quad} + \underline{\quad} + \underline{\quad} = \underline{\quad}$$

#### GRANOLA

$$\underline{\quad} + \underline{\quad} + \underline{\quad} + \underline{\quad} + \underline{\quad} + \underline{\quad} + \underline{\quad} = \underline{\quad}$$

#### CARROTS

$$\underline{\quad} + \underline{\quad} + \underline{\quad} + \underline{\quad} + \underline{\quad} + \underline{\quad} + \underline{\quad} = \underline{\quad}$$

## ACTIVITY #2 - HOW MUCH MONEY CAN BE EARNED?

### AGES 14-17+

Using the worksheet below, calculate how much money can be earned over time.

Original Deposit = \$100

	Starting Balance	Interest Rate per year	Interest Earned	Balance at the end of the year
First Year	\$100	4%	\$4.00	\$104.00
Second Year	\$104.00	4%	\$4.16	\$108.16
Third Year				
Fourth Year				
Fifth Year				

If you change the starting deposit in the table to \$25, how much money will you have at the end of 5 years at 4% interest?

	Starting Balance	Interest Rate per year	Interest Earned	Balance at the end of the year
First Year	\$25	4%		
Second Year				
Third Year				
Fourth Year				
Fifth Year				

### References

<https://www.wikihow.life/Use-a-Debit-Card>

<https://www.familyeducation.com/life/money-youth/teaching-basic-money-concepts-youth>  
[www.practicalmoneyskills.com](http://www.practicalmoneyskills.com)

<https://extension.psu.edu/programs/betterkidcare/knowledge-areas/environment-curriculum/activities/all-activities/let2019s-learn-about-money-teaching-young-youth-about-money>

# MEETING 3: EARNING YOUR MONEY

Having a job is very exciting, whether its babysitting, working retail or many of the other options available to youth ages 13 - 18. Members will learn how to find jobs that play to their strengths and interests.

This meeting will explore career path options and understand all of the financial aspects of employment. Having a job is one of the surest ways to make money. When planning for the future, one of the most critical financial decisions is determining your career path.

## Setting Objectives:

Money skills are an important part of navigating through life. This meeting will introduce members to the general concept of Money as a medium of exchange that can be used to pay for goods and services and to measure the value of things. This meeting will help members identify their relative values in terms of purchasing power.

The content is for all ages but the activities in this meeting will be broken into three age categories: 9-13, 14-16 and 17 plus.

### Suggested Lesson Outcomes

- For members to learn about what money is and how it is used in the exchange of goods is and how they can incorporate this concept into their everyday lives. What is the meaning of money
- Members will have a good understanding of how financial institutions work and provide resources for making good banking decisions.
- Members will recognize the services banks provide and how to use these institutions and their services more effectively.

### Reference material in this section:

- What are the best jobs for your age group?
- Why is having a job important?
- Identifying how to look for a job, prepare for an interview
- Benefits of working?

**Sample Meeting Agenda      Time: 2 hours 5 minutes (sections will be the same but activities will be age specific)**

Note: Agendas are provided as a suggestion. There is more meeting content than what can be completed in 2 hours. Please choose activities according to skill and attention level of your members. Be creative!

Welcome, Call to Order & Pledge		5 min
Roll Call		5 min
Parliamentary Procedure	Minutes & Business	10 min
Topic Information Discussion Activities Related to Topic	<b>Activity #1: In class networking</b>	20 min
Topic Information Discussion Activities Related to Topic	<b>Activity #2: Thinking about getting a job.</b> All ages - Career posters activity Additional activities: Ages 14-16- ABC careers activity, Job description adjectives Ages 17 plus- Career path activity	20 min.
Topic Information Discussion Activities Related to Topic	<b>Activity # 3: Building a Resume</b>	30 min
Topic Information Discussion Activities Related to Topic	<b>Activity #4 - How to prepare for an interview</b>	10 min
Topic Information Discussion Activity Related to Topic	<b>Activity #5: What to do with the money you earn</b>	10 min
At Home Activity	Choose one of the activities	5 min
Wrap up, Adjournment & Social Time		10 min



## **Working can provide youth with:**

- increased independence and a sense of responsibility.
- a positive attitude to team work.
- key work-skills such as customer service, time-keeping and prioritizing.
- money management skills.
- preparation for full-time employment.
- money to spend on their favourite past-times.
- Useful, marketable skills such as improving their communication,
- learning how to handle people,
- developing interview skills and filling out job applications.

## **Part-time work for teenagers**

Starting work is a great opportunity for teenagers to develop new skills and learn responsibility while making their own money for the first time.

Teenagers starting work will get the chance to learn lots of new skills. Here are some skills they can learn:

- **Active listening** - Listening to and following instructions
- **Problem solving** - Learning to think and overcome difficulties
- **Team work** - Working and cooperating with others
- **Time management** - Planning and prioritizing tasks
- **Communication** - Being able to convey their point of view and engage with colleagues and customers

Jobs also allow teenagers to develop skills around money. As they will be earning their own money they will need to work out how to save, when to spend and how to budget. (This will be learned in a separate meeting)

There are a few things you should consider when you go out to look for a job. While some may be keen and motivated to find work as soon as they can, others may require more help and encouragement, especially in a competitive job market.

**Discussion #1:** What would be your reason for working? What things are you interested in? As a group brainstorm how someone's passion for something could become a job.

## Jobs offered to tweens and teens

**Part-Time Jobs:** Working part-time is a great option. A part-time job lets you make some money, while still managing your studies and other activities. For younger members babysitting and mowing lawns can be great first jobs. For tweens this would be babysitting, cutting lawns. For members in high school members could look for work in restaurants, grocery stores small retail stores

**Seasonal Jobs:** Seasonal jobs can be a great source of employment opportunities for young people. Seasonal jobs take place during a particular season, usually summer or winter. That means that the job may last only a month or two, and might be full-time or part-time. It's a great way to get your feet wet and see if you like doing the work. Examples include: Summer camp counselor, lifeguard, instructor or referring. These are popular seasonal jobs for members.

**Entry Level Jobs (Ages 18 plus):** First jobs are usually entry level jobs. They're called entry level because those jobs are the ones that allow people to get started in a particular industry. Entry level jobs usually don't pay much, **but you have to remember, it's a great way to "try out" an**

### Look it up!

Invite guests from various fields to share their experiences with their members.

**industry.** As you gain experience, you can decide which area you are most interested in and work towards building a career path in that field and eventually move up the ladder and make more money!

**Jobs That Fit Your Career Goal (Ages 18 plus):** If you have a career goal, you should consider jobs that might help you achieve that goal.

**Discussion #2:** Have any of you had jobs? What did you like or dislike about the job?

**Outside Activity, Career-related field trips** - organize trips to a museum, airports, TV studio, police or fire station, and other local businesses so that youth get a behind the scenes look at their work.

Teenagers make up a large portion of the part-time workforce. Whether they want to work after school, on weekends or only during summer vacation, teens can find abundant opportunities for part-time jobs.

- 1. Determine the type of job you are looking for before to start to search for one.** The best part-time job for a teenager is one that allows him/her to build skills or gain experience in

the field he/she later hopes to work in. Look for work that is enjoyable or fun and fosters a good work ethic and dedication to the job. People, especially teenagers, have much higher success and retention rates at jobs where they enjoy the work they do.

- 2. Building networks.** Most teenagers do not know a lot of adults and have not built networks that can help them find work. Effective networking involves developing relationships with other people, sharing relevant information and resources, and providing mutual support and encouragement. Your network can also open doors to potential career opportunities.

For some members, it may be challenging to begin developing a network. Some may be a bit shy, or simply not have had the opportunity to build relationships outside of their social media platforms. Many people are more likely to take a chance on a teenager if he is referred to them by someone they know. Tell friends and parents that you are looking for a part-time job and mention the type of work you would like to do. You never know who might have someone in their network that can help.

Check with a high school Guidance Office and ask how they can assist with your job search. They may have postings for local businesses, for babysitting or for other part-time positions. Speak with teachers, family, coaches, friends, parents of friends--anyone and everyone you can think of--and ask for help. Most jobs are found through referrals, and people you know are often happy to assist.

#### **Activity #1 Group networking** *(see instructions at the end of this section)*

- 3. Suggest that the teenager walk in and inquire about a part-time job even if the business isn't advertising.**

Many businesses routinely hire temporary summer and year-round teenage employees but don't need to advertise because the jobs fill easily. The following types of businesses are often good places to inquire: Retail stores that sell everything from groceries to hardware to clothing hire teenage employees.

- 4. Check with government agencies. City recreation departments often run programs that create job opportunities.**

Summer job programs, sponsored by various government agencies, offer youth job opportunities in various fields. Information on summer job programs is usually available at your local high school.

- 5. Encourage the teenager to be their own boss and find her own work if they are a self-starter and ambitious, or could benefit from the experience gained running a small business.**

Often there are plenty of opportunities right in your neighborhood such as: Babysitting, for a teen who likes youth. Encourage him or her to team up with friends when offering the sitting service; this increases the chances of being able to say yes to a job when a call comes in. It is a good idea for teenagers who want to provide child care to take a Red Cross first aid class so they are prepared to handle emergencies.

### **How often do you want to work?**

Before taking up a new job, it can be useful for you to think about what you hope to get out of part-time work, what are your goals and how work will fit with your other commitments.

**Discussion #3** Some of the questions you should ask yourself include:

- How often do I want to work?
- How often can I work?
- How will starting a job affect my school work and after school activities?
- How will I get to work?
- How do you go about getting your first job? The most important steps in going to get your first job take place before you even start looking.

### **Common Errors When Looking for Work**

#### Eliminating Whole Classes of Jobs/Employers

You may prefer not to work in fast food or at a big box retailer but eliminating whole classes of employers greatly reduces your chances for finding a job — and your reasons for eliminating them may be incorrect.

You may think flipping burgers or stocking shelves will not provide you with any valuable skills or experiences but you would be wrong. Any work experience will provide ample learning opportunities.

#### Giving Up Job-Search Too Quickly

Some teens give up once they have turned in their job applications and heard nothing back from the employers thinking the organization must have hired someone else. Persistent and polite follow-up is key for any job-seeker — and can be an especially effective tool for teens. After submitting your applications (especially if completed online) follow-up and ask if you can have an interview.

## Starting Job-Search at Wrong Time

Some teens seeking summer jobs wait until the summer to start looking, which is often way too late to get a job or at least a preferred job.

Job-hunting takes time and with more competition from adults for part-time jobs teens need to start looking early. For summer jobs start your job-hunting in the spring — before the college youth come back.

## Job-Hunting with Friends

While it can be helpful to collaborate with friends who are also looking for jobs don't make the mistake of thinking you should all job-hunt together or worse find jobs at the same place so you can work together.

There are certainly employers who hire lots of teens especially resorts and camps for summer jobs but unless you know your best friend is a hard-worker you may find yourself doing more than just your job to keep it.

## Not Asking for Help

There are lots of rules and protocols with job-hunting and not asking for help and insights from adults is risking that you'll make a major mistake that costs you a job.

**Discussion # 4** Have the members make a list of jobs they feel would be a good fit for their age group. Have them talk about the jobs and get input from other members.

## Writing a Resume

Creating your first resume is a key step in launching your career. You have to put all of your best qualities on paper, make yourself look more attractive than the next person and completely sell yourself, all on one sheet of paper.

The potential financial rewards of resume writing are different from most writing teens engage in. You will need a resume to apply for a job. If this is your first job, you may not know what to put in a resume. You may need help pulling the information together. There are a number of resume templates available online.

### **1. Start with the basics.**

Your resume must include your name, address, phone number and e-mail address.

**2. Include an objective and summary of skills.**

These sections come right after your personal information and, for a first-time job seeker, should be concise. Your “summary of skills” should highlight experiences and qualifications that the employer is looking for.

**3. Choose the right resume style.**

There are three basic types of resumes: chronological, functional and combination. First-time resume writers should divide their resume into these categories: work experience, academic experience and community service/extracurricular experience.

**4. Brainstorm your experience and skills.**

If you have worked in a retail operation, your skills and qualifications include customer service skills, dependability, accountability, the ability to work as a part of a team and experience in managing money. Were you a full-time summer babysitter? This means you coordinated schedules, handled finances, and were extremely responsible. Many skills learned in part-time positions are quite relevant to the corporate world. Don’t underestimate the skills you have gained.

**5. Your academic and volunteer experience is relevant.**

Don’t think that your schooling means nothing to an employer. Your computer skills will be particularly attractive and should be highlighted. You can also demonstrate your strengths by project-specific examples of class work you have done. For example, for older members, if you are a journalism major, tell the employer about major articles you wrote and the legwork you did to complete those projects. Also consider your volunteer and extracurricular experience. If you volunteered or took a leadership role in any other extracurricular organization, you have valuable experience to list.

**6. Know the cardinal rules of resume writing.**

First, use strong action verbs and leave out the word “I.” Words like created, developed, organized, motivated, and produced all say much more than “did.” Next, remember that your resume should be one page only — no exceptions. And, finally, never send a resume without proper proofreading.

**7. Never, ever lie.**

If you lie on your resume, you will be caught. Don’t misrepresent your past — it will come back to haunt you.

**Two reasons you should have a resume.**

1. Having a resume to give to the prospective employer shows you’ve put some effort into finding a job.
2. It allows you to showcase those things about yourself that you want the employer to know. Even if you have no work experience, you can still give the employer an idea of who

you are, and what your strengths are. If all you've done is baby-sit your kid brother, put it down in writing. Emphasize the skills you learned while baby-sitting, the challenges you overcame, and so on. If you are a high school student, your work experience might be limited.

You could also include references in the resume of people who you know, such as family friends, teachers or a sporting coach.

### **Tips for Writing a Resume (ages 14 years plus)**

1. Emphasize your education.
2. Include volunteer activities, club activities, memberships, special skills/talents, extracurricular experience and other interests you have.

**Discussion# 5** Make a list of these experiences so you can start to see how a resume might take shape. Emphasize leadership experience.

3. List your skills.

**Activity #2 Build a Resume** Spend some time looking at sample resumes online using the Sample Resume Websites or print some out ahead of the meeting to get an idea of what a resume should look and sound like.

**Discussion # 6:** Discuss what action words or phrases may work with your resume and create a list of other action words and phrases that describe your work in your jobs and volunteer activities.

**Discussion # 7:** What is your dream job? Why? What skills do you think you have for that job? How would you get experience in that field?

\*At home activity: Building a resume

For more practice, ask members to create a resume for their dream job of the future. Researching jobs in their future profession may help members learn what education and skills they will need to have in order to be successful in that career.

### **Job Interview Tips**

#### **1. Appearance Matters!**

Make sure when you head out the door, that you are well groomed and well dressed and make sure you look presentable.

**Discussion #8:** Have the members discuss what clothes should you not wear to an interview

## **2. Get a list of places to apply**

Today there are lots of online websites to help you look for a job but most jobs before the age of 16 are usually local and through contacts in the neighbourhood. You can go to the library to look at help wanted listings, or walk through your area looking for Help Wanted signs. But remember, not every business looking for an employee will have a Help Wanted sign in the front window. Put on your list of places anywhere that you think would be fun to work, and go get that job. Walking in and asking for a job isn't illegal, and it shows the manager that you are interested and ambitious if you ask for a job even when one isn't advertised.

## **3. Prepare for "No"**

Before you go apply anywhere, you need to prepare yourself for rejection. Nobody, gets accepted every single place they apply for a job. As a first-time job seeker, you need to mentally prepare for someone to say, "No". There's nothing wrong with a store owner saying to you, "I'm sorry, we don't need anyone right now." However, there is a right and a wrong way to respond to a business owner or manager who says they have no need for you. If you get a "No, I'm sorry" (and everyone will!), respond by saying, "Well, if you do need someone in the future, please give me a call. I'll leave you a copy of my resume. Thanks for your time."

This shows the manager that you are serious about getting a job, and you have demonstrated the ability to follow up. Simply walking away from the store shows the manager that you weren't serious about the job to begin with. Stand up for yourself and demonstrate maturity. It goes a long way in presenting yourself.

## **4. Stand up straight and be mature**

Go to each of the employers on your list, walk in the door, keep your head up, maintain eye contact, have a firm handshake, and be confident. Employers look for certain qualities when a jobseeker walks in the door. Foremost of those qualities is the candidate's ability to communicate. If you are meek, shy, and unable to show the employer that you are serious about getting a job, you probably won't get one. When communicating to a manager, demonstrate that you are eager to get the job.



**Discussion #9** Prepare a list of opening sentences or phrases. For example: ‘It was a dark and stormy night’, ‘I wish people would not say ...’, ‘Yesterday I saw a herd of cows’, ‘My favorite activity is bird watching’, give one to a member and have them answer without any preparation.

## **5. Follow Up**

This is probably the most important part of getting a job. Employers look for candidates who have the ability to follow up, because it shows they are responsible. Always send a thank you follow up email within 24 hrs. of your interview.

How about starting your own business? Consider your own skills and interests as well as the needs of the local economy where you will be spending your summer. Possible ventures include babysitting, lawn mowing, house painting, designing and marketing T-shirts, caring for pets while people are on vacation, car detailing, etc.

**Activity # 4:** Review the student job interview questions and samples answers at the end of this meeting, so they have a good idea of what to expect and be ready to respond to the interviewer.

### **Before Accepting a Job Offer**

There are good jobs for teens, and there are not-so-good and even awful jobs for teens. Before you say “yes” to a job offer, make sure the company is legitimate. Check with the Better Business Bureau to see if there have been complaints.

Decide whether this is a job you really want to do. Don’t accept it if you don’t feel comfortable with the work, with the environment, or with the boss or other employees. If this doesn’t work out, there will be another offer. Consider whether the hours will fit into your school and activity schedule.

### **Be Prepared**

Don’t only show up for the interview. The more information you have prepared in advance, the better impression you will make on the interviewer. Take the time to get references, before you start looking for a job. Do your research. Learn all you can about the position and the company. The job posting and others for similar positions can offer valuable information about what they are looking for in a candidate.

That will let you know what skills you should be emphasizing on your resume and in your interview.

Checking out the company website will give you insight into the company culture, and exactly

what they do and aspire to accomplish.

All this information will allow you the opportunity to give complete, educated answers to anything the interviewer might ask.

**Bring the following with you to the interview:**

- Completed job application (if the employer doesn't have it already)
- References
- Resume
- Notepad/pen

**Be Polite**

It's essential to have good manners when interviewing. Shake your interviewer's hand. Make sure you listen carefully and thoughtfully to the interviewer. Don't sit until you are invited to. Don't slouch in your chair. Don't use slang or swear. Be polite, positive, and professional throughout the interview.

**Know Your Schedule**

Know what days and hours you are available to work, as the employer will almost surely ask. Flexibility is an asset, because the more time you are available, the easier it is for the employer to set a work schedule. Also know how you are going to get to and from work if you don't drive.

**Be on Time**

Arrive at the interview site a few minutes early. If you're not sure where to go, get directions ahead of time. If you aren't driving yourself, make sure you have a reliable ride.

**Go on Your Own**

If your mom or dad brings you to an interview, don't bring them into the interview room with you. It's important that you speak for yourself and connect with the interviewer, without someone else's assistance.

You need to present yourself as a mature, responsible candidate for employment.

**Send a Thank You Note**

Take a few minutes to thank the person who interviewed you. If you have an email address, send an email thank you note, otherwise send a paper note thanking the interviewer for taking the time to meet with you.

**Discussion #8** Have members interview one another to get practice talking about themselves in public.

## **Job Searching**

**Online job search:** Start your online job search by visiting the sites that focus on teen job opportunities or searching companies you are familiar with or would like to work with.

Employers in fields like retail and hospitality often are very interested in hiring teens and are willing to provide training. Search by the category of employment you're interested in. This will generate some more leads.

**Offline job search:** Many types of employers often don't advertise, so check with the stores or restaurants in your town to see if they have openings.

Don't forget to check the Employment Services job listings and the Help Wanted ads in your newspaper. Small local papers also have listings too.

## **Financial Aspects of Employment**

Creating the habit of planning your spending and sticking to your budget will help you do more with the money that you earn. You can make a large amount of money and still end up in debt or with little to show for it or you may not make as much as you thought you would. Learning to budget is the key to building your wealth and taking control of your finances.

The habits that you start out doing are the ones that will follow you throughout your life. When you are starting your first job consider the following:

1. Create a spending plan. Write down all the sources of income you have, excluding any allowance or money received from your parents, then write down your expenses. This will give you an idea of what you spend and what you earn, draw up a spending budget for your wages, allocating some money to spending and part of it to saving. Running out of money before pay day is a great lesson in the value of sticking to a budget.
2. Set goals for yourself. One way to organize your spending is to keep track of what you give, invest, save and spend. (GISS). This will help your control and prioritize necessities. You can give to a cause that you are interested in, invest in something meaningful, save what you can for things that will last and make your spending worthwhile to you. Don't purchase because you are bored
3. Cash rules! A good habit to get into, once you have an income is to allocate your money

to pay bills or debt, put some into a savings account and then use the left-over cash for spending money.

4. Resist the Urge. Having money will give you the urge to spend on things that you really don't need. Treat yourself, but try not to spend on something you don't need.

5. Go shopping with your parents. You can compare items and brands while checking quality and freshness of products. You can learn about buying in bulk, or no name brands etc.

6. Read as much as possible. Read up on anything you want to buy before you buy it.

There are lots of online sources for reviewing products. It is important to read any financial contracts that might come with a financial obligation like a cell phone or gym membership,

7. Keep track of your money. Keep record of your spending, keep receipts in a safe place in case you need to return it.

8. Don't be influenced. Teenagers always know what's cool. They know the latest trend, what's cool and what's not. Never let your financial decision making become influenced by what others do and don't let anyone tell you what to do with your money.

**Discussion #10:** List items that would be considered need vs want when buying clothes for school.

## ACTIVITY #1 - GROUP NETWORKING

DO

**Time:** 20 minutes

**Materials/Resources:**

- Stopwatch
- Chalk and chalkboard, paper and pencils
- Business card (created by members)

**Instructions:**

Before you start this activity have members create a business card on a piece of paper. This should include a name, made up job title and made up contact information.

They should be split into pairs, and expect them to move around the room in a “Speed Networking” (like “Speed Dating”) format. Tell the members that their goal is create a comfortable interaction, in which each person shares something about themselves. They can opt to alternate asking questions, or they can just engage in a conversation. They must work that out in each pair. In each dyad, members must learn about such topics such as why they chose their course of study, what clubs they belong to, why they joined those clubs, what activities they participate in, and other networking style questions directed toward the member’s life. (You can list some of these topics on the board.)

Use a stopwatch to tell members to “Switch” every 3 minutes, until everyone has met for an informational interview. Debrief after the speed networking and invite members to share their reactions. Questions might include: How much did you learn in 3 minutes? Did it feel like a conversation? Did it get easier as you interviewed more people? Did you notice that it was easier to connect with

## REFLECT

### Learning Outcomes:

This exercise will involve helping members practice conducting an informational interview. It also provides members with an opportunity to begin developing some of the skills they'll need as they seek to establish a professional network. As members participate in the activity, they'll also become more familiar with their classmates, and hopefully build some positive relationships that last far longer than the length of the course.

## APPLY

### Processing Prompts:

- Why are the components of networking important for you to know?
- How can these components be helpful when making your own networking plan?
- Did this activity help review the different ways to promote your skills? Why or why not?

## ACTIVITY #2 - CAREER POSTERS

DO

**Time:** 20 minutes

**Materials/Resources:**

- Poster size cardboard
- Writing utensils (pens, pencils, Markers)

**Instructions:**

**Activity:**

**All ages: Career posters activity**

Ask the members to brainstorm ideas of interesting jobs and make a list. Then encourage the youth to think about a job that they would enjoy most and why and ask them to create colorful posters about a preferred career. Members can hang the posters in the classroom for everyone to see.

Additional activities for members

**ABC careers activity** - During this activity, the teacher or leader asks the members to come up with careers and skills that start with each alphabet letter. Then ask them to mark the skills that they believe they possess. Then have the members should explain the importance of their chosen skills.

**Job description adjectives** – Have members write down a couple of adjectives describing their dream jobs on stickers and then stick those adjectives to their clothes. Then have the members walk around the room and look for people with similar adjectives, which they then discuss while working in pairs.

Ages 17 plus Career path activity - Teachers discuss with the members different ways to get a dream job after high school. For example, encourage the members to research the list of academic courses and skills they should have for

DO	<p>with similar adjectives, which they then discuss while working in pairs.</p> <p>Ages 17 plus <b>Career path activity</b> - Teachers discuss with the members different ways to get a dream job after high school. For example, encourage the members to research the list of academic courses and skills they should have for their chosen profession.</p>
REFLECT	<p><b>Learning Outcomes:</b></p> <p>To allow members to evaluate their own career aspirations and to determine what their interests are when looking for a job</p>
APPLY	<p><b>Processing Prompts:</b></p> <ul style="list-style-type: none"> <li>• Why is it important for you to be aware of your own interests, strengths and limitations around finding a job?</li> <li>• Was this an easy or hard activity? Why?</li> <li>• Why is exercise so important to participate in?</li> </ul>



## ACTIVITY #3 - BUILDING A RESUME

<b>DO</b>	<p><b>Time:</b> 20 minutes <b>Ages</b> 17+</p> <p><b>Materials/Resources:</b></p> <ul style="list-style-type: none"><li>• Paper, pencils</li></ul> <p><b>Instructions:</b></p> <ul style="list-style-type: none"><li>• Print off a sample resume from the internet</li><li>• Distribute to the members and ask them to start creating their own story.</li><li>• Print out a copy of the worksheet below as a guideline for preparing a resume.</li></ul>
<b>REFLECT</b>	<p><b>Learning Outcomes:</b></p> <p>To allow members to have the opportunity to start thinking about their work, education and volunteer experience.</p>
<b>APPLY</b>	<p><b>Processing Prompts:</b></p> <ul style="list-style-type: none"><li>• Did you enjoy working on your resume?</li><li>• What did you like about this activity? What didn't you like about it?</li><li>• Did you experience any of the benefits of writing a resume?</li></ul>

## RESUME WORKSHEET

**Note:** Your resume should be different from everyone else's, should market your skills and experiences, and should be your own creation. This worksheet is to be used as a guideline, especially for first-time resume writers.

List your name, address(es), and phone number(s), as you wish them to appear on your resume:

**Objective:** Do you have a specific job objective? What type of job are you looking for? In what type of organization? It should serve as the focal point of your resume, indicating what sort of job you are seeking, and what experience/skills you have to offer. It should be broad enough to cover any suitable employment, yet specific enough to indicate that you have a specific position in mind. You can change your career objective depending upon the job you are applying for.

**Description of responsibilities and accomplishments:** (Write your experiences in bullet statements): Use action words to describe your experience and accomplishments. You should use present tense (i.e. "manage" or "collaborate") when describing tasks that you are still doing. Use past tense (i.e. "managed" or "collaborated") when describing tasks that you are no longer doing.

**Experience:** What internship(s), jobs, positions, and other relevant experiences have you had? You can list this category in several ways, including "Work Experience", "Employment", and "Experience". Note that "Work Experience" and "Employment" indicate paid positions, while the general title "Experience" can include unpaid internships, significant volunteer or leadership positions, student teaching, etc. Make sure to list the specific responsibilities you had, tasks and duties performed, etc. for each. Remember that the more things you have done that are relevant to the position for which you are applying, the better your chances may be of getting that job! Also include the name and location of the organization you worked for, the title of your position, and the dates you were employed. When writing your actual resume, all jobs or experiences should be listed in reverse chronological order.

**Education:** List name of school you are attending. You may list any significant academic honors, awards, or achievements here, if applicable.

**Activities, Clubs, Organizations, Memberships, etc.:** Do you belong to any college or community organizations? List any significant involvements, especially those that will demonstrate leadership experience to future employers.

**Skills:** Do you have any skills that single you out from others that may be applying for the same type of position? Examples include foreign language and computer skills. Be prepared to be asked to demonstrate or discuss these skills; don't list anything you have only passing knowledge of or have only used once!

**Honors/Achievements:** If you have been acknowledged for doing anything outstanding, received any academic or professional awards, etc. you may list these in a separate category.

**Personal Information:** List hobbies, personal interests & skills, travel, etc. ONLY if they appear relevant to the position for which you are applying. For example, playing the piano may be of interest if you are applying for a position as an elementary school teacher, but not as relevant for a stockbroker.

**References:** You can usually state "Available upon request" or, if requested, list the names, titles, addresses, and phone numbers of your references on a separate sheet to be mailed with your resume and cover letter. Reminder: start early to ask people for letters of recommendation, and be sure to follow up with them afterwards.

Names of people you will ask for references:

This document is designed to help you in the all-important brainstorming process, when deciding what should go on your resume.

## ACTIVITY #4 - PREPARING FOR AN INTERVIEW

<b>DO</b>	<p><b>Time:</b> 30 minutes</p> <p><b>Materials/Resources:</b></p> <ul style="list-style-type: none"><li>• Writing utensils (pens, pencils)</li><li>• Worksheet</li></ul> <p><b>Instructions:</b></p> <ul style="list-style-type: none"><li>• Give the members a potential employer and the job title they would be applying for and have them answer the questions.</li><li>• Have members review the questions on the form and input their answers.</li></ul>
<b>REFLECT</b>	<p><b>Learning Outcomes:</b></p> <p>To introduce members to a variety of questions that they can use in their own career planning program.</p>
<b>APPLY</b>	<p><b>Processing Prompts:</b></p> <ul style="list-style-type: none"><li>• What did you enjoy about this activity?</li><li>• Was this activity easy or hard? Why?</li><li>• Can you think of additional questions that could be asked?</li></ul>

## Activity 4A-C Preparing for an Interview

### 4A: Pre-interview Practice Exercise

**Give members a potential employer and the job title they would be applying for and have them answer the following questions.**

1. When I am hired by [insert Employer's name] for a position as a [insert type of job], my daily work responsibilities and tasks will include: \_\_\_\_\_.

2. In order to do these tasks, I will need to be able to: [insert the physical, psychological, and emotional qualities that you feel would be important for someone doing the job.

Examples: "Get along well with people," "Meet deadlines," "Show proactive empathy in forecasting a client's needs," "Stand on my feet for eight hours"]: \_\_\_\_\_.

1. For each of the qualities you listed under #2, write down an example of how you yourself have demonstrated this quality in the past. Example: "I demonstrated that I could get along well with people when I volunteered at our local soup kitchen last Thanksgiving."

2. I am confident that I can balance this job around my school responsibilities and other activities because: \_\_\_\_\_.

3. I am excited about being trained by this company because I am eager to learn how to advance my skills in these areas [insert the job skills that you think you would be taught by the employer in order to do your job well]: \_\_\_\_\_.

1. An example of when I completed a difficult project by a deadline is: \_\_\_\_\_.

2. An example of my collaboration and teamwork is: \_\_\_\_\_.

3. An example of my dedication and commitment to any project I undertake is: \_\_\_\_\_.

4. An example of my ability to show up on time every day is: \_\_\_\_\_.

5. An example of an occasion where I worked late to get a job done is: \_\_\_\_\_.

## Activity # 4B Teen Job Interview Questions and Answers

“Why should we hire you?”

As you consider how you might best answer this question, it is good to know where your interviewers are “coming from.” Keep in mind that there are three primary intentions that employers have when they ask it:

1. They want to see if you understand the expectations of the job you are applying for;
2. They are trying to pinpoint how many of the basic skills you have that they are seeking in comparison to your competition for the position;
3. They are assessing your emotional response to the question. Do you answer with confidence or are you flustered? Are you assertive or are you self-effacing?

When answering this question, be sure to think of the requirements for the job, and how your skills and experiences match those requirements. You also might want to emphasize your long-term interest in working for the organization. Finally, remember that this is your golden opportunity to “sell yourself” by explaining how your background and personal qualities can enhance their organization and meet their needs.

Prior to your interview, sit down with a pen and paper and answer the following questions. Once you have done so, you will be able to pull the answers together to formulate your own tailored response to the question, “Why should we hire you?”

## **Additional information to popular questions and answers**

### **Why Are You Looking for a Job?**

Of course, everyone wants to make money at a job, but the reasons you should share with a potential employer should reflect your interest in the field, or in helping to develop your skill set.

### **Why Are You Interested in Working for Our Company?**

Employers ask this question to gauge your interest in the field, and to see if you have done your research. Make sure you check out the company's website at the very least and familiarize yourself with what the company does, what the work and the work culture are like, and what's important to them.

### **How Has School Prepared You for Working at Our Company?**

Here is your opportunity to talk about the skills you have gained in your education that will make you an ideal candidate for the position.

### **Why Should We Hire You?**

New hires take time to train, and the company wants to know you are worth it. Let them know about your interest in contributing to the company immediately, and be sure to mention if you think they are a firm you would like to consider when your studies are complete.

### **What Do You Think It Takes to be Successful in This Position?**

The job posting can be very helpful in letting you know how they will want you to answer this question. Let them know about the skills you have that they are looking for.

### **How Would You Describe Your Ability to Work as a Team Member?**

There have likely been many times you have worked as a team, on projects, in sports or while volunteering. The interviewer will want to hear a specific example of a time you worked successfully in a team situation.

### **What Has Been Your Most Rewarding Accomplishment?**

You don't want to brag, but you should share an accomplishment that relates to some of the qualities or experiences required for the job you're interviewing for.

### **What Are Your Salary Expectations?**

With this question, the employer is trying to establish that your expectations are reasonable. As a young worker, the salary you are offered will probably align with an entry-level position. It's

usually best to avoid a specific number unless you know for a fact what the job pays.

**Tell Me About a Major Problem You Recently Handled.**

With this question, the interviewer is trying to determine how skilled you are at problem-solving. It's fine to use an example from school, work, sports or volunteering. Make sure you show a positive resolution.

**Have You Ever Had Difficulty with a Supervisor or Teacher?**

The interviewer will ask this question to determine how you relate to authority. Always answer honestly, but make sure that you have a positive outcome. Remember that the most difficult situations are sometimes the best learning experiences. -

Answers can be found at <https://www.thebalancecareers.com>



**Activity #4C Job interview role play activity** - Working in pairs, youth train to interview each other and answer the tricky questions that might come up in a job interview. This gets them thinking about questions that pertain to different careers.

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- <https://www.thebalancecareers.com/summer-jobs-for-13-year-olds-2085469>
- <https://www.understood.org/en/friends-feelings/teens-tweens/first-jobs/9-great-first-time-jobs-for-teens>
- <https://www.bachelorsdegreeonline.com/blog/2012/12-compelling-reasons-your-teen-should-work/>
- <https://www.thebalancecareers.com/summer-jobs-for-13-year-olds-2085469>
- <https://www.experience.com/advice/job-search/resumes/seven-things-to-know-before-writing-your-first-resume/>



# MEETING 4: ENTREPRENEURIAL EDUCATION

With the many unknowns in the future job market, it's crucial to teach members about opportunities they can build for themselves. Entrepreneurship skills are also good life skills. Skills such as creative problem solving and collaboration are important for success. Even for members who may never want to launch a startup, entrepreneurial education is beneficial for so many reasons. When members hone their critical thinking and problem-solving skills, they prepare for college, careers, and future success. This meeting is for all ages.

Entrepreneurship turns young people into leaders. It transforms them into employers rather than employees and helps them create successful, independent lives through purposeful enterprise.

An introduction to entrepreneurship at a young age will help members understand how to start a business and possibly spark an interest in future business ownership. Every member has the ability to achieve their potential and create a prosperous future for themselves.

## **Setting Objectives:**

In this meeting, we will be encouraging members to look beyond having a job. What does it mean to have your own ideas and transform them into a business? This can be done as early as you can think it. This meeting will help members identify what characteristics are key to being successful both at work and in life.

### Suggested Lesson Outcomes

- Members will learn what it means to be an entrepreneur.
- Understand the key skills of an entrepreneur
- Members will take the entrepreneurial self-assessment survey to see what qualities they possess
- Members will learn to identify and set goals
- Members will learn what a business is and how to build a simple business plan
- Members will determine what their passions are and see themselves in the future.

**Reference material in this section:**

- What are the characteristics of an entrepreneur?
- What is an entrepreneur? Why are these skills important?
- Things you need to know to start a business and learn about yourself and life
- What is a business?
- The basic business plan even for a lemonade stand

## Benefits of Teaching Entrepreneurship

The skills developed by teaching entrepreneurship set the stage for youth to have the ability to thrive. There are underlying values and lessons that youth learn through entrepreneurship which implant in them skills that will carry them not only through their academic careers but in their personal and professional lives as well as they mature into adulthood.

Teaching youth about entrepreneurship will give them a stronger respect for money. Youth who are exposed to business operations are better able to understand the value of money. They will also be equipped with the ability to take care of their economic needs for life and as an owner they will have the power to give themselves a raise, a new project, a vacation or a bonus.

**Self-worth:** An entrepreneur must create value, whether that means building a better bottle opener, offering a unique service or providing a product that's cheaper, faster or better. Learning how to do this helps a child understand that they can make or do things that other people consider valuable. With that understanding comes a personal sense of worth.

**Leadership:** An entrepreneur must have the ability to lead because usually they are working in an environment where not much has been figured out yet. There's no big established infrastructure for their business, they have to get people to take a leap of faith with them and work hard to make their goals materialize.

**Transferable Skill Sets:** Business ownership creates an environment where theory is applied. Subjects like math, science, history and language all come into play on a daily basis for an entrepreneur. The things learned while starting and running a business transfer to a child's scholastic endeavors and their day-to-day life. They learn about developing processes, meeting deadlines, dealing with difficult people, navigating bureaucracy, utilizing resources, problem solving, managing time and engaging people.

**Motivation:** If an entrepreneur does not work, he/she does not eat. His or her actions are directly tied to her own success or failure.

**Communication Skills:** It puts the child in a situation where they need to deal with all kinds of people not just their peers. They need to work with customers, vendors, employees and advisors on a regular basis. This regular interaction helps them develop more confidence when communicating.

**Problem Solving:** Entrepreneurs learn to solve problems on a daily basis. To launch their business, they usually have to think of some problem that they can solve better than others—how to make a common task easier, some service more enjoyable or some product better.

**Self-Governance & Responsibility:** As an entrepreneur, you quickly realize that actions have a direct and significant impact on life. Putting off work or spending too much time on entertainment results in your business falling apart. This helps a child understand the value of taking on responsibility because they can see the benefit to them when they work hard.

**Sample Meeting Agenda      Time: 2 hours 35 minutes (sections will be the same but activities will be age specific)**

Note: Agendas are provided as a suggestion. There is more meeting content than what can be completed in 2 hours. Please choose activities according to skill and attention level of your members. Be creative!

Welcome, Call to Order & Pledge		5 min
Roll Call		5 min
Parliamentary Procedure	Minutes & Business	10 min
Topic Information Discussion Activities Related to Topic	<b>Activity #1: Watch TEDx Teen Talks</b> All Ages: follow up with discussion listed below	30 min
Topic Information Discussion Activities Related to Topic	<b>Activity #2: Entrepreneurial assessment survey</b>	20 min
Topic Information Discussion Activities Related to Topic	<b>Activity # 3: Defining Goals</b>	25 min
Topic Information Discussion Activities Related to Topic	<b>Activity #4 - Teamwork</b>	20 min
Topic Information Discussion Activity Related to Topic	<b>Discussions: 1-7</b>	25 min
At Home Activity	Choose one of the activities	5 min
Wrap up, Adjournment & Social Time		10 min

### Activity #1:

Watch TEDx Teen Talks. TED Talks are powerful ways to demonstrate and practice public speaking skills, share innovative ideas, as well as provide the confidence some teens need to share their ideas.

TEDTalk: [https://www.ted.com/talks/cameron\\_herold\\_let\\_s\\_raise\\_youth\\_to\\_be\\_entrepreneurs?language=en](https://www.ted.com/talks/cameron_herold_let_s_raise_youth_to_be_entrepreneurs?language=en)

**Discussion #1:** Talk with members and ask them to answer the following questions honestly. What does it mean to be an entrepreneur?

Does it mean making lots of money? Or buying a business? No.

A: Being an entrepreneur means asking, “What if?” and taking the initiative to solve a problem. It means following your dream, loving to learn and being curious, and taking risks.

**At home reading:** One book we have found to be a great start to introducing the concept of entrepreneurship is What Does It Mean to Be an Entrepreneur? by Rana DiOrio and Emma D. Dryden, published by Little Pickle Press.

### An entrepreneur is:

- A person who organizes and manages a business undertaking, assuming the risk for the sake of the profit.
- Someone who perceives an opportunity and creates an organization to pursue it or simply someone who is looking to build/develop a company.
- An entrepreneur is someone who looks at things differently – challenges the status quo, knows he or she can do it better or differently.
- It is important to understand that an entrepreneur is not necessarily someone that is self-employed (works for themselves). As more and more people become self-employed we need to understand what makes people entrepreneurs.
- “Entrepreneurs are simply those who understand that there is little difference between obstacle and opportunity and are able to turn both to their advantage.” Victor Kiam
- An entrepreneur looks for a niche market (a product or service need) and develops a product or service and a plan to fulfill that need

There is great value in being involved in entrepreneurial activities during your teen years.

### What are the skills of an Entrepreneur?

The skills needed to become a successful entrepreneur are beneficial to any young person’s

development:

- Goal Setting: Physically writing down goals and the steps needed to reach those goals
- Acting on Opportunity: recognizing setback and strategizing solutions
- Financial Literacy: earning money, investing, and giving back
- Creativity: developing a message and call to action
- Resilience: learning from failures and pushing forward
- Communication: etiquette and engaging in conversations
- Self-Motivated: making your own decisions and setting your own schedule
- Leadership: motivating teams to work towards a common goal

**Discussion #2:** What skills have you used so far in your life? Write them down if you would like to review them later.

Entrepreneurship is a prime example of a risk-taking enterprise. To create and run a business successfully, an entrepreneur needs to embrace a certain amount of risk and learn to rebound from failure.

**Activity #2:** Take the ENTREPRENEURIAL SELF-ASSESSMENT SURVEY found at the end of this meeting. Once members have taken the test, review the descriptions below with them.

The following list describes some common characteristics of an entrepreneur. The number(s) after each characteristic indicates the related statement(s) in the self-assessment form.

Works Hard (Statements 1 and 6)

Seventy-seven percent of all entrepreneurs report working 50 hours or more per week, doing a wide variety of time-consuming tasks. Such a time commitment requires a high energy level.

Love What they Do

Generally speaking, successful entrepreneurs love what they do, so they don't mind working over 50 hours a week. They have a passion for their business and it actually energizes them.

Wants Financial Success (Statement 4)

Entrepreneurs need to establish a reasonable financial goal to achieve through their self-employment. This goal will help you measure how well you are doing in fulfilling your financial needs.

Is Energetic (Statements 1 and 6)

Entrepreneurship requires long hours. You will frequently be unable to control the number of



hours required to fulfill all the necessary tasks. You must have a high energy level to respond to the job's demands.

#### Takes Risks (Statement 2)

Entrepreneurs are risk takers. They risk their careers, time and money to make their product or business a success. You should feel comfortable taking reasonable risks.

#### Has a Need to Achieve (Statements 5 and 8)

Entrepreneurs should be willing to set high goals for themselves and enjoy striving to achieve those goals.

#### Is Independent (Statements 3 and 7)

Entrepreneurs consider the opportunity to be their own boss as one of the major benefits of self-employment. You should feel comfortable working independently and controlling all aspects of your business by yourself.

#### Has a Self-Employed Parent as a Role Model (Statement 10)

Entrepreneurs are more likely to have a parent who is self-employed. A parent's knowledge about operating a business can contribute to your success

#### Have Self-Confidence (Statements 11 and 14)

Entrepreneurs need self-confidence to face major challenges and difficulties within their businesses. Your belief in yourself will help you overcome the problems that affect most self-employed people at some point in their career.

#### Has Integrity (Statement 12)

Entrepreneurs should treat people ethically and honestly. You should be positive and ethical in your treatment of customers so they will want to patronize your business or buy your product. This is the same of employees, which is critical so that you can attract and retain the "best of the best". If you treat employees with dignity, respect, and maintain the highest integrity with them, they will want to work hard for you to help you achieve your vision.

#### Has Determination (Statement 13)

Entrepreneurs need determination to overcome business problems and obstacles. This characteristic relates to self-confidence, in that the more you believe in yourself, the more likely you are to strive for success when necessary.

#### Adapts to Change (Statement 9 and 15)

Entrepreneurs that can adapt to change have three qualities: the capacity to solve problems,

the ability to make quick decisions, and the ability to learn from their mistakes. This is critical for any successful entrepreneur. In many cases you will invent a new product or service and be very successful, but over time someone else will copy you and you will have to constantly adapt if you want to stay relevant (Apple is a product example of this, specifically Steve Jobs (not Tim Cook) because Steve was a visionary.

Characteristics taken from the Women’s Initiative for Self-Employment:

<http://nebraskaticketto.org/sites/ttw.unl.edu/files/self-assessment.pdf>

### 10 Talents of Successful Entrepreneurs taken from Entrepreneurial Strengths

Business Focus	You make decisions based on observed or anticipated effect on profit.
Confidence	You accurately know yourself and understand others.
Creative Thinker	You exhibit creativity in taking an existing idea or product and turning it into something better.
Delegator	You recognize that you cannot do everything and are willing to consider a shift in style and control.
Determination	You persevere through difficult, even seemingly insurmountable, obstacles.
Independent	You are prepared to do whatever needs to be done to build a successful venture.
Knowledge Seeker	You constantly search for information that is relevant to growing your business.
Promoter	You are the best spokesperson for the business.
Relationship Builder	You have high social awareness and an ability to build relationships that are beneficial for the firm’s survival and growth.
Risk Taker	You instinctively know how to manage high-risk situations.

By: Jim Clifton and Sangeeta Bharadwaj Badal

**Discussion #3:** Ask members to list their talents in the order that best describes them.

### **Start a Business and Learn About Life**

What is a business?

A business provides a product (something that satisfies a want) or a service (an activity that satisfies a want) with the goal of earning money or a profit. A profit is the money a business earns after it pays its costs.

**Discussion #4:** Ask members to brainstorm a list of other ways youth can earn money through work. Write their ideas on a whiteboard or chart paper. (Answers will vary. Possible answers may include chores, babysitting, mowing or raking leaves, shoveling snow, taking care of pets, garage sales, selling food products, etc. Tell members that many of these ideas could be expanded into new businesses).

Then ask members to choose one idea from the brainstormed list that they might like to try as a way to earn money. Ask several volunteers to share their chosen ideas with the group. (Answers will vary.) Tell them that if they developed this idea into a business, they would be considered an entrepreneur (someone who takes the risk, or chance of loss, in starting a business).

#### **1. Choose a business. Pursue their passion.**

It's important that youth are passionate about what he or she is doing. You want them to enjoy the experience and not lose interest and be back on the couch by the end of June.

If your child doesn't already have a specific business idea in mind, have them make a list of their favorite things to do. If they love animals, they could start a pet-walking or pet-sitting business. Maybe they want to make candles and sell them on Etsy. They could hold an acting workshop for younger youth in the neighborhood, teach music lessons or even design a mobile app. A summer business can be a fun way to encourage creativity and confidence.

These business ventures aren't really about making money. In fact, if extra income is the priority for the summer, a job is the safer route. But starting a business provides an invaluable life experience for youth, plus it develops very practical skills like organization, money management, problem solving and communication.

#### **At home activity:** Passion Questionnaire

Inform members that successful entrepreneurs are risk takers and have other specialized characteristics as well.

**Discussion #5:** Are you ready to take a risk? Ask members if they have heard of Mark Zuckerberg and what they know about him. (He is the co-creator, chairman and CEO of Facebook.) Display Visual 1 quotation about risk. Discuss the quotation using the following questions:

- What is your definition of risk? (Answers will vary. Risk is the possibility or chance of a loss or injury.)
- According to Zuckerberg, why is not taking any risks a guarantee for failure? (Answers will vary. Members may say that if you don't try to do something, you will fail for sure. Others may say that taking a risk can lead to success, but you won't know that unless you try.)
- Is Zuckerberg a good example of a risk taker? Why? (Answers will vary, but may include the idea that he took many risks in creating and establishing Facebook, since social networking sites were new and unproven.)

## **2. Set goals and make a plan.**

**At home activity:** Have members think about all the nuts and bolts needed to turn their idea into a reality. What kind of equipment, supplies or training do they need? If they'll be mowing lawns, what do they need? A lawn mower, gas for the lawn mower, etc. If they'll be baby-sitting, should they take a CPR or first aid course beforehand?

### **Goal setting and planning.**

Goal setting and planning are an integral part to entrepreneurial success. These are positive habits that will come in handy.

Teach youth to set S.M.A.R.T (Specific, Measurable, Achievable, Realistic and Timely) goals and accomplish those goals.

**Activity # 3** Ask members to define and write down their top five goals or objectives.

Next ask members to consider carefully and write down five actions necessary to accomplish these goals. Encourage and support them throughout to reach their defined goals. This will enhance their self-worth, self-drive and overall feeling of personal accomplishment.

### **Teamwork**

The most successful entrepreneurs outsource heavy workloads and team up with others whose opinions they value to stay on track and succeed. Members also need to learn how to work and play well with others in order to reach common goals. Sports and school teams are excellent sources of teamwork.

### **Youth must learn how to recognize opportunities**

Many people never meet their full potential because they fail to recognize opportunity. Teaching members to seek out opportunities and take action on them, will directly contribute to their level of future success.

**Activity #4:** Tell members that they will now do a group activity to apply their entrepreneurial talents.

Divide the group into groups of two or three, and distribute Handout 2 to each group member. Tell them to imagine that they are partners in a new business, and ask them to decide and write their business name and the products or services they provide on the handout. Share business names and products briefly. See sheet at end of lesson.

Inspiring creativity will build marketing skills

Teaching youth about marketing is a great way to prepare them to attract customers to their future business. Without customers, even the greatest business will fail. This is a very beneficial skill to learn while young.

**Discussion # 6:** Ask members to start observing marketing materials like billboards, promotional banners in front of businesses, printed advertisements in magazines, and television/radio commercials. Ask them what caught their attention about the message.

To be a successful entrepreneur, you should follow a business plan.

### **What is a business plan?**

A business plan is a written document that describes an idea for a product or service and how it will make money. It includes your marketing plan as well as estimates for revenue and expenses.

### **Why do you need this?**

A business plan is like a roadmap. It allows you to plan out the various aspects of your business on paper, and keeps you from making unnecessary mistakes later on. It helps an entrepreneur think about the costs associated with starting a business and show banks that you are serious about your idea.

A business plan covers the details of setting up a business.

Use the five W's and three H's to answer important questions about your business.

WHAT product or service are you going to sell?

WHO will you sell your product to?  
WHERE will you sell this product or service?  
WHEN will you offer your product for sale?  
WHY did you choose this product or service?  
HOW much will your product or service cost?  
HOW will you get the money to begin your business?  
HOW will you advertise to get customers?

**Discussion #7:** What are the key questions related to a business plan. Ask members what might happen if an entrepreneur began his/her business without using a business plan. (Answers will vary. Possible answers are that the entrepreneur might not be prepared to start a business or may have forgotten important details; they might not have enough money for start-up costs; they might not have enough customers to make a profit; or they might be unsuccessful.)

### **3. Introduce the concept of money management.**

A summer business is a great way to introduce youth to basic money management skills as well as complex topics like calculating gross profits and managing overhead. Teenagers can keep track of income and business expenses. Younger members can practice adding up price totals and counting change.

**At home activity:** You could hold an investor meeting where you pitch your idea to your teacher or parent and outlines your financial needs. A parent may need to give a member money to kick start your business. If so, itemize all your upfront costs, so they know exactly how much is needed. Your parents can offer to fund a certain amount, as long as you contribute some of your own birthday money or allowance.

### **Financial Literacy**

Teaching youth about money at an early age will instill a financial foundation. Youth have the opportunity to earn their own money through chores, their own small business, and helping their parent in their business. Teach members about paying themselves first and then giving back. Have members educate themselves about investing and how their money could be used to create more money in the future. Set up a bank account and learn about how to budget income.

### **4. Work on customer service and communication skills.**

Being an effective communicator and empathetic listener are essential building blocks for entrepreneurship. Help members develop how to succinctly explain their product/service and

understand their business' value proposition. Stress the importance of customer service, and encourage them to listen to and accommodate special requests when needed.

Most youth today are terrible at face-to-face and telephone communication because of the popularity of social media and text messaging. Successful businesses require that people actually speak to one another. Teaching members to communicate effectively will provide them with the winning edge in business and in their personal relationships.

**How to teach:** Talk to members about being polite and respectful. Most importantly, practice maintaining eye contact when speaking in person. When using the telephone, teach youth to speak slowly and clearly.

This is a very important skill that every young person needs to learn. Communicating effectively allows youth to articulate their ideas and speak their mind in a way that what they say is clearly understood. This gives them a winning edge in their personal and professional lives.

Independence creates confidence.

## **5. Manage the legal requirements.**

Youth business owners are subject to the same rules and legal requirements as adults. You can find out if any local licensing or permits are needed by checking with your local city/county clerk's office.

The most important thing to remember is that the process should be fun. Entrepreneurship is a labour of love, not just labour. It's also about taking chances, making mistakes, learning from those mistakes and doing it all over again. Keep those messages front and center throughout the journey.

**At home activity:** Choose and research a successful entrepreneur. Write a short essay about the entrepreneur,

## ACTIVITY #1 - TED TALK VIDEO

<b>DO</b>	<p><b>Time:</b> 30 minutes</p> <p><b>Materials/Resources:</b></p> <ul style="list-style-type: none"><li>• Computer</li><li>• Writing utensils (pens, pencils)</li></ul> <p><b>Instructions:</b></p> <ul style="list-style-type: none"><li>• Give each member a piece of paper to write their answers down.</li><li>• Encourage members to think about their own interests, and what they would enjoy doing as a business.</li><li>• Review the worksheet with the group and get members to share.</li></ul> <p><b>Activity:</b> <b>All ages:</b> What does it mean to be an entrepreneur? Ask the members to brainstorm ideas of interesting business ideas and make a list. Then encourage the youth to think about a business that they would enjoy most</p>
<b>REFLECT</b>	<p><b>Learning Outcomes:</b></p> <p>To allow members to have the opportunity to start thinking about what it means to be an entrepreneur.</p>
<b>APPLY</b>	<p><b>Processing Prompts:</b></p> <ul style="list-style-type: none"><li>• Did you enjoy answering this question?</li><li>• What did you like about this activity? What didn't you like about it?</li><li>• Did you experience any of the benefits of writing these answers down?</li></ul>



## ACTIVITY #2 - ENTREPRENEURIAL ASSESSMENT SURVEY

<b>DO</b>	<p><b>Time:</b> 20 minutes</p> <p><b>Materials/Resources:</b></p> <ul style="list-style-type: none"><li>• Writing utensils (pens, pencils)</li><li>• Print out of assessment</li></ul> <p><b>Instructions:</b></p> <ul style="list-style-type: none"><li>• Give each member the assessment to fill out</li><li>• Encourage members to think about their own interests, and what they would enjoy while completing the survey.</li><li>• Review the survey with the group and get members to share.</li></ul>
<b>REFLECT</b>	<p><b>Learning Outcomes:</b></p> <p>To allow members to have the opportunity to start thinking about what it means to be an entrepreneur. <b>There are no right or wrong answers. Your honest opinion is what counts.</b></p>
<b>APPLY</b>	<p><b>Processing Prompts:</b></p> <ul style="list-style-type: none"><li>• Did you enjoy answering this survey?</li><li>• What did you like about this activity? What didn't you like about it?</li><li>• Did you experience any benefits in writing these answers down?</li></ul>

## ACTIVITY #2 - ENTREPRENEURIAL SELF-ASSESSMENT SURVEY

This survey is for your personal information. Please answer each question as honestly as possible.

**Strongly (5) Agree (4) Somewhat (3) Agree (2) Strongly Disagree (1)**

- \_\_\_\_\_ 1. I am willing to work 50 hours or more per week regularly.
- \_\_\_\_\_ 2. I am willing to accept both financial and career risks when necessary.
- \_\_\_\_\_ 3. I would like to take full responsibility for the successes and failures of my business.
- \_\_\_\_\_ 4. I would experience more financial success by operating my own business.
- \_\_\_\_\_ 5. I feel a great deal of pride when I complete a project successfully.
- \_\_\_\_\_ 6. I have a high energy level that can be maintained over a long period of time.
- \_\_\_\_\_ 7. I enjoy controlling my own work assignments and making all decisions that affect my work.
- \_\_\_\_\_ 8. I have a strong desire to achieve positive results even when it requires a lot of additional effort.
- \_\_\_\_\_ 9. I can function in ambiguous situations.
- \_\_\_\_\_ 10. One or both of my parents are/were entrepreneurs.
- \_\_\_\_\_ 11. I believe that my abilities and skills are greater than those of most of my peers.
- \_\_\_\_\_ 12. People trust me and consider me to be honest and reliable.
- \_\_\_\_\_ 13. I always try to complete every project I start, regardless of obstacles and difficulties.
- \_\_\_\_\_ 14. I am willing to do something even when other people laugh or belittle me for doing it.
- \_\_\_\_\_ 15. I can make decisions quickly.

### Score Assessment Evaluation

57-75 You have outstanding potential to become an entrepreneur.

38-56 You have satisfactory potential to become an entrepreneur.

21-37 You could work towards entrepreneurship by focusing on strength development.

15-20 You might explore other career options in addition to entrepreneurship.

*Adapted from the Women's Initiative for Self-Employment: <http://nebraskatickettowork.org/sites/ttw.unl.edu/files/self-assessment>*

## ACTIVITY #3 - DEFINING GOALS

<b>DO</b>	<p><b>Time:</b> 20 minutes</p> <p><b>Materials/Resources:</b></p> <ul style="list-style-type: none"><li>• Computer</li><li>• Writing utensils (pens, pencils)</li></ul> <p><b>Instructions:</b></p> <ul style="list-style-type: none"><li>• Give each member a piece of paper to write their answers down.</li><li>• Encourage members to think about their own interests, and what they would enjoy doing as a business.</li><li>• Review the worksheet with the group and get members to share.</li></ul> <p><b>Activity:</b></p> <p><b>All ages:</b> Ask members to define and write down their top five goals or objectives. Next ask members to consider carefully and write down five actions necessary to accomplish these goals. Encourage and support them throughout to reach their defined goals. This will enhance their self-worth, self-drive and overall feeling of personal accomplishment.</p>
<b>REFLECT</b>	<p><b>Learning Outcomes:</b></p> <p>To allow members to have the opportunity to enhance their self-worth, self-drive and overall feeling of personal accomplishment.</p>

## APPLY

### Processing Prompts:

- Did you enjoy answering these questions?
- What did you like about this activity? What didn't you like about it?
- Did you experience any of the benefits of writing these answers down?

## ACTIVITY #4 - TEAMWORK

<b>DO</b>	<p><b>Time:</b> 20 minutes</p> <p><b>Materials/Resources:</b></p> <ul style="list-style-type: none"><li>• Sheet of paper</li><li>• Writing utensils (pens, pencils)</li></ul> <p><b>Instructions:</b></p> <ul style="list-style-type: none"><li>• Give each group a piece of paper to write their ideas down.</li><li>• Encourage members to think about their ideas in a group setting.</li><li>• Review the sheet as a group and get one member to present the idea.</li></ul> <p><b>Activity:</b></p> <p><b>All ages:</b> Tell members that they will now do a group activity to apply their entrepreneurial talents.</p> <p>Divide the groups into groups of two or three, and distribute Handout 2 to each group member. Tell them to imagine that they are partners in a new business, and ask them to decide and write their business name and the products or services they provide on the handout. Share business names and products briefly with the group.</p>
<b>REFLECT</b>	<p><b>Learning Outcomes:</b></p> <p>To allow members to have the opportunity to share their ideas with a group and create a business that they would be interested in starting</p>

## APPLY

### Processing Prompts:

- Did you enjoy answering this question?
- What did you like about this activity? What didn't you like about it?
- Did you experience any of the benefits of writing these answers down?

## At home activity: Interests Questionnaire

Answer these questions as best you can.

Think of a person who has made a positive difference in your life. What qualities does this person have that you would like to have?

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Imagine your life in 20 years. Who are the important people in your life? What does your life look like? Where do you work? Where do you live (city, country, location)? What is your accommodations (house apartment, condo) like?

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If a steel beam (15cm wide) was placed between 2 buildings (skyscraper) what would you be willing to walk across it for?

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If you could spend one day learning about anything you wanted what would it be?

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Describe 5 things you love to do. Everyone has talents and interests. Describe what you are good at.

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Describe a time when you were deeply inspired

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How would someone describe you? If you are stuck think of your personality. Are you funny, quiet, outgoing, compassionate etc?

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What are your post-secondary or post college goals? What would you like to study? Is there a school or apprenticeship you are interested in?

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What are your goals for this school year and beyond? They can be academic, social, job related.

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What are your goals in life? (I want to run a business, I want to be something)

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<https://www.startupyouthclub.com/new-blog/2017/12/29/defining-entrepreneurship-to-youth>

<https://www.kansascityfed.org/education/entrepreneurship>

<https://www.dallasfed.org/educate/pfl.aspx#tab1>

<https://www.profitableventure.com/become-teenage-entrepreneur/>

<https://blog.thinkcerca.com/how-to-teach-entrepreneurship-to-members>



# **HANDOUT FOR MEMBERS**

## **12 STEPS ON HOW TO BECOME A TEENAGE ENTREPRENEUR**

### **1. Program your mind for success**

You will need to study about successful entrepreneurs and get to know what they did to get to where they are today, read books on personal development and listen to such podcasts to learn as much as possible.

There are a lot of people that young people can look up to. Research the stories of people who have made it and are making it, surround yourself with excellence and success from young people who are doing great things. You will find out that they not only give ideas and strategies to grow your business but also keep you motivated and wanting to keep going. Find at least one person in your industry that is doing really well so that you can look up to him/her. Create an environment of success and surround yourself with people you want to be like.

Make time to read and upgrade your knowledge and personally develop yourself and get into the right mindset. Books about entrepreneurship will help to sharpen your business sense and intelligence and will also improve your investing skills.

### **2. Get a mentor**

Starting up your own business as a young person can be quite intimidating. Your business may present you with tough decisions and questions that you may not have the experience that is required to proffer answers to. This is where a mentor comes in. A mentor is an experienced individual who you can lean on his/her experience, knowledge and resources to help you to develop your business.

Your mentor does not necessarily need to be in the niche of the business you do. Your mentor will advise you, help you to make difficult decisions, provide constructive criticism give you helpful contacts and connections etc. His personal success story will also help to motivate you in your endeavors. Not having a mentor in your business can result in wasted time and resources.

### **3. Treat your life like a science experiment**

If you are someone who is not sure of what to do yet with your life or maybe you want to start your own business and follow your own dream, but you are not yet sure; what you can do is to try as many things as possible and treat your life like an experiment. So, say yes to everything and if you don't like it, you don't have to do it again, but if you like it, you can go ahead and pursue it. Do as many things as possible as quickly as possible to figure out what it is that really interests you in life.

#### **4. Avoid following the herd**

As an entrepreneur, you should avoid doing what every other person is doing because they are not going to be entrepreneurs. Most people are going to go to college, get a job and work for somebody else. If you want to be the one percent, you cannot do what the 99 percent are doing. So, if you are doing everything your friends are doing like lazing about, partying on the weekends, playing video games, this will make you end up like most people.

#### **5. Seek venture capital**

This may sound kind of scary especially if you are a young teenager because you may be worried that people will not take you seriously. However, there are a lot of people who have a lot of money and are looking for where to invest that money in. Venture capital is when people invest in what can be considered as a high-risk investment.

It is an investment in someone's idea or a business idea by giving them the capital that is required to put the idea or business in motion. There may or may not be one in your immediate area but you can make use of the internet and social media to your advantage to find one. Furthermore, you should also find an accelerator. Startup accelerators support new businesses with growth potentials. The support can be in form of mentorship, education and funding. Startups enter accelerators for a specific time period as part of a company. The aim is to accelerate the progress and development of the startup within a short period of time. Some well-established companies have private startup accelerators that are targeted at specific niches such as agriculture, technology, healthcare, finance etc.

#### **6. Be shrewd with your money**

When you finally get the funds to run your business, spend it wisely. Don't be frivolous with your spending; wasting it on things that don't matter while neglecting the important things. Use your money wisely and it will go a long way for you.

#### **7. Get the prerequisite experience if necessary**

Business is all about providing and adding value. A challenge that a lot of young people face is that they don't have the necessary prerequisite experience to provide the much-needed value that a product or service ought to have. So how do you surmount this? Get experience. Whether you go to work for someone or volunteer at events, you will need to get more experience in order to provide value for your potential customers.

So, whenever you want to add something that is missing in your business or whatever you feel that you need to get better at, go take a course, volunteer or get a part time job. In order to earn, you have to learn, get better at it and then earn. Get experience and then add your own tweak to the equation for a winning recipe.

Furthermore, learning from your own mistake is a good thing but learning from the mistakes of others is even better. Read about and talk to other entrepreneurs about the mistakes they have made and then try to prevent the same fate from befalling you.

### **8. Surround yourself with the right people**

The people who surround you and whom you associate with will definitely shape your mentality and the way you act and feel. Seek out and be close to people who are living the life that you want to live and exemplify. These people will challenge you.

They may not tell you the things that you want to hear, but they will tell you things that you have to hear in order to take your life to another level. Surround yourself with people who ask questions, who dream big and people who are relentless workers. They will help to inspire and motivate you more in your endeavors. Stay away from the nay Sayers.

### **9. Be passionate about whatever you intend to do**

Being passionate about your business is one of the ingredients that will help to foster the growth of your business. Doing what you love because you love it and not just for the money will help to take your business to greater heights. Also, when your business is going through a tough time (and it is to be expected), your passion will be the driving force that will propel it through such time.

If you don't love your business, it will be stressful for you. Furthermore customers, colleagues, members of staff, investors, advisors etc. can sense when you don't have passion for your business and it will definitely rub off badly on them.

### **10. Network with the right people**

In order to start and grow your business, it is best to network with people who can help you bring your dreams to fruition. In that vein, it is advisable that you should become active in the industry you intend to start your business in. Don't just have a mindset that people will look down on you because you are young, but just try to get into the industry and build a reputation

for yourself.

### **11. Take risks and face your fears**

Even though starting a business is a risky ordeal, you still have to take additional risks in order to succeed in your chosen enterprise. Being risk averse is definitely not a recipe for success. Take calculated risks when necessary to move your business to the next level.

It is however good to note that taking risks does not mean the same thing as taking a blind leap of faith. You have to do concrete research to back up your final decision. Also, as a young entrepreneur, you will have a couple of fears; yet shying away from them is never the best thing to do.

Face your fear and you will discover that they will become demystified and smaller. Common fears that young entrepreneurs face include not knowing where to start from, not being an expert, being considered crazy due to radical ideas, not finding startup funds, not attracting customers etc.

### **12. Set goals**

Set goals that will serve as timely evaluations of how well you are doing in growing your business. This will help you decide if you are doing fine or if you need to change something for the better improvement of your business. The goal you set should be divided into short, medium and long-term goals. Ensure that the goal you set are measured regularly, attainable, and realistic and time phased. If possible, endeavor to surpass the goals that you set for yourself and business.

# MEETING 5: SPENDING YOUR MONEY

Financial success as an adult depends on a person learning, as a teenager, the fundamentals of managing money. Teenagers benefit from learning about budgeting, financial management and credit when taught in a positive and fun way. Teaching teens early on gives them the advantage of preparing for setting and meeting goals and financial independence.

When developing a spending program, it is important to know the advantages of understanding how to spend money wisely. This meeting will introduce members to the concept of a personal spending plan, similar to a budget. The personal spending plan can be used to create a roadmap for monitoring spending, as well as help determine the most appropriate methods for saving.

This meeting should introduce members to the concept of personal finance with practical information on ways to create and manage a financial plan including the importance of understanding financial goals and provide resources to help make good spending decisions.

***Positive motivation*** is key to a positive attitude towards earning money.

This is a crucial time to ensure young people have a strong understanding of money and how to use it. Staying on top of finances will always be a major priority. One of the most effective ways to do that is to make a monthly spending plan so members know just what they are spending and where they are spending their earned money. We'll help members find out if they are spending a lot of money on things that don't really enhance their quality of life (like too many regular stops at the coffee bar), and they'll also feel confident that they can go ahead and have that dinner out and not break the budget since you've planned for that treat.

A detailed spending plan will help to eliminate budget shortages from the list of things members may worry about.

## **Setting Learning Objectives**

Teaching members about money will help them establish a strong sense of monetary habits for the future. Having members develop this initial financial knowledge, helps them face and be ready for the financial matters of the future and to know the role and benefits of budgeting. Teaching the members about money, small savings, thoughtful spending and help them keeping disciplined financial habits, will give them a vital sense of individualism. The knowledge of money and savings provides them with the confidence to deal and understand financial problems, if any arise at home. Saving money is a diligent task, but it is of utmost importance for youth and teenagers to take it as an essential part of their active life.

### Suggested Lesson Outcomes

- For members to learn what the components of a budget are
- For members to see what the cost of consumption is
- Members should have a good understanding of spending, shopping and tracking their spending
- Members can recognize their strengths and limitations when developing a spending plan
- Members should have a good understanding of what it means to borrow money

### Reference material in this section:

- What is a budget?
- Why is a budget so important?
- Benefits of having a spending plan
- Why it is important to understand credit and debt

### Activities:

- Wasting Money
- Creating a Budget
- Credit Card IQ
- Discussions

**Sample Meeting Agenda**                      **Time: 2 hours 35 minutes** (*sections will be the same but activities will be age specific*)

Note: Agendas are provided as a suggestion. There is more meeting content than what can be completed in 2 hours. Please choose activities according to skill and attention level of your members. Be creative!

Welcome, Call to Order & Pledge		10 min
Roll Call		5 min
Parliamentary Procedure	Minutes & Business	10 min
Topic Information Discussion Activities Related to Topic	Activity #1: Wasting money	10 min
Topic Information Discussion Activities Related to Topic	Activity #2: Understanding Cash Flow	25 min
Topic Information Discussion Activities Related to Topic	Activity #3: Setting Up and Maintaining a Personal Budget	20 min
Topic Information Discussion Activities Related to Topic	Activity # 4: Credit Card IQ	20 min
		30 min
Topic Information Discussion Activities Related to Topic	Discussions: 1-11	45 min
At Home Activities/ Digging Deeper (for Senior Members)	Choose one of the activities	5 min
Wrap up, Adjournment &		10 min

The temptation to spend money is everywhere. From clothes to gadgets, gaming to hobbies and entertainment, knowing how to spend smart and save for what you really want is a life skill that should be learned early.

**The Cost of Consumption.** This is simply another aspect of the challenge of working with limited resources. When we talk about the cost of consumption, we're acknowledging that everything is a trade-off. If you spend a certain amount of money today, you'll have that much less to spend tomorrow.

**At home activity:** recommend that members play business/money games such as Monopoly or the Game of Life

When money finds its way into your pocket through an allowance, a part time or full-time job, try to follow the following pattern in spending below:

1. **Spend on necessities first.** This should be the first priority. Spend on things you absolutely need. For you this could include gas for the car and clothing. Perhaps it's also food, housing and utilities if you are living on your own.

The trick is to determine what's truly a need and what is something you just want. There is nothing wrong with wanting stuff but don't lie to yourself and say it's a need. A new PS4 or the latest iProduct is not a need.

2. **Spend on your future.** Although really challenging you have to begin to think ahead. For you this might mean spending money to prepare for and fund college/university or any other career goals you might have. Your parents may help with this but many of you will bear part of the cost of college.

If you waste all your money now you won't be able to fund your education. In fact, the #1 reason members are now dropping out of college is not because of grades but because of financial related issues.

3. **Spend on things that create short and long-term value.** Once your present and future is taken care of you can then look to spend money on things that bring personal value to your life. These are activities that enrich you as a person or are done with friends and produce lasting memories.

**Activity #1.** Wasting money: Identify an item that members tend to waste money on – for example, candy, ice cream, or video games. Ask them how much the item costs. When they



answer, say, “That’s how much it costs today. But what does it cost in terms of what you’re giving up?” Help them calculate an average annual amount spent on their luxury – for example, \$2.00 per day, four days a week adds up to \$416.00 per year. Now compare this to the alternative of saving that money. Let’s say that same member was to buy a \$2.00 treat just once a week instead. They save the rest – which comes to \$312.00 per year. Saving that money for forty years at a five percent interest rate will result in over \$39,500.00! Be sure to point out that only \$12,480.00 (\$312 times forty years) was actually saved. The other \$27,020.00 comes from compound interest. Ask them to do the math on a sheet of paper.

### **How to Spend Money Wisely**

**Focus your energy on achieving life goals (athletic, academic, charitable, etc.).** You are likely to be much happier and more fulfilled than teens that spend large amounts of time focusing on material items they want to own.

1. **Have clearly outlined goals:** “When I save this money, it will go to my college fund, it will contribute to the groceries, or it will help me build a great habit that will keep me out of debt as an adult.” Your goal can act as a constant reminder of the budget’s importance.
2. **Determine your average income (weekly or monthly) and your monthly expenditure:** This should help you see what is coming in and what is going out. To control your expenditure, only get out of your account the weekly expenditure. Live on less than you make.

You can do a lot with the money you’re making from a part-time or summer job. Now is a great time to learn to live within your means. Don’t expect to become wealthy if you earn \$500 a month but spend \$600. When you spend more than you make, you dig yourself deeper into a hole. Live on less than you make and you’ll always have enough.

3. **Income projections should include all sources of income, such as:** Allowance, wages, tips, bonuses, gifts, interest and dividends, non-employee compensation, such as income earned from freelance work, stipends

**Discussion #2:** Explain to the members that the concept of money coming in (income and earnings) and money going out (expenses and spending) is called cash flow.

**Discussion #3:** Between lunch money, school supplies, and other small necessities, allowance can go very quickly for young teens. Help your members start thinking about a budget by first discussing wants vs. needs. “this is the potatoes and gravy game. “Potatoes are food we need to survive. The gravy makes it taste better but isn’t necessary.” Discuss the member’s individual

needs vs. wants. Have them write a few down.

**4. Expenses:** Expenses are necessary costs you must pay regularly. They're the must-haves. For members this could be a monthly cell phone bill, or gas and car insurance if they drive. At home activity: Total your costs daily over a period of a month to determine a baseline set of expenses. Once you have a total for the required expenses, subtract that number from your income. This reveals whether you have enough to cover your necessities, as well as how much money is left over.

Some common expense categories may include:

- car – loan payment, insurance, gas, maintenance
- mobile phone
- entertainment – movies, music, concerts
- food – groceries, snacks, dining out
- personal – clothes, toiletries, haircuts
- rent/mortgage (if applicable)
- savings
- sharing – donations to a favorite charity or cause

Some key words you will need to know are:

- Net Income or Disposable Income – is the portion of income you can spend after paying taxes and your regular expenses
- Fixed Expenses – regular expenses like rent and phone
- Variable Expenses – regular monthly expenses but the amount changes
- Incidental Expenses – expenses that don't come up regularly like medical or gifts

5. Spending should not exceed income. If you overspend, you will need to look for ways to cut back spending or increase income. For example, you may decide to carpool one month to save on gas and use the extra funds to buy a concert ticket.

**Discussion #4 Spend wisely:** Ask members what it means to “find a good deal.” Have them share their ideas on how to find a good deal when buying an item.

**6. Budget:** A **budget** is a tool that helps you to make the best use of your income so you can meet your obligations, needs, goals and ensures you live within your means. It is a monthly record of what income you have coming in and what is spent on in order to keep you on track. Good planning helps members become financially responsible and avoid

getting into debt. A budget should include income projections and expense projections.

A budget, sometimes called a “spending plan,” is an outline of anticipated income and expenses that members can use to track actual cash flow and set spending goals. Making a budget gives members an important financial tool that can help them in the future.

### **Creating a Budget**

The first step in building a budget is figuring out how much money comes in. For tweens and teens that means regular income, such as paycheques from jobs and allowances, as well as money given to them on birthdays or holidays. Add up what you receive in a month—that’s your total monthly income.

Basic budgeting skills can help members plan spending and set members up for long-term success handling money. Following a budget or **spending plan** will also keep you out of debt or help you work your way out of debt if you are currently in debt.

**At home activity:** Watch this video: <https://bettermoneyhabits.bankofamerica.com/en/personal-banking/smart-teen-spending>

**Discussion #4:** Ask members about their financial goals. Would they like to purchase a laptop or a car? Do they plan to pay for a college education? Do they want to earn a certain amount of money by a particular age? Initiate a class discussion on how to achieve financial goals and invite volunteers to share their strategies with the class. Explain that in order to reach financial goals, it’s important to make a plan for spending and saving. This plan is called a budget.

### **Activity #2: Setting Up and Maintaining a Personal Budget**

To create the budget, have members enter his or her estimated income, plus expenses for payments they have to fit in the budget (e.g., car payment, gas, mobile phone, saving for college). After those expenses have been accounted for, members can allocate the rest towards discretionary spending. (if member is not working provide them with an income number that they can use for this exercise) Have members review a sample personal budget.

### **Benefits of Budgeting**

- Gives you control over your money – A budget is a way of being intentional about the way you spend and save your money. It is said that with budgeting, you control your money and not your money controls you. Budgeting saves you the stress of suddenly having to adjust to lack of funds because you did not initially plan how to spend them. It also helps you decide if you want to sacrifice short term spending like buying coffee every day in exchange for a long-term benefit like a vacation or buying a car.

- Keeps you focused on your money goals – You avoid spending unnecessarily on items and services that do not contribute to attaining your financial goals. If you are working with limited resources, budgeting makes it easier to make ends meet.
- Makes you aware what is going on with your money – With budgeting, you are clear on what money is coming in, how fast it goes out, and where it is going to. Budgeting saves you from wondering every end of the month where your money went. A budget enables you to know what you can afford, take advantage of buying and investing opportunities, and plan how to lower your debt. It also tells you what is important to you based on how you allocate your funds, how your money is working for you, and how far you are towards reaching your financial goals.
- Helps you organize your spending and savings – By dividing your money into categories of expenditures and savings, a budget makes you aware which category of expenditure takes which portion of your money. That way, it is easy for you to make adjustments. Budget also serves as a reference for organizing your bills, receipts, and financial statements. When all of your financial transactions are organized for tax time or creditor questions, you save time and effort.
- Makes you decide in advance how your money will work for you.
- Enables you to save for expected and unexpected costs – Budgeting allows you to plan to set aside money for emergency costs.
- Enables you to communicate about money – If you share your money with a family member, or anyone, a budget can communicate how you use money as a group. This promotes teamwork on working for common financial goals and prevents conflict on how money is used. Budgeting teaches family members spending responsibility and accountability.
- Provides you with an early warning for potential problems – When you budget and take a “big picture” view, you will see potential money problems in advance, and be able to make adjustments before the problem appears.
- Helps you determine if you can take debt and how much – Taking debt is not necessarily a bad thing if the debt is necessary or you can afford it. Budgeting shows you how much a debt load you can realistically take without being stressed or if taking the debt load is worth it.
- Enables you to produce extra money – In budgeting, you get to identify and eliminate unnecessary spending like late fees, penalties and interests. These seemingly small saving can add up over time.

**Tips and tricks to make sticking to your budget easier. Here are some of them:**

- Always remind yourself of the rewards of sticking to your budget. Know that the small sacrifices in spending you do today will result in big payouts in the future. The small

amount you are able to save by cutting your cable will result in your financial well-being when you retire twenty or thirty years from now. If you need to, stick a message to yourself on a visible place to remind you of what you want to achieve.

- Adopt a frugal living mindset by asking yourself before you buy anything: can you use it up, wear it out, clean it up, make do, or do without. See these other money saving tips to have a money-saving mentality.
- Make discipline easy for you by leaving your credit card at home, for example, or bringing just enough cash that your budget allows you to spend.
- Use cash. Credit cards are made precisely to psychologically make it easy and painless for you to spend. The sight of forking out actual cash makes you appreciate more the amount of money that you are letting go.
- Make it a priority to pay down your debt. Credit card or other high interest debt is like a hole that makes your budgeting harder. The sooner you get rid of this debt, the more money is available to you for more important purposes, and the easier it is to stick to your budget. Of course, ideally you should not get into debt.
- Struggle hard to cut habits that cost money. These are not just in the form of cigarettes or alcohol, but other seemingly low-cost stuff like gum, soda or coffee. Look at your spending diary and you will find these spending lurking there.
- If you find yourself lacking discipline and always reach out into your savings, get a special account with early withdrawal penalties. A CD (certificate of deposit) is an example of this. Another advantage of these special accounts is that it pays more interest than the average savings account.
- Educate yourself on how to save on necessities. These are stuff you absolutely need to spend on, but you can find ways to minimize your spending. This site, for example, has pages that provide tips on how to save on food, electricity and heating.
- Build in allowance for unexpected spending. Remember that life is unpredictable, and things happen that are outside your control. Get insurance for expenses that could devastate your finances. For smaller emergencies, put a contingency fund in your budget.
- Include in your budget a reward for successfully sticking to your budget. Whatever reward you decide to give yourself, be sure not to give yourself the same within your budgeting period. If your reward is a night out, never go on a night out until your budgeting is successful. Treat your reward as a reward.

**Discussion# 5: Discuss the cost of things.** Have a list of everyday items with a price next to each item. Ask members what they think the cost is without showing them. (This is one of the reasons young adults go into such deep debt when they move out on their own; they have never been exposed to the reality of what life costs, or managed their own financial decisions. It is critically important that members begin to be involved in the discussion and purchasing of various items like food, clothing, personal toiletries, car-related expenses, insurance, sports

activities and cell phones.)

**Discussion # 6** (Optional) Ask “How many hours of work is this item worth?” This is a great exercise if members have started working. Have your child figure out the full cost of the item plus taxes and then how many hours they would have to work to pay for it with their after-tax income.

### **Shopping**

**1. Do not shop when you are bored:** Window shopping is fun. It’s really nice to look at all that cool stuff and imagine that you will one day have it, but you should learn to only take it that far. Develop other hobbies like athletics, drama, poetry, or writing. There is a long list of other things you could do to pass time when you’re bored.

**2. Make a shopping list:** You should not spend money randomly, but you are allowed to spend it. When you’re shopping, arm yourself with a shopping list and stick to it. Don’t let appealing sales and beautiful clothes fool you.

**3. Only bring the cash you need:** Only carry the money that you need; leave your ATM card in the house if it helps. That way, when you run out of money, there is just no more money.

**4. Wait four weeks to decide if you still “need” something:** When you see a funky top and you feel like you will die if you don’t rock it: STOP! BREATHE! WALK AS FAST AS YOU CAN AWAY FROM THE TOP! Four weeks later, if you still feel the irresistible urge to own the top, then you should buy it.

**Discussion #7:** Talk with members about topics such as impulse buying, how to decide what to purchase, and what factors might influence purchasing decisions like helping others (explain that by giving time and money to charitable organizations changes the perspective forever. When a teen takes the time to see how others live, they appreciate their own lives more and are less likely to waste money. They also become aware of how much impact they can have on their world; how they can truly make a difference. It’s hard to complain about not having a new iPod if they just spent three hours with someone who just lost the ability to walk. Helping others brings out the best in people and is one of the greatest joys in life. Teens can benefit greatly from this type of opportunity.)

There are ways of getting what you want without paying top dollar. Here are some of them:

1. Don’t shop as entertainment. When you hang out at the mall on a Saturday afternoon,

you see things you don't need. But because you see them, you want them.

2. Shop the sales. If you shop the big sales to buy needed items, your shopping stays focused, and you get more for your money. But don't buy just because something is on sale. Do you really need it?

3. Wait for the sale. When you see something you like, approach a salesperson to ask if the item will go on sale anytime soon.

4. For gifts, shop in advance instead of the last minute. You may be able to get something on sale. Don't wait until the last minute. If you cannot find just the right thing, you may blow your budget on something else out of desperation.

5. Shop places other than the mall like online stores to compare prices.



**Additional meeting activities:** One way to teach comparison shopping is to read the store's price labels, look at the size and price, and compare the bulk amount per cent. Don't forget to take quality into account. For example, buy brand-name paper towels and a generic brand. Then discuss the differences and decide together if the brand name is worth the extra cost.

**Discussion# 8: Mark Ups** Explain that spending money wisely also involves knowing the actual value of the item that is purchased. Introduce members to the term "profit." Explain that a store

(online or retail) adds an amount of money to the price that it pays to the manufacturer or distributor of a product before it sells the item to you.

This amount is called the "markup." When the store sells the item, this is the amount of profit the store receives. For example, if a toy store buys a toy from a manufacturer for \$20 and then sells the toy for \$35, the store will receive a profit of \$15. Understanding the concepts of markup and profit will help members recognize when something is a "good deal" or a "bad deal."



## **Track Your Spending: CASH vs CREDIT vs Debit CARDS**

It's very important for all members to experience successfully managing cash before they are provided plastic.

Even though we are using online payment systems and credit cards more and more, cash remains the king. This can be explained by the fact that your brain has a harder time handing it over. When you give cash in exchange for a purchase, it is easier for you to realize what you are actually spending, as it is anchored in reality. On the contrary, just swiping your card remains something abstract; a number in your head. As a consequence, people have been shown to regularly pay up to 20% more for an item when they use plastic. This can be hard because as a young person you might be earning money by doing things like babysitting or mowing lawns and those kinds of jobs are usually paid in cash. And cash is the hardest thing to track. Establish a relationship with a bank when you're young. In fifteen years when you want a loan to buy a house, a long track record with a bank can be helpful. Research the various types of accounts banks offer. Some will charge fees if you don't keep a minimum balance. Take your cash and open two accounts, a checking and a savings account.

### **The difference between "good" vs. bad debt**

Money borrowed at a relatively low interest rate that helps you grow wealth over the long run -- like a mortgage or a student loan -- is considered good debt. High-interest consumer debt is the "bad" kind.

"If you borrowed money on a credit card for a road trip, that might be a good memory, but you should be using debt to acquire an asset or skill that is going to serve you.

### **Owing Money**

If you borrow money, you owe someone or some company a debt. You have made a promise to pay back the principal (the amount you borrowed) with interest. Whoever loaned you the money earns something while they do not have use of their money. This is how financial institutions like banks and credit unions work.



## What is Credit?

Credit is money that is lent to you and that you pay back over time, usually with interest. Credit allows you to buy now and pay later.

Despite the widespread use of credit cards, many consumers do not fully understand the terms, interest rates, or added charges attached to their credit cards. Your first venture into a loan will most likely be through a credit card. Credit is borrowing.

Using a credit card is really taking out a loan. Members must understand that when they use a credit card, they are taking out a loan from the issuer of the card. If the amount owed on a credit card is paid in full each month, there is no cost for using the credit card. However, if the borrower is unable or unwilling to pay the credit card bill in full, the cardholder must pay interest (finance charge) on the unpaid balance. The finance charge increases the cost of goods and services purchased with a charge card.



If you understand the advantages and disadvantages of credit cards, they offer a convenience that can be worth the price. Credit does come at a price! Credit card companies make a percentage of every dollar you spend on your card, plus interest.

**Activities #3:** To test your members' Credit Card IQ, you'll find a quiz at the end of the lesson.

## Benefits of credit cards

1. A safe alternative to cash: When you have your card in your wallet, you don't have to carry cash that can be lost or stolen. If your credit card is lost or stolen, you can report the missing card to the card company. The company will then stop accepting any charges on your card. You won't be charged for purchases made by someone else. If you make a purchase with a credit card and do not get what you paid for, the credit card company will help you solve your problem.
2. Builds a good credit history: If you use your card responsibly, you can begin to build a good credit rating for yourself. Later in life, when you need a loan, a lender will want proof that you pay your debts. A good credit card history will help you get your loan. A poor credit history will work against you. Employers look at your credit history.
3. Bails you out of emergencies: if you suddenly have to put \$400 of repairs into your car, a credit card will come in real handy.
4. Gives you time to pay: Depending on when you make your purchase and when your monthly bill is due, you can get extra time to save up and pay for what you just charged. If you can pay off the bill ENTIRELY, you are really making the credit card work for you.

## Disadvantage of Credit cards

The real problem with credit cards is how easy they are to use!

1. Way too tempting: It is so easy. It doesn't even feel like you're spending money.

**Discussion #9: Over spending.** Read this example to members.

- That pair of shoes you just couldn't pass up. \$79
- The night you were dying for pizza after you'd gone rock climbing. \$24
- That great sale! What did I buy? \$65
- Those two new music CDs that you just couldn't live without. \$29

Suddenly you're in debt. And you don't have the \$197. So, you pay \$60 as that's all you can afford. What happens next month? The \$60 you paid the credit card company has made you short on cash this month — so you charge more, and your debt grows larger.

2. Carrying a balance: You may intend to always pay your bill in full and on time. The plain fact is that most of us carry a balance (owe money) from month to month. The convenience of credit can be very hard to resist.

**Discussion #10: What's it like to be in debt?** Let's say that you find the perfect winter jacket. It's marked down from \$220 to \$180. That's a \$40 savings. You don't have the \$180 right now, but you hate to pass up the sale, so you charge the jacket. You decide to pay for it over time.

Because you work only one day a week, you can't afford large monthly payments. But you can pay \$15 every month and still have some money left over for other things. You faithfully pay the \$15 each month, but the months seem to drag on forever. Plus, you pay late once, and you're charged a \$30 late fee for missing the payment date.

Although you've bought the winter jacket in November, it takes you 16 months (that's two winters, a summer, and a spring) to pay off the purchase! At a 17.9% interest rate and with a \$30 penalty fee, guess how much you paid for that "sale" jacket? \$228.26. That's more than the original price! Those finance charges really add up. By the time you're done paying for the jacket, you'll be ready to buy a new one.

### **Fast facts you need to know**

#### **Credit limit**

A credit card company sets limits on how much you can charge on your card. This limit is based on your ability to handle debt.

#### **Paying the minimum monthly payment**

After you subtract the minimum payment from your balance, finance charges will be added to your remaining balance. These charges add up month after month. You can dig yourself into a hole very quickly.

The minimum payment is the LEAST amount you can pay to keep the card active. If you pay less, your card will be deactivated (turned off).

If you pay your bill in full during the grace period, you won't have to pay a finance charge on purchases for that bill. A grace period is usually about 25 days.

If you don't pay your bill by the due date (the date your grace period expires), you will be charged a late fee. These can be as high as \$35! Paying late is costly.

Interest rates: Remember: when you use your credit card, you're borrowing money. You will be charged interest whenever you don't pay your bill in full. With a credit card, you are paying for

convenience. Credit card rates can be 18% or as high as 24% depending on your credit history.

**Discussion #11: An Example of Interest charged due to late payment of your credit card bill:**

Amount due: \$100

Time on Credit Card: 1 month

Annual Interest Rate: 29%

$$\$100 \times 29\% = \$29.00$$

Calculation of Interest  $\$29 / 12 \text{ months} = \$ 2.42$

$$\$2.42 \times 1 \text{ month elapsed} = \$ 2.42$$

**THEREFORE, the amount that you owe went from \$100 to \$102.42 because you did not pay the \$100 balance before the due date.**

If your credit card is lost or stolen you must notify your credit-card company as soon as you know your card has been stolen or used without your permission. If you do, you will be responsible for only the first \$50 of unauthorized charges. These days, thieves can steal your credit card number — they don't need the actual card. Always know where your card is, and keep all your receipts.

Debit cards do not offer the same protection as credit cards. (Some credit card companies offer debit cards with some protection.) Most debit cards work like writing a check — the money is immediately taken out of your account. If you do not report a false charge or charges within 60 days of receiving your bank statement, you could be held responsible for the false charges. Be sure you understand the details when you sign up for a debit card.

Credit Reports: As you enter the adult world of work, you begin to build a credit history — a record of your borrowing and paying habits.

## ACTIVITY #1 - WASTING MONEY

DO

**Time:** 10 minutes

**Materials/Resources:**

- Writing utensils (pens, pencils)
- Calculator
- Paper

**Instructions:**

Identify an item that members tend to waste money on – for example, candy, ice cream, or video games. Ask them how much the item costs. When they answer, say, “That’s how much it costs today. But what does it cost in terms of what you’re giving up?” Help them calculate an average annual amount spent on their luxury – for example, \$2.00 per day, four days a week adds up to \$416.00 per year. Now compare this to the alternative of saving that money. Let’s say that same member was to buy a \$2.00 treat just once a week instead. They save the rest – which comes to \$312.00 per year. Saving that money for forty years at a five percent interest rate will result in over \$39,500.00! Be sure to point out that only \$12,480.00 (\$312 times forty years) was actually saved. The other \$27,020.00 comes from compound interest.

**Special Notes:**

Make sure every group has access to a smartphone for the calculator.

This activity can also be used as a take home activity.

<b>REFLECT</b>	<b>Learning Outcomes:</b>  To introduce members to seeing how they spend and save their money.
<b>APPLY</b>	<b>Processing Prompts:</b> <ul style="list-style-type: none"><li>• What did you enjoy about this activity?</li><li>• Did anything with this activity surprise you? If so, what was it?</li><li>• Was this activity easy or difficult?</li></ul>

# ACTIVITY #2 - UNDERSTANDING CASH FLOW

<p style="text-align: center; font-size: 2em; color: white;">DO</p>	<p><b>Time:</b> 20 minutes</p> <p><b>Materials/Resources:</b></p> <ul style="list-style-type: none"><li>• Writing utensils (pens, pencils)</li></ul> <p><b>Instructions:</b></p> <ol style="list-style-type: none"><li>1. Ask members to record in their notebooks what they have spent money on over the last two days. Have they bought any food, clothing or electronics? Have they gone to the movies with a friend or bought any groceries or food?</li><li>2. Invite volunteers to share some of their purchases and record them on the board. Then explain that there are several different types of expenses: fixed expenses that are the same each month, such as a rent, phone or car payment, and variable expenses, which change in price and frequency each month, like food or gas.</li><li>3. Ask members to label their purchases as fixed or variable expenses. Discuss how their goals fit into these categories, too. If they want to buy a home, will their mortgage be a fixed or variable expense? If they want to take a vacation to Europe, will that be a fixed or variable expense?</li><li>4. Explain that as they become more independent, more expenses will become fixed. Help members understand that knowing how money fits into these categories will help them build an accurate budget.</li></ol>
<p style="text-align: center; font-size: 2em; color: white;">REFLECT</p>	<p><b>Learning Outcomes:</b></p> <p>To allow members to evaluate their own budgets and to determine what their income and expenses are so they can make their own budget to help them success in saving and spending.</p>

## APPLY

### Processing Prompts:

- Why is it important for you to be aware of your own interests, strengths and limitations around budgeting?
- Was this an easy or hard activity? Why?



## ACTIVITY #3 - MAKING A BUDGET

<b>DO</b>	<p><b>Time:</b> 25 minutes</p> <p><b>Materials/Resources:</b></p> <ul style="list-style-type: none"><li>• Writing utensils (pens, pencils)</li><li>• Paper</li></ul> <p><b>Instructions:</b></p> <ol style="list-style-type: none"><li>1. Hand out the student activity sheet, Budget Busters: Who's Breaking the Bank? and ask members to work in groups of 4–5 to evaluate the budgets.</li></ol> <p>Ask each group to assess which budget is the most successful in meeting the budgeter's goals. What adjustments could be made to meet the goal sooner? Invite each group to share their answers, and then discuss as a class.</p> <ol style="list-style-type: none"><li>2. Distribute the student activity sheet, Budgets 101 In this activity, members will learn how to create a personal budget by calculating a monthly net income and assessing monthly expenses.</li></ol>
<b>REFLECT</b>	<p><b>Learning Outcomes:</b></p> <p>To allow members to have fun while being active and give them the opportunity to work in a team setting.</p> <p>Understand the components of a budget</p> <p>Create and calculate an individualized budget</p>
<b>APPLY</b>	<p><b>Prompts:</b></p> <ul style="list-style-type: none"><li>• What did you like about this activity? What didn't you like about it?</li></ul>

## ACTIVITY #3 - MAKING A BUDGET

### Budget Samples

#### Scenario 1

Nate is a junior in high school. He works 15 hours a week at the mall, and his net income after taxes is \$600 a month. He lives with his parents, so he doesn't have rent, utility or food expenses. His older brother owns a car and lets him borrow it to drive to work for \$50 each month; otherwise Nate takes the bus. He really wants to buy a car, so he puts any leftover money toward savings. Nate also pays for his cell phone and personal expenses, such as going to the movies, buying video games and purchasing gifts.

Below is Nate's estimated budget and what he actually spent in one month's time. Analyze Nate's spending to determine why he is not on track to save for that new car, and what changes he can make to get on track.

#### Net Income: \$600/month

<u>Fixed Expenses</u>	Budget Goals	Actual Budget
Savings for a Car	\$100	\$0
Cell Phone	\$75	\$100
Car Payment to His Brother	\$50	\$100
<u>Variable Expenses</u>		
Public Transportation	\$50	\$60
Entertainment	\$50	\$65
Personal Shopping	\$50	\$175
Occasional Spending (gifts, repairs, etc.)	\$25	\$100
<b>Total</b>	<b>\$400</b>	<b>\$600</b>

Nate seems to not be on track to save for his new car because of his excessive personal shopping and his occasional spending. If he were to cut back on some of his other expenses as well, he would get enough money to get back on track to save for a new car.

## Scenario 2

Maria just graduated from college and accepted her first job as a social media manager for a real estate company. She can't believe that her monthly net income will be \$3,000. She just moved into a one-bedroom apartment, so she is responsible for rent, utilities, food and other household expenses. She is paying off a student loan and she wants to save as much money as she can to buy a house someday. She owns a car and enjoys going out with friends on the weekend.

**Below is Maria's estimated budget and what she actually spent in one month's time. Analyze her spending to see why she is not on track to meet her goal and to determine what she can do to get back on track.**

### Net Income: \$3000/month

<u>Fixed Expenses</u>	Budget Goals	Actual Budget
Savings for House	\$450	\$150
Rent	\$600	\$600
Car Payment	\$350	\$350
Car Insurance	\$150	\$150
Internet/Cable TV	\$110	\$110
Cell Phone	\$75	\$105
Student Loan	\$300	\$300
<u>Variable Expenses</u>		
Gas	\$100	\$175
Food	\$250	\$300
Entertainment	\$100	\$250
Personal Shopping	\$75	\$300
Utilities	\$200	\$275
Occasional Spending (gifts, repairs, etc.)	\$150	\$250
<b>Total</b>	<b>\$2,910</b>	<b>\$3,315</b>

Maria is mostly off track because she tends to spend more money on what she would probably feel is more important. If she were to prioritize better, she could get back on track.

### Scenario 3

Jamal is a senior in high school and works 30 hours per week at a neighborhood coffee shop. His net income after taxes is \$1,500 and he is saving up for college. He owns a car and makes payments toward it each month, but he lives with his parents so he saves on rent, utilities and food costs. He occasionally goes out with friends and buys things for himself, but he tries to hold back on these things so he can save more for college next year.

Below is Jamal's estimated budget and what he actually spent in one month's time. Analyze his spending to see why he is not on track to meet his goal and determine what he can do to get back on track.

#### Net Income: \$1500/month

<u>Fixed Expenses</u>	Budget Goals	Actual Budget
College Savings	\$870	\$820
Car Payment	\$125	\$125
Car Insurance	\$95	\$95
Cell Phone	\$85	\$85
<u>Variable Expenses</u>		
Gas	\$100	\$105
Entertainment	\$50	\$75
Personal Shopping	\$50	\$95
Occasional Spending (gifts, repairs, etc.)	\$100	\$100
<b>Total</b>	<b>\$1,475</b>	<b>\$1,500</b>

Jamal isn't on track with his goals because he seems to spend more on his variable expenses rather than his fixed expenses. If he were to focus more on spending less money, he could get himself back on track.

**You just accepted your first job and you'll be earning a gross income of \$30,000/year. You live on your own and are responsible for all expenses, including rent, car, insurance, cell phone, utilities, entertainment, food, savings and miscellaneous expenses. You have to pay 25% of your gross income in taxes.**

**Calculate Your Take Home Pay:**

With a gross income of \$30,000 and a 25% tax deduction, what is your monthly net income? (Remember this is what you get after taxes.) Use this number to start your budget.

**Categorize Expenses:**

Determine if your expenses are fixed or variable, and write them in the appropriate sections of the table below. Remember your expenses include: rent, car, car insurance, cell phone, utilities, entertainment, food, savings and occasional expenses.

Name: **Tiffany Gering**

*Net Income: \$1,875/month*

<b><u>Fixed Expenses</u></b>	<b>Cost</b>
Rent	\$562.50
Utilities	\$187.50
Car insurance	\$93.75
Cell phone	\$93.75
<b><u>Variable Expenses</u></b>	
Occasional Spending	\$187.50
Savings	\$187.50
Food	\$281.25
Car Loan	\$187.50
Entertainment	\$93.75
<b>Total</b>	<b>\$1,875</b>

**Divide Your Expenses:**

*Determine the cost for each category and record the prices in your budget. Use the following percentages to divide your monthly net pay:*

Rent: 30% of net pay

Utilities: 10% of net pay

Car Insurance: 5% of net pay

Cell Phone: 5% of net pay

Occasional Spending: 10% of net pay

Savings: 10% of net pay

Food: 15% of net pay

Car Loan: 10% of net pay

Entertainment: 5% of net pay

**Assess Your Budget:**

Compare your expenses to your monthly income. Have you spent everything you've earned? Do you have money left over for savings? What expenses could you lower to increase your savings? My expenses added up to exactly my monthly income, unless my savings mean that I actually saved something. In that case, I would have saved \$187.50. If I were to spend less on certain things, I could increase my savings. However, if I were to spend more, my savings could decrease.

## Activity #3:

### Budget Busters: Who's Breaking the Bank?

Most successful budget: Jamal is the most successful budgeter because his actual spending comes very close to what he budgeted. The most important part of Jamal's budget is his extensive savings. He devotes nearly half of his income to savings because his other expenses are relatively low. Even though he missed his savings goal by \$50, saving \$820 per month is impressive.

Least successful budget: Maria's budget is the least successful because she is spending more per month than what she earns. She also overspends in categories that could be considered "wants," such as personal shopping and entertainment (she has spent more than double the amount budgeted in many of these categories).

Adjustments that could be made to each budget:

Nate: While his actual spending matches his net income, Nate isn't saving enough money each month to buy a car. He could increase savings by reducing his cell phone plan and personal shopping, and by only using public transportation rather than borrowing his brother's car. Nate should also set a clear savings objective in a dollar amount rather than settling for what is left over.

Maria: She could benefit from reducing the amount spent on personal items, and recalculate categories such as entertainment, personal shopping and occasional spending in order to paint a more accurate picture of what she really spends.

Jamal: While Jamal is in good shape, he does overspend in the areas of personal shopping and entertainment. He could work to eliminate some expenditures from each of these categories to stay on point with his budget

## Budget 101: How to Get It Done

	Cost
<b>Fixed Expenses</b>	
Rent	\$562.50
Car payment	\$187.50
Car Insurance	\$93.75
Cell Phone	\$93.75
Savings Goals	\$187.50
<b>Variable Expenses</b>	
Utilities	\$187.50
Food	\$281.25
Occasional Expenses	\$187.50
Entertainment	\$93.75
Total	1,875.00



## ACTIVITY #4 - CREDIT CARDS

<b>DO</b>	<p><b>Time:</b> 20 minutes</p> <p><b>Materials/Resources:</b></p> <ul style="list-style-type: none"><li>• Writing utensils (pens, pencils)</li><li>• Credit Card IQ handout</li></ul> <p><b>Instructions:</b></p> <p>This activity can also be used as a take home activity.</p>
<b>REFLECT</b>	<p><b>Learning Outcomes:</b></p> <p>To introduce members to Credit card use.</p>
<b>APPLY</b>	<p><b>Prompts:</b></p> <ul style="list-style-type: none"><li>• What did you enjoy about this activity?</li><li>• Did anything about this activity surprise you?</li></ul>

## ACTIVITY #4 - WHAT IS YOUR CREDIT CARD IQ?

Credit cards are handy pieces of plastic. Just swipe them through a slot in a machine – or enter your credit card number online or by phone. The item you want to purchase is yours! But that's the big picture. How much do you know about the details? Test your credit card IQ by answering 7 simple questions.

### True or False

1. Credit cards are accepted as cash by stores.

True                  False

2. Most credit cards have a credit limit.

True                  False

3. If I pay my credit card in full by the due date, I will not owe any interest.

True                  False

4. There's no penalty if I pay my balance after the due date.

True                  False

5. If I pay the minimum monthly payment, then I won't owe any interest.

True                  False

6. Credit card companies charge merchants a percentage of the price of anything purchased with a credit card.

True                  False

7. My credit report contains information on bills I have not paid.

True                  False

## Answers

1. Credit cards are accepted as cash by stores.

**TRUE.** Actually, credit cards are a type of loan. You borrow money from the bank. The bank pays the store.

2. Most credit cards have a credit limit.

**TRUE.** Card holders may charge only up to a certain dollar amount set by the card company. The limit is set based on your ability to handle debt.

3. If I pay my credit card in full by the due date, I will not owe any interest.

**TRUE.** If you pay the entire balance within the grace period allowed (usually about 28 days), you will not owe any interest on your purchases.

4. There's no penalty if I pay my balance after the due date.

**FALSE.** Credit card companies charge late fees to card holders who do not pay their bill by the due date. Not paying your bill on time can be costly. Most credit card companies charge \$25 or more to credit card users who fail to meet their deadlines – regardless of whether you pay the minimum due or the whole balance. In fact, you could pay a \$35 penalty fee on a \$15 balance.

5. If I pay the minimum monthly payment, then I won't owe any interest.

**FALSE.** After you subtract the minimum payment from your balance, finance charges will be added to your remaining balance. So avoid the minimum payment trap. Pay your bill in full, or as close to in full as you can. The minimum payment is the least amount of money you can pay if you want to keep using your credit card. If you pay less than the minimum payment, the credit card company will often "turn off" your card so that it cannot be used to buy anything more. The card will not work again until you have made your minimum payment.

6. Credit card companies charge merchants a percentage of the price of anything purchased with a credit card.

**TRUE.** When you use a credit card to make a purchase, the credit card companies charge the merchants a percentage of the sale.

7. My credit report contains information on bills I have not paid.

**TRUE.** Actually, your credit report contains a lot more than that. It contains some vital non-credit facts such as your name, nicknames, maiden name, marital status, spouse's name, social security number, year of birth, current and previous addresses, current and previous employers, and estimated income. Plus, it contains detailed information for each credit account you hold, including the type of account, when it was opened, the credit limit or loan amount, the balance you still owe, and whether you have been late with any payments. It also includes information such as lawsuits, bankruptcies and liens against your property.



# MEETING 6: SAVING YOUR MONEY

We've talked about setting goals and spending wisely to reach them. This last meeting is about how you can make your money work harder for you by developing the habit of saving early in life. It is important that members recognize the value of money and understand that it is not an unlimited resource.

The most popular benefit from saving is the ability it gives a person to purchase something that they need or want, which prior to saving, the person did not have the financial means to obtain.

## Setting Objectives:

Looking ahead toward life after school can be a lot to think about. "It's important to begin the habit of saving. Planned saving is something as simple as saving for a prom dress, or it could be saving for a car. Experiencing the rewarding feeling that comes from saving for and reaching a financial goal is something members will never forget. Getting into the habit of setting money aside when you're young, can set a member up for a lifetime of healthy saving. College is expensive and careers are taking longer to build. Saving for the future can be an abstract concept for members, but we can involve them in conversations about saving for a computer, a car, a first apartment or college to help them start thinking about it.

## Suggested Lesson Outcomes

- Members will learn how to identify their personal goals
- Members will learn how to save their money
- How to invest their money in savings accounts, stocks, bonds, and fixed investments (GIC's)
- Understand how investments can lead to increased wealth
- Comprehend and calculate simple and compound interest
- Explain the role of interest in saving and investing

## Reference material in this section:

- Simple ways to save your money?
- How to identify your personal savings goals.
- How to plan for the future.
- How to invest your money?

**Sample Meeting Agenda                      Time: 3 hours 10 minutes (*sections will be the same but activities will be age specific*)**

Note: Agendas are provided as a suggestion. There is more meeting content than what can be completed in 2 hours. Please choose activities according to skill and attention level of your members. Be creative!

Welcome, Call to Order & Pledge		10 min
Roll Call		5 min
Parliamentary Procedure	Minutes & Business	10 min
Topic Information Discussion Activities Related to Topic	Activity #1: What are your savings goals?	30 min
Topic Information Discussion Activities Related to Topic	Activity # 2: Where to Invest Your Money	20 min
Topic Information Discussion Activities Related to Topic	Activity # 3: Spend or Save	20 min
Topic Information Discussion Activities Related to Topic	Activity #4 - What's My Interest?	20 min
Topic Information Discussion Activities Related to Topic		30 min
Topic Information Discussion Activities Related to Topic	Discussions: 1-9	30 min
At Home Activities/ Digging Deeper (for Senior Members)	Choose one of the activities	5 min
Wrap up, Adjournment &		10 min

## How Savings Works

When setting up a savings plan, it's a good idea to think about more than just how much money you'll need in the future. You should also be looking at ways your money can earn more money for you.

The only mistake is not starting to save at all. Start by paying yourself first. People who are financially savvy know that the first payment to be paid from each paycheck is the one to themselves. Setting aside a certain amount of money for savings each month is more important than buying things you may want now. Saving 10% of your paycheck is generally a good guideline.

One of the best reasons for opening a savings account is that the bank pays you interest to keep your money there. Just as you pay interest when you borrow money, you earn interest when you save or invest your money.

The amount of interest you are paid is figured by multiplying the interest rate by the total in your savings account. When you earn compound interest, it's just another way of saying that your interest is earning interest too. You are not just earning interest on the original amount you put into savings. Interest may be multiplied or "compounded" daily, monthly, quarterly, or annually. The more often it is compounded, the faster your money grows.

- Youth often only think about the moment instead of thinking for the future.
- When having money they may often feel that it is difficult to control themselves.
- When there are no spending limits this can lead to lack of priorities as to what they're spending.
- These spending problems can eliminate any preparation for the future.
- Saving money plays an important role in teens lives. It can show them that it is of huge importance to having a secure future.

### Discussion #1: What's important to you?

Look at what you are spending your money on and see if you can cut out certain things that are less important compared to your bigger goal. Or replace any regular expenses with something cheaper. Write these things down somewhere so you can always update them.

The diagram below shows packing a lunch each day can save you in the long run.



## 8 simple ways to save money

1. Record your expense: The first step to saving money is to figure out how much you spend. Keep track of all your expenses—that means every coffee, household item and cash tip. Once you have your data, organize the numbers by categories, such as gas, groceries and mortgage, and total each amount.
2. Make a budget: Once you have an idea of what you spend in a month, you can begin to organize your recorded expenses into a workable budget. Your budget should outline how your expenses measure up to your income—so you can plan your spending and limit overspending.

## Budgeting Basics

Set realistic, easy to reach goals for your money. A short-term goal (3 – 6 months) might be to save for a new iPod. A medium-term goal (1 – 3+ years) may be to save towards the down payment for your first car. A longer-term goal might be to save towards post-secondary education costs.

**At school activity:** Put a picture of your goal where you see it often – in your locker, a sticker on your debit card, on your computer desktop. It will help you when temptation strikes!

**At home activity:** Track your spending in a little notebook or on a slip of paper in your wallet. Change adds up whether you spend it or save it – decide what's best for you.



Plan your spending based on when you receive your money. Always borrowing from the bank of Mom, Dad or Grandparents doesn't help you develop good habits while you have the chance! If you have trouble saying no to spending money when you're out with your friends, don't bring extra money along and leave your debit card at home.

3. Plan on saving money; Now that you've made a budget, create a savings category within it. Try to save 10 percent of your income. If your expenses are so high that you can't save that much, it might be time to cut back.
4. Choose something to save for: One of the best ways to save money is to set a goal. Start by thinking of what you might want to save for- buying a car or saving for school. Then figure out how much money you'll need and how long it might take you to save it. This is where short and long term goals come into play.
5. Decide on your priorities: After your expenses and income, your goals are likely to have the biggest impact on how you allocate your savings. Be sure to remember long-term goals. For example, if you know you're going to need to replace your car in the near future, you could start putting money away for one now.
6. Pick the right tools: If you're saving for short-term goals, consider using a savings account or a term deposit (certificate of deposit or CD). For long-term goals consider guaranteed investment certificates (GIC's) or securities such as stocks or mutual funds.
7. Make saving automatic: Almost all banks offer automated transfers between your chequing and savings accounts. You can choose when, how much and where to transfer money or even split your direct deposit so a portion of every paycheck goes directly into your savings account.
8. Watch savings grow: Review your budget and check your progress every month. Not only will this help you stick to your personal savings plan, but it also helps you identify and fix problems quickly.

### **SMART Goals**

Real-life reasons to save are good motivators. After you have secured an emergency fund and have enough saved to support yourself for three to six months, you can start saving for what you really want. Think about short-term (current month or year purchases) and long-term goals (for important life events and big expenses), using this SMART guideline:

**SPECIFIC** goals inspire. Setting a clear goal will help you focus on saving for it. Example: Save enough for a summer vacation.

**MEASURABLE** goals let you see the real task at hand. By using real numbers, you can measure your progress along the way.

Example: A summer trip costs \$3,000, and I have \$800 saved.

**ATTAINABLE** goals pay off. When setting your goal, ensure that it is realistic and within your reach.

Example: I know I can save enough money each week to pay for that trip.

**RELEVANT** goals make good sense. Set a goal only if you know it will be meaningful in the long run.

Example: I am saving for campus accommodations because it's cheaper than staying in a hotel.

**TIME-RELATED** goals have a real deadline. Setting a time frame for your goal will help you stay committed to reaching it.

Example: I want to go on another vacation by next summer.

### **Activity #1: Identifying your personal goals**

Make sure everyone has the handout. Take a few minutes to think about your goals for the future in terms of four categories: personal, educational, financial, and career. Let's do one example together. One way to think about this is to work backward, beginning with your end goal in mind. Short-, medium-, and long-term goals are very different. And if you link them together, you have a better chance of achieving them. Suppose your long-term career goal is to become a veterinarian, but you do not have any experience working with animals.

Here's how your goals might look:

- A long-term goal would be to go to veterinary school.
- A medium-term goal might be to volunteer at an animal hospital or shelter.
- A short-term goal might be to get a pet, or offer to walk your neighbor's dog or pet-sit while they are on vacation.

**Discussion #2:** How does money figure into these three goals? You'll need to pay for veterinary

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school. If you get a pet, you will have expenses for food and care, or if you pet-sit, you may be able to earn money and gain experience. You'll need to think about how much money you'll need for each step along the way and start saving for your long-term goals at the same time you are working on your short- and medium-term goals.

**Discussion # 3:** Here's another example, if your personal goal is to own your own vehicle:

- A long-term goal would be to buy your own car.
- A medium-term goal might be to save enough money to pay for insurance if you use a parent's car.
- A short-term goal might be to take driver education classes and pass the test. Ask members: How does money figure into the goal of owning your own vehicle? Consider the cost of driver education classes and your permit. Also consider the cost of buying the vehicle, maintenance, and paying for insurance—and don't forget gasoline, oil, and repairs.

### **Planning Ahead**

- Pay yourself first. You might have heard this time and time again, but interest adds up. Consider these examples:
  - Savings Interest: You start with \$0 in your savings account. Every second week you add \$20. Assuming an interest rate of 3% per year, after only 10 years you'd have more than \$6000 saved! Add some birthday money to the account too and it'll add up even faster.
  - Credit Card Interest: Credit cards charge you interest if you don't pay the whole bill every month by the date it is due. This means that you add about 50% to whatever you buy. For example, you buy something for \$19.99. With tax, the total is \$23.39. If you buy it using a credit card, and you don't pay the whole bill when it comes, it will actually cost closer to \$33.00 by the time you're doing paying for it. Looking at it this way, is it still a good deal?!?
  - If you're tempted to spend without thinking, develop strategies to help you avoid times or situations when it's hard to say no. Plan to have your friends over rather than hang out at the mall, stay away from the stores if you're in a bad mood and not able to make good choices, or decide not to buy "stuff" just to fit in with certain friends.
  - Have a small, part-time job if you are allowed to. Not only will it help your bank account, it will help your resume when you apply for scholarships, bursaries and jobs later on.
  - Don't make long term commitments (like cell phones or tanning memberships) without thinking it through carefully – 3 years can be a very, very long time to pay for something you don't really need or want.

### **BANKS: Saving Options**

Not all savings accounts are the same. Different banks offer different interest rates. And individual banks typically offer a number of savings accounts options to choose from.

Before opening a savings account it's a good idea to figure out how you'll be using it. Ask yourself:

- How long you'll be keeping your money in the account.
- How often you'll want to withdraw money.
- How much money you'll keep in the account.

All of these factors can have an impact on how much interest you can earn. A simple rule to keep in mind is that time is money. The longer you're willing to leave your money alone in an account the higher interest you're likely to earn. Similarly, banks tend to offer higher interest if you're willing to keep a minimum balance. These can range from \$100 to thousands of dollars.

### **Types of Savings Accounts**

While there are many different savings options available, they all fall into four main categories.

- **Basic bank savings accounts** offer the lowest interest rates, usually about 2%. They have few restrictions on access to your money, and they tend not to require minimum balances.
- **High yield savings accounts** are like basic accounts, but they have more restrictions on how often withdrawals can be made and typically require a minimum balance. These accounts may offer 3 or 4% interest.
- Once a child reaches the age of 18, is a **TFSA** (Tax Free Saving Account). It's an excellent option for both short term and long term savings as well as for retirement planning. Might be worth expanding on this topic in this module.
- **Online savings accounts** are a lot like basic bank accounts, but they offer higher interest rates because they operate online and don't have the overhead that standard banks have.
- **Credit Unions**. These are like banks, but their customers own them. They tend to offer higher interest on savings.

### **Choosing a Savings Account**

If you want to save some money for your short-term needs, a savings account might be your best bet. With this type of account, money that stays untouched earns interest. The amount of interest offered varies, depending on the bank and type of account you choose, and interest rates in general.

Interest is calculated in one of three ways: daily, monthly or every six months. The bank pays interest to accounts either once a month or once every six months. Because of these variables, and other factors, the amount you earn on your savings can fluctuate.

### **Factors that determine the dollar yield on an account:**

- Current interest rates
- How interest is calculated on an account (ie daily, monthly or every six months)
- When interest is paid on an account (either once a month or once every six months)

### **Activity # 2: Where to Keep Money**

Explain to members that part of creating a good savings plan, whether for an emergency fund or long-term goals, is assessing where our money is best kept for maximizing savings. Ask members what they do with the money they receive from jobs, allowance or gifts. Do they spend it? Save it? Keep it at home? Deposit it in a bank account? What choices do they make with their money and why? Invite members to share their experiences. Explain that not all banks or savings accounts are the same and that we have many choices when it comes to saving and investing our money.

### **Activity # 3: Spend or Save**

1. Begin by asking members: If you could have \$100 right now or \$150 in one year, which would you choose and why? Invite volunteers to share their responses, discussing the factors members considered in making their decision (e.g., current versus future wants and needs). Explain that in our financial lives, waiting often means the opportunity to earn more money.
2. Ask members if they can think of any money management strategies that involve waiting to spend money in order to grow the initial amount. Help members understand that both saving and investing can earn money because of potential benefits such as interest and rate of return. Interest is a percentage of money earned on top of money invested, paid as an incentive to keep your money somewhere. Interest is also the percentage we pay on top of the amount borrowed when we take out loans. For example, banks offer interest as an incentive because they want to use your money to provide loans to other people. Rate of return is the amount gained or lost on an investment over time, expressed as a percentage of the initial amount invested, or the principal.
3. Help members understand that when determining how to manage their money, it's important to consider the risks and rewards involved.
4. Distribute the member activity sheet Investing Tips and review the investment strategies as a class. Explain the differences between the investments by distinguishing pros, cons and risks of each. Explain that risk is intrinsically linked to investing and that, historically, greater risks have reaped greater rewards but have also been subjected to greater losses.
5. Help members understand that consumers can buy, sell and trade investments.

## **Compound Interest**

The most powerful element of compound interest is that the money you save or invest builds on itself over time, with the interest that you gain also earning interest. Youth who start early will have a whole lot more and will have had to save a whole lot less than their peers who wait until later to start putting money away.

Here's an example. Let's say we have two young investors: Sally and John. Both save \$2,000 per year and earn a 6 percent return compounded monthly until age 65. Sally starts saving at age 19, while John begins at age 27. At age 65, Sally will have \$537,163 in his account and John will have \$319,687. Sally ends up with over \$200,000 more than John's total, even though he only invested \$16,000 more! That is compound interest at work.

**Activity #4 What's My Interest?** Distribute the activity sheet and explain that different investing strategies offer different types of interest or returns: simple or compound. Explain that some investment options have guaranteed interest rates, while others have variable rates that fluctuate.

1. Review the calculations for simple and compound rates on the activity sheet as a group, and then give members ten minutes to complete the activity.
2. Invite volunteers to share their answers, and help members understand their money can grow differently depending on types of interest, rates and strategies. Ask members why potential money growth is important to consider. What kind of return would they want in an investment and why?

### **What Is an Emergency Fund?**

An emergency fund is money that you have saved to help you cover unexpected costs that come with everyday life. Many of these costs cannot be predicted, but nearly everyone will face these kinds of expenses throughout their lives. That's why having an emergency fund is always worthwhile, because you won't be caught off guard without the means to resolve the financial situation. It's smart to build and maintain an emergency fund with three to six months' worth of living expenses.

### **How Do You Start an Emergency Fund?**

Start by setting a monthly savings goal and set up the funds for automatic transfer to a savings account. That way, you will be saving money without even thinking about it. You will want to take a close look at your finances to ensure that you are not saving so much money that you can't pay for other everyday costs, or so little that your savings won't cover a potential emergency.

### **Where Should You Keep an Emergency Fund?**

Savings accounts are the safest place to keep your emergency fund so that you won't be tempted to dip into it. Emergency funds should be kept fairly liquid so you'll be able to access them quickly if an unexpected expense comes up. If you need to use your emergency savings, you'll be glad they're available.

### **How Much Should You Save?**

The size of an emergency fund will probably change as your financial situation does, so it's important to revisit your budget and make sure you're covered. For some, this might mean a couple of large transfers into an account. For others, building an emergency fund could be a longer process and might require smaller deposits each month. The key to building an emergency fund is to set money aside every month, no matter how small the amount.

**Discussion #5:** Begin by asking members what they think the phrase "saving for a rainy day" means. Invite volunteers to share their thoughts and explain that the expression refers to creating an emergency fund to pay for unexpected expenses, such as an illness or car repairs. Ask the members why an emergency fund is important. What do we gain by being prepared for the unexpected? What would we do if we didn't have an emergency fund and something actually happened? Help members understand that preparing for emergencies can increase their sense of security.

**Discussion #6:** Buying a car is one of the first major financial decisions that many teens and young adults face. Begin by asking members about their dream cars. What would they drive if money were no object? Why? What factors go into purchasing a car besides price? Next, tell members to imagine they have saved \$5,000 toward the purchase of a car, an amount that can serve as a down payment. What steps do they think they should take next toward making their purchase?

**Discussion #7:** College is expensive, but choosing not to attend can be expensive too (in terms of its impact on career opportunities and on your future salary). Next, ask members what other long-term expenses they might incur in the future. Are they planning to go to college? Explain that just as we set aside money for emergencies, we should also set aside money for long-term needs like college, buying a home and retirement.

Invite members to reflect in their Record Books about which strategies they would consider using to save for a rainy day. Would they put their money in a savings account? Why?

Many youth invest time and energy in playing a new sport or learning a new instrument, and while it's easy for them to see the return value of such an investment, helping them understand

the value of investing their money can be trickier—especially if they’re ready to buy a new video game or pair of sneakers. What they may not realize is that investing money from a young age can make a big difference when it comes to building long-term wealth. In this lesson, members will explore simple and compound interest, and discover different methods of investing money.

## **Introduction to Investing**

Taking the time to learn the basics of investing will be worth the effort. After all, having worked so hard for your money, your money should work for you. Your first investment is an investment of time to figure out what investing is all about.

### How we choose

How people choose to invest their money is largely a function of three things: their individual goals, their tolerance for risk, and their budget.

### Investment choices

There are many investment instruments on the market. Each has a different level of risk and expected return. The “safer” investments offer a better chance of preserving your original outlay of funds, but the rate of return will be low. If you’re willing to take more of a gamble, there’s an abundance of investments whose returns may be higher, but which come with the risk of losing it all.

Investments fall into three principal categories:

- Cash and cash equivalents (like savings accounts, money market mutual funds) are generally the safest category of investment (money market mutual funds are not guaranteed, they produce a fixed return but the principal is never guaranteed or insured), but produce the lowest returns.
- Fixed-income investments (like Guaranteed Investment Certificates- GICs, bonds and income mutual funds) generally offer higher returns and provide a regular source of investment income.
- Equity investments (like stocks and equity mutual funds) are high-risk assets, which can grow in market value if the holder has the tenacity to wait it out.
- the different risks between savings, mutual funds, etc. (also money market is a type of mutual funds, not a savings account, it’s just the lowest risk type of mutual fund). The principal balance is never guaranteed with mutual funds, regardless of the holdings, while balances in savings accounts, RSP’s, chequing accounts, GIC’s, etc. are insurance through



either CDIC (for banks) or DICO (for credit unions) up to certain limits.

How we invest (according to the Canadian Banker's Association)

- 40% of Canadians have mutual funds
- 20% have Canada Savings Bonds
- 18% have individual stocks
- 17% have GICs (for terms of more than one year)
- 15% have GICs (one year or less)
- 11% have provincial savings bonds
- 8% have other bonds issued by government or corporations
- 7% have offshore investments
- 6% have T-Bills
- 4% have index-linked GICs.

### **Basic investing concepts**

**Discussion # 8:** What's the difference between saving and investing?

- While investments are riskier than savings, they can also offer greater opportunity for rewards. The risk is that you could lose part or all of your original investment, and the reward is that if your investment does well, you stand to gain more than you would in a savings account.
- One important difference between saving and investing is that investing is for the long term, meaning you don't expect to need the money you invest for at least 5 to 10 years or longer.
- Another difference between saving and investing in terms of safety is that bank account savings are federally insured up to certain dollar limits, and investments are not.

**Discussion # 9:** Can you help name some of the most common types of investments? When you hear people talk about investing, what are they investing in?

Possible answers: Stocks, bonds, mutual funds, real estate, art, gold, government bonds, index funds. People invest in lots of different things in lots of ways. They are looking for items that they hope will increase in value over time. One of the basic goals of investing is to buy something at a low price and sell it for more than you paid, pocketing the difference.

**Stock Market example:** Let's look at the HIJK Company. The stock is referred to using its symbol, which is usually an abbreviation of the company name. A single stock in company HIJK is called a **share**, and people usually buy whole shares. A share is a piece of a company, and its **value**, or **share price**, rises and falls based on how much people will pay for a share. People will pay money for the stock if they think the company will be successful. If it is, its stock will increase in value.



And sometimes the company will also pay its investors a **dividend**. That's when the company pays the shareholders a part of its **profits**. The idea behind investing is to pick companies that you think are going to grow and increase in value. The trick is to buy shares when the price is low, so you can sell them when the price is high. That's how you make money on your money!

### Stock Listing

This is a stock listing you might see in a newspaper.

STOCK SYMBOL	DIV	LAST	CHG
WXWX	1.65	14.62	+0.50
WYZZ	0	23.37	+1.25
XYYZ	2.35	44.25	-4.00
XYZZ	3.56	8.35	+2.45
XZRL	3.05	32.50	+1.23
XZZ	1	65.90	+0.65

**Stock symbol:** The symbol is an abbreviation of the company name, usually up to four letters long.

**DIV:** Some companies pay **dividends** on their stock. A dividend is part of a company's earnings, paid to shareholders.

**LAST:** Current or most recent **share price** of the stock.

**CHG:** Change in the share price from the previous day.

## Stocks and Risk

Do you like riding roller coasters? How about jumping off the high-dive? That's taking a risk! When you invest, you're also taking a risk. After all, if a company does well, its share price will increase. If the company doesn't do well, the company's stock can lose value.

What makes an investment risky? Lots of things — and sometimes they have nothing to do with the company itself. World events and trends can influence the price. So can government taxes and policies. Even consumers' and investors' optimism about the future of the economy can affect overall prices.



So before you invest, do your homework! Study a company before you buy their stock. Look at what's happening in the U.S. and the world. Ask yourself if those events will affect the company you want to invest in. Investing isn't for everyone because there's so much risk involved. Plus, you have to be at least 18 years old. Still, it's good to learn as much as you can — even now — so that later, if you do invest, you'll know what you're doing. And if you ever need help with investing, you can always talk with an investment advisor.

### Consider these factors of risk

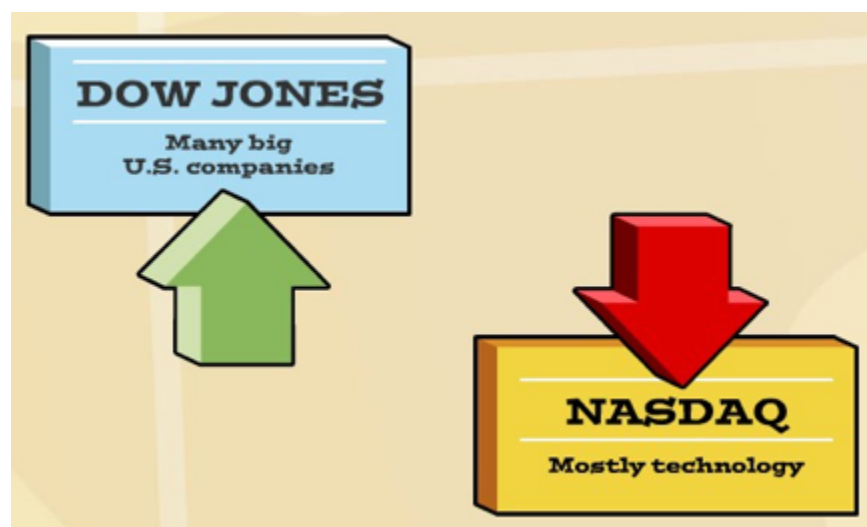
- World events — natural disasters, war, political unrest
- Government — taxes and policy
- Investor optimism — or not...
- Consumer optimism — is consumer confidence up? Are people buying things?
- Changing economic conditions (recession for example)

## Stock indexes and changes in share price

Now let's look at two tools that people use to decide whether they want to invest or not — the TSX 300, S&P 500, Dow Jones and the NASDAQ stock indexes. Maybe you've heard of them — and that they go up and down. What does that mean?

Well, these indices are simply groups of very popular stocks. The NASDAQ stocks are mostly in technology, while the Dow Jones Industrials, TSX 300, and S&P 500 includes stocks of very big U.S. companies across many industries.

So when you hear that either the Dow or the NASDAQ is up or down, it means, in general, that a number of popular stocks that people follow are either going up or down. So, for example, if the Dow or NASDAQ are up, that means that generally the very popular stocks are increasing in value.



When you buy shares of a company, you pay a certain price for each share. When you decide to sell the stock, you sell it for more, less, or the same price you paid for it.

## Mutual Funds

- If you'd like to get into the stock market, but you don't feel comfortable studying companies and how they're doing, there's still a way to invest.
- They're called **mutual funds**. When a group of people put their money together and pay a manager to buy stocks from many different companies, they've started a mutual fund. When you buy into a mutual fund, you become an investor in many different companies. As a result, you don't have to watch the ups and downs of each stock; you just follow the overall value of the mutual fund.



- The idea behind a mutual fund is that it “spreads risk.” That means that if the fund invests in Company A, and its stock loses value, then another company in the fund, Company B, may, on the same day, increase in value. The gains in Company B may even cancel out the losses in Company A — so you might not lose anything.
- Do you see how, by spreading the risk, the mutual fund can act as a buffer against losses?
- Of course, not all mutual funds gain in value. Sometimes more stocks in a mutual fund lose value than gain, and the value of the fund goes down. The stock market makes no promises!
- Remember, if you don’t want to risk losses on your money, you can grow your money safely in savings accounts, certificates of deposit, or money market accounts.



## Capital Gains

When you sell a stock at a higher price than what you paid for it, you make a **profit**. The financial term for that profit is called a **capital gain**.

“Capital” refers to the money you use for investing — the money you start with. The “gain” portion of capital gain refers to the money you earn on your investment if you sell the stock for a profit. If you lose money on the sale of your stock, then the term is called a **capital loss**.

These are good words to remember. Just imagine when the time comes to sell an investment — like a stock or a mutual fund — for a profit.

**Question: You bought 2 shares of HIJK stock when it was selling for \$42 a share. How much did the 2 shares cost you?**

\$88

\$86

**\$84**

\$82

**Hints:** Multiply \$42 by 2.

You bought a share of stock in CLNR Energy for \$50. At the end of the year, the stock was selling for \$35 a share. If you decide to sell the stock then, how much money will you have made?

- \$0
- **-\$15.00**
- \$35.00
- -\$35.00

**Hints:** If the price of the stock is less when you sell it than when you bought it, you will not have made any money. In fact, you will have lost money. Calculate  $\$50 - 35$ . That will tell you how much money you lost on the CLNR Energy stock if you sold it for \$35.

## ACTIVITY #1 - WHAT ARE YOUR GOALS?

<b>DO</b>	<p><b>Time:</b> 20 minutes</p> <p><b>Materials/Resources:</b></p> <ul style="list-style-type: none"><li>• Personal goal worksheet</li><li>• Writing utensils (pens, pencils)</li></ul> <p><b>Instructions:</b></p> <p>Now it's your turn. Pick a long-term goal in one category—either personal, educational, financial, or professional—and think about how you can break it into long-, medium-, and short-term actions. These are your own individual goals, so there's no wrong answer. Be as specific and realistic as you can. You can always complete the other categories later if you choose. Allow about five to seven minutes for people to write down their three goals in one category. Then ask participants to take turns and share their goals with their small group or the person sitting next to them. Allow about five minutes for discussion.</p>
<b>REFLECT</b>	<p><b>Learning Outcomes:</b></p> <p>To allow members to evaluate their own spending habits so they can make their goal program.</p>
<b>APPLY</b>	<p><b>Prompts:</b></p> <ul style="list-style-type: none"><li>• Why is it important for you to be aware of your own interests, strengths and limitations around your financial goals?</li><li>• Was this an easy or hard activity? Why?</li></ul>

## ACTIVITY #2 - WHERE TO KEEP MONEY

<p style="text-align: center; font-size: 24pt; font-weight: bold;">DO</p>	<p><b>Time:</b> 20 minutes</p> <p><b>Materials/Resources:</b></p> <ul style="list-style-type: none"> <li>• Writing utensils (pens, pencils)</li> <li>• Writing paper</li> </ul> <p><b>Instructions:</b></p> <p>Explain to members that part of creating a good savings plan, whether for an emergency fund or long-term goals, is assessing where our money is best kept for maximizing savings.</p> <p>Ask members what they do with the money they receive from jobs, allowance or gifts.</p> <p>Do they spend it? Save it? Keep it at home? Deposit it in a bank account? What choices do they make with their money and why?</p> <p>Invite members to share their experiences. Explain that not all banks or savings accounts are the same and that we have many choices when it comes to saving and investing our money.</p>
<p style="text-align: center; font-size: 24pt; font-weight: bold;">REFLECT</p>	<p><b>Learning Outcomes:</b></p> <p>To allow members to become familiar with choices they have with their money.</p> <p>To help members understand where they should keep their money based on their goals.</p>
<p style="text-align: center; font-size: 24pt; font-weight: bold;">APPLY</p>	<p><b>Prompts:</b></p> <ul style="list-style-type: none"> <li>• Did this activity help review the different ways to spend and save your money? Why or why not?</li> </ul>



## ACTIVITY #3 - SPEND OR SAVE

DO

**Time:** 20 minutes

**Materials/Resources:**

- Personal goal worksheet
- Writing utensils (pens, pencils)
- Investing Tips Handout

**Instructions:**

1. Begin by asking members: If you could have \$100 right now or \$150 in one year, which would you choose and why? Invite volunteers to share their responses, discussing the factors members considered in making their decision (e.g., current versus future wants and needs). Explain that in our financial lives, waiting often means the opportunity to earn more money.
2. Ask members if they can think of any money management strategies that involve waiting to spend money in order to grow the initial amount. Help members understand that both saving and investing can earn money because of potential benefits such as interest and rate of return. Interest is a percentage of money earned on top of money invested, paid as an incentive to keep your money somewhere. Interest is also the percentage we pay on top of the amount borrowed when we take out loans. For example, banks offer interest as an incentive because they want to use your money to provide loans to other people. Rate of return is the amount gained or lost on an investment over time, expressed as a percentage of the initial amount invested, or the principal.
3. Help members understand that when determining how to manage their money, it's important to consider the risks and rewards involved.
4. Distribute the member activity sheet Investing Tips and

<p style="text-align: center; font-weight: bold; font-size: 24px;">DO</p>	<p>gained or lost on an investment over time, expressed as a percentage of the initial amount invested, or the principal.</p> <p>3. Help members understand that when determining how to manage their money, it's important to consider the risks and rewards involved.</p> <p>4. Distribute the member activity sheet Investing Tips and review the investment strategies as a class. Explain the differences between the investments by distinguishing pros, cons and risks of each. Explain that risk is intrinsically linked to investing and that, historically, greater risks have reaped greater rewards but have also been subjected to greater losses.</p> <p>5. Help members understand that consumers can buy, sell and trade investments.</p>
<p style="text-align: center; font-weight: bold; font-size: 24px;">REFLECT</p>	<p><b>Learning Outcomes:</b></p> <p>To allow members to become familiar with choices they have invest their money.</p> <p>To help members understand how to manage their money and best options for investing.</p>
<p style="text-align: center; font-weight: bold; font-size: 24px;">APPLY</p>	<p><b>Prompts:</b></p> <ul style="list-style-type: none"> <li>• Did this activity help review the different ways to invest your money? Why or why not?</li> <li>• Did you find it too challenging?</li> </ul>

## ACTIVITY #4 - WHAT'S MY INTEREST?

<b>DO</b>	<p><b>Time:</b> 30 minutes</p> <p><b>Materials/Resources:</b></p> <ul style="list-style-type: none"><li>• Writing utensils (pens, pencils)</li><li>• Activity Sheet</li></ul> <p><b>Instructions:</b></p> <p>Distribute the activity sheet and explain that different investing strategies offer different types of interest or returns: simple or compound. Explain that some investment options have guaranteed interest rates, while others have variable rates that fluctuate.</p> <ol style="list-style-type: none"><li>1. Review the calculations for simple and compound rates on the activity sheet as a class, and then give members ten minutes to complete the activity.</li><li>2. Invite volunteers to share their answers, and help members understand their money can grow differently depending on types of interest, rates and strategies. Ask members why potential money growth is important to consider. What kind of return would they want in an investment and why?</li></ol>
<b>REFLECT</b>	<p><b>Learning Outcomes:</b></p> <p>To introduce members to how interest works and how they can choose different ways to save based on what their goals are.</p>
<b>APPLY</b>	<p><b>Prompts:</b></p> <ul style="list-style-type: none"><li>• Did this activity help review the different ways to spend and save your money? Why or why not?</li></ul>

## **Additional Information for Senior Members**

### **Heading to University**

A college or university education is the ticket to the middle class in Canada. But it's an expensive ticket, and the cost rises every year. The overall annual average cost for a Canadian university education is about \$8,000 for tuition alone and about \$4,000 for college. If you plan to attend college or university out of town, it will likely cost another \$8,000 per year for accommodations and food. That rounds out to an average of \$64,000 spanning four years of university or college.

When heading off to university, it is important to get a clear picture of your day-to-day personal finances. Chequing accounts. Buying books. Renting an apartment. Making money. You cannot avoid your day-to-day finances. You can learn about it now, or wait until you make a mistake. We suggest now.

#### **Start Early**

Looking at the cost of paying for a post-secondary education can be some scary numbers. But if you have the benefit of time, they're not as bad as they seem. Here are some steps you can start taking today:

- Go over your monthly finances and find a little extra money you can put away. Even \$50 or \$100 can make a big difference.
- Make a commitment to devote at least that amount each month, and to add to it as your income increases.
- Shop around for the best interest return you can get for your money.

#### **High Return**

Because the cost of university is rising faster than inflation, it's smart to invest your savings to get a higher interest rate than a typical bank can offer. Consider putting your money into:

- Stocks
- Mutual funds
- GICs

#### **Help Paying for University**

One important thing to keep in mind is that you won't necessarily have to come up with the

entire cost of university. All higher education institutions offer financial aid in the form of grants and loans. These are most often funded by the federal government. But there are also often aid offerings from the province and from the school itself. Be sure to look into all the options available.

## **Buying a Car**

Buying a car is like jumping into a lake. Without some planning and research into what you might encounter, you could be in too deep before you know it.

Relax. You're going to be prepared. If you take the car buying process one step at a time and put some time into researching your purchase and your finances, it will go much more smoothly.

### **What Can You Afford?**

There's no sense getting all worked up about a car you can't afford. So save yourself some disappointment and figure out a payment amount you can handle before you start looking.

Start with your budget. (You do have a budget don't you? How much room is there in your budget? Could you, for example, fit an extra \$200 a month in your budget without strapping yourself too much or eliminating your savings? If so, can you fit an extra \$300 a month in your budget? No? How about \$250? Continue that process until you have a general idea of how much extra room you have in your budget. That's how much you can afford to pay for a car every month. Operating expenses can be as much as one third to one half of the monthly cost of a new car. So take the amount that fits in your budget and multiply it by .66. That is the most you should consider spending on monthly payments for the vehicle to be able to afford operating expenses as well.

Remember that your expenses will include not only your car payment, but also your insurance, gas, maintenance and other miscellaneous costs associated with operating a vehicle. As a general rule, the more expensive the car, the more it costs to insure and maintain it.

### **The 20-10 Guideline**

Never borrow more than 20% of your yearly net income .

If you earn \$400 a month after taxes, then your net income in one year is:  $12 \times \$400 = \$4,800$   
Calculate 20% of your annual net income to find your safe debt load:  $\$4,800 \times 20\% = \$960$  So, you should never have more than \$960 of debt outstanding. Note: Housing debt (i.e., mortgage

payments) should not be counted as part of the 20%.

Monthly payments shouldn't exceed 10% of your monthly net income

If your take-home pay is \$400 a month  $\$400 \times 10\% = \$40$  Your total monthly debt payments shouldn't total more than \$40 per month.

### **Down Payment**

This is going to hurt so let's just get it out of the way — you're going to need a big chunk of change for a down payment. How much? The bigger the better.

A dealership isn't going to give you a car with only a signature as a promise you'll pay for it later. But cash is a great symbol of your commitment to make all the payments. That's the basic idea of a down payment.

To get a loan for a car, and often for a lease, you'll probably need to make a down payment of around 10% of the total price of the vehicle. The larger your down payment, the smaller your monthly payment will be and the less you will pay in total for the car in the long run. But make sure you don't break yourself or deplete your savings account with too large a down payment. We'll discuss exactly how a down payment affects your financing and monthly payments later on. But for now it's important that you know you will need a large sum of cash when you buy a car. If you can, delay purchasing a car so that you have some time to save up a decent down payment.

Now that you know how large a monthly payment you can afford, you can start looking to find out how much car that will get you.

Remember, owning a car can be expensive. You should consider all of the following before making that purchase:

### **Costs of Owning a Car**

1. Initial purchase price
2. Registration and title costs
3. Sales tax and GST/HST
4. Financing costs
5. Depreciation
6. Insurance

7. Scheduled maintenance
8. Storage (renting garage space)

### **Costs of Operating a Car**

1. Gasoline
2. Maintenance and repairs
3. Tires
4. Parking and tolls
5. Tickets

### **Registered Retirement Savings Plan (RRSP)**

An RRSP is a savings strategy for your retirement that allows you to invest on a tax-deferred basis. Your contributions to the plan are allowed to accumulate, along with investment income, on a tax-free basis until the funds are withdrawn during your retirement years. This delay is significant because, although the funds will be fully taxable at that time, you will likely have entered a lower-earning phase of your life, and your tax rate will be lower.

Contributions to an RSP can only be made by individuals with “earned income” taxable in Canada. Earned income includes salaries, self-employment income, maintenance and alimony payments, and net rental income (but does not include income from pensions or investments). If you are not sure about other types of income that may be eligible, consult a tax advisor or the Canada Revenue Agency (CRA).

RRSPs are registered with the CRA, and their issuance is supervised by an approved financial institution to ensure that rules are strictly followed.

You have to be at least 18 years old to open an RSP or an RESP.

## Activity # 1: Identifying your personal goals

Name one of your personal, educational, financial, or career goals. Then break it into long-term, medium-term, and short-term actions you can take to reach that bigger goal. Write your linked goals in the spaces to the right.

Short-, medium-, and long-term goals are very different. If you link them together, you have a better chance of achieving them.

Suppose your long-term career goal is to be a veterinarian, but you do not have any experience working with animals. Here's how your goals might look:

- A long-term goal would be to go to veterinary school.
- A medium-term goal might be to volunteer at an animal hospital.
- A short-term goal might be to get a pet, or offer to walk your neighbor's dog or pet-sit while they are on vacation.

SMART goals are: Specific, Measurable, Achievable, Relevant, Trackable

Long-term goal: (3–5 years)

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Short-term goal: (1 week–3 months)

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## Investing Tips

<b>Investment Strategy</b>	<b>Definition</b>	<b>Risk</b>	<b>Pros</b>	<b>Cons</b>
<b>Bonds</b>	A type of loan in which you are the lender. You loan money to the government or a corporation with a set interest rate and maturity date	Often lower risk, but risk varies depending on 1) the ability of the issuer to repay the loan and 2) interest rate opportunity costs	Usually provides more stability than stocks  - Higher interest rate than a savings account	Historically lower returns than stocks  - Cashing in before maturity date could result in a loss of principal
<b>Mutual Funds</b>	A fund managed by a company that includes a portfolio of stocks or bonds	Risk varies depending on type of mutual fund	Diversified- You can select different risk levels	Return isn't guaranteed - Can be subject to expensive management fees
<b>Stocks</b>	When buying a stock, you buy partial ownership of a company	Different levels of risk—some can be very risky, but all stocks are subject to ups and downs of the market	Potential for higher returns over the long-term	The market goes up and down regularly, making it a volatile investment  - Requires a long-term investment to get the best return  - No guarantee for additional money above your investment (called the return) and you may lose your principal, too

**What's my interest Activity # 4:** If you could earn \$100 or \$10 for doing the same job, which would you take? Chances are, you'd take the \$100. While that seems like an easy choice, understanding how you can earn \$100 versus \$10 when investing money means mastering interest and rate of return. Learn how different rates, interest types and investment strategies can impact and maximize your earnings by completing the table and questions below.

### **How to Calculate Simple Interest:**

Principal x Interest Rate x Time Simple Interest/Rate of Return Example:

Imagine you have \$100 and plan to put it in the bank for 6 years with a 6% interest rate, calculated as .06%.

**Here's what the calculation would look like:**

$\$100 \times .06 \times 6 = \$36$ . The amount will grow by \$36/year using simple interest.

Year 1:  $\$100 + \$36 = \$136$

Year 2: \$172

Year 3: \$208

Year 4: \$244

Year 5: \$280

### **How to Calculate Compound Interest:**

(Principal + Earned Interest) x Interest Rate x Time

Compound Interest/Rate of Return Example: Imagine the same scenario (\$100, interest rate calculated as .06% for 6 years), but this time interest will be compounded annually.

**Here's how your money grows:**

Year 1:  $\$100 \times .06 \times 6 = \$36$  ( $\$100 + \$36$ ) = \$136

Year 2:  $\$136 \times .06 \times 6 = \$48.96$  ( $\$136 + \$48.96$ ) = \$184.96

Year 3:  $\$184.96 \times .06 \times 6 = \$66.58$  ( $\$184.96 + \$66.58$ ) = \$251.54

Year 4:  $\$251.54 \times .06 \times 6 = \$90.55$  ( $\$251.54 + \$90.55$ ) = \$342.09

Year 5:  $\$342.09 \times .06 \times 6 = \$123.15$  ( $\$342.09 + \$123.15$ ) = \$465.24

• In just a few years, you've nearly tripled your money.

<b>Strategy</b>	<b>Principal</b>	<b>Interest Rate</b>	<b>Time</b>	<b>Interest or Return Type</b>	<b>Interest or Return Earned</b>	<b>Total Value</b>
<b>Stock</b>	\$10,000	3%	10 years	Compound		
<b>Mutual Fund (portfolio of stocks &amp; bonds)</b>	\$1,000	7%	20 years	Compound		
<b>Bond</b>	\$100	5%	30 years	Simple		
<b>Stock</b>	\$700	10%	1 year	Compound		
<b>Bond</b>	\$10,000	3%	10 years	Simple		

\* Mutual fund income can be in the form of interest, 's dividends or capital gains (or all 3)

Stock income is in the form of dividends and capital gains or both (interest income is not earned on stocks)

## Investment Challenge

1. John receives \$1,000 as a graduation gift from his grandparents. Rather than spend it, he decides to invest it in a two-year bond that earns 3% simple interest. John doesn't need access to the money right away because he wants to save it for when he's ready to buy a home in about 10 years. Is the bond a wise investment for John? Why or why not?

What other investment options does John have?

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2. If you had the choice between investing \$1,000 in a mutual fund that earns 7.5% compound interest or a bond that earns simple interest at 7.5%, which would you prefer and why?

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## References

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