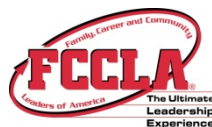


The Ohio FCCLA

# Financial Literacy Training Manual



Sponsored by the Ohio Association of  
Family, Career, and Community Leaders  
of America



Training Manual Users,

As Ohio FCCLA interns, we were hired through a grant Ohio FCCLA received from State Farm. The purpose of the grant money was to design a Financial Literacy program and to employ two interns, who would carry out the activities involved. We have worked very hard over the last year, to complete each and every one of these activities. Two of our main responsibilities were to train Ohio FCCLA Financial Literacy Peer Educators and from there we were to create a manual showcasing our work.

We would like to thank you for taking interest in our Training Manual. The materials here were created to act as a resource for any future Peer Educator trainings. We have compiled all of the materials we used to complete the Peer Education Academy in conjunction with Ohio FCCLA Fall Leadership camp at Heartland Retreat on October 12-13, 2009. The Academy was a two day training and provided all of the students with the skills they needed to go back to their schools and execute their Peer Educator responsibilities.

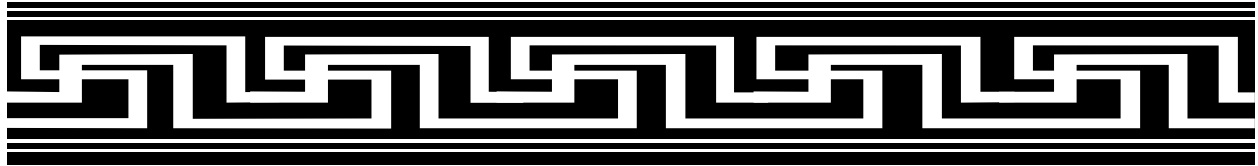
Many of the resources in this document were gathered through partnerships with several influential organizations. First, Ohio FCCLA has create a partnership with \$aving Our Futures (2009), which is "A Financial Responsibility Program for Young People." Through our work with them, we were able to use lessons from their curriculum modules and give the peer educators great lessons to use in their projects.

Secondly, we created a strong partnership with Family Economics and Financial Education (FEFE), which is "a program of the **Take Charge America Institute** for Consumer Financial Education and Research at **The University of Arizona**." Through the network, we have been able to bring an abundance of materials to the Peer Educators. The FEFE curriculum is constantly updated and strengthened, therefore, the lessons we have put in this manual may be out of date if used after March 2010. Updated materials can be obtained from <http://fefe.arizona.edu/>, with assistance from a FEFE registered teacher educator.

Thank you again for showing interest in our manual. We are very proud of the work we have done over the last year, and hope that our endeavors can be used as resources for many years to come.

Sincerely,

Melissa Vannest & Casey Haunber  
2009-2010 Ohio FCCLA Financial Literacy Interns



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The items listed above are the materials, which the Peer Educators received in their binders at the start of the Peer Educator Academy. The materials can be directly taken out of the pages in this training guide and can be found by following their corresponding numbers.

\* All items denoted with an asterisk have full lessons included after their introduction pages.





# Financial Fitness

Financial Fitness is a national FCCLA peer education program that involves youth teaching one another how to make, save, and spend money wisely. Through FCCLA's Financial Fitness program, youth plan and carry out projects that help them and their peers learn to become wise financial managers and smart consumers.

## Financial Fitness Units:

Each youth-created Financial Fitness project relates to one of the following five units—

- **Banking Basics** — Conquer bank accounts, credit, and investments
- **Cash Control** — Track and plan personal spending
- **Making Money** — Sharpen on-the-job financial fitness
- **Consumer Clout** — Become a savvy spender
- **Financing Your Future** — Apply financial skills to real life.

## Partners:

- America Saves, [www.americasaves.org/fccla](http://www.americasaves.org/fccla)
- American Bankers Association Education Foundation (ABA), [www.aba.com](http://www.aba.com)
- Family Economics and Financial Education (FEFE), [www.fefe.arizona.edu](http://www.fefe.arizona.edu)
- Jump\$tart Coalition for Personal Financial Literacy, [www.jumpstart.org](http://www.jumpstart.org)
- National Endowment for Financial Education (NEFE), [www.nefe.org](http://www.nefe.org)
- USA Today Education, [www.usatoday.com/education](http://www.usatoday.com/education)
- Visa USA and Practical Money Skills for Life, [www.practicalmoneyskills.com](http://www.practicalmoneyskills.com)

## Awards:

FCCLA offers national recognition to chapters that complete either FCCLA Financial Fitness projects or Family Economics and Financial Education (FEFE) projects. FCCLA and FEFE joined together with the goal of strengthening families by improving financial literacy. FEFE sponsors awards to encourage the use of FEFE curriculum materials to prepare members to plan, carry out, and evaluate FCCLA national Financial Fitness projects. These honors include cash awards and special recognition at the National Leadership Conference and in the *Teen Times* magazine. Chapters apply for recognition for their hard work and innovative projects with the National Financial Fitness and FEFE Program Award Applications available on the FCCLA website under Awards/Scholarships.

### Financial Fitness cash awards include:

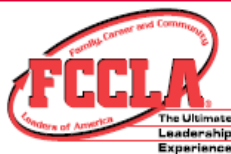
- High School Award — \$1,000
- Middle School Award — \$1,000
- Runner-Up Award — \$500

### FEFE cash awards include:

- High School Award — \$1,000
- High School Runner-Up Award — \$500

**Deadline:** Award Applications must be submitted online to FCCLA national headquarters by March 1. The online system will automatically close March 1, 11:59 p.m. EST.

1910 Association Drive  
Reston, VA 20191  
(703) 476-4900  
(703) 860-2713 Fax  
[www.fcclainc.org](http://www.fcclainc.org)



*Manage your \$! Use this program to help you make, save, and spend your money wisely and be financially fit.*



## Ohio FCCLA Peer Educator Application



### Explanation:

The Ohio Peer Education Program consists of a network of freshman, sophomore, and junior students across the state of Ohio who work collaboratively and innovatively to develop and carry out a peer education focused program of work. Students involved learn a variety of Family & Consumer Sciences skills, develop their leadership, connect with community members, and publicize FCCLA. Do you think this is for you? WE DO!

### Responsibilities:

Ohio FCCLA Peer Educators must be willing to:

1. Serve a term lasting from (TERM DATES)
2. Be willing to work closely with students from across the state
3. Participate in monthly conference calls
4. Work closely with the Ohio State Executive Council, FCCLA interns, and the state advisor
5. Attend the Peer Education Academy, October 12-13, in conjunction with Fall Leadership Camp
6. Facilitate 2 presentations to local organizations (School's Board of Education, civic groups, community foundations)
7. Coordinate 1 financial education service learning project in their local chapter and report back to the FCCLA interns
8. Develop and execute a public relations plan for their FCCLA Chapter (Newspaper Article, Letter to the Editor, Radio, etc.)
9. Submit one article to be published in the State Office News Brief
10. If available, assist with Financial Literacy Bowl and State Leadership Conference

- Peer educators will receive an official Ohio FCCLA Peer Educator polo, a customized leadership development plan, state recognition, a flash drive with resources, and partial compensation for attendance at the Peer Educator Academy\*.

- Only 3 Applications per school will be accepted and reviewed.

-Applications must be postmarked by **(DATE)** and sent to:

**Ohio FCCLA Peer Education  
25 South Front Street MS 611  
Columbus, OH 43215**

-Applicants and Advisors will be notified by **(DATE)**.

\*Peer educators are responsible for \$20 towards the Peer Educator Academy.

## 2009-2010 Peer Educator Application

Please Type or Print Neatly

Applicant Name \_\_\_\_\_ Phone (\_\_\_\_) \_\_\_\_\_

Applicant Home Address \_\_\_\_\_

\_\_\_\_\_  
City State Zip

Applicant Email Address \_\_\_\_\_

Chapter's Name \_\_\_\_\_

School Name \_\_\_\_\_

School Address \_\_\_\_\_

\_\_\_\_\_  
City State Zip

Adviser Name \_\_\_\_\_ School Phone (\_\_\_\_) \_\_\_\_\_

Adviser Email \_\_\_\_\_

County \_\_\_\_\_ FCCLA Region \_\_\_\_\_ (1- 10)

Type of Chapter: \_\_\_\_\_ Comprehensive \_\_\_\_\_ Occupational/Workforce

Grade of Applicant for (DATE) school year \_\_\_\_\_ Scholastic Average \_\_\_\_\_

Will you be taking a Family and Consumer Sciences course next year?

\_\_\_\_\_ YES \_\_\_\_\_ NO

**1) What offices have you held in the FCCLA organization and at what level? (List)**

**2) What type of peer education and service learning projects have you been involved with?**

3) Why would you make a good peer educator?

4) What is one goal you have for yourself and for Ohio FCCLA and what are your plans for achieving those goal?

5) Please list the names and addresses of the 2 closest newspapers that cover your area:

I acknowledge by signing that I am willing to serve as a 2009-2010 Ohio FCCLA Peer Educator, and I am responsible for the \$20 Academy fee if I resign in the duration of the term.

Signature of Applicant: \_\_\_\_\_ Date: \_\_\_\_\_

Signature of Advisor: \_\_\_\_\_ Date: \_\_\_\_\_

Please list shirt size for a polo. Small, Medium, Large, XL, XXL, XXXL \_\_\_\_\_



Dear Future Leader,

Congratulations! We are pleased to notify you of your acceptance as a Financial Literacy Peer Educator for the (DATE) school year. The Ohio Association of Family, Career, and Community Leaders of America is very proud to have you on this team.

This year will be a great experience for you to develop your leadership skills as well as gain knowledge and educate others about financial literacy. As a peer educator you will be responsible for attending training, communicating with many people involved in this project, and completing projects on financial education. This is a fantastic opportunity for you to step up as a leader in Ohio FCCLA.

Before coming to training we are asking that you complete the Student Leadership Practices Inventory, SLPI. We are using this to gauge your thoughts on your leadership skills. As well you will be making some goals for the future regarding your leadership qualities. You will receive an email from the SLPI website with a link and instruction of how to complete your survey. Please use the link provided to do this survey and send it to two observers for them to fill out about you. Your observers may be a parent, teacher, or someone else you have work with on a project or FCCLA event.

Thank you so much! We look forward to having an exciting year working with you.

Sincerely,

(Name)

Financial Literacy Intern

Ohio Family Career and Community Leaders of America



# Checklist

Before coming to the Peer Educator camp

- Complete and send application by the deadline
- Complete and send Commitment Form
- Investigate home school's financial literacy curriculum and bring ideas for how to enhance the financial education
- Create a professional email address, if one does not already exist you do not already have one (preferably through Gmail)
- Complete the Student Leadership Practice Inventory on line
- Develop a public relations plan
- Come prepared with times available for staying in contact and making conference calls after training



## Peer Education Camp Schedule

Day 1:

Introduction with everyone

10:30-12pm :

Introduce your neighbor activity (5-10 minutes)

Overview of the year- (10-15 minutes), explain the "on-going list"

What are their expectations? (5-10 minutes)

Appearance and e-mail (5-10 minutes)

Financial Literacy Twister (20-25 minutes)

SLPI (30 minutes)

1-4pm:

Budgeting from Saving our Future (45 minutes)

Financial literacy for grades 1-5 from FEFE (45 minutes)

Break (10 minutes)

Ages and stages (20-25 minutes)

Communication throughout this year, conference calls (30 minutes)

State officer update (15 minutes)

4-5pm:

Team building- First Impressions (15 minutes)

Moving Marbles (45 minutes)

6-9pm:

Electronic Banking from FEFE (45 minutes)

Credit from FEFE (45 minutes)

Service Learning (30 minutes)

Public Speaking and Elevator Speech ( 30 minutes)

Reflection time (10-15 minutes)

Day 2:

8:30-10:30pm

Public Relations (1 & ½ hours)

Article for Newsbrief w/ months and topics

Contact media

Contact State Farm

Contact public organization

Contact your school board to get on agenda

Contact a teacher

Post camp Actions & Questions (30 minutes)



# Day 1: Morning Session Overview

## **Welcome- Introduce your neighbor activity** (5-10 minutes)

Have the peer educators stand in a circle

Go around the circle and have each person introduce the person to their right (making up a name, occupation, and hobby for that person)

After going around once, have the students go around again and introduce themselves, their schools, and their reason for attending

## **Overview of the year** (10-15 minutes)

Explain the basis of the program and the overall goals

Create a list that will be “on-going” throughout the training that can be compiled over the two days

Review responsibilities from the applications their signed

## **What are their expectations?** (5-10 minutes)

Create a list of any expectations they have for themselves and for their trainers

## **Appearance** (5-10 minutes)

Educate the peer educators on dressing and acting professionally

## **Financial Literacy Twister** (20-25 minutes)

Conduct Financial Literacy Twister from lesson developed by Family Economics and Financial Literacy (FEFE)

## **SLPI** (30 minutes)

Discuss the Student Leadership Practice Inventory and how their results will be calculated and given back to them

Discuss the goal sheets (created by the 09-10 State President, Alli Bruns) and how they can use the SLPI results to set personal goals (30 mins.)

# Day 1: Afternoon Session

## Overview

### **Budgeting from \$aving our Future** (45 minutes)

Present the Budgeting lesson from \$aving our Future

Conduct any activities, so the peer educators get a feel for the lesson

### **Financial Literacy for grades 1-5 from FEFE & Take Charge America** (15 minutes)

Present an example of the FEFE and Take Charge America lessons that are create for grades 1-5

Explain where to get the lessons, [www.takechargeamerica.org](http://www.takechargeamerica.org)

### **Break** (10 minutes)

### **Ages and stages** (20-25 minutes)

Help the students understand the characteristics of children in different age groups and what type of activities would be most appropriate

### **Communication throughout this year** (30 minutes)

Discuss the possible methods of communication available

- PE Portal
- conference calls
- Blogs

Decide on an appropriate communication approach for the peer educators and their trainers

### **State officer update** (15 minutes)

Ask the State Executive Council to send an officer to come give the peer educators an update of their activities

### **Team Building- First Impressions** (15 minutes)

Have the peer educators put descriptions on their back and have the other peer educators treat the person appropriately to their description

Ask the students to report on how they felt after the experience

**Moving Marbles** (45 minutes)

Give the students different sizes of paper

The student have to get the marble from one end of the room to the other end of the room

Everyone must participate, the track cannot touch the ground, and the marble must land within three inches of the finish mark



# Day 1: Evening Session Overview

## **Electronic Banking from FEFE (45 minutes)**

Present the Banking lesson from FEFE

Conduct any activities, so the peer educators get a feel for the lesson

## **Credit from FEFE (45 minutes)**

Present the Credit lesson from FEFE

Conduct any activities, so the peer educators get a feel for the lesson

## **Service Learning (30 minutes)**

Describe the definition of Service Learning

Encourage the students to write down idea for their service learning projects

## **Public Speaking and Elevator Speech ( 30 minutes)**

Allow the students to brainstorm important public speaking skills

Encourage the students to write down topics and give impromptu speeches from the topics

## **Reflection time (10-15 minutes)**

Ask the peer educators to share their thoughts on the day's activities

Ask for any suggestions

# Day 2: Morning Session Overview

## **Public Relations (1 & ½ hours)**

### **Article for Newsbrief w/ months and topics**

Give the peer educators a sheet to sign-up for times to do articles about their activities

### **Contact media**

Discuss their ideas of who they want to contact and how

### **Contact State Farm**

Give them the letter created ahead of time

### **Contact public organization**

Discuss with them community organizations which would be appropriate and not appropriate to visit

### **Contact your school board to get on agenda**

Discuss the proper and professional contact with their school administrators

### **Contact a teacher**

Help them to create a plan of action for their school and teachers' classrooms they may want to visit

## **Post camp Actions & Questions (30 minutes)**

Review responsibilities and their own expectations for the term

Examine any items that were put on the "on-going" list

(Full, details are provided throughout)

## **This is My Neighbor** (Icebreaker)

This activity is a great icebreaker. It is called “This is My Neighbor.” Have all of the students stand in a circle facing the center. One student (S1) starts and introduces the person (S2) to their left. S1 makes up a name for the person, an occupation, and a hobby. This description should be fictional and can be as silly as the students wish. The next step would be continuing the introducing starting with S2 introducing the person to their left. This is the same around the circle, until S1 is introduced. Then, the students go around again and introduce themselves saying their real names, jobs (or grade levels), and hobbies. The activity is meant to get the students to relax, get to know each other’s personalities, and to laugh.

An example of a description would be, “This is Suzie Kemaluzieduzie. She is a professional candle lighter. In her free time she enjoys walking on her elbows and watching paint dry.”

Sample Introduction: “We are now going to do an activity to get to know each other a little better. This activity is called “This is My Neighbor.” To play the game, you introduce the person to your left, however these introductions are completed fictitious. The first person will start and introduce the next person, by giving their name, occupation, and hobbies. An example of this would be ‘This is Suzie Kemaluzieduzie. She is a professional candle lighter. In her free time she enjoys walking on her elbows and watching paint dry.’ Then, the person who was just introduced describes their neighbor. The process repeats until we get to the end.”

(Once the entire circle has gone)

“ Now I would like to go around and have each person give an accurate description of themselves. Please share your name, grade, and hobbies.”

# Participant Commitment



To make the most of this Financial Literacy Peer Educator Training, I will---

1. be courteous, polite, and considerate. I realized this is the way to gain the respect of others.
2. be at all sessions and participate in all activities
3. not use drugs, alcohol, or tobacco at any time during the conference
4. arrive at least five minutes early to all sessions. This demonstrates respect of the training staff and allows the session to begin on time.
5. be in the room by the assigned time, so I am alert for the next day's activities.
6. report all illnesses, injuries, and other problems to my adviser and training staff so appropriate action can be taken.
7. respect the camp properties as if they were my home. I agree to keep my room door locked at all times.
8. project a proper image. Girls will not visit boys' rooms, and boys will not visit girls' rooms.

I am honored to be part of my state's Financial Literacy Peer Education Training. I will do all that I can to reflect this honor in my speech, actions, and attitudes.

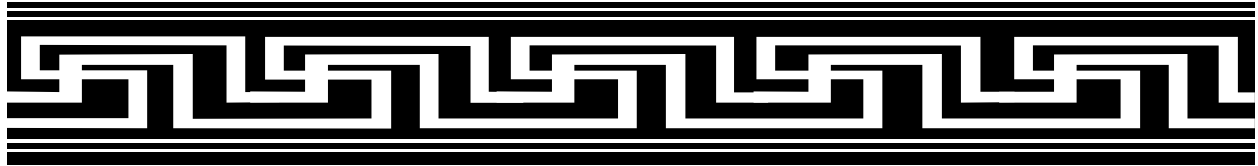
\_\_\_\_\_  
Signature

\_\_\_\_\_  
Date

Witnessed---

\_\_\_\_\_  
Signature

\_\_\_\_\_  
Administrator



## **Responsibilities as a Financial Literacy Peer Educator:**

- Serve a term lasting from October 1, 2009-May 1, 2010.
- Be willing to work closely with students from across the state.
- Participate in monthly conference calls.
- Work closely with the Ohio State Executive Council, FCCLA interns, and the state advisor.
- Attend the Peer Education Academy, October 12-13, in conjunction with Fall Leadership Camp.
- Facilitate 2 presentations to local organizations (School's Board of Education, civic groups, community foundations).
- Coordinate 1 financial education service-learning project in their local chapter and report back to the FCCLA interns.
- Develop and execute a public relations plan for their FCCLA Chapter (Newspaper Article, Letter to the Editor, Radio, etc.).
- Submit one article to be published in the State Officer News Brief.
- If available, assist with Financial Literacy Bowl and State Leadership Conference

### **To Do:**

- Attend Peer Education Academy**
- Facilitate two presentations to local organizations**
- Coordinate one financial education service-learning project in your local chapter**
- Promote FCCLA and the program using the media**
- Submit an article to be published in the News Brief**



## **Overview of the Year**

Going into the Peer Educator training it is vital for the students to understand the requirements that they will have for their term. For this we developed a to do list for their binders so that they could check off, date, or write notes on each of their responsibilities. In order for you to hold the peer educators responsible for the multiple requirements of their term you must go over your expectations and give them opportunity to ask any questions about the requirements. Doing this at the beginning will allow students to brainstorm ideas for their projects as they learn more about financial literacy throughout the training.

Sample Introduction: “As a peer educator you will be responsible for completing a few presentations, staying in contact with us, and promoting FCCLA in your community.” Read through each of the responsibilities and elaborate on what you expect for each of these. Include examples for everything if possible to give students an idea of what exactly you anticipate for the year. You may use the calendar provided if you have deadlines set for any of the requirements.

## **What are their expectations?**

This activity's purpose is to give the presenters a better understanding of what the Peer Educators plan to get from their terms. To conduct this discussion, we suggest that you use large post-it notes and markers on a wall, so everyone can see the list and give their input. We think that you should make an actual list as the students give you questions or expectations, so it is clear and in physical form. This list will allow the students to talk out their expectations of the presenters and will allow the presenters to answer any questions the students may have.

Sample Introduction: "Now we would like you to give us your input on what you'd like to see from us this year."

(Ask questions, similar to the ones listed below.)

- What type of things are you hoping for from us, as your mentors?
- What types of materials do you need from us?
- What would allow us to make your term easier?
- How often, would you like us to be in contact with you?

# **Calendar of**

# **Peer Educator Term**

**2009**

# October

*Sun*

*Mon*

*Tue*

*Wed*

*Thu*

*Fri*

*Sat*

**1**

**2**

**3**

**4**

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**6**

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**30**

**31**

**2009**

## **Appearance and E-mails**

The Peer Educators should know that they are representing FCCLA, their community, and the financial literacy program when they presenting or at an event. Just as any leader they should appear professional and mature as well adhere to any code of contact in place by their school as FCCLA is a school organization. Peer Educators are given polo's to look professional and uniform as they are in a position of a FCCLA leader. As well when someone contacts them they will need a professional email, we suggest gmail if their school does not provide email accounts. If possible provide computers/internet for students to make an email account to use for their leadership position.

Sample Introduction: "Throughout this year you will be presenting to schools, community groups, and hopefully school boards. At these events you will need to act with maturity and respect to our organization and present yourself as a leader. You have received a Financial Literacy polo to wear at your events." Go on to discuss behaviors and actions as a leader. Other students will look up to them as a leader and they should act as a role model. "As well you will need to contact a State Farm agent and other people of importance we feel it is necessary that you have a professional email account. Not 'cutegirl345' or sk8trboy9'. You can use these for job or college applications as well" Provide examples of email addresses and have students write down a few options before making an actual email account.

## **Twister**

Family Economic and Financial Education (FEFE) has created a very educational way to play the household game, Twister. As one of their Active Learning Tools, Twister is a fun activity for students to do. We brought this game to the Peer Educators for that reason. We had them actually play Twister in several groups. We wanted them to have a fun resource to use when teaching their own lessons and to really understand how the game is played. The Peer Educators played the game and had a lot of fun. Any instructions and materials needed to play the game are in the materials from FEFE. We used financial literacy questions and FCCLA questions to play, but your questions and answers can be about anything. The instructions that FEFE has created are very thorough and should be the only resource you need when facilitating this activity.

Sample Introduction: “We are going to play Twister next. Many of you are already familiar with the game, but you do not need to have any experience to play and have fun. You can divide up into teams if the boards are too crowded. I’m now going to read the directions of how to play the game. Remember while you play to imagine yourself as the facilitator and you are the one teaching and organizing. “ (Next, read the instructions off of the following FEFE materials, which are very descriptive and even give tips.)



# TWISTER®

## GRADE LEVEL 9-12



### "ACTIVE LEARNING TOOL"

Time to complete: varies

#### INTRODUCTION

*Twister*® is a game that can be used to reinforce concepts being covered in class.

#### TEACHER PREPARATION

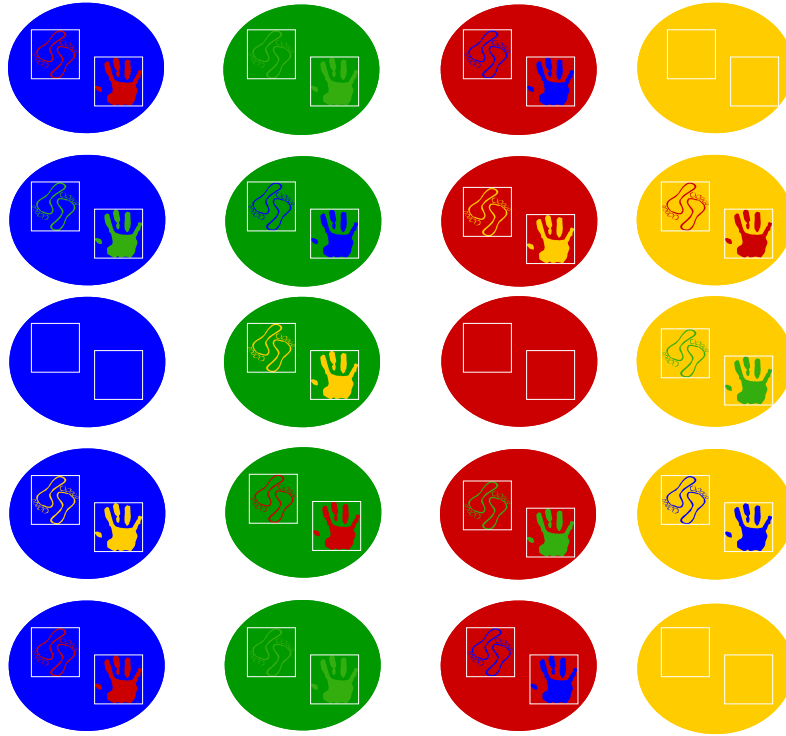
A numbered list of review questions and answers needs to be prepared before playing *Twister*®.

#### SETTING UP THE GAME

This game is designed for two to four teams of three and a referee.

1. Either spread a *Twister*® mat face-up on a flat surface or create one using the game piece circles provided.
  - a. To create a mat, cut 5 circles out of 4 different colored shower curtains or table cloths for a total of 20 pieces.
  - b. Mat should be arranged with about eight inches between each circle. The circles should be arranged with four columns of five pieces, all the same color.
    - i. Be sure the circles are taped to a solid surface so they do not move during the game.
2. Either use the spinner provided with the *Twister*® mat or draw game pieces from a hat.
3. Place the foot and hand game pieces on the colored circles on the mat (*see diagram below*).
  - a. These need to be lightly taped or Velcroed down so they stay in place while the game is being played.
  - b. On the bottom of each game piece is a question number or other instructions.
  - c. To increase or decrease the time of the game, circles may have just one game piece (either a hand or a foot). For a longer game, have both a hand and a foot on each circle.
  - d. If only placing one game piece per circle, they should be alternated between hand and foot.
4. Designate one person as the referee. The referee will be responsible for spinning the spinner, calling out the moves, monitoring game play, asking the questions, and determining if a team receives a point for answering a question correctly. This person is generally the teacher.
5. Each team designates one person to be on the mat. The rest of the team will help answer the questions.
  - a. The person on the mat should take off his/her shoes and set them aside.
6. Each team representative positions him/herself around the outside of the mat. Each person should be on opposite sides of the mat facing one another so each team starts from their own side.

Set-up Example:



GAME CARDS

The original game cards have a number on one side and either a hand or foot symbol on the other. The teacher may also choose to use Chance Cards. Instead of numbers, Chance Cards have alternative instructions listed.

- **Free Pass**- The team keeps the game piece and receives 100 points.
- **Spin Again**- The team keeps the game piece, receives 200 points, and gets another turn.
- **Free Fall**- The team can hold onto the game piece. In case they fall, they may turn the game piece into the referee and continue playing.
- **Lose a Turn**- The team loses their turn.

PLAYING THE GAME

1. Only one team attempts to move at a time. Each team takes a turn moving in a clockwise direction.
2. The referee spins the spinner or draws the game piece from a hat, then calls out the body part and color.
3. For the team whose turn it is, the team representative must attempt to place the called out body part on the mat matching the game pieces. For example, if “right hand red” was called, the player must place his/her right hand on a red game piece in the shape of a hand.
  - a. If a game piece is called which is already cleared from the board, the team must put their hand on the colored circle of the game piece and they lose the opportunity to earn money.
4. Once the team lands on a game piece, they must pick it up, give it to the referee.
  - a. The referee will match the number on the game card to the number on the prepared list of questions.
  - b. If the team answers incorrectly, the other teams have the opportunity to answer the question and earn the points.
    - i. If there are more than two teams, the teacher may choose to have the team which would be next in a clockwise direction answer the question to earn the points or allow all of the teams to answer to earn points.
  - c. If the team answers correctly, they are awarded the points on the game piece.
  - d. The referee should keep score.



5. Throughout the game, a person cannot remove their hand or foot from the circle unless directed to by the referee after the spin.
  - a. If a person falls down or moves a hand or foot, his/her team is out of the competition.

#### DETERMINING THE WINNER

1. Once all game pieces are removed from the board, the team with the most points wins.

#### ADDITIONAL TEACHER TIPS

- Game success depends on classroom arrangement and student behavior.
- Separate boys and girls on two different mats.
- Allow students the chance to volunteer to be players on the mats, instead of assigning roles.
- Inform the students to wear appropriate clothing on the day prior to playing *Twister*<sup>®</sup>.
- Provide aprons to be worn backwards or large T-shirts for students who are not dressed appropriately.
- Use a Koosh ball and throw it at the board to determine which question is to be asked.
- Laminate the game cards for durability.
- A shower curtain can be used with large circles painted on it instead of a *Twister*<sup>®</sup> mat.
- The game pieces can be taped to the board and used as a trivia game.

#### MATERIALS

*Twister*<sup>®</sup> mat and spinner

Game Cards

Numbered list of questions and answers

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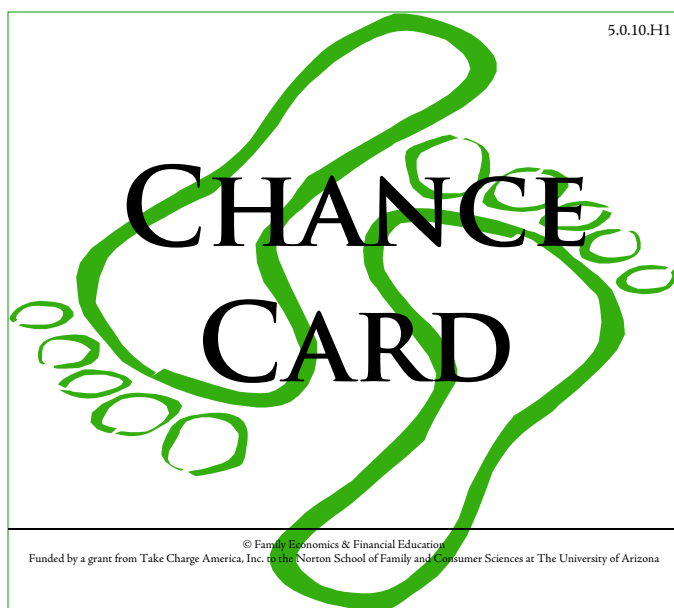
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Question #1

Question #2

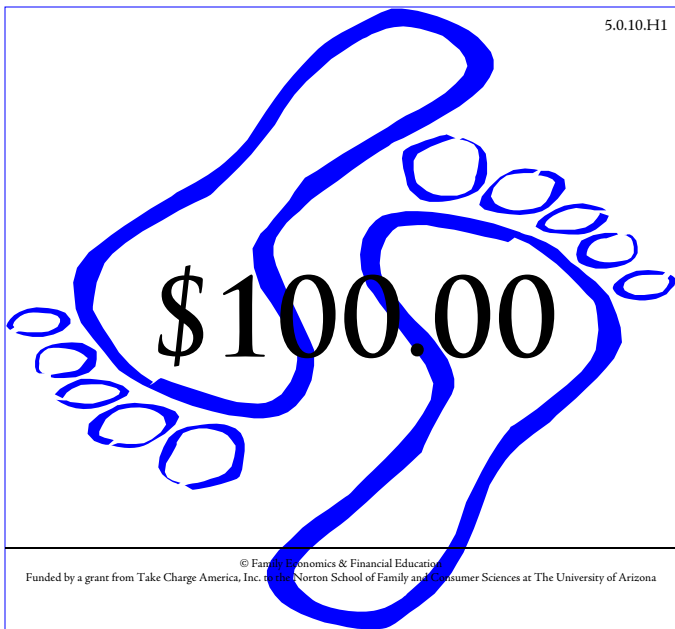
Question #3

Question #4

Free Fall

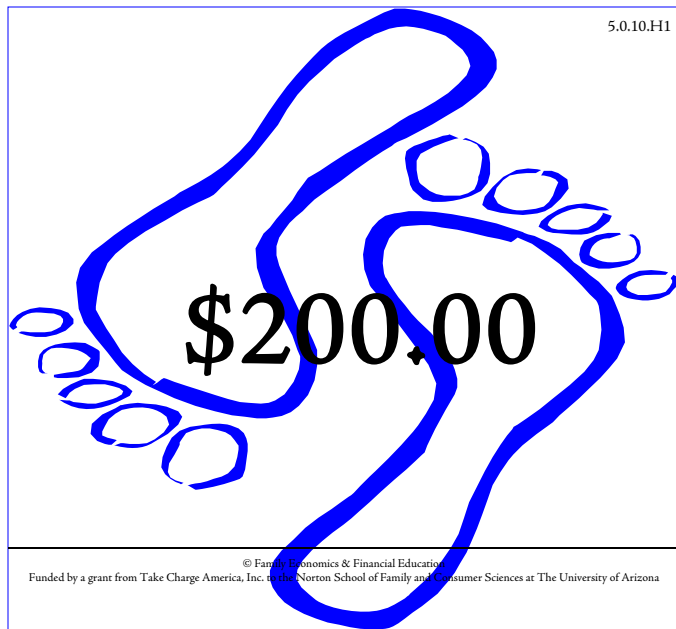
Free Pass  
\$200.00

5.0.10.H1



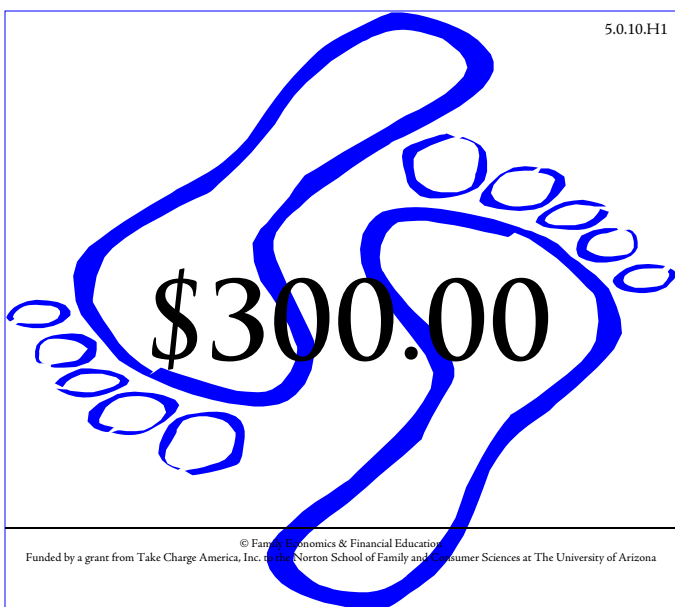
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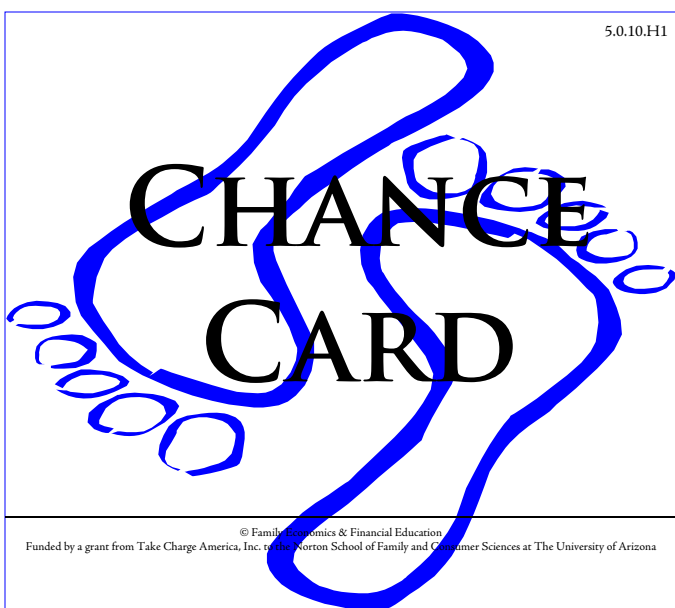
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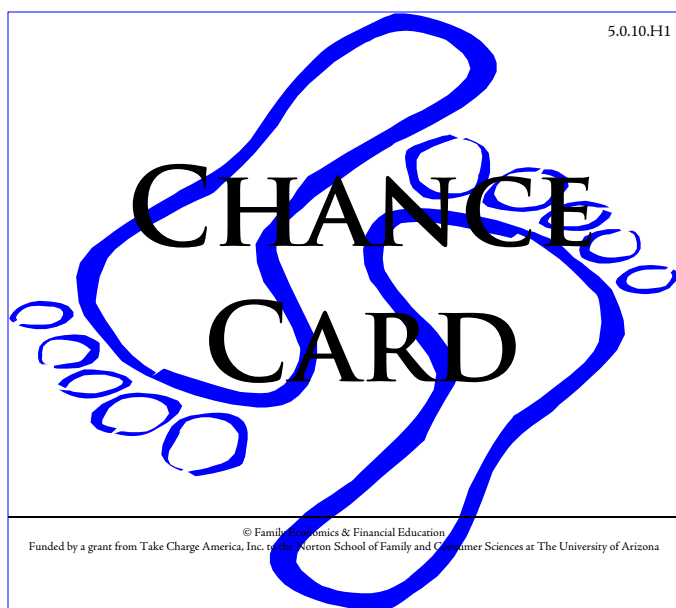
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Question #5

Question #6

Question #7

Question #8

Spin Again  
\$100.00

Lose a Turn

5.0.10.H1



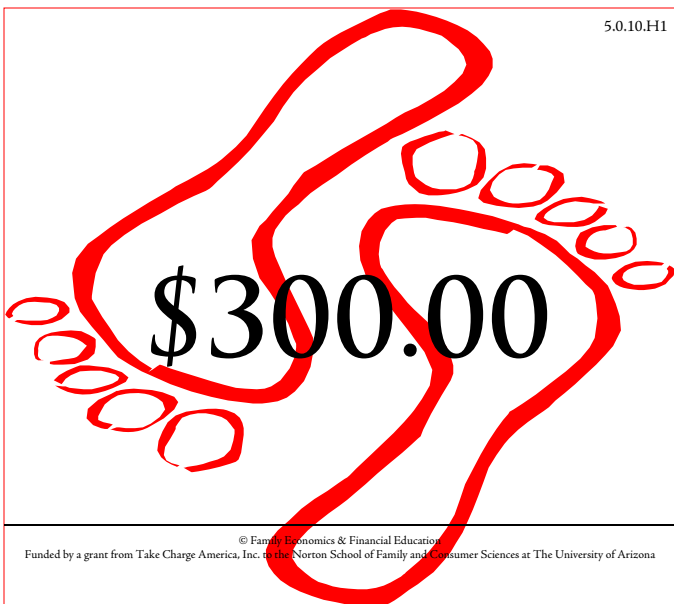
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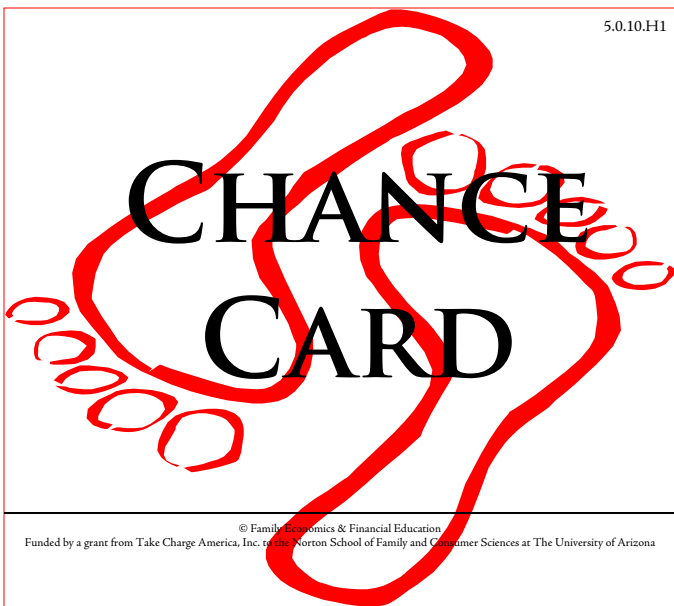
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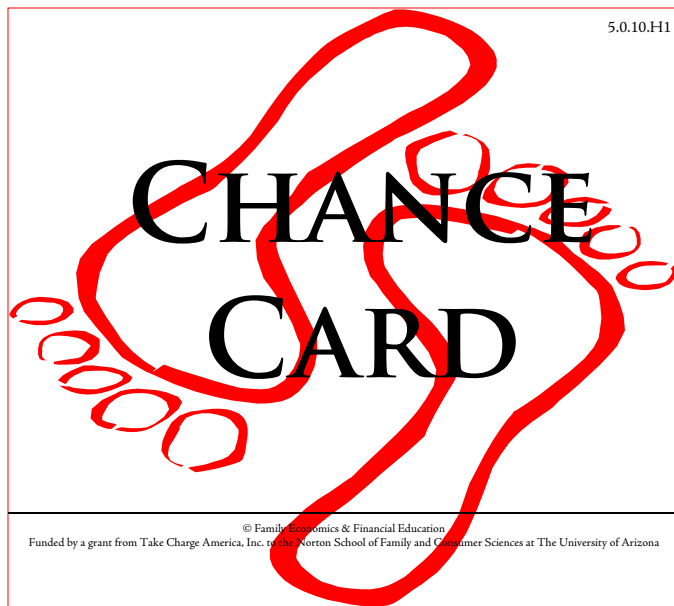
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Question #10

Question #11

Question #12

Question #13

Lose a Turn

Spin Again  
\$100.00

5.0.10.H1

**\$100.00**

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**\$200.00**

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**\$300.00**

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**\$400.00**

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5.0.10.H1

**CHANCE  
CARD**

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**CHANCE  
CARD**

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Question #14

Question #15

Question #16

Question #17

Free Pass  
\$200.00

Free Fall

5.0.10.H1

**\$100.00**

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**\$200.00**

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**\$300.00**

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**CHANCE  
CARD**

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**\$500.00**

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Question #18

Question #19

Question #20

Question #21

Question #22

Free Fall

5.0.10.H1

**\$100.00**

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**CHANCE  
CARD**

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**CHANCE  
CARD**

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Question #23

Question #24

Question #25

Question #26

Spin Again  
\$100.00

Lose a Turn

5.0.10.H1

**\$100.00**

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CARD**

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**CHANCE  
CARD**

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Question #27

Question #28

Question #29

Question #30

Lose a Turn

Free Pass  
\$200.00

5.0.10.H1

**\$100.00**

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**CHANCE  
CARD**

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**\$500.00**

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Question #31

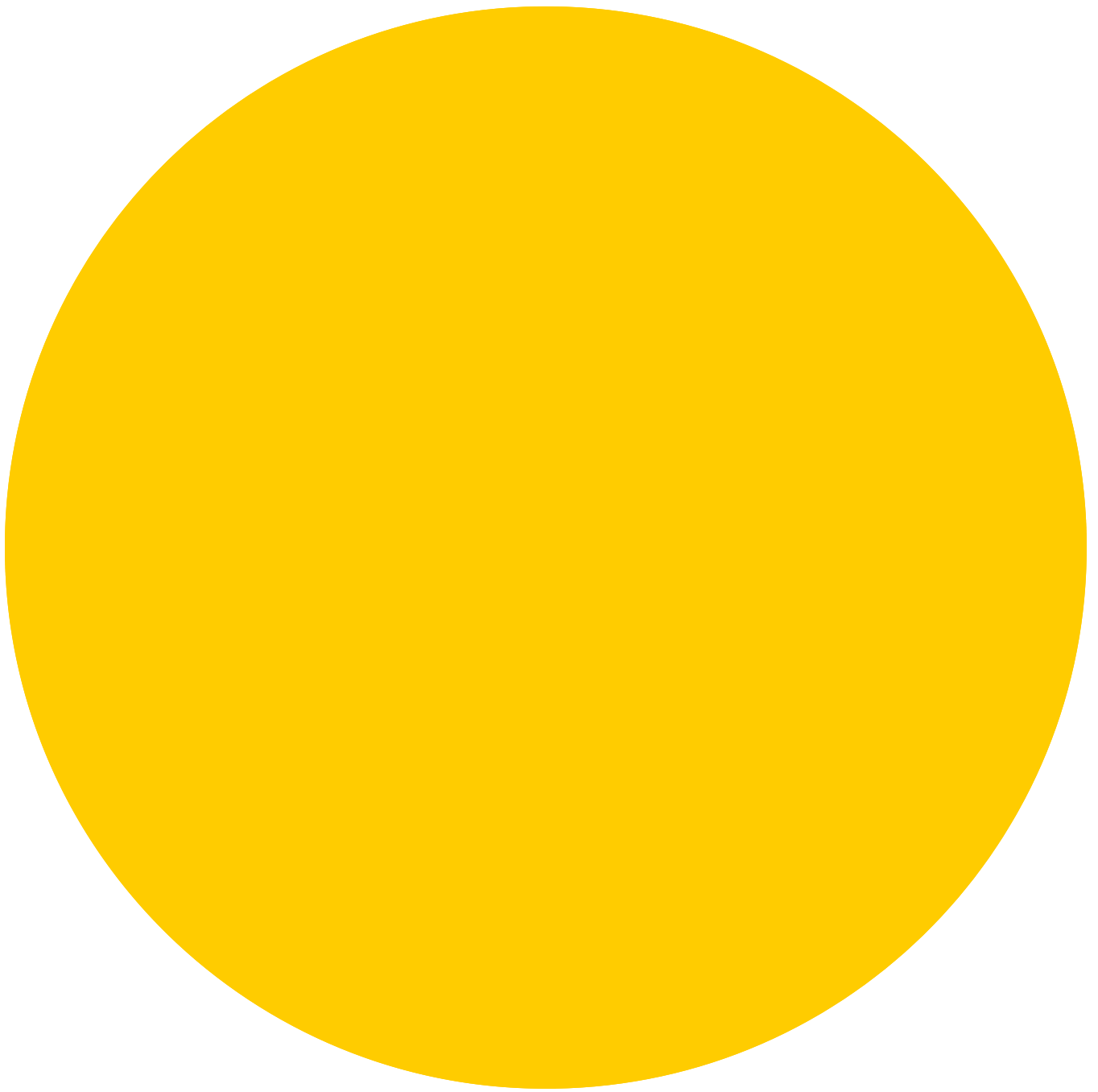
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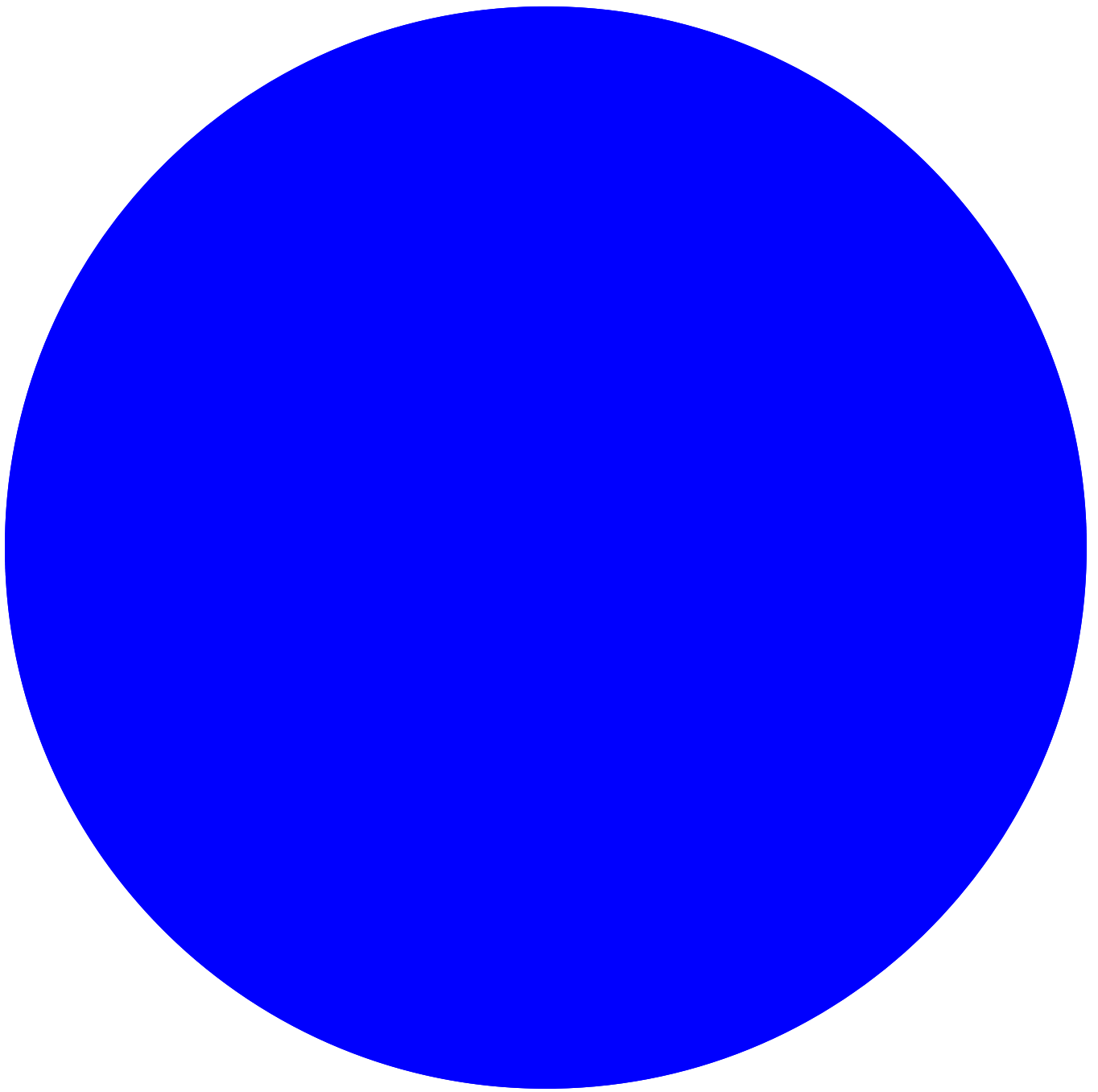
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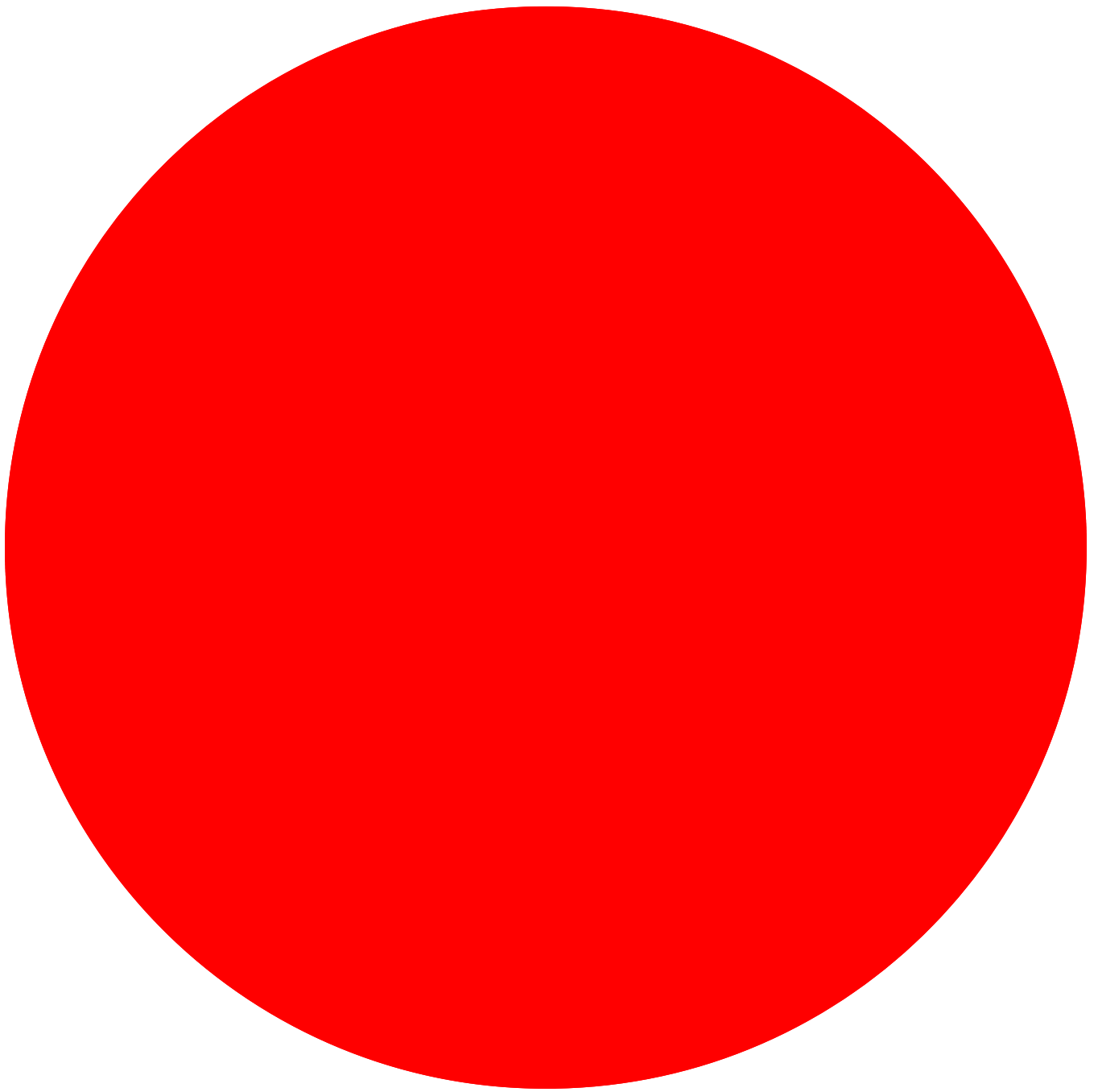
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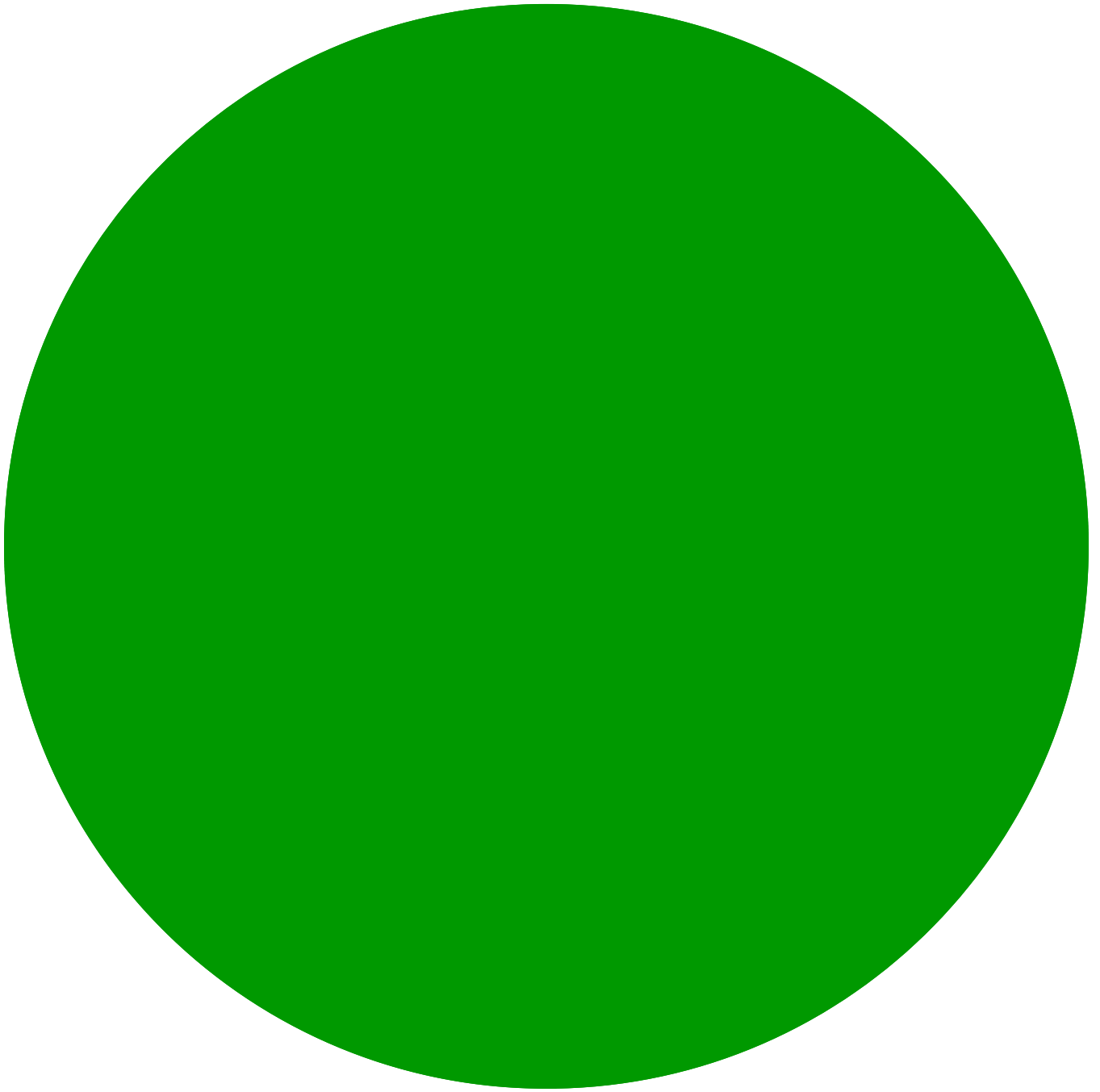
Question #35

Spin Again



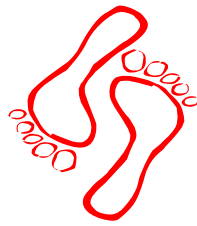








**Right Hand  
Red**



**Right Foot  
Red**



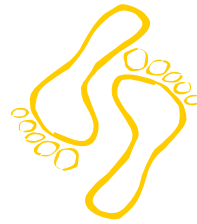
**Left Hand  
Red**



**Left Foot  
Red**



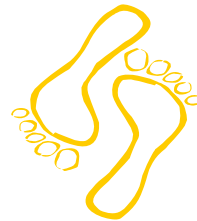
**Right Hand  
Yellow**



**Right Foot  
Yellow**



**Left Hand  
Yellow**



**Left Foot  
Yellow**



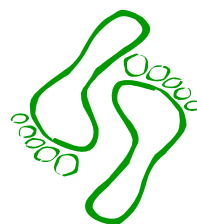
**Right Hand  
Green**



**Right Foot  
Green**



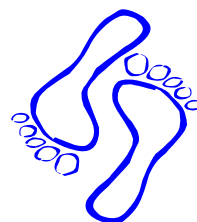
**Left Hand  
Green**



**Left Foot  
Green**



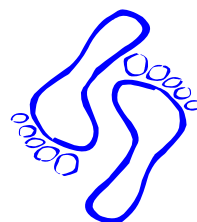
**Right Hand  
Blue**



**Right Foot  
Blue**



**Left Hand  
Blue**



**Left Foot  
Blue**

## **SLPI- Student Leadership Practices Inventory**

This activity is designed to allow students to examine their leadership strengths and weaknesses. To sign the students up, go to [studentLPI.com](http://studentLPI.com). After signing up the students through the site, an email will be sent to each student that will allow them to fill out the questionnaires. They go through a questionnaire and have others fill out information on themselves, as a leader. Then the answers are calculated. The results are given to the students later, so they can see their results. (It might be smart to have the students to fill out the forms beforehand, so you can have their results at the training. If you do not get the SLPI done in time, the students will have to do the papers later on their own, instead of at the training. The results can then be used to complete two sheets that were designed by the 2009-2010 State President Alli Bruns. The practices that this program has designated as five Practices of exemplary leaders are: Challenge the Process, Inspiring a Shared Vision, Enabling Others to Act, Modeling the Way, and Encouraging the Heart.

The first sheet to go over with the Peer Educators is the Student Leadership Practice Inventory worksheet. This will allow the students to put their strengths and weakness in writing. The student first go through and list their strength and weaknesses, while describing which Practice each characteristic fits into. The students should next make a goal of a way to improve any strength and a goal for each weakness to make it into a strength. With each goal, a list of activities to complete the goals should be recorded. This will give the students a way to keep their objectives in mind.

The second sheet was created for evaluation of each goal and the activities that follow. This sheet allows students to record their accomplishments and keep themselves accountable. The charts are pretty self explanatory. We suggest that the sheets be collected or at least discussed later in the term to see how the students have been doing in comparison to their aspirations.

Sample Introduction: (SLPI Sheet) “The first sheet we have asks you to list three strengths and three weaknesses you possess and which Practice they fall under. Please go ahead and fill this sheet out. Next, there is an activity for you to strengthen your leaderships. The goal here is to make measureable goals and activities to achieve those goals. This will help improve your strengths and help your weaknesses to develop into strengths. By planning specific activities, or steps, you will be more likely to fulfill your goals.”

(Evaluation Sheet) “This sheet will allow you to record all of your activities under each goal. It will allow you to have proof of your hard work and will help you to keep yourself accountable. Teach each goal and copy it over from the last sheet. Every time you accomplish an activity that supports one or more of the goals, potential an activity you already developed, you can write it down in the chart. You will have evidence of your efforts.”

# ***Student Leadership Practices Inventory***

2009-2010

Name \_\_\_\_\_

\*To answer the following, look at your SLPI results. Then identify which of the five Practices your strength or weakness fits with \*

*Example: practice: Model the Way*

## **List Your Top 3 Strengths**

1.

Practice:

2.

Practice:

3.

Practice:

## **List Your Top 3 Weaknesses**



1.

Practice:

2.

Practice:

3.

Practice:

Name \_\_\_\_\_

**\* On the following spaces provided please set goals to help your weaknesses or enhance your strengths and list activities to help achieve goals. *Examples for activities:* leading activities on bus, leading family group, being a voting delegate, attending presentation by Barry Pozner at National Leadership Conference that is the author of Student Leadership Challenge, ect. –Those are just examples for the National Leadership Conference; please set goals for the year!\***

Goal # 1:

Activities to complete goal: (List)

Goal # 2:

Activities to complete goal: (List)

Goal # 3:

Activities to complete goal: (List)

Name \_\_\_\_\_

Goal # 4:

Activities to complete goal: (list)

Goal # 5:

Activities to complete goal: (list)

Goal # 6:

Activities to complete goal: (list)



**Evaluation of Student Leadership Practices of Student Leadership Challenge**

Name \_\_\_\_\_

Goal 1:

Activity	Practice	Date	Conference/Where	Check	Evaluation

Goal 2:

Activity	Practice	Date	Conference/Where	Check	Evaluation

Goal 3:

Activity	Practice	Date	Conference/Where	Check	Evaluation

**Evaluation of Student Leadership Practices of Student Leadership Challenge**

Name \_\_\_\_\_

**Goal 4:**

Activity	Practice	Date	Conference/Where	Check	Evaluation

**Goal 5:**

Activity	Practice	Date	Conference/Where	Check	Evaluation

**Goal 6:**

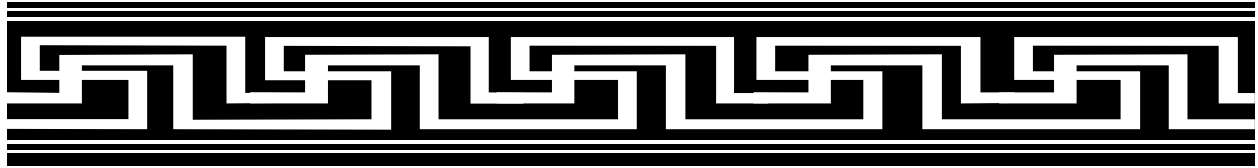
Activity	Practice	Date	Conference/Where	Check	Evaluation

## **Budgeting From Saving Our Futures**

These lessons are shorter than some of the other examples. Before you present these lessons, you should read through each lesson and gather any materials needed. The lessons were created by Saving Our Futures. This curriculum is activity based. As interns, we partnered with the organization who designed these materials. These lessons are very thorough and are great resources for teaching any middle school/high school age students.

We went through the first budgeting lesson completely with the Peer Educators, so they were familiar with what they might be teaching.

Sample Introduction: "Here is a lesson that you, as peer educators, may have the opportunity to teach. This lesson is given as an option to teach your peers. We suggest that as you go through this lesson that you think about how things work in the student role. You can use this experience to be a better presenter. You can also pick and choose if you want to teach specific parts of the lessons and do not want to teach other parts. This lesson is only supposed to be an option for you and we encourage you to implement it as needed.



# Budgeting Lessons

Objectives\_\_\_\_\_

- Learn how to create and stick to a budget (2.1)
- Understand the decisions and tradeoffs associated with a budget (2.2)
- Understand the different types of budgets (2.3)
- Examine the current state of the Federal Budget (2.4)

What's In This Lesson\_\_\_\_\_

- Descriptive instructions
- Budget worksheets
- Group activities

Why We Picked This Lesson for You\_\_\_\_\_

- Interactive group activity
- Relatable budget information

Time Required\_\_\_\_\_

- 45 Minutes



# Introduction to Budgets



## Objectives

- Learn how to create and stick to a budget
- Differentiate between spending on needs and wants
- Learn about different types of expenses
- Realize how personal, community and world events can change a budget



## Key Terms

Fixed cost

Marginal cost



## Materials

- Family Budget worksheets
- Index cards labeled with various income amounts ranging from \$500 to \$1500



## Time Required

One 45 minute session



## Procedure

### PREPARATION (5 MINUTES)

Remind the group of their glossary definition for budget. Explain that today they are going to practice creating a family budget. They must keep in mind that a basic budget is created using only the finite resources of a person's, family's, organization's or country's income. While it may be the case for many people, organizations or countries that their expenses are more than their income, that scenario will be discussed later.

### ACTIVITY (20 MINUTES)

Hand out the Family Budget worksheets. Divide the group into smaller groups of three. Each of these smaller groups will represent a family. Each family member will receive a randomly assigned monthly income by randomly selecting an index card indicating an income amount.

After the all the incomes are distributed, each group should work together to complete the family budget worksheet. During this time, you should walk around to check in with the groups as they are working through the questions.

### DISCUSSION (20 MINUTES)

After all the groups are finished with the worksheet, bring the whole group together to discuss the following questions:

- What surprised you most about your budgeting decisions?
- What extra goals and wants did you add?
- How did your choices about savings affect you later when a family member lost a job?
- How can the addition of a baby change your financial situation?
- How were budget decisions different or similar for groups with higher and lower incomes?
- When you think about the budget in this activity, or your own monthly costs, are there costs that remain constant from month to month? Do some costs change? Constant costs are called fixed costs and changing costs are called marginal costs. With these two types of costs, how can you create an accurate budget each month?

### OPPORTUNITIES FOR FAMILY/COMMUNITY INVOLVEMENT

Encourage participants to use their knowledge of budgets to create their own personal budgets, or to sit down with family members to learn about how they use budgeting. Even a weekly trip to the grocery store is an opportunity to practice budgeting.



## Coordinator Tips for this Activity

### GETTING YOURSELF READY:

What the Instructor Should Know and Be Able to Do

- This activity requires the group to work in smaller groups to achieve the goals of the activity. Plan ahead how you will divide the group. Keep close watch over time as you check in with each group; do not give one group more time than another.

### GETTING YOUR SPACE AND SESSION READY:

Preparation Tips

- Create your “income” index cards ahead of time.
- Consider any changes or additions to the family budget worksheet that may make this exercise more realistic and relevant to your group.

### GETTING THROUGH POSSIBLE STICKY SITUATIONS

- Remember that this topic can raise difficult issues for some people to discuss and investigate. Participants may know family members or friends who have experienced some of the financial situations discussed in the worksheet. If participants become uncomfortable, let them engage to the extent they are comfortable and remind the whole group to maintain a respectful and safe environment.

# What Would You Do?



## Objectives

- Understand the decisions and tradeoffs associated with a budget
- Work as a team to build consensus



## Key Terms

Tradeoff

Consensus



## Materials

- Copies of the “What would you do?” handout



## Time Required

One session of 45 minutes



## Procedure

### **PREPARATION (5 MINUTES)**

Now that the group has learned the basics of budgeting and how to make decisions based on their needs and wants, they are going to learn how to make tougher choices. Explain that sometimes it is not clear whether something is a need or a want. There is a certain amount of subjectivity and personal preference in budgeting. What is important to one group or individual may not be a high priority for another. This is especially the case when creating a budget for a large organization or country.

**ACTIVITY (20 MINUTES)**

Hand out the “What would you do?” worksheet. Ask each participant to create a budget by making the decisions presented on the worksheet. (This may be introduced and handed out a day earlier as a take-home assignment.)

Once everyone has completed the worksheet, break the group up into small groups of 3-5 participants. Give each group a new, blank worksheet. Ask participants to share their budgets with the others in their group and to explain why they made the decisions they did. Then each small group needs to decide on a budget and corresponding choices that the whole group agrees with. If there is disagreement among the group, they can each make their cases to one another, but ultimately must develop a budget by consensus—everyone reaching a comfort level with the final budget even if does not exactly account for all of their individual preferences and priorities.

Tell participants that they may use one of the budgets created by a group member or create an entirely new one.

**DISCUSSION (20 MINUTES)**

After the small groups have developed their budgets, debrief the activity with the following questions:

- What were some of the most difficult choices you had to make as individuals? As groups?
- How did you handle disagreements in the group?
- What were some criteria you used to make spending/budgeting choices?
- How do you think this process compares to the way the federal budget gets developed?
- What are some ways citizens can make their case for items in the federal budget?

**OPPORTUNITIES FOR FAMILY/COMMUNITY INVOLVEMENT**

Ask participants to interview local city agency representatives or staff members of their local congressional representative’s office to discuss realistic budget tradeoffs facing their community, state or country.

Encourage participants to discuss a personal budget tradeoff they are facing with their family members. For example, perhaps a participant really wants a new cell phone, but she also knows she should contribute to the family grocery budget. Or maybe a participant wants to go on an expensive school trip, but also knows his sister’s birthday is coming up and wants to take her to the concert she’s been talking about all month. Participants can develop a list of criteria for themselves and/or their families to help make decisions in these circumstances.



## Coordinator Tips for this Activity

### GETTING YOURSELF READY:

What the Instructor Should Know and Be Able to Do

- This session asks participants to consider some tough budget decisions for a fictional organization. You may want to add additional context to this practice by using some recent local examples. For example, did the city recently decide to increase the budget for the police force and decrease the budget for the citywide recycling program? Ask the group to consider how those decisions were made and how citizens reacted to the tradeoff.

### GETTING YOUR SPACE AND SESSION READY:

Preparation Tips

- You may want to have one or two individuals from the school or organization join the group to introduce budget tradeoffs they face. Make sure you arrange this with the representative well in advance and make sure he or she is familiar with the materials you will be presenting to the group.

### GETTING THROUGH POSSIBLE STICKY SITUATIONS

- Budget tradeoffs can be a sensitive topic for some young people. It may be the case that their families are making tough budget choices every day. Remind the group that this is an exercise and does not reflect anyone's personal financial situations or decisions.
- This activity requires the group to work towards consensus. Make sure you review with the group what consensus means and explain that even though they will have to come to group decision, it may be a decision not everyone entirely supported. There may be healthy debate about the topic, but the group must remember they are debating and choosing ideas, not people. You may want to offer a few examples of how consensus works in organizations, government, etc. to demonstrate its value.

# There's More than One Way to Manage a Budget



## Objectives

- Understand the different types of budgets
- Learn how to balance a budget



## Key Terms

Balanced Budget  
Debt Service  
Deficit Budget  
Surplus Budget



## Materials

- Types of Budgets handout
- Balancing a Budget worksheet



## Time Required

Two 45 minute sessions



## Procedure

### PREPARATION (10-15 MINUTES)

Give copies of the two budget handout to participants. As a group, discuss the “Types of Budgets” worksheets. Explain that a budget can have:

- Balance, meaning expenses equal revenue
- Surplus, meaning the expenses are less than the revenue
- Deficit, meaning the expenses are more than the revenue

Ask the group to discuss which scenario is preferable. Discuss the pros and cons of each scenario so the group realizes a surplus budget leads to resources left underutilized, when those resources should be allocated for savings or retained earnings. A deficit budget leads to resources over extended. Over extended resources ultimately lead to a need to borrow more money.

### ACTIVITY (15-30 MINUTES)

Ask the group to examine the budgets and, without borrowing more funds, determine how they might change the surplus and deficit budgets into a balanced budget.

Have the group use the Balancing a Budget worksheet to practice with some more examples.

### DISCUSSION (15-25 MINUTES)

Ask the group to define the two ways a budget can be balanced.

Once they understand that the only ways are to increase revenue or decrease expenses, ask them to discuss what kinds of decisions are involved with balancing a budget. Do they increase or decrease the:

- amount of their good or service?
- cost of their good or service?
- quality of their good or service?
- number of customers?

Are these decisions easy or difficult? Why?

### OPPORTUNITIES FOR FAMILY/COMMUNITY INVOLVEMENT

After the group understands the basics of balancing a budget, host a conversation with the principal of the school or director of the organization. Have the group prepare interview questions about the organization's or school's budget.

Once the group gathers enough information, have them examine a basic copy of the budget and decide on two or three recommendations to increase the revenue or decrease the expenses and what they would do with any surplus created.





## Coordinator Tips for this Activity

### GETTING YOURSELF READY:

What the Instructor Should Know and Be Able to Do

- This session is math intensive. It introduces the concept of interest and requires multi-step addition and subtraction math problems. Make sure you and the group are familiar with these concepts before applying it to budgets.
- You may want to work out a few different scenarios yourself to balance the budget examples.
- The main point to cover in this session is that the only ways to balance a budget are to increase revenue or decrease expenses. The *I.O.U.S.A.* film compares this to a person trying to lose weight—the only ways to lose weight are increase exercise or decrease food intake. Think about other analogies that might help the group understand this point about balancing a budget.
- If you have decided to use this material over two sessions, you may want to begin the activity in session one, ask participants to finish their work at home and then proceed with the discussion as a second session.

### GETTING YOUR SPACE AND SESSION READY:

Preparation Tips

- Ensure you are familiar with various scenarios to balance the budget examples.
- Think about dividing the whole group into smaller groups to work on the budget examples. This way it will feel less like an individual math exercise and more like a group problem-solving activity.

### GETTING THROUGH POSSIBLE STICKY SITUATIONS

- There may be a variance in math skills across the group. Make sure you have some sense of strengths and weaknesses across the group and have young people with stronger math skills work with and support those with lesser skills.

# How the Government Budgets



## Objectives

- Examine the current state of the Federal Budget
- Practice math and finance skills with interest rates
- Explore the relationship between debt and deficit
- Calculate the rate at which the Federal Debt grows



## Key Terms

Compound Interest  
Deficit Spending  
Inherited Debt



## Materials

- *I.O.U.S.A.* clip comparing the revenue and expenses of the federal government
- *I.O.U.S.A.* pie charts of the revenue and expenses of the federal government
- Accumulated Debt worksheet



## Time Required

One 45 minute session





## Procedure

### PREPARATION (10-15 MINUTES)

Play the *I.O.U.S.A.* clip comparing the country's revenue to expenses.

Hand out copies of the pie charts and discuss them with the group.

Ask the group to make observations about the two charts.

Once the group sees that the government is spending more than it takes in revenue, explain that the government needs to borrow money from other countries to cover that spending. If the government continues to borrow, it continues to add expenses that must be paid in the form of interest. If the government does not pay the full amount of the loan, it must pay interest on whatever amount is remaining, including past interest. This is known as compound interest.

### ACTIVITY (20 MINUTES)

Using the Accumulated Debt worksheet, have the group compute the effects of compound interest on the Federal Debt over the course of five years.

Next, have the group compute the total percentage of debt increase over five years and the absolute number increase for every year, month, day and hour.

The sheer size of the numbers should stimulate some immediate reaction.

### DISCUSSION (10-15 MINUTES)

Now that the group has an understanding of the size and rate of growth of the federal debt, ask the group what they think about their government's decision to run a deficit budget intentionally. Use some of the questions below to generate discussion:

- Should the government continue to run deficits?
- What will happen in 10 or 20 years to the government's budget?
- Who will have to pay for this spending and borrowing?
- Using what you learned about balancing a budget, what are some possible solutions to this issue?

### OPPORTUNITIES FOR FAMILY/COMMUNITY INVOLVEMENT

Hold a parent or community awareness night about the severity of this issue. Have the group explain the math they used to learn about the Federal Debt and its rate of increase. Encourage attendees to develop their own perspectives about solutions and write to their member of Congress.



## Coordinator Tips for this Activity

### GETTING YOURSELF READY:

What the Instructor Should Know and Be Able to Do

- During this session you need to explain how continual deficit spending will lead to faster accumulation of debt because of the compound interest that grows over time. Make sure you are fully comfortable with this concept and the mathematics that go with it.
- Before the session you should work through the examples yourself and make sure they match the answer key.

### GETTING YOUR SPACE AND SESSION READY:

Preparation Tips

- You may want to prepare some examples of computing compound interest and have them written on large flip charts or up on the blackboard to review with the group.

### GETTING THROUGH POSSIBLE STICKY SITUATIONS

- This is another math intensive exercise. Make sure the participants understand the math processes as well as the economic concepts. Take as much time as the group needs to understand both so they are not stuck on the math and as a result get too frustrated to understand the economics.
- The large numbers young people will discover when answering the questions may be overwhelming and troubling. If they express fear and concern, you should use this as a time to remind them that while the situation is serious, they can be part of the solution to reverse the problem.



## FAMILY BUDGET WORKSHEET<sup>1</sup>

### FAMILY BUDGET ITEMS

Groceries:	\$200.00
Clothing:	\$100.00
Rent:	\$700.00
Entertainment:	\$120.00
Electricity & Gas:	\$ 75.00
Cable:	\$ 35.00
Phone:	\$ 40.00
Savings:	\$200.00
Car:	\$270.00
Gas:	\$ 40.00
Car Insurance:	\$100.00

**STARTING AMOUNT IN SAVINGS ACCOUNT:**  
**\$1200.00**

<sup>1</sup>This activity is based on a similar activity at [www.moneyinstructor.com](http://www.moneyinstructor.com).

# Family Budget (continued)

## Handout



### QUESTIONS

**1** Total the family's income for the month.

**2** Decide which items the family needs to spend money on and which items the family wants, but may not be able to afford, to spend money on.

**3** Create the family's budget.

### Family Budget

**Income:**

**Expenses:**

**Total Income: \$** \_\_\_\_\_

**Total Expenses: \$** \_\_\_\_\_

**EXPLAIN:**

# Family Budget (continued)

## Handout



**4** Determine how much money is left after the needs have been met.

**5** If there is no money (or not much) left to pay for the things you want, decrease the items accordingly (change list here).

### Family Budget

**Income:**

**Expenses:**

**Total Income:** \$ \_\_\_\_\_

**Total Expenses:** \$ \_\_\_\_\_

**EXPLAIN:**





**6** Decide how this family is going to save. Be specific about the form of savings.

**7** What other needs, wants, or goals should be added? Figure those into your budget and list below.

## Family Budget

**Income:**

**Expenses:**

**Total Income:** \$ \_\_\_\_\_

**Total Expenses:** \$ \_\_\_\_\_

**EXPLAIN:**



# Family Budget (continued)

## Handout



### 8 *Economic Forces and Their Effects: Unemployment*

The member of your family who makes the least amount of money is fired/laid off for four months with only \$300 a month in unemployment. What effect will this have on your family? Be specific about the changes that will need to be made to the budget.

### Family Budget

Income:	Expenses:
Total Income: \$ _____	Total Expenses: \$ _____

#### EXPLAIN:

If this family member remained out of work for six months, would the family have enough money to cover their expenses?



# Family Budget (continued)

## Handout



### 9 Other Events and Their Effect: Babies

A new baby is soon to enter the household. New budget needs: \$300 for daycare, \$80 for formula/baby food, and \$30 for diapers. Make the necessary changes to your budget below.

### Family Budget

Income:	Expenses:
<b>Total Income:</b> \$ _____	<b>Total Expenses:</b> \$ _____

#### EXPLAIN:

In what other budget areas might adjustments have to be made to accommodate the new family member? Be specific.

How does the new addition to the family impact the budget? Explain.

# “What Would You Do?”

## Budget Handout



YOU HAVE JUST BEEN APPOINTED to the budget committee of Homelandia. It's up to you to decide how the country's money will be spent over the next year. Unfortunately, you probably won't be able to solve every problem because of the limited amount of money you have. For each budget item of the list select whether or not you would include it in Homelandia's budget for next year. There are no right answers regarding which items you choose to prioritize over others, but you should be prepared to explain why you chose each item. Remember to keep in mind the lessons we learned about needs and wants. Good luck!

**TOTAL AMOUNT AVAILABLE TO SPEND:**

**\$4,000,000,000,000**  
(\$4 TRILLION)

BUDGET ITEM	COST	YES	NO
Homelandia's education system is failing many students. The high school drop-out rate is approaching 50%. In order to solve this crisis Homelandia's schools need better teacher training, new or repaired buildings, more books and computers, more service-learning opportunities and additional extracurricular activities.	\$880 billion		
Homelandia has recently experienced several large-scale natural disasters, including a flood affecting over 30 million people and an earthquake reducing one of Homelandia's major cities to rubble. Citizens are petitioning the government for a major relief package that includes temporary homes, funds for rebuilding and disaster-preparedness programs.	\$597 billion		
Service to the community has become a high priority of Homelandia citizens. Young people around the country are looking for new and innovative ways to become active in community improvement and change programs. A proposal has surfaced asking the government to create and fund an office of youth service and engagement that would support several programs for youth and young adults to spend time and be compensated for long-term contributions to community.	\$145 billion		
Thousands of small businesses in Homelandia are struggling because of a weak economy. These businesses need funds to pay their rents and meet their payroll. The Homelandia Association of Small Business Owners has asked for a government program to provide grants or no-interest loans to help these businesses survive.	\$438 billion		

# “What Would You Do?” (continued)

## Budget Handout



BUDGET ITEM	COST	YES	NO
A neighboring country has decided to invade another neighboring country. The invading country is using violence and other terrible tactics to force the citizens of the defending country out of their homes and communities. Many countries around the globe are coming to the aid of the defending country. There is considerable pressure from these countries for Homelandia to play a leading role in this military action.	\$960 billion		
The roads, bridges, railroads, and shipping docks of Homelandia are in terrible state. For years they have been neglected, and as a result have become dangerous and costly to manage. These things need attention for Homelandia’s travel and trade businesses to thrive. Many citizens are advocating for a major overhaul of these items.	\$760 billion		
The healthcare system in Homelandia is costly and inefficient. Many citizens are forced to pay extraordinary amounts of money for health insurance; yet, they still face high medical bills and below-average care. For decades politicians of Homelandia have proposed a universal healthcare system. However, this system would require the government to contribute some of the expenses the citizens would now be free from.	\$795 billion		
Many Homelandia citizens are increasingly worried about the state of their environment. The air, water and green spaces have become polluted by decades of industry, automobiles and overall waste. A green movement has started in Homelandia and the leading groups are calling for a comprehensive government package to clean the lakes, rivers, parks and oceanfront; limit industry waste and pollution; require recycling; and expand protection of the national parks.	\$487 billion		
Homelandia’s rich culture of art and music is less and less celebrated and appreciated. Members of the arts community are concerned that future generations as well as the international community will have fewer opportunities to learn about and enjoy the many contributions Homelandia has made in this arena. They are asking the Homelandia government to sponsor a major arts and music initiative to build museums, theaters and concert halls in every major city; sponsor an international artist exchange program; and provide advanced education scholarships to promising young Homelandian artists.	\$376 billion		

# “What Would You Do?” (continued)

## Budget Handout



**CREATE YOUR BUDGET ON THE OTHER SIDE OF THIS WORKSHEET.**

How much money did you spend altogether?

How much money do you have left in your \$4 trillion budget?

What can you do with that leftover money?

What were some of the most difficult tradeoffs you had to make?



Budgets for people, families, businesses, governments, and organizations such as schools are made up of revenues on one side and expenses on the other side. Revenues are basically the amount of money that is available to spend (i.e., money “coming in the door”). Expenses are the items that the money will be spent on.

These budgets fall into three categories: 1) a “balanced budget” in which the revenues are equal to the expenses; 2) a “deficit budget” in which the revenues are less than the expenses, in which case money must be borrowed in some way to cover the excess expenditures; and 3) a “surplus budget” in which the revenues are greater than the expenses, in which case the unspent money can be put into savings.

Below are examples of the three different kinds of budgets, using hypothetical schools as examples.

## Centerville Middle School

Revenues:	Expenses:
\$1,000,000 in tax revenues from the Carson County School District	\$650,000 for salaries & benefits for teachers, administrators, and support staff
\$100,000 in grant awards from the Georgia State Department of Education	\$100,000 for computers, science lab equipment, and art supplies
\$50,000 in grant awards from the U.S. Department of Education	\$100,000 for heat, electricity, and water
\$25,000 in grant awards from the Corporation for National & Community Service	\$80,000 for transportation/buses
\$2,500 contribution from the Carson rotary club	\$62,000 for books and magazines
\$7,500 contribution from the Parent-Teacher Association (PTA)	\$50,000 for athletic equipment and uniforms
\$5,000 contribution from the Coca-Cola Educational Foundation	\$50,000 for musical equipment and uniforms
\$1,500 in vending machine profits	\$50,000 for theatre program
\$500 from student-led fundraisers	\$12,000 for student field trips
	\$8,000 for outdoor landscaping
	\$10,000 for service-learning program
	\$12,000 for graduation expenses
	\$8,000 for vending machine rental and snacks
<b>Total Revenues: \$1,192,000</b>	<b>Total Expenses: \$1,192,000</b>





### Stratus Junior High School

Revenues:	Expenses:
\$1,100,000 in tax revenues from the Parsons County School District	\$750,000 for salaries & benefits for teachers, administrators, and support staff
\$125,000 in grant awards from the Texas State Department of Education	\$120,000 for computers, science lab equipment, and art supplies
\$50,000 in grant awards from the U.S. Department of Education	\$110,000 for heat, electricity, and water
\$25,000 in grant awards from the Corporation for National & Community Service	\$90,000 for transportation/buses
\$2,500 contribution from the Houston rotary club	\$40,000 for books and magazines
\$7,500 contribution from the Parent-Teacher Association (PTA)	\$80,000 for athletic equipment and uniforms
\$5,000 contribution from the Gulf Educational Foundation	\$40,000 for musical equipment and uniforms
\$1,500 in vending machine profits	\$50,000 for theatre program
\$500 from student-led fundraisers	\$8,000 for student field trips
	\$28,000 for outdoor landscaping
	\$10,000 for service-learning program
	\$12,000 for graduation expenses
	\$11,000 for vending machine rental and snacks
<b>Total Revenues: \$1,227,000</b>	<b>Total Expenses: \$1,249,000</b>



### Grant Park Community School

Revenues:	Expenses:
\$1,300,000 in tax revenues from the Chicago Public Schools	\$1,150,000 for salaries & benefits for teachers, administrators, and support staff
\$800,000 in grant awards from the Illinois State Department of Education	\$150,000 for computers, science lab equipment, and art supplies
\$70,000 in grant awards from the U.S. Department of Education	\$120,000 for heat, electricity, and water
\$35,000 in grant awards from the Corporation for National & Community Service	\$80,000 for transportation/buses
\$2,500 contribution from the Southside rotary club	\$62,000 for books and magazines
\$8,500 contribution from the Parent-Teacher Association (PTA)	\$25,000 for civics classroom program
\$5,000 contribution from the Michael Jordan Educational Foundation	\$60,000 for athletic equipment and uniforms
\$1,500 in vending machine profits	\$70,000 for musical equipment and uniforms
\$500 from student-led fundraisers	\$50,000 for theatre program
	\$22,000 for student field trips
	\$18,000 for outdoor landscaping
	\$20,000 for service-learning program
	\$12,000 for graduation expenses
	\$7,000 for vending machine rental and snacks
<b>Total Revenues: \$2,223,000</b>	<b>Total Expenses: \$1,946,000</b>





# Balancing A Budget



Below are sample monthly budgets of three different businesses or organizations. Using what you know about budgets, create new balanced budgets for each business or organization. Remember that a balanced budget can and should indicate some amount for savings or retained earnings when possible. Explain the steps you took to balance each budget in the space provided.

## Budget 1: Pollo Con Verduras Restaurant

Revenues:	Expenses:
\$135,000 in customer sales (150 customers a night spending an average of \$30 each)	\$90,000 for salaries and benefits
\$40,000 from cookbook sales	\$35,000 for food
\$35,000 from catering and special events	\$30,000 for rent
\$25,000 in advertising sales from food and beverage companies placing signs or ads in the restaurant or on the menu	\$15,000 for utilities
\$15,000 for local news cooking segments	\$15,000 for advertising
	\$10,000 for supplies
	\$10,000 in neighborhood coupons
	\$5,000 to sponsor the local girls' soccer team
<b>Total Revenues: \$250,000</b>	<b>Total Expenses: \$210,000</b>

## New Balanced Budget

Revenues:	Expenses:
<b>Total Revenues: \$ _____</b>	<b>Total Expenses: \$ _____</b>

**EXPLAIN:**

# Balancing A Budget (continued)



## Budget 2: Vitabu Vingit Bookstore

Revenues:	Expenses:
\$45,000 in customer sales (100 books a day sold at \$15 per book)	\$30,000 in staff salaries and benefits
\$30,000 for renting the space to authors for readings and book signings	\$20,000 for books
\$15,000 in coffee sales (100 specialty coffees sold a day at \$5 each)	\$18,000 for rent
\$3,000 in snack sales (50 snacks sold a day at \$2 each)	\$10,000 for utilities
	\$10,000 for advertising
	\$8,000 for coffee
	\$3,000 in neighborhood coupons
	\$1,000 for snacks
<b>Total Revenues: \$93,000</b>	<b>Total Expenses: \$100,000</b>

## New Balanced Budget

Revenues:	Expenses:
<b>Total Revenues: \$ _____</b>	<b>Total Expenses: \$ _____</b>

**EXPLAIN:**

# Balancing A Budget (continued)



## Budget 3: 125th Street Community Center

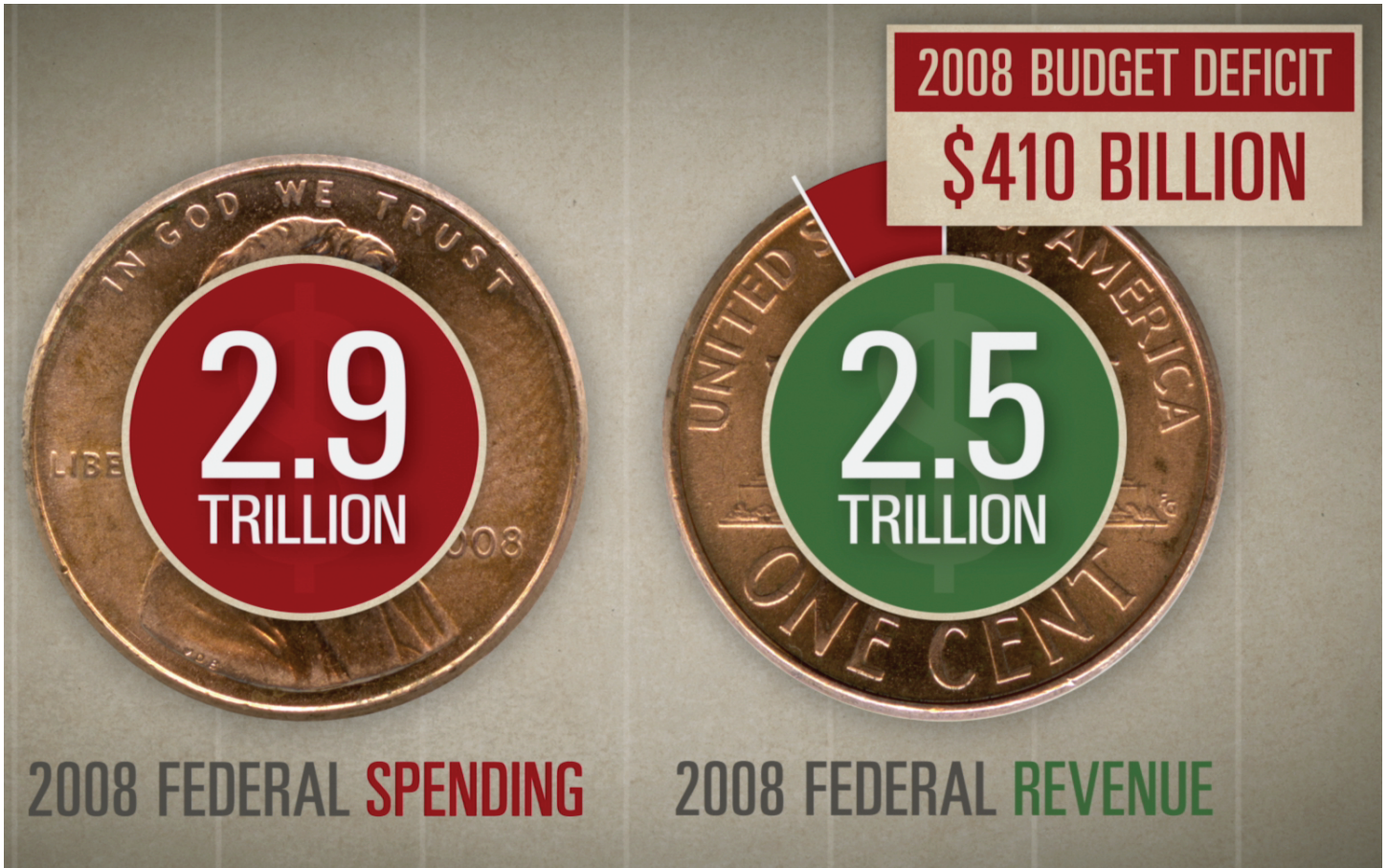
Revenues:	Expenses:
\$210,000 from foundation grants	\$187,000 for staff salaries and benefits (35 full-time staff each making an average of \$4900 a month and 10 part-time youth interns each making \$1500 a month)
\$195,000 from city government grants	\$180,000 for free breakfast and dinner program (600 people every day)
\$86,000 from individual donations	\$78,000 for rent
\$75,000 from space rental to other organizations for meetings and events	\$60,000 for legal aid program
\$50,000 from member dues (5000 members each pay \$10 a month)	\$45,000 for utilities
	\$35,000 for security
	\$33,000 for multimedia studio
	\$22,000 for maintenance
	\$20,000 for sports programs
	\$18,000 for general supplies
	\$15,000 for youth leadership program
	\$10,000 for general equipment upgrades
<b>Total Revenues: \$616,000</b>	<b>Total Expenses: \$703,000</b>

## New Balanced Budget

Revenues:	Expenses:
<b>Total Revenues: \$ _____</b>	<b>Total Expenses: \$ _____</b>

**EXPLAIN:**

# I.O.U.S.A. Budget & Revenue Pie Charts





# Accumulated Debt

## Handout



If the United States continues its practices of deficit spending the Federal Debt will continue to increase because of both accumulated debt and additional deficit spending.

Enter the current Federal Debt as indicated by the National Debt Clock:

Assuming the interest on this debt is 5% a year, what additional amount will the U.S. owe at the end of the year?

What is the total amount the U.S will owe? (Add the original amount of debt to the interest expense you just calculated.)



# Accumulated Debt (continued)

## Handout



Using the new amount, repeat this process four more times until you have the total amount the U.S. will owe at the end of five years. Show your work below.

What is the total amount of debt increase over five years?

What is the total percentage of debt increase over five years? Show your work below.

# Accumulated Debt (continued)

## Handout



### CHALLENGE QUESTION

Using the total increase of debt over five years, figure out the average dollar increase of debt for each year, month, week and day over five years. Make sure you show all your work.

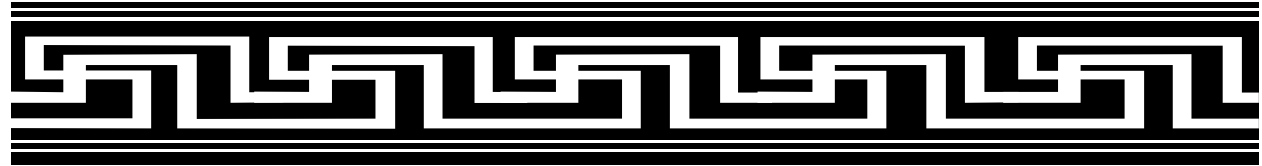


### **Financial Literacy for Grades 1-5**

Many of the peer educators will chose to teach financial literacy to younger students, elementary and middle school ages. We found the lessons for grades 1-5 from Take Charge America to be very information packed and activity based. Each grade level has ten lessons ranging from credit to saving and spending to earning. The lessons all use some sort of age appropriate book to explain a financial literacy lesson.

Sample Introduction: Read off some of the book titles to see if the peer educators recognize any of them. “All of these books can be used to teach about financial literacy topics to younger students. These books are the focus of the lessons from Take Charge America (explain that they are a partner of FEFE). If you chose to teach elementary classes about finances these are great resources to create your presentations from.” Go over one of the lessons if you have time





# Teaching Financial Literacy in Elementary Levels

## Objectives\_\_\_\_\_

- Teach basic financial skills at a young age.
- Incorporate fun activities and financial skills.
- Each grade level, 1-5, includes ten lesson plans.  
These include individual objectives, materials needed, content standards, and activity sheets.

## Materials\_\_\_\_\_

- Take Charge America Elementary Lessons Summary handout.
- The TCA Lesson Plans for Elementary can be downloaded from the website:

[www.takechareamerica.org](http://www.takechareamerica.org)

## Time Required\_\_\_\_\_

- Varies depending on each lesson.



# TCA ELEMENTARY LESSONS

## GRADE LEVEL 1-5



### *“ACTIVE LEARNING TOOL”*

Original Source: [www.takechargeamerica.org](http://www.takechargeamerica.org)

Time to complete: varies

#### INTRODUCTION

Personal finance skills, like reading, writing and arithmetic, need to be taught at a young age. Basic skills taught early in life mean fewer problems with debt and credit later. Take Charge America, Inc. is pleased to provide lesson plans for teachers to use with students from grades one to five. These lesson plans incorporate personal finance skills with children's books to provide a fun, well-rounded learning experience. Each grade level has ten (10) lesson plans for a complete unit of study. Each lesson is an individually downloadable .pdf document set which includes objectives, materials lists, worksheets and content standards. TCA Elementary Lessons can be used with a wide variety of Family Economics & Financial Education units and lesson plans.

#### MATERIALS

TCA Elementary Lessons Summary handout – 5.0.35.E1

The Take Charge America Elementary Lessons can be downloaded for free from the TCA Web site.

[www.takechargeamerica.org](http://www.takechargeamerica.org)

# TCA ELEMENTARY LESSONS SUMMARY

## GRADE ONE

**Barter vs. Money:** Students share the book *Sheep in a Shop* by Nancy Shaw, to learn about choice, making decisions, trade, and the barter system. They complete worksheets on comparing barter to the use of money in economic trade and using money in problem-solving situations.

**Wants and Needs:** Students share the book *Something Good*, by Robert Munsch, to learn about unlimited wants, limited resources, choice, and counting money. They complete worksheets on determining relative value and identifying wants and needs.

**Saving Money:** Students share the book *A Chair for My Mother*, by Vera B. Williams, to learn about counting and saving money. They complete worksheets on coin counting and saving.

**Price:** Students share the book *A Dollar for Penny*, by Dr. Julie Glass, to learn about producers, consumers, and price. They complete worksheets on producers and consumers and figuring the total price of a group of items.

**Jobs:** Students share the book *Bear About Town*, by Stella Blackstone, to learn about productive resources and jobs in the community. They complete worksheets on spending paychecks and draw pictures of a job they would like to have.

**Work:** Students share the book *Charlie Needs a Cloak*, by Tomie dePaola, to learn about productive resources, labor, and income.

**It's On Sale!** Students share the book *The Great Pet Sale*, by Mick Inkpen, to learn about bargains and sales, comparison shopping, and how commercials and advertisements attract customers.

**How Many/How Much:** Students share the book *Monster Money*, by Grace Maccarone, to learn to recognize coins, know their value, and develop understanding of the concept of money as a medium of exchange.

**Savings Accounts and Interest:** Students share the book *Berenstain Bears' Trouble with Money*, by Stan and Jan Berenstain, to learn about saving money, banks, and interest.

**Shopping:** Students share the book *Just Shopping with Mom*, by Mercer Mayer, to learn about shopping and counting money. They complete activities on examining coupons and shopping for bicycle parts.

## GRADE TWO

**Making Choices:** Students share the book *Alexander, Who Used to Be Rich Last Sunday*, by Judith Viorst, to learn about opportunity costs, goods and services, incentives, and saving. They complete worksheets on decision making and choice and play a sorting game with goods and services.

**Scarcity and Choice:** Students share the book *A Bargain for Frances*, by Russell Hoban, to learn about scarcity, decision making, and exchange. They complete a worksheet on decision making and choice, and play exchanging games.

**Savings and Budget:** Students share the book *The Case of the Shrunk Allowance*, by Joanne Rocklin, to learn about labor, earned income, saving, creating budgets, and equivalent amounts of money. They complete worksheets on labor and budget.

**Buying:** Students share the book *Money Troubles (Little Bill Books for Beginning Readers)*, by Bill Cosby, to learn about benefits and cost. They complete worksheets on skip counting money to one dollar.

**Market Prices:** Students share the book *Arthur's Funny Money*, by Lillian Hoban, to learn about business, price, and labor. They complete worksheets on projected income.

**Money versus Trade:** Students share the book *Ox-Cart Man*, by Donald Hall, to learn about barter and trade. They complete worksheets on the disadvantages of the barter system and play a game of money exchange in a market simulation.

**Managing My Money:** Students share the book *The Berenstain Bears' Dollars and Sense*, by Stan and Jan Berenstain, to learn about money management and checking accounts.

**Counting Change and Changing Coins:** Students share the book *The Penny Pot*, by Stuart J. Murphy, to learn about choices, producers and consumers, and counting money.

**Keeping Track of Our Money:** Students share the book *How the Second Grade Got \$8,205.50 to Visit the Statue of Liberty*, by Nathan Zimelman, to learn about managing money and using record-keeping tools such as ledgers to track income, expenses, and balances.

**Comparison Shopping:** Students share the book *The Monster Money Book*, by Loreen Leedy, to learn about budgets and comparison shopping.

### GRADE THREE

**Debt:** Students share the book *Four Dollars and Fifty Cents*, by Eric A. Kimmel, to learn about credit, debt, and interest rates. They write a story about credit and debt and complete worksheets on calculating simple interest on loans.

**Business and Profit:** Students share the book *Sluggers' Car Wash*, by Stuart J. Murphy, to learn about services, production costs, making profits, and using money to make change.

**Saving:** Students share the book *If You Made a Million*, by David M. Schwartz, to learn about spending, saving, interest, borrowing, and lending. Students complete a worksheet about money equivalencies, practice writing checks, and role-play saving and borrowing money.

**Labor, Choice, and Sales Tax:** Students share the book *You Can't Buy a Dinosaur with a Dime*, by Harriet Ziefert, to learn about earning money through labor, making choices, and paying sales tax.

**Savings Plan:** Students share the book *Kermit the Hermit*, by Bill Peet, to learn about the role of money, saving, needs and wants, and spending. Students complete a needs and wants worksheet, make a piggy bank, and crate a savings plan.

**I Want It All!:** Students share the book *Pigs Will Be Pigs*, by Amy Axelrod, to learn about unlimited wants, choice, and adding and counting money.

**Coupon Clippers:** Students share the book *Pigs Go to Market: Fun with Math and Shopping*, by Amy Axelrod, to learn about price, choice, and comparative shopping. They examine the information provided on manufacturers' coupons and play a "shopping spree" game.

**Shopping Smarter:** Students share the book *The Kids' Money Book*, by Jamie Kyle McGillian, to learn about how to become smart consumers and the dangers of credit-card debt. They complete activities on recognizing advertisers' goals and understanding how interest is added on to debt.

**Wealth:** Students share the book *The Day I Was Rich (Little Bill Books for Beginning Readers)*, by Bill Cosby, to learn about the role of money, the concept of wealth, and taxes. They complete activities on understanding and working with large sums of money.

**Mental Money:** Students share the book *Betcha!*, by Stuart J. Murphy, to learn about using mental math while shopping, estimation techniques, and problem solving with money. They use rounding to complete a story and play a game of estimation with prices.

## GRADE FOUR

**Characteristics and Functions of Money:** Students share the book *The Go-Around Dollar*, by Barbara Johnston Adams, to learn about the features of money and how money is used. They complete worksheets on the characteristics and functions of money.

**The Role of Money:** Students read a chapter from the book *Double Fudge*, by Judy Blume, to learn how money is produced and how people can get money. They complete a worksheet about earning money, play a game about the value of money, and design their own money.

**Spending Money:** Students share one chapter from *Henry and Beezus*, by Beverly Cleary, to learn about exchange, market, price, and spending. They complete a worksheet on checking accounts and analyze the costs of using a credit card.

**Savings and Earnings:** Students share several chapters from the book *The Amazing Days of Abby Hayes: Have Wheels, Will Travel*, by Anne Mazer, to learn about savings, earnings, and budgets. Students complete a worksheet on savings and earnings and create a budget.

**Earning an Income:** Students share several chapters from the book *Shoeshine Girl*, by Clyde Robert Bulla, to learn about the role of money, labor, earning income, positive and negative incentives, and improving human capital and productivity. Students complete a worksheet on earning money, discuss possible careers, and complete an activity that shows the importance of learning and practicing new skills.

**Borrowing and Lending:** Students share the book *Ben and Me*, by Robert Lawson, to learn about borrowing, lending, and interest. Students complete a worksheet about borrowing money, create a table that shows the advantages and disadvantages of borrowing money, and role-play borrowing and lending money.

**What's the Price?:** Students share the book *Pigs Go to Market: Fun with Math and Shopping*, by Amy Axelrod, to learn about price and comparative shopping. Students complete a worksheet on price, analyze the unit price of several items, and compare prices at local grocery stores.

**Using Credit and Spending Money Wisely:** Students share several chapters of the book *Mr. Popper's Penguins*, by Richard and Florence Atwater, to learn about earning money, cost, credit, and spending money wisely. Students complete a worksheet in which they determine how much it costs to care for a pet, complete an activity on credit, and play a saving and spending game.

**Do You Really Need It? :** Students share several chapters of the book *The Boxcar Children*, by Gertrude Chandler Warner, to learn about needs and wants and earning money. Students complete a worksheet on needs and wants, create a spending plan based on needs and wants, and determine ways they can earn money.

**Taxes:** Students share several chapters of the book *Stone Fox*, by John Reynolds Gardiner, to learn about earning money, saving, credit, and taxes. Students complete a worksheet on taxes and paying off debts, analyze a paycheck, calculate sales tax, and discuss the importance of saving.

## GRADE FIVE

**Production and Trade:** Students share the book *Ox-Cart Man*, by Donald Hall, to learn about goods and services, entrepreneurial risk, investment in human capital, and the circular flow of money. They complete activities on the traits of entrepreneurs and specialization in production.

**Starting Your Own Business:** Students listen to several chapters from *The Toothpaste Millionaire*, by Jean Merrill, to learn about starting a business and earning a profit. They complete worksheets on costs and profits and play a game about the risks and incentives of starting a business.

**Government Goods and Services:** Students share several pages from the book *Can't You Make Them Behave, King George?*, by Jean Fritz, to learn about the role of money, government goods and services, and paying for government goods and services. Students complete a worksheet on government goods and services and complete activities in which they examine sales receipts and a paycheck stub.

**Wise Shoppers:** Students share several chapters from the book *Millions*, by Frank Cottrell Boyce, to learn about currency and the function of money. They examine their own risk tolerance; play a comparison-shopping game; and learn how to be a wise consumer.

**Saving and Creating a Personal Budget:** Students share several chapters of the book *From the Mixed-Up Files of Mrs. Basil E. Frankweiler*, by E.L. Konigsburg, to learn about the role of money, saving, and budgets. Students complete a worksheet about keeping track of expenses, analyze information about savings accounts, and create a budget.

**Saving and Investing:** Students share several chapters from the book *The Young Investor: Projects and Activities for Making Your Money Grow*, by Katherine R. Bateman, to learn about saving and investing. Students complete a worksheet on creating a portfolio, play a saving and investing game, and create a skit for a commercial that explains why it is important to invest.

**Using Credit:** Students share several chapters from the book *Not for a Billion Gazillion Dollars*, by Paula Danzinger, to learn about earning money, saving, credit, and debt. Students complete a worksheet on spending habits, complete an activity in which they determine whether or not they should purchase items with cash or credit, and analyze a credit-card statement.

**Short-Term and Long-Term Savings Goals:** Students share several chapters from the book *The Leaves in October*, by Karen Ackerman, to learn about earning an income, saving, and setting short-term and long-term savings goals. Students complete a worksheet on earning money, complete an activity in which students establish short-term and long-term savings goals, and practice entering items in a savings passbook.

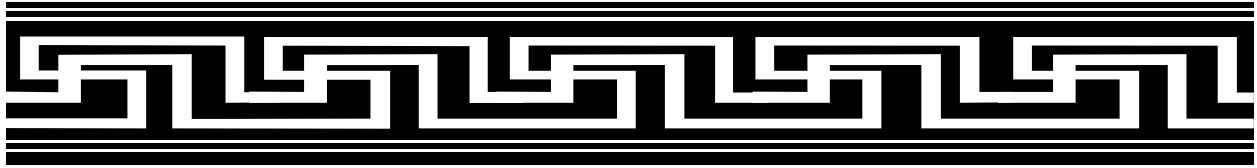
**Currency and Exchange Rates:** Students share the book *The Story of Money*, by Betsy Maestro, to learn about exchange and barter, the function of money, currency, and spending money. Students complete a worksheet on currencies, determine the value of the dollar in three different countries using current exchange rates, and shop with cashless money.

**How Do You Spend Your Money?:** Students share several chapters from the book *Tarantula Shoes*, by Tom Birdseye, to learn about saving, earning an income, trade-off, cost-benefit analysis, and spending money wisely. Students complete a worksheet on bargain shopping, complete an activity in which they determine which athletic shoe they should buy, and discuss how they can spend their money wisely.

## **Ages and Stages**

This is information taken from *Characteristics of School Age Children and Camp is for the Camper*. This document is given specifically to help the Peer Educators to prepare for working with children of all different ages. They are not required to work with any particular age groups, so we wanted to give them some information to keep in mind and use as a reference when getting ready to do a service learning project. We suggestion you read through them with the students, or maybe have them split into groups with others who are hoping to teach lessons in the same age groups. This way students can read about the characteristics for the group they are most interested in.”

**Sample Introduction:** “We have provided you with this information, solely for the purpose of giving you information on the different age groups you may decide to teach. Since you are not required to teach a specific age group, this gives you an understanding of many different grades. These lists of characteristics will help you to create age appropriate lessons.”



## Characteristics of Age Groups

### Ages 5 through 7:

- More readily understand another person's point of view
- Depends on adult approval
- Becomes aware of individual differences but is very individualistic
- Participate in activities that allow him/her to put things in order/sort/classify
- Eye-hand coordination and small muscle control are further developed
- Very energetic, needs a variety of activities to maintain interest.
- Comprehends simple instructions.
- Very accepting of adult's way as a rule.
- Enjoys companions of own age
- Intellectual development in a transition stage
- Persists longer at tasks/completes projects
- More concerned with accuracy
- A need for orientation to environment
- Tries to make sense of what is heard
- Well developed preferences
- Relatively undemanding of parental time/attention
- Has a sense of self concept

### Ages 7 through 9:

- Has an increased attention span and stays with activities for longer periods of time
- More readily understand another person's point of view
- Is much more independent in personal problem-solving
- Much clearer understanding of cause and effect relationships
- Beginning to self-assess in writing, reading and willing to share those assessments
- Generally obeys and accepting adults but beginning to challenge authority
- Begins to assimilate/digest the experiences to which they were exposed to
- Sorts information into categories
- Increased sense of self
- Heightened sensitivity to the reactions of others
- Can listen instead of dominating the conversation
- Enjoys helping others
- Usually polite/considerate
- Enjoys friends but also solitary activities
- Better understanding of the teacher as a model for learning
- More careful/persistent in work habits
- Needs immediate feedback

### Ages 8 through 10:

- Increase strength, balance, and coordination
- Boys and girls maturing at different paces



- See adults as authority
- Can be noisy and argumentative
- Expanded use of reasoning skills to solve problems, negotiate, and compromise
- Developing decision making
- Beginning to take responsibility for their own actions
- Self-conscious, afraid to fail, sensitive to criticism
- Quick, eager, and enthusiastic
- Learning to use good judgment
- See things as “black and white”
- Work well in cooperative group activities
- Can discuss reasonable explanations for rules and decisions

#### Ages 11 through 13:

- Rapid change in appearance
- Looking more toward peers than parents, seek peer recognition
- Search for adult role models and often identify with admired adults
- Willing to submerge self for benefit of group
- More interested in social activities
- Strive for independence, yet want and need parent help
- Want to be part of something important
- Need information for making decisions
- Think abstractly and hypothetically
- Can solve problems that have more than one variable
- Have moved from fantasy to realistic focus on their life’s goals
- More structured adult like activities
- Explore other culture, foods languages, and customs

#### Ages 14 through 17:

- Desire to do things that give an adrenaline rush
- Achieving independence from family
- Prefer to set own goals rather than accept those set by others
- More accepting of differences
- Makes and keeps commitments
- See adults as imperfect
- Want adult leadership roles
- Strong identification with admired adult
- Desire respect
- Take on multiple roles
- Desire a role in determining what happens in their world
- Enjoy demonstrating acquired knowledge
- Will lose patience with meaningless activity
- Beginning to think of leaving home for college, employment, marriage
- Empowering activities that make a difference in what’s happening
- Discuss issues and values

Sources: *Characteristics of School Age Children*, [www.nipissingu.ca/.../CharacteristicsofSchoolAgeChildren.doc](http://www.nipissingu.ca/.../CharacteristicsofSchoolAgeChildren.doc)  
*Camp is for the Camper*, 2000, American Camping Association

### **Communication Throughout this year**

Since the peer educators will most likely be dispersed throughout the state it is very important for them to understand them must communicate and stay connected with the interns and if necessary the other peer educators. We mainly relied on conference calls, emails, and updates on our website. Some other options that were brought up were a Peer Educator Portal and blogs. Use this as a brainstorming session for how often the peer educators would like to have conference calls and if they have any other ideas for staying connected. We tried to stay away from Facebook/Myspace. The many functions of Google/Gmail such as Google Docs are a great way to share resources.

**Sample Introduction:** “Since we are all spread across the state we need to stay connected and updated through emails, conference calls, etc. We will make ourselves as available as possible to you all for any questions or situations that you will need our help.” Go over the ways in which you expect them to stay connected i.e. monthly email updates, conferences every other month, etc. Then open up discussion for ways they would like to communicate with you and the rest of the state. Possibly a Peer Educator blog in which they can all participate or sending out a newsletter to chapters.

## **First Impressions**

The idea for this activity was found in a packet of activities found in Inspire! Team Building & Group Development. (2003 Learning Change). To do the activity, you first put the descriptions on their back. The goal of the activity is for the students to figure out what the sign on their back says. Once you have a description on each students back, you tell them that they can then walk around and talk to each other. They need to treat talk to the other person in appropriate ways, according to their back tag. For example, if someone's back said "Nothing I say makes sense," then you would talk to them like nothing they said makes sense. You should have the students only be able to ask two questions when talking to each other. These might be something like "How are you today?" and "How about this weather?" The students should respond to each question with one sentence answers. This will help to restrict the students to not asking tons of questions and will make it a little more challenging to figure out what their own back say. This activity is designed to show students how stereotypes can influence interactions between people and the feelings that come with being treated differently.

After you complete this activity, go around and see if each participant can guess what description is on their back. Lead a discussion about how the students thought the diversity affected their productivity. Ask them about their feelings and thoughts when interacting.

Sample Introduction: "This is a team building activity that we will be doing on our feet. First, I need each student to come up and get a description put on their back. These should remain on your backs, and please do not try to peak and see what your description says. Once we get everyone's description on, we will explain how the activity works. So, everyone now has a card on their back. Now you should go around interacting with the other participants and try to figure out what your card says. When you meet someone you should treat them in a way that is appropriate to their back card. For instance, if someone's card says 'Nothing I say makes sense,' then you would obviously talk to them in a way that show that nothing they say makes sense to you. You are only allowed to ask the other person, who you are interacting with, two questions. The first is "How are you today?" and that other is 'How about this weather?' Your responses to each question should be brief and only one sentence long."  
(After the activity lead a small discussion)

"What did you learn from this activity?" "How did it feel when you were being treated according to this label given to you?" "Did it make it easier or harder to interact with others?"

**I'm half  
asleep**

**I don't make  
any sense  
when I talk**

**I'm a huge  
celebrity**

**I'm not very  
friendly**

**I'm always  
happy**

**I get mad  
when you enter  
"my space"**

**Every word  
I say is  
hilarious**

**I smell  
really bad**

**I'm a  
weight-lifter**

**I have my  
clothes on  
backwards**

**I talk in a  
different  
language**

**I act like a  
two-year-old**

**I am**

**NORMAL**

**I think I'm**

**always right**

**I keep**

**repeating**

**myself**

**I am hard**

**to hear when**

**I talk**

## Moving Marbles

The idea for this activity was found in a packet of activities found in Inspire! Team Building & Group Development. (2003 Learning Change). For this activity the students should be put in teams of about 7-8 and put in separate areas. Each team will get a marble and one piece of construction paper, you can use other paper, but it needs to be able to hold the marble and you must be able to tear it. You will need to mark a starting point and an ending point that are at least the 92 inches apart, approximately 7 ¾ feet. The points may be moved further apart for larger teams or to make the challenge more difficult. Each team is required to move their marble from the start point to the end point without touching it with their hands and without their papers touching. When the marble reaches the end point it may not roll more than 6 inches away from that marker in any direction. After the teams complete that task if you chose to show them how to face obstacles take some of their papers and tear them in half, make a hole in them, or even take a piece away.

After teams have finished you can bring them all back together and lead them in discussion. Some points to talk about could be how they communicated, how they faced the obstacles, and some things that they thing they could have done better.

### Sample Introduction:

“This teambuilding activity will focus on communication and reaching a goal while face obstacles. You will be split into teams and given a marble and one piece of paper per person on your team. Your goal is to move the marble from point A to point B. The hard part is that you cannot touch the marble with your hand, your papers cannot touch, and your marble may not move 6 inches away from the end goal. Also after you have completed this challenge I will come around to give you a new challenge.”

After the activity lead discussion with questions like.

“How did your team communicate?” “Was anyone appointed team leader?” “What did your team do when given a new obstacle?” “What would you have done differently?”



## Electronic Banking from FEFE

This lesson is a ninety minute lesson. Before you present this lesson, you should read through the entire lesson and gather any materials needed. This lesson was created by Family Economics and Financial Education (FEFE). FEFE has created an interactive curriculum. As interns, we were trained on the curriculum and its components. These lessons are very thorough and are great resources for teaching any middle school/high school age students.

We went through each of the lessons completely with the Peer Educators, so they were familiar with what they might be teaching.

Sample Introduction: “We are now going to go over a lesson that you may use in your presentations as Peer educators. Remember to go through all the activities and parts of these lessons before a presentation to make sure you stay in your time limit and the information is relevant to the age level of your audience. You may chose to only use some activities or only go over one section of the lesson. This is just one of the many topics of financial literacy, but we felt it would interest you as banking options online are growing as technology is developing.”



# Electronic Banking

Objectives\_\_\_\_\_

- Define different types of electronic banking
- Understand how to safely use an ATM and plastic cards

What's In This Lesson\_\_\_\_\_

- Descriptive instructions
- Electronic banking worksheets
- Group activities

Why We Picked This Lesson for You\_\_\_\_\_

- Interactive group activity
- Relatable banking information
- Trivia Powerpoint

Time Required\_\_\_\_\_

- 45 Minutes



# ELECTRONIC BANKING

## GRADE LEVEL 10-12



### *“TAKE CHARGE OF YOUR FINANCES”*

Time to complete: 90 minutes

#### NATIONAL CONTENT STANDARDS

Family and Consumer Science Standards: 2.4.1, 2.4.2, 2.5.4, 2.6.1

National Council on Economic Education Teaching Standards: 10, 11

National Standards for Business Education

- Career Development:
- Economics: VII.1
- Personal Finance: VI.1, VI.2, VI.3-4

#### OBJECTIVES

Upon completion of this lesson, participants will be able to:

- Describe electronic banking.
- Define the different types of electronic banking.
- Understand how to safely use an Automated Teller Machine and debit card.

#### INTRODUCTION

E-banking allows 24-hour access to move money electronically in a fast and paperless way. The electronic movement of money is made possible by electronic funds transfers (**EFTs**). EFTs utilize computer networks to transfer funds electronically (rather than by check or cash) among various bank accounts. E-banking allows a person to make withdrawals, deposits, and bill payments via phone, computer or through machines like an automated teller machine (ATM) or point of sale terminal (POS terminal) rather than sending cash or check via regular mail. Benefits to e-banking include:

- 24-hour access;
- Fast transactions;
- Paperless transactions;
- Convenience;
- Worldwide access.

A **debit card** is a plastic card which looks like a credit card, but is electronically connected to the cardholder’s bank account for purchases. When a purchase is made, money is automatically taken from the designated account. The card provides access to the EFT system by swiping it into an ATM or POS terminal. Debit cards require using a **personal identification number (PIN)** or signature to perform transactions. A PIN or signature confirms that the user of the debit card is authorized to access the account unless, of course, the card is stolen. A way to protect a debit card from being used by an unauthorized individual is to sign the back of the card in the signature box with “see id” in addition to their signature. This will prompt the vendor to ask the individual to see picture identification and match the picture and name with the individual making the purchase. Debit cards can also function as an ATM card. Debit cards can be used when money is not in the account but could result in a non-sufficient funds fee. Debit-card transactions may not clear the bank until the next business day depending upon how quickly a business processes its sales. For this reason it is important to know your account balance prior to making a debit card purchase. Some

suggest having a line of credit loan or an automatic transfer from a savings account set up as overdraft protection on your account to avoid non-sufficient funds. Depending upon the institution, a person still may be required to pay an overdraft fee issued by their depository institution, but their transaction will not bounce so the vendor will not charge a fee.

With debit and ATM cards, consumers need to be alert to protect their financial security. A consumer's PIN number normally should not be one that reveals their birth date or social security number. Consumers should not write their PIN numbers down, and instead should memorize them. Consumers are responsible to report any unauthorized activity to their depository institution immediately. According to the Federal Trade Commission, a consumer is held liable for any unauthorized charges under the following conditions: <sup>1</sup>

- If timely notice is given of a loss or theft to the depository institution within two business days, the consumer is held responsible for no more than \$50.
- If the depository institution is not notified within the first two business days but is notified within the first 60 days, the consumer is held responsible for no more than \$500
- If the depository institution is notified after 60 days of the transmittal of the periodic statement, the consumer is held liable for no more than the amount of unauthorized transfers.

**Automated teller machines (ATMs)** are electronic computer terminals which offer automated, computerized banking. ATMs allow customers to make deposits, cash withdrawals, account transfers, and check account balances. ATMs can be found in a variety of places including supermarkets, depository institutions, shopping malls, and other convenience stores. ATMs are accessed with an ATM or debit card and a PIN. Fees may be charged for ATM use, but will vary depending on the particular depository institution. Another type of electronic computer terminal is a **point-of-sale (POS) terminal**. The POS terminal is located at a store and allows the customer to use a debit card to make a purchase. A debit card's magnetic strip will be swiped through a machine by either the customer or sales associate. The customer will then select either debit or credit. If a debit is selected, then a pin number will be required to authorize the transaction. The debit card may only be processed as a credit transaction if the debit card is associated with a credit card company. Once the magnetic strip has been swiped, the customer's financial information linked to this card will be processed by the store and the purchase will be completed. If the purchase amount does not exceed \$25.00, a signature may not be required. At participating POS machines, customers may request additional cash back. Amounts vary depending upon merchant or card policies.

**Direct deposit** allows paychecks and benefit checks to be directly deposited into a specified depository institution account (usually checking or savings). For example, the customer may sign an authorization form to allow his or her employer to automatically deposit a paycheck. **Direct payments** authorize bills to be paid by a specified depository institution account. This can be done for fixed expenses like mortgages or vehicle payments and for flexible expenses like the phone or electricity bill. Direct deposit and payments are a safe way to complete transactions. The consumer does not handle the check and he or she will know exactly when the money will either be deposited and available for use or when the vendor will receive payment for the bill. Consumers are responsible for frequently checking their account to ensure that the correct amount was withdrawn.

Another option for paying employees through the electronic banking system is by utilizing **payroll cards**. Payroll cards offer an alternative to printing and mailing paycheck to employees. Payroll cards function in a similar way as debit cards. An employee's wages are transferred to the payroll card. This is often linked to a credit card company, allowing the employee to withdraw money from the ATM or use it at a POS to purchase goods and services.<sup>2</sup> Consumers must be aware that payroll cards are not linked to a depository institution account. Therefore, individuals do not receive the same benefits from depository institutions.

**Check Clearing for the 21<sup>st</sup> Century Act (Check 21)** represents a current trend in EFT that is changing banking dramatically. Prior to Check 21, a customer would write a check to pay for a service or product, and have several days before the money would transfer from the customer's account to the service provider's account. The time between when a person writes a check to when the money is actually withdrawn is called float time. **Float time** allows a person to write a check even though there is not enough money in the account, in hopes of depositing the money before the check is processed. Because of Check 21, the check is sent electronically to the customer's depository institution and the money is withdrawn within hours of the transaction, therefore, eliminating most or all float time. Check 21 has made it possible for writing a check to be processed as quickly as using a debit card.

**A Pay by Phone System** allows the consumer to call a vendor with instructions on how to pay their bills by electronically transferring funds between accounts. The consumer may be required to have a written agreement with the institution to make transactions such as these.

Electronic Banking offers many options for consumers to use when managing money. Permitting banking to be completed in a paperless process 24 hours a day is an attractive benefit to many consumers. Because of these benefits, the popularity of electronic banking continues to grow, encouraging individuals to learn the details regarding this type of financial management.

In this lesson, participants will have the opportunity to increase their knowledge of electronic banking vocabulary through an active reading strategy. In addition, they will apply their knowledge by creating an opportunity for others to learn about electronic banking by creating a top ten poster.

## BODY

1. Hand out the Electronic Banking *Scenario* worksheet 1.7.2.A2.
2. Instruct participants to complete the following with their Electronic Banking *Scenario* worksheet 1.7.2.A2.
  - a. Each of the following should be done with a different colored pencil.
    - i. Instruct participants as they read to circle any vocabulary words. If they know the definition of the vocabulary words, have them write the definition in the box to the right of the scenario. Correct definitions will be written on their *Electronic Banking* note taking guide 1.7.2.L1 during the *Electronic Banking* PowerPoint presentation 1.7.2.G1.
    - ii. Instruct participants to underline safe banking practices using a different colored pencil and record them in the box to the right of the scenario.
    - iii. Instruct participants to put a box around unsafe banking practices using a different colored pencil and record them in the box to the right of the scenario.
3. Instruct participants to keep their Electronic Banking *Scenario* worksheet 1.7.2.A2 in front of them throughout the PowerPoint presentation 1.7.2.G1.
4. Hand out the *Electronic Banking* note taking guide 1.7.2.L1 and instruct participants to complete it during the *Electronic Banking* PowerPoint presentation 1.7.2.G1.
5. Present the *Electronic Banking* PowerPoint presentation 1.7.2.G1.
  - a. Slide 1: Introduction
  - b. Slide 2: Electronic Banking
    - i. Ask participants to discuss which electronic banking methods did Sara use?
      1. Answers should include:
        - a. Phone
        - b. Automated teller machine
  - c. Slide 3: Electronic Banking Benefits
    - i. Ask participants to discuss what benefits Sara experienced because of electronic banking.
      1. Answers may include:
        - a. 24 hour access – Sara visited her automated teller machine on a Saturday.

- b. Fast transactions – Sara was able to stop quickly and withdraw money from the automated teller machine to meet her friends on time that afternoon.
    - c. Convenience – Sara was able to stop at an automated teller machine on the way to the mall.
  - d. Slide 4: Debit Cards
    - i. Ask participants to discuss when Sara’s debit card was used.
      - 1. Answers may include:
        - a. When Sara loaned her debit card to Nick so he could borrow money from her.
        - b. When Sara stopped at the automated teller machine on the way to the mall to withdraw money.
          - i. Discuss with participants why Sara may not have received an accurate balance at the automated teller machine when she withdrew money with her debit card.
            - 1. A debit card transaction may take more then one business day to clear. For example: if Sara made a purchase on Friday evening when she went to the automated teller machine, on Saturday afternoon that transaction may not have cleared her account giving her the impression she has more money available than she really does.
          - c. When Sara called the cell phone company to pay her bill over the phone.
        - ii. Stress that debit cards may result in insufficient funds fees if it is used when there is not money in the account.
  - e. Slide 5: Personal Identification Numbers
    - i. Ask participants to discuss when Sara used her PIN.
      - 1. Answers should include:
        - a. Sara gave Nick her PIN so he could access her account.
        - b. Sara used her PIN when she stopped at the ATM on the way to the mall.
  - f. Slide 6: Consumer Liability
    - i. Ask participants to discuss what situation Sara allowed to occur that could have put her financial information in danger.
      - 1. Answers could include:
        - a. When Sara loaned her debit card and personal identification number to a friend. If he would have lost the information, her information could have been given to someone who was not authorized to access her account.
        - b. When Sara decided to call the cell phone company in a busy mall, giving her information over the phone to pay for her bill.
  - g. Slide 7-8: Automated Teller Machines
    - i. Ask participants to identify when the Sara’s account was accessed through an ATM.
      - 1. Answers could include:
        - a. When Nick used her debit card at the ATM the night before.
          - i. Discuss with participants that Nick used it at an ATM because he would not have to sign anything for the transaction to occur.
        - b. Sara used her debit card at the ATM on the way to the mall to meet her friends.
        - c. Sara withdrew money from her checking account.
        - d. Sara confirmed her paycheck was deposited from the day before.
  - h. Slides 9-10: Point of Sale Terminal

- i. Discuss with participants that at a point of sale terminal, a signature may be required.
  - 1. If the purchase is made over \$25.00 and it is used as a credit card then a signature may be required.
- i. Slides 11-12: Direct Deposit & Payment
  - i. Ask participants if Sara is utilizing direct deposit with her checking account.
    - 1. Answer should be:
      - a. Yes, Sara has her paycheck to be directly deposited into her checking account.
  - ii. Discuss with participants how Sara could benefit from direct payment
    - 1. Answers could include:
      - a. If Sara set her cell phone bill up to be directly paid she would not have to worry about doing a pay by phone system.
- j. Slide 13: Payroll Cards
  - i. Discuss with participants what Sara's opinion was regarding payroll cards.
    - 1. Answers could include:
      - a. Sara felt more comfortable with direct deposit to her checking account instead of a payroll card.
- k. Slide 14: Check 21
  - i. Discuss with participants how Check 21 impacted Sara's financial behavior.
    - 1. Answers could include:
      - a. Sara considered float time a benefit. Without float time existing due to Check 21, Sara no longer uses her checkbook.
- l. Slide 15: Pay By Phone
  - i. Discuss with participants how Sara utilized the pay by phone system
    - 1. Sara used the pay by phone system with her cell phone company.
- m. Slide 16: Review
  - i. Discuss with participants unsafe practices Sara experienced:
    - 1. Allowing Nick to borrow her debit card and personal identification number put Sara at risk for allowing her financial information to be used by others.
    - 2. Sara giving her financial information over the phone in a busy shopping mall where others may have heard could be considered unsafe.

## CONCLUSION

Review objectives of the lesson plan by playing *Electronic Banking Trivia* PowerPoint presentation 1.7.2.G2.

## ASSESSMENT

After successful completion of this lesson, instruct participants to create a top 10 poster. This poster should contain what the participants feel are the top ten most informative items that consumers should know about electronic banking. This poster could include definitions of vocabulary words, instructions for how electronic banking occurs, safety items, etc... Use the *Electronic Banking Top Ten Poster Grading Rubric* 1.7.2.B1.

Or

Instruct participants to complete the *Electronic Banking* worksheet 1.7.2.A1

## MATERIALS

Electronic Banking worksheet – 1.7.2.A1  
Scenario worksheet – 1.7.2.A2

Electronic Banking Top 10 Poster Grading Rubric – 1.7.2.B1  
Electronic Banking information sheet – 1.7.2.F1  
Electronic Banking PowerPoint presentation – 1.7.2.G1  
Electronic Banking Trivia PowerPoint presentation – 1.7.2.G2  
Electronic Banking Trivia Instructions – 1.7.2.J1  
Scenario activity answer key – 1.7.2.K1  
Electronic Banking note taking guide – 1.7.2.L1  
3 colored pencils per participant  
Pieces of scratch paper per group or a white board and dry erase marker per group

## RESOURCES

### 1. Federal Deposit Insurance Corporation

<http://www.fdic.gov/regulations/laws/rules/6500-3100.html>

- FDIC Laws, Regulations, and Related Acts : Electronic Funds Transfers Regulation E

### 2. Community Developments – Insights

<http://www.occ.treas.gov/cdd/payrollcards.pdf>

- Payroll Cards



# ELECTRONIC BANKING

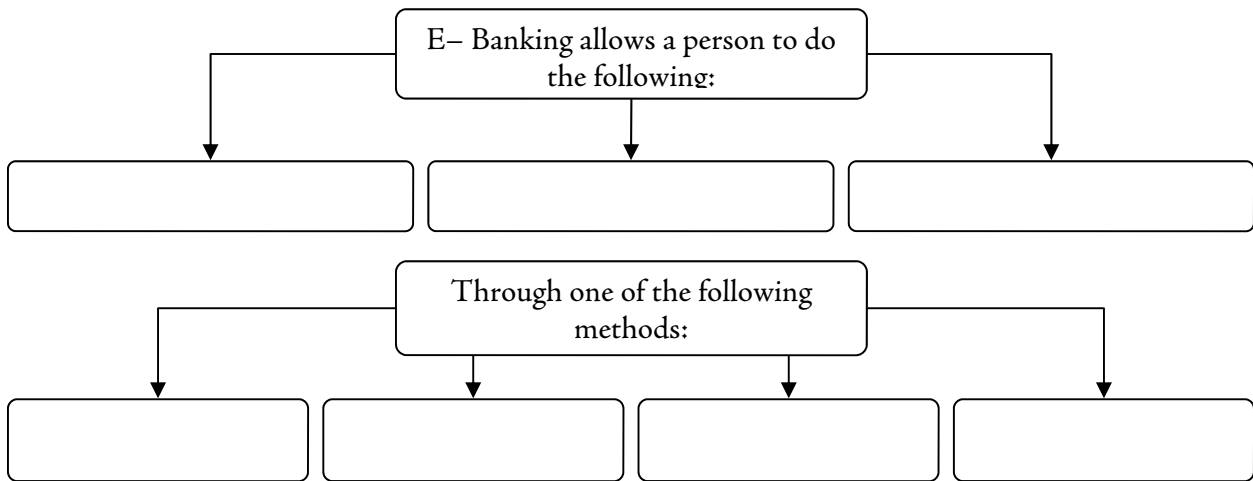
	Total Points Earned
22	Total Points Possible
	Percentage

Name \_\_\_\_\_

Date \_\_\_\_\_

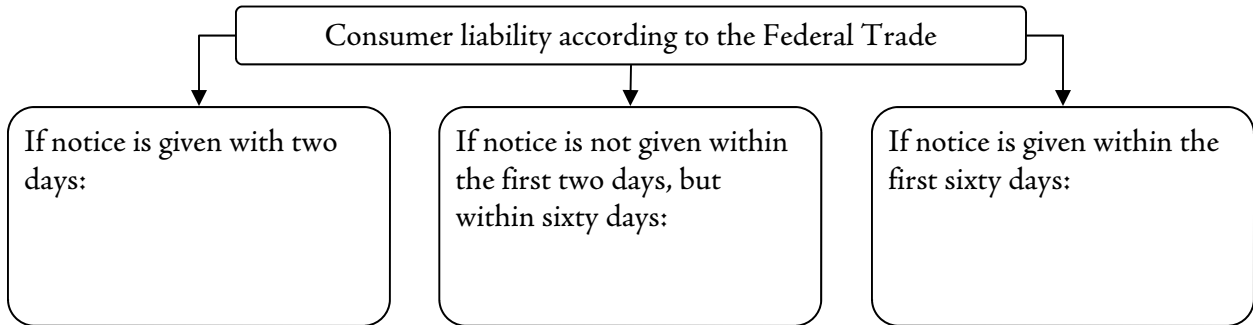
Class \_\_\_\_\_

Electronic Funds Transfer (EFT) -



**Debit Cards—**

**Personal Identification Number (PIN)—**





# ELECTRONIC BANKING

Name \_\_\_\_\_

Date \_\_\_\_\_

Class \_\_\_\_\_

	Total Points Earned
22	Total Points Possible
	Percentage

**Directions:** Match the following terms with the statements below. Each question is worth 1 point.

- |   |  |
|---|--|
| <p>1. _____ A plastic card that looks like a credit card but is electronically connected to the card holder's depository institution.</p> <p>2. _____ Allows a person to write a check even though there is not enough money in the account in hopes of depositing the money before the check is processed.</p> <p>3. _____ Personal identification number required for debit cards to be used.</p> <p>4. _____ This allows the consumer to call a company with instructions to pay certain bills or electronically transfer funds between accounts.</p> <p>5. _____ Allows paychecks and benefit checks to be directly deposited into a specified depository institution account.</p> <p>6. _____ Authorizes bills to be paid by a specific depository institution account.</p> <p>7. _____ An electronic computer terminal located at the checkout of a store, allowing the consumer to use their debit card to make purchases.</p> | <p>A. Float Time</p> <p>B. Pay By Phone System</p> <p>C. Direct Deposit</p> <p>D. Debit Card</p> <p>E. Direct Payment</p> <p>F. PIN</p> <p>G. Point of Sale Terminal</p> |
|---|--|

**Directions:** Circle True or False for the following statements. Each question is worth 1 point.

8. T or F      ATMs can only be found at the depository institution locations
9. T or F      E-banking allows individuals to deposit money, withdraw money, and pay bills.
10. T or F     A drawback to Electronic Banking is that it may only be done using the World Wide Web.
11. T or F     A payroll card is an alternative for employee's paychecks to be deposited.
12. T or F     When a customer uses a POS, they may request the cashier to give them cash back.

**Directions:** Read the following questions and fill in the blank with a short answer.

13. What four methods can be used to perform E-banking? (4 points)

14. Give two examples of items that can be paid using direct payment. (2 points)

15. Define Electronic Funds Transfer (EFT) (1 point)

16. What eliminates all float time? How does this occur? (2 points)

17. Define Automated Teller Machine (ATM). (1 points)

# SCENARIO

Name \_\_\_\_\_

Date \_\_\_\_\_

Class \_\_\_\_\_

It is 9:30am and Sara's phone rings. She quickly answers to make plans with her friends for a Saturday afternoon shopping trip. As she dresses, she begins to contemplate about how she will pay for her purchases that afternoon. She knows that she could use her debit card in the automated teller machine (ATM) on the way to the mall to get cash or use the point of sale terminals at the stores once she arrives. However, she gave her debit card and personal identification number to her friend Nick yesterday so he could borrow money from her. So, her first step is to retrieve the card from Nick.

Sara contacts Nick and receives her card. She decides to stop at the ATM on the way to the mall so she can check her account balance to ensure her paycheck was directly deposited the day before. Sara's employer gave her the option of using a direct deposit into her checking account or a payroll card. She was not familiar with a payroll card so she decided to utilize the direct deposit option. In addition, she pays many of her bills using direct payment. With all of the deposits and payments happening through one account, it is convenient for Sara to track her transactions. Sara no longer uses a check book because she found it difficult to record the checks in her register. Also, with the float time non existent because of Check 21, it is not a benefit for Sara to use her checkbook.

Sara meets her friends, but before they begin shopping she realizes she forgot to pay her cell phone bill prior to leaving home. She is happy that her cell phone company allows a pay by phone option. Using her debit card, she calls and makes the payment over the phone.

Finally, after taking care of her financial transactions, she begins an afternoon of shopping with her friends.

## Vocabulary Words

### Safe Banking Practices

### Unsafe Banking Practices

# TOP 10 POSTER GRADING RUBRIC

Name \_\_\_\_\_

Date \_\_\_\_\_

Class \_\_\_\_\_

**Directions:** Participants are to create a poster that identifies the top ten items they feel an individual should know about electronic banking. The poster can include definitions of vocabulary words, instructions for how electronic banking occurs, safety items, etc.

	Exemplary – 3	Satisfactory – 2	Unsatisfactory – 1	Rating	Weight	Score
Information	7-10 items listed are important topics within electronic banking.	4-6 items listed are important topics within electronic banking.	Less than 4 items listed are important topics within electronic banking.		3	
Preparedness	Clearly prepared and well thought out top ten list.	Seemed prepared and gave some thought to their top ten list.	Not prepared to present. Participant was vague on their top ten list.		2	
Creativity of poster	The poster is creatively designed using color. It is easy to read.	The poster is creatively designed with little color added.	The poster is not creative or has no color added.		1	
Quality of poster	The poster is attractive, well organized, no misspelled words, and all items listed.	The poster is organized; however has spelling errors and most items were listed.	The poster is not well organized with spelling errors, and very few items were listed.		2	
				Total Points Earned		
				Total Points Available		24

# ELECTRONIC BANKING TRIVIA INSTRUCTIONS

To facilitate the trivia game:

1. Set up the LCD projector and laptop with the *Electronic Banking Trivia* PowerPoint presentation 1.7.2.G2.
2. Divide the participants into groups of 3 – 4.
  - a. Hand out pieces of scratch paper and a marker to each team or a white board with a dry erase marker.
3. Each team will have a chance to answer each question by writing their answer on the scratch paper.
  - a. After the facilitator has given a little bit of time for each team to record their answer, ask each group to hold up their answer.
  - b. Award points to the groups with the right answers.
    - i. Teams with the wrong answers do not receive or lose any points. Their point total stays the same.
  - c. Record the points on the board.
4. Allow each team to take a turn picking the category and dollar amount for the question.
  - a. The facilitator can decide how to let each team take turns choosing.
5. To use the PowerPoint:
  - a. On the first slide, click on the graphic to get to the activity board slide.
  - b. To choose a question, click on the category and dollar amount chosen.
    - i. It is linked to the question slide and will automatically pull up the correct slide.
  - c. After reading the question and the groups have all answered, click on the graphic directly under it to go to the answer slide.
  - d. After the question and answer is finished, click on the graphic below the answer to go back to the activity board.
  - e. At the activity board, if the wrong category or dollar amount is chosen, the little graphic in the left-hand corner of any question slides will take the screen back to the activity board.
6. Before final trivia, compute the point total for each team.
  - a. Allow each team to decide a 'wager' before answering the final trivia question.
  - b. If the final trivia question is answered correctly, the wager is added to the points.
  - c. If the final trivia question is answered incorrectly, the wager is subtracted from the points.
7. The team with the most points wins.

# SCENARIO ANSWER KEY

Name \_\_\_\_\_

Date \_\_\_\_\_

Class \_\_\_\_\_

It is 9:30am and Sara's phone rings. She quickly answers to make plans with her friends for a Saturday afternoon shopping trip. As she dresses, she begins to contemplate about how she will pay for her purchases that afternoon.

She knows that she could use her debit card in the automated teller machine (ATM) on the way to the mall to get cash or use the point of sale terminals at the stores once she arrives. However, she gave her debit card and personal identification number to her friend Nick yesterday so he could borrow money from her. So, her first step is to retrieve the card from Nick.

Sara contacts Nick and receives her card. She decides to stop at the ATM on the way to the mall so she can check her account balance to ensure her paycheck was directly deposited the day before. Sara's employer gave her the option of using a direct deposit into her checking account or a payroll card. She was not familiar with a payroll card so she decided to utilize the direct deposit option. In addition, she pays many of her bills using direct payment. With all of the deposits and payments happening through one account, it is convenient for Sara to track her transactions. Sara no longer uses a check book because she found it difficult to record the checks in her register. Also, with the float time non-existent because of Check 21, it is not a benefit for Sara to use her checkbook.

Sara meets her friends, but before they begin shopping she realizes she forgot to pay her cell phone bill prior to leaving home. She is happy that her cell phone company allows a pay by phone option. Using her debit card, she calls and makes the payment over the phone.

Finally, after taking care of her financial transactions, she begins an afternoon of shopping with her friends.

## Vocabulary Words

Debit cards  
Automated Teller Machine  
Personal identification number  
Direct deposit  
Payroll Card  
Direct Payment  
Float Time  
Check 21  
Pay by Phone

## Safe Banking Practices

- Check her account balance to ensure her paycheck was directly deposited
- Direct Payment Convenient to track transactions
- Pay by Phone option

## Unsafe Banking Practices

- It is considered unsafe to give your PIN out to other individuals
- Making a payment over the phone is okay, however, in a busy mall may not be the best choice



# ELECTRONIC BANKING

## BENEFITS OF E-BANKING:

- 24 hour access
- Fast
- No paper
- Variety of methods
- Convenience
- Worldwide access

## TYPES OF E-BANKING

Debit Card

---

ATMs

---

Direct Deposit & Payments

---

Payroll Cards

---

Pay By Phone

---

Check 21

---

## WHAT IS E-BANKING?

E-banking allows 24-hour access to move money electronically in a fast and paperless way. The electronic movement of money is made possible by electronic funds transfers (**EFTs**). EFTs utilize computer networks to transfer funds electronically (rather than by check or cash) among various depository institution accounts. E-banking allows a person to make withdrawals, deposits, and bill payments via phone, computer or through machines like an automated teller machine (ATM) or point of sale terminal (POS terminal) rather than sending cash or check via regular mail.



## DEBIT CARD

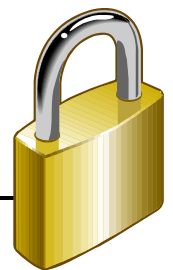
A **debit card** is a plastic card which looks like a credit card, but is electronically connected to the cardholder's depository institution account for purchases. When a purchase is made, money is automatically taken from the designated account. The card provides access to the EFT system by swiping it into an ATM or POS terminal. Debit cards require using a **personal identification number** (PIN) or signature to perform transactions. A PIN or signature confirms that the user of the debit card is authorized to access the account unless, of course, the card is stolen. A way to protect a debit card from being used by an unauthorized individual is to sign the back of the card in the signature box with your signature and "see id." This will prompt the vendor to ask the individual to see picture identification and match the picture and name, with the individual making the purchase. Debit cards can also function as an ATM card. Debit cards can be used when money is not in the account but could result in a non-sufficient funds fee. Debit-card transactions may not clear the bank until the next business day depending upon how quickly a business processes its sales. For this reason it is important to know your account balance prior to making a debit card purchase. Some suggest having a line of credit loan or an automatic transfer from a savings account set up as overdraft protection on your account to avoid non-sufficient funds. Depending upon the institution, a person still may be required to pay an over-draft fee issued by their depository institution, but their transaction will not bounce so the vendor will not charge a fee.

## CONSUMER PROTECTION

With debit and ATM cards, consumers need to be alert to protect their financial security. A consumer's PIN number normally should not be one that reveals their birth date or social security number. Consumers should not write their PIN numbers down, and instead should memorize them. Consumers are responsible to report any unauthorized activity to their depository institution immediately. According to the Federal Trade Commission, a consumer is held liable for any unauthorized charges under the following conditions: <sup>1</sup>

- If timely notice is given of a loss or theft to the depository institution within two business days, the consumer is held responsible for no more than \$50.
- If the depository institution is not notified within the first two business days but is notified within the first 60 days, the consumer is held responsible for no more than \$500
- If the depository institution is notified after 60 days of the transmittal of the periodic statement, the consumer is held liable for no more than the amount of unauthorized transfers.

## ATMS OR CASH MACHINES



**Automated teller machines (ATMs)** are electronic computer terminals which offer automated, computerized banking. ATMs allow customers to make deposits, cash withdrawals, account transfers, and check account balances. ATMs can be found in a variety of places including supermarkets, depository institutions, shopping malls, and other convenience stores. ATMs are accessed with an ATM or debit card and a PIN. Fees may be charged for ATM use, but will vary depending on the particular depository institution. Another type of electronic computer terminal is a **point-of-sale (POS) terminal**. The POS terminal is located at a store and allows the customer to use a debit card to make a purchase. A debit card's magnetic strip will be swiped through a machine by either the customer or sales associate. The customer will then select either debit or credit. If a debit is selected, then a pin number will be required to authorize the transaction. The debit card may only be processed as a credit transaction if the debit card is associated with a credit card company. Once the magnetic strip has been swiped, the customer's financial information linked to this card will be processed by the store and the purchase will be completed. If the purchase amount does not exceed \$25.00, a signature may not be required. At participating POS machines, customers may request additional cash back. Amounts vary depending upon merchant or card policies.

**Automated Teller Machines** or Cash machines are electronic computer terminals which offer automated, computerized banking.

**Point-of-sale (POS) terminals** are located at stores and allows the consumer to use a debit card to make purchases.

## DIRECT DEPOSIT & DIRECT PAYMENTS



**Direct deposit** allows paychecks and benefit checks to be directly deposited into a specified depository institution account (usually checking or savings). For example, the customer may sign an authorization form to allow his or her employer to automatically deposit a paycheck. **Direct payments** authorize bills to be paid by a specified depository institution account. This can be done for fixed expenses like mortgages or vehicle payments and for flexible expenses like the phone or electricity bill. Direct deposit and payments are a safe way to complete transactions. The consumer does not handle the check and he or she will know exactly when the money will either be deposited and available for use or when the vendor will receive payment for the bill. Consumers are responsible for frequently checking their account to ensure that the correct amount was withdrawn.

## PAYROLL CARDS

Another option for paying employees through the electronic banking system is by utilizing **payroll cards**. Payroll cards offer an alternative to printing and mailing paycheck to employees. Payroll cards function in a similar way as debit cards. An employee's wages are transferred to the payroll card. This is often linked to a credit card company, allowing the employee to withdraw money from the ATM or use it at a POS to purchase goods and services.<sup>2</sup> Consumers must be aware that payroll cards are not linked to a depository institution account. Therefore, individuals do not receive the same benefits from depository institutions.



## CHECK 21

**Check Clearing for the 21<sup>st</sup> Century Act (Check 21)** represents a current trend in EFT that is changing banking dramatically. Prior to Check 21, a customer would write a check to pay for a service or product, and have several days before the money would transfer from the customer's account to the service provider's account. The time between when a person writes a check to when the money is actually withdrawn is called float time. **Float time** allows a person to write a check even though there is not enough money in the account, in hopes of depositing the money before the check is processed. Because of Check 21, the check is sent electronically to the customer's depository institution and the money is withdrawn within hours of the transaction, therefore, eliminating most or all float time. Check 21 has made it possible for writing a check to be processed as quickly as using a debit card.

## PAY BY PHONE SYSTEM

A **Pay by Phone System** allows the consumer to call a vendor with instructions on how to pay their bills by electronically transferring funds between accounts. The consumer may be required to have a written agreement with the institution to make transactions such as these.

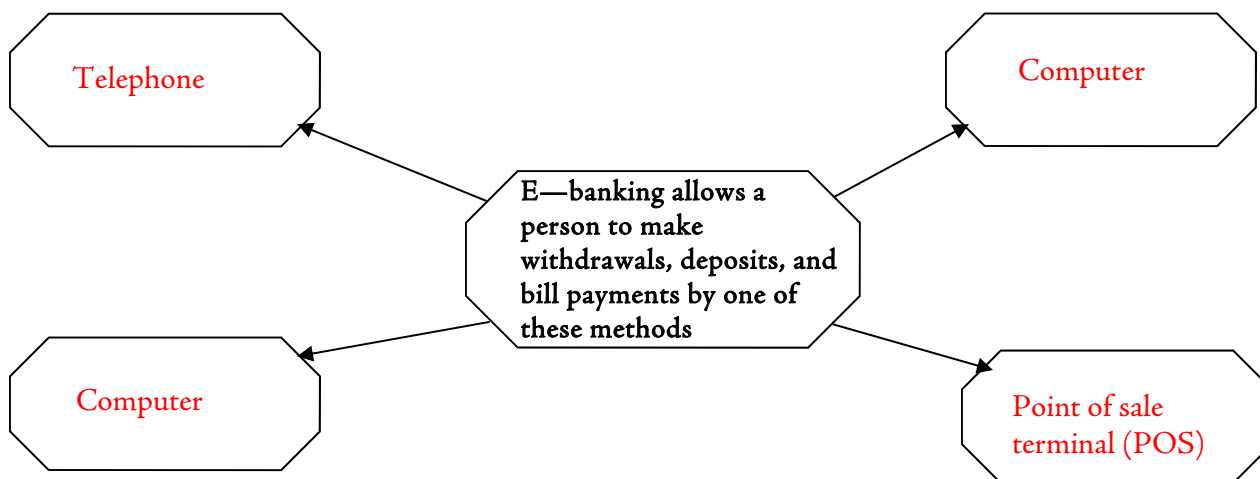


**Float time allows a person to write a check even though there is not enough money in the account in hopes of depositing the money before the check is processed.**

# ELECTRONIC BANKING ANSWER KEY

## Electronic Banking Note taking guide 1.7.2.L1:

**Electronic Fund Transfer**— Utilize computer networks to transfer funds electronically (rather than by check or cash) among various bank accounts.



**Debit Cards** - a plastic card which looks like a credit card, but is electronically connected to the cardholder's bank account for purchases.

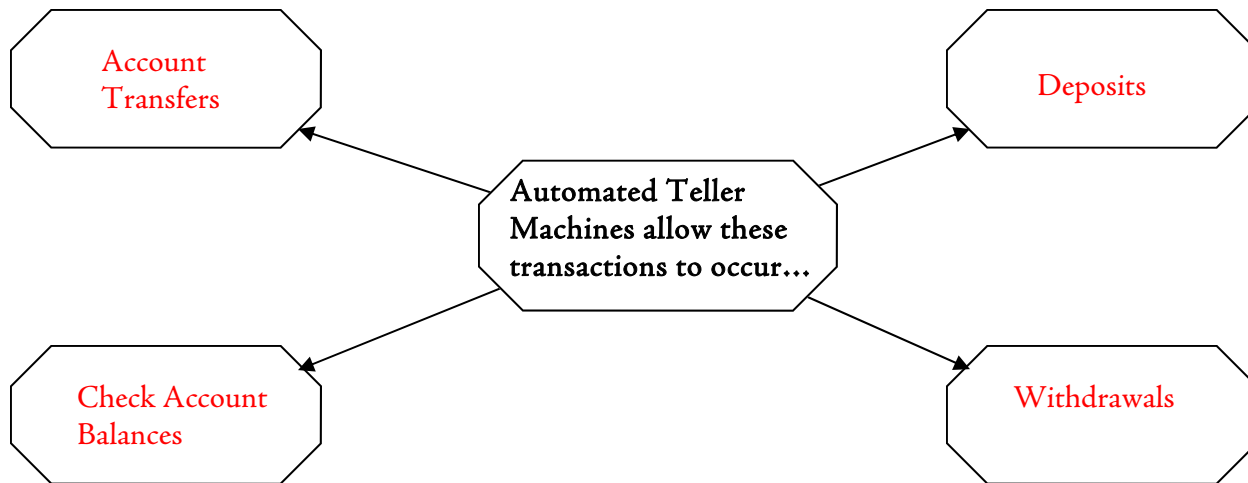
**Personal Identification Numbers (PIN)** - A PIN or signature confirms that the user of the debit card is authorized to access the account unless, of course, the card is stolen.

**According to the Federal Trade Commission a consumer is held liable for any unauthorized charges under the following conditions:**

If timely notice is given of lost or theft to the depository institution within two business days, a consumer is liable for no more than **\$50.00**.

If the institution is not notified within the first **2** business days but within 60 days the consumer is held liable for no more than **\$500.00**.

If the institution is notified after **60** days then the consumer is held liable for no more than the amount of the unauthorized transfers.



**Point of Sale Terminal** - The POS terminal is located at a store and allows the customer to use a debit card to make a purchase.

**Direct Deposit**—allows paychecks and benefit checks to be directly deposited into a specified depository institution account (usually checking or savings).

**Direct payment**—authorize bills to be paid by a specified depository institution account. This can be done for fixed expenses like mortgages or vehicle payments and for flexible expenses like the phone or electricity bill.

**Payroll Cards** - Payroll cards offer an alternative to printing and mailing paycheck to employees. Payroll cards function in a similar way as debit cards. An employee's wages are transferred to the payroll card.

**Check Clearing for the 21st Century Act (Check 21)** - check is sent electronically to the depository institution.

**Float Time** - allows a person to write a check even though there is not enough money in the account, in hopes of depositing the money before the check is processed.

**Pay by Phone System** - allows the consumer to call a vendor with instructions on how to pay their bills by electronically transferring funds between accounts.

**Electronic Banking worksheet 1.7.2.A1:**

1. D
2. A
3. F
4. B
5. C
6. E
7. G
8. F
9. T
10. F
11. T
12. T
13. Phone, Computer, Automated Teller Machine (ATM), Point of Sale Terminal (POS)
14. Answers may vary
15. EFTs utilize computer networks to transfer funds electronically (rather than by check or cash) among various bank accounts.
16. Check 21 eliminates most or all float time. Because of Check 21, the check is sent electronically to the customer's depository institution and the money is withdrawn within hours of the transaction.
17. Electronic computer terminals which offer automated, computerized banking

# ELECTRONIC BANKING

Take Charge of Your Finances



# ELECTRONIC BANKING

## Electronic Funds Transfer (EFT)

- The electronic movement of money that allows electronic banking to be accomplished

## What can be done?

- Withdrawals
- Bill Payment
- Deposits

## Through what methods?

- Phone
- Computer
- Automated Teller Machine (ATM)
- Point of Sale Terminal (POS)



# ELECTRONIC BANKING

- Benefits of e-banking include:
  - 24 hour access
  - Fast transactions
  - Paperless transactions
  - Convenience
  - Worldwide access



# DEBIT CARDS

- **Debit Cards –**
  - Plastic cards, which look like credit cards,
  - Electronically connected to a card holder's depository institution account
  - Money is automatically withdrawn from the designated account
- **For added protection:**
  - Sign the back of a debit card with
    - Your signature and
    - “see id”

# PERSONAL IDENTIFICATION NUMBERS

- Debit cards require the use of PIN (Personal Identification numbers)
- This number is entered at
  - Automated Teller Machine (ATM) or
  - Point of Sale Terminal (POS)
- This confirms that the individual is authorized to access that particular account

# CONSUMER LIABILITY

According to the Federal Trade Commission, a consumer is held liable for any unauthorized charges under the following conditions:

If the depository institution within two business days:

The consumer is held responsible for no more than \$50

If the institution is not notified within the first two business days, but within the first 60 days:

The consumer is held liable for no more than \$500

If the institution is notified after the first 60 days:

The consumer is held liable for no more than the amount of the unauthorized transfers

# AUTOMATED TELLER MACHINES

- **Automated Teller Machines (ATM's)** - electronic computer terminals which offer automated, computerized banking
- Transactions allowed may include:
  - Deposits
  - Cash withdrawals
  - Transfers between accounts
  - Account balance information
    - Some ATMs may only allow cash withdrawals



# ATMS CONTINUED

- ATMs can be found at various places including:
  - depository institutions
  - supermarkets
  - convenience stores
- ATMs are accessed with an ATM or debit card and a PIN
- Fees may be charged for ATM use, but will vary depending on the particular depository institution



# POINT OF SALE TERMINAL

- **Point of Sale Terminal (POS)**, is located at stores and allows the customer to use a debit card to make a purchase
- At participating POS terminals customers may request additional cash back



# POINT OF SALE TERMINAL TRANSACTIONS

A debit card's magnetic strip is swiped through the POS

After the required PIN is provided, the transaction is authorized

If the purchase is under \$25.00 a signature may not be required



# DIRECT DEPOSIT & PAYMENT

- **Direct Deposit**
  - Paychecks and benefit checks are directly deposited into a specified depository institution account
- **Direct Payment** - authorizes bills to be paid by a specific depository institution account
  - This can be done for fixed and flexible expenses.  
Examples include:
    - Mortgages, vehicle payments, phone bill

# DIRECT PAYMENT & DEPOSIT

- An authorization form is signed to allow the transaction to occur
- Consumers are responsible for frequently checking their account to ensure that the correct amount was withdrawn or deposited



# PAYROLL CARDS

- Offer an alternative to printing and mailing a paycheck to employees
- Function in a similar way as debit cards
- They are reloadable
- Often linked to a credit card company, allowing employee's to withdraw money from the ATM or to purchase goods and services through a POS
- An alternative to printing and sending paychecks
- Not linked to a depository institution account

# CHECK 21

- **Check Clearing for the 21<sup>st</sup> Century Act (Check 21)**- Transfers checks electronically and eliminates most or all float time
  - This allows a check to be processed as quickly as using a debit card
- **Float time** - time between writing the check to when the money is withdrawn from the depository institution account



# PAY BY PHONE

- **Pay by Phone system** allows the consumer to call a vendor with instructions to pay certain bills or to electronically transfer funds between accounts
  - A written agreement between the consumer and the institution may be required for a transaction to occur



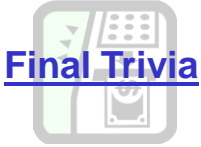
# REVIEW

- Benefits include 24-hour access and convenience
- Debit cards offer the benefits of a credit card without building debt
- Direct deposits offer convenience to customers who have checks directly deposited into their account automatically
- Direct payment allows bills to be paid electronically

# ELECTRONIC BANKING



**Trivia**



Final Trivia

# ELECTRONIC BANKING TRIVIA

Electronic Banking & Trends	ATM & Debit Cards	Direct Deposit & Payments	Other
<u>\$100</u>	<u>\$100</u>	<u>\$100</u>	<u>\$100</u>
<u>\$200</u>	<u>\$200</u>	<u>\$200</u>	<u>\$200</u>
<u>\$300</u>	<u>\$300</u>	<u>\$300</u>	<u>\$300</u>
<u>\$400</u>	<u>\$400</u>	<u>\$400</u>	<u>\$400</u>





# ELECTRONIC BANKING & TRENDS-\$ 1 00

---

Answer:

The electronic movement of money that allows electronic banking or e-banking to occur.



# ELECTRONIC BANKING & TRENDS-\$ 1 00

---

Question:

What is electronic funds transfer (EFT)?



# ELECTRONIC BANKING & TRENDS-\$200

---

Answer:

Withdrawals, deposits, and bill payments.



# ELECTRONIC BANKING & TRENDS-\$200

---

Question:

What are transactions that can be preformed through E-banking?



# ELECTRONIC BANKING & TRENDS-\$300

---

Answer:

Phone, computer, automated teller machine, point of sale terminal.



# ELECTRONIC BANKING & TRENDS-\$300

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Question:

What are the four methods E-banking can be done by?



# ELECTRONIC BANKING & TRENDS-\$400

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Answer:

24 hour access, fast transactions, paperless transactions, convenience, world wide access.



# ELECTRONIC BANKING & TRENDS-\$400

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Question:

What are the five benefits of e-banking?





# ATM & DEBIT CARDS-\$ 1 00

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Answer:

Electronic computer terminals which offer automated, computerized banking.



# ATM & DEBIT CARDS-\$ 1 00

---

Question:

What is an automated teller machine (ATM)?



# ATM & DEBIT CARDS-\$200

---

Answer:

Deposits, cash withdrawals, transfer between accounts,  
account balance information.



# ATM & DEBIT CARDS-\$200

---

Question:

What are the transactions that can occur by using an automated teller machine (ATM)?



# ATM & DEBIT CARDS-\$300

---

Answer:

A plastic card, which looks like a credit card, but is electronically connected to a card holder's depository institution account.



# ATM & DEBIT CARDS-\$300

---

Question:

What is a debit card?



# ATM & DEBIT CARDS-\$400

---

Answer:

A personal identification number that is required to perform transactions.



# ATM & DEBIT CARDS-\$400

---

Question:

What is a PIN?





# DIRECT DEPOSIT & PAYMENTS-\$ 1 00

---

Answer:

The document a consumer must sign, allowing companies to automatically deposit paychecks or benefit checks.



# DIRECT DEPOSIT & PAYMENTS-\$ 1 00

---

Question:

What is an authorization form?



# DIRECT DEPOSIT & PAYMENTS-\$200

---

Answer:

This can be done with fixed or flexible expenses.



# DIRECT DEPOSIT & PAYMENTS-\$200

---

Question:

What is direct payment?



# DIRECT DEPOSIT & PAYMENTS-\$300

---

Answer:

Paychecks and benefits checks are directly deposited into a specific depository institution account.



# DIRECT DEPOSIT & PAYMENTS-\$300

---

Question:

What is a direct deposit?



# DIRECT DEPOSIT & PAYMENTS-\$400

---

Answer:

A card where employees wages are placed on the card via direct deposit.



# DIRECT DEPOSIT & PAYMENTS-\$400

---

Question:

What is a payroll card?





# OTHER - \$100

---

Answer:

A consumer is held responsible for no more than this amount if notice of lost or theft is given within two business days.



# OTHER - \$ 1 0 0

---

Question:

What is \$50.00?



# OTHER - \$200

---

Answer:

A consumer is held responsible for no more than this amount if notice of lost or theft is not given within the first two business days.



# OTHER - \$200

---

Question:

What is no more than \$500?



# OTHER - \$300

---

Answer:

If the institution is notified after 60 days the consumer is liable for this amount.



# OTHER - \$300

---

Question:

What is no more than the amount of the unauthorized transfers?



# OTHER - \$400

---

Answer:

This allows a consumer to call a depository institution with instructions to pay certain bills or to electronically transfer funds between accounts.



# OTHER - \$400

---

Question:

What is a pay by phone system?







# FINAL TRIVIA

# FINAL TRIVIA

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Answer:

A new and popular form of paying bills without sending a check in the mail.



# FINAL TRIVIA

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Question:

What is online bill payment?

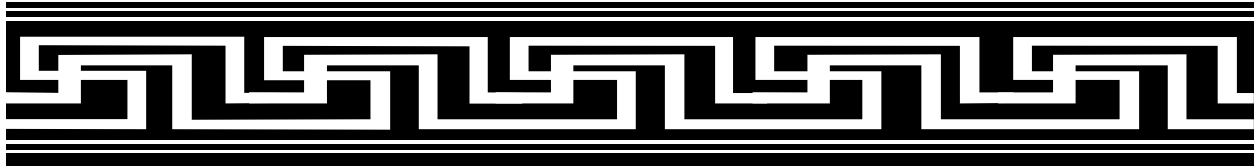


## Credit Lesson from FEFE

This next lesson is a ninety minute lesson. Before you present this lesson, you should read through the entire lesson and gather any materials needed. The lesson was created by Family Economics and Financial Education (FEFE). FEFE has created an interactive curriculum. As interns, we were trained on the curriculum and its components. These lessons are very thorough and are great resources for teaching any middle school/high school age students.

We went through each of the lessons completely with the Peer Educators, so they were familiar with what they might be teaching.

Sample Introduction: "Here is a another lesson that you, as peer educators, may have the opportunity to teach. Remember as you go through this lesson that you think about how things work in the student role. You can use this experience to be a better presenter. You can also pick and choose if you want to teach specific parts of the lessons and do not want to teach other parts. Don't forget that this lesson is only supposed to be an option and we encourage you to implement it as needed.



# Credit

Objectives\_\_\_\_\_

- Define credit care terminology
- Compare benefits offered by a credit card in a Schumer Box
- Analyze a credit card bill
- Review safety tips when using credit cards

What's In This Lesson\_\_\_\_\_


- PowerPoint, which corresponds to the lesson
- Note-taking guide and worksheets
- Posters
- Trivia PowerPoint

Why We Picked This Lesson for You\_\_\_\_\_

- Interactive trivia PowerPoint
- Answer keys for assessment purposes


Time Required\_\_\_\_\_

- 100 Minutes



# UNDERSTANDING A CREDIT CARD

## GRADE LEVEL 10-12



*“TAKE CHARGE OF YOUR FINANCES”*

Materials provided by: Marjorie Chinadle, Family and Consumer Sciences Educator North Star High School, Rudyard, Montana; Joanna Krogstad, Family and Consumer Sciences Educator, Manhattan High School, Manhattan, Montana

Time to complete: 100 minutes

### NATIONAL CONTENT STANDARDS

Family and Consumer Science Standards: 1.2.4, 2.1.1, 2.1.2, 2.3.1, 2.3.3, 2.4.3, 2.5.1, 2.5.3, 2.5.4, 2.6.1, 2.6.2, 3.2.5, 3.2.7, 3.3.2, 3.3.3, 3.5.2, 3.5.3, 3.5.6

National Council on Economic Education Teaching Standards: 6

National Standards for Business Education

- Career Development:
- Economics: I.1, I.2, I.3, II.1, IV.1, IV.2, VI.1, VI.4
- Personal Finance: VII.1, VII.2, VII.3-4

### OBJECTIVES

Upon completion of this lesson, participants will be able to:

- Define credit card terminology.
- Understand the terms of a credit card in a Schumer Box.
- Compare benefits offered by credit card companies.
- Explain the credit card application and approval process.
- Analyze a credit card bill.
- Understand the impact credit has on an individual's credit score.
- Review safety tips when using credit cards.

### INTRODUCTION

*Eighteen year old Jenny felt rich when she received her first credit card during her senior year of high school. She charged \$2,500, her credit limit, the first month. Every month after that, she was careful about paying on time, but only sent in the minimum monthly payment, \$50.00. With an interest rate of 19.8%, even though she never charged another item, it will take her **8 years and 9 months** to pay off her account. When her account has a zero balance, she will have paid a total of \$5,325.18. Therefore, she will have paid \$2,825.18 in interest.*

#### Types of Credit:

Two types of credit exist, open end (revolving) and close-end credit. **Close-end credit** is a one time loan which the borrower must repay the amount in a specified number of equal payments. Close-end credit usually has an agreement (contract) which must be signed outlining the repayment terms. Generally, the contract specifies the number of payments, the payment amount, and how much the credit will cost (interest rate or fees). Sometimes, close-end credit requires a down payment to be made. Examples of close-end credit include automobile loans, mortgages, and education loans.

**Open-end (Revolving) credit** is credit that is extended in advance so the borrower does not have to apply for credit each time credit is desired. Individuals can continue to borrow on the credit as long as

they do not exceed the **line of credit**, which is the maximum dollar amount loaned. The line of credit dollar amount varies among individuals based upon their perceived **creditworthiness**, their ability and willingness to pay the money back. Lenders require the borrower to pay **interest**, a periodic charge for using the credit. The credit can be repaid in one single payment or a series of equal or unequal payments, usually monthly. However, there is generally a minimum amount a person must pay each month. Examples of open-end (revolving) credit include credit cards or department store cards.

### What is a Credit Card:

A **credit card** is pre-approved credit which can be used for the purchase of items now and payment of them later. A credit card is linked to a credit card company. A **debit card** is a plastic card which looks like a credit card, but is electronically connected to the cardholder's bank account for purchases. When a debit card is used, the money is immediately withdrawn from the bank account compared to credit cards which charge interest and allow an individual to pay for the items later. Credit cards offer a variety of benefits for the consumer if they are used wisely.

### Advantages vs. Disadvantages to Using a Credit Card:

Credit cards offer consumers multiple advantages. However, if a consumer uses a credit card irresponsibly, it can lead to multiple disadvantages as well.

Advantages	Disadvantages
<ul style="list-style-type: none"> <li>▪ Convenient</li> </ul>	<ul style="list-style-type: none"> <li>▪ Interest is costly</li> </ul>
<ul style="list-style-type: none"> <li>▪ Useful for emergencies</li> </ul>	<ul style="list-style-type: none"> <li>▪ Additional fees are common</li> </ul>
<ul style="list-style-type: none"> <li>▪ Often required to hold a reservation</li> </ul>	<ul style="list-style-type: none"> <li>▪ Tempting to overspend</li> </ul>
<ul style="list-style-type: none"> <li>▪ Able to purchase "big ticket" items</li> </ul>	<ul style="list-style-type: none"> <li>▪ Privacy can be a concern</li> </ul>
<ul style="list-style-type: none"> <li>▪ Protection against fraud</li> </ul>	<ul style="list-style-type: none"> <li>▪ Responsible for lost/stolen cards</li> </ul>
<ul style="list-style-type: none"> <li>▪ Establish a good credit rating</li> </ul>	<ul style="list-style-type: none"> <li>▪ Can lose financial freedom if used improperly</li> </ul>
<ul style="list-style-type: none"> <li>▪ Online shopping is safer than using a debit card because of the Fair Credit Billing Act protection</li> </ul>	<ul style="list-style-type: none"> <li>▪ Applying for multiple accounts can lower your credit score</li> </ul>

### Interest Rates Charged:

The word "credit" is derived from the Latin word, "credo" meaning "I believe." The person who is lending the money (**the creditor**) is saying, in effect, he or she *believes* the borrower is willing and able to keep his or her promise to pay the money back plus interest. **Interest** is a periodic charge for using credit. Interest is referred to as the annual percentage rate also commonly known as APR. Credit card interest is compounding. **Compounding interest** is interest added upon interest each month based upon the amount of the principal or the amount charged onto the credit card.

The table below illustrates how quickly compounding interest can make the final amount an individual must pay substantially higher than the amount which was initially charged on the credit card. This chart illustrates that the amount charged to the credit card was in one purchase. No additional charges were made and the individual paid the minimum payment each month until the credit card was paid.<sup>8</sup>

Amount charged to credit card in one purchase	APR	Minimum payment	Time to pay off the credit card	Total amount paid in interest	Total amount paid for credit card balance
\$2,000	18%	\$50.00	62 months	\$1,077.25	\$3,077.25
\$500	12%	\$25.00	23 months	\$60.67	\$560.67

### Credit Scores:

When a credit card is used properly it can be a helpful cash management tool and helps consumers to earn a high credit score. A **credit score** is an evaluation of a person's ability to repay debts and is a number between 300 and 850 that is also known as a FICO (Fair Isaac Company) score.<sup>5</sup> A high score makes the consumer eligible for lower interest rates on loans, the privilege to use different forms of credit, and an easier approval process for credit. Creditors may have an interest rate set for a range of FICO scores. For example, someone at the high end of the range and at the low end of the range may be given the same interest rate. Credit cards can lead to financial ruin for the cardholder if payments are not made on time, only minimum payments are made, or charges exceed the credit limit and a low credit score is earned. In some cases, improper credit card use can prevent individuals from qualifying for loans later in life including college. In addition, consumers with low credit scores have difficulty renting apartments, pay more in insurance rates, and have difficulty obtaining a job. Over a lifetime, a consumer will pay more money if they have a lower FICO score. This table depicts that with a lower FICO score, an individual will have a higher interest rate which inevitably leads to a higher monthly payment. The following table was taken from Fair Isaac Company: [www.myfico.com](http://www.myfico.com).

This is based upon a 30 year fixed mortgage rate for a \$300,000 loan			
FICO Score	Interest Rate	Monthly Payment	30 Year Amount
760	5.9%	\$1,787	\$643,320
650	7.2%	\$2,047	\$736,920
590	9.3%	\$2,500	\$900,000

A FICO score is calculated based upon the information in an individual's credit report. A **credit report** is a record of an individual's past borrowing and repaying history including information about late payments. A FICO score is comprised of the following components:

- 35% is payment history. Information on delinquent payments that remain outstanding or have been outstanding in the past contribute to the historical record.
- 30% is outstanding debt. This examines how much an individual may owe a creditor at the time of the application for a new line of credit.
- 15% is the credit history length. This looks at how long ago accounts were originally opened and how long they have been active.
- 10% is the pursuit of new credit. This looks at how many times in the past calendar year an individual has made inquiries about new credit, or has opened a new line of credit.
- 10% is the credit mix. Lenders will look at the different types of credit an individual currently has.
  - This includes credit lines such as cars, homes, or different types of credit cards including those from retail stores.<sup>7</sup>

### Comparison Shopping for a Credit Card:

Just as consumers shop around for the best deal on products they wish to purchase, comparison shopping for a credit card is essential. The terms and conditions of a credit card account can make a difference in how much consumers pay for the privilege of borrowing. By knowing the facts, an informed customer will not be surprised by "hidden" costs that some credit cards contain.

The Federal Truth in Lending Act requires card issuers to display the costs of credit cards in an easy to read box format on most applications and solicitations. The **Schumer box** lists the costs of the credit card, named after the representative who led the legislation through Congress.<sup>2</sup> The following table is an example of a Schumer box with each term defined.



Annual Percentage Rate for Purchases	Grace Period for Purchases	Minimum Finance Charges	Balance Calculation Method for Purchases	Annual Fees	Transaction Fees for Cash Advances	Late Payment Fees
19.9%	Not less than 25 days	\$.50 when a finance charge at a periodic rate is charged	Average daily balance method (including new purchases)	\$20 per year	2% with a minimum fee of \$3	\$29

- **Annual Percentage Rate (APR)** – The interest rate charged to the cardholder on the amount borrowed in terms of per dollar per year. Individuals can achieve a lower interest rate by having a good credit score. The lower the interest rate the lower the amount an individual is required to pay on the principal each month.
- **Grace Period** – Amount of time, in days, allowed to the cardholder between the day the items are charged on the credit card and the day finance charges begin to apply. An advantage for consumers is a longer grace period so they have additional time to pay for the purchases made prior to the additional charges such as interest being added on to the balance.
- **Minimum Finance Charge** – The minimum amount to be charged for use of a credit.
- **Balance Calculation Method** – The method used to determine the balance for which finance charges are accumulated.
- **Annual Fees** – A fee charged once per year for credit card ownership. Consumers may choose to pay a fee if the benefits that are provided by the credit card are a large enough advantage to justify the fee.
- **Transaction Fees for Cash Advances** – A fee charged for a cash withdrawal from a credit card account.
- **Late Payment Fees** – A fee charged when a cardholder does not make the minimum monthly payment by the due date. In many credit card policies, if an individual misses a monthly payment, the credit card company may increase the APR automatically.

In addition to the Schumer box, consumers should also research benefits they can receive from the credit card. Credit card companies compete against one another to earn business by offering different benefits to individuals. Popular incentives may include the following:<sup>1</sup>

- Rebates (money back) on purchases made may be offered. Credit cards may offer a percentage back on the total amount purchased. Some credit cards will offer different percentages for different types of purchases. For example, 2% may be offered when gasoline is purchased; however, 1% may be offered for restaurant purchases.
- Products or services may be given to the consumer such as frequent flyer miles to help deter the cost of an airline ticket or calling card minutes for long distance phone calls. Often, co-branded credit cards will offer these types of incentives. There may be an annual fee or higher interest rates to use the card and receive the benefits.
- Additional warranty for items purchased may be offered to the credit card holder. For example, if a television is purchased using a VISA credit card then that particular credit card may extend the manufacturers warranty of 6 months to 12 months.
- Travel accident insurance may be offered. If expenses are paid with a specific credit card it might offer accidental insurance for any travel arrangements charged to a particular credit card.
- Credit card registration will protect consumers if their purse or wallet is stolen. This service will call all credit card accounts notifying them to not allow charges. The benefit to the consumer is that they make one phone call rather than placing multiple calls to several institutions. There is often no additional fee. However, if it is not an automatic feature of the credit card, it is often available at a low monthly fee. Consumers may also keep a

copy of their credit card numbers and phone numbers in a secure and separate place and make the phone calls themselves rather than having this service.

- A low introductory APR may be offered. However, it is important to be aware of what will happen to the APR once the introductory rate is released. The low APRs usually rise steeply after the first couple of months.
- If a purchase is made that a consumer is not happy with for a legitimate reason they may withhold payment for the item in dispute until the complaint has been resolved. The complaint must be reported to the merchant that sold the consumer the item.

### Receiving a Credit Card:

To receive a credit card, consumers must be 18 years of age or older and must first complete a **credit application**, a form requesting information about a person's ability to repay and the applicant's age. Lenders then conduct a **credit investigation**, which is a comparison of information on a credit application to information on a credit report, to insure all information is correct.

In addition to applying online or in-person, consumers may receive credit card applications in the mail as a method for the credit card company to advertise and solicit business. According to the Federal Reserve Board, more than 6 billion solicitations were mailed in 2005.<sup>3</sup>

If a credit card application is sent to a consumer and it indicates that have been **pre approved** for that particular card, it means that they have passed the initial credit check. When a company is preparing to send out credit cards they do not send them to everyone with an address. Instead, they enlist the help of a credit reporting agency such as Equifax, Transunion, or Experian. They will ask the credit reporting agencies to provide them with information for anyone that meets the minimum requirements such as a minimum credit rating. Once this information is compiled, they will send out the applications to the individuals who were reported. Because the consumer did not initiate this credit check, it will not have a negative effect on their FICO score.<sup>4</sup>

### Understanding a Credit Card Bill:

Now that a consumer has obtained a credit card of their choice, it is imperative that they understand the terminology associated with their credit card bill that will arrive monthly.

- **Charges, Payments, and Credits** – All of the transactions which occur with the use of a credit card. Charges add to the account balance, while payments and credits subtract from the balance.
- **Closing Date** – The last day transactions are reported on the statement. After this day, transactions go onto the next statement.
- **Finance Charge** – The charges assessed to the account for credit card use throughout a month. This charge occurs as a service charge for the interest rate being applied. For example, if at the end of the month a consumer does not pay off their balance in full; they will be charged interest on the remaining balance as well as a finance charge that was applied because of the interest.
- **Minimum Payment Due** – The minimum amount to be paid. If this amount is paid and a balance is left on the account, additional finance and interest charges will be included in the new balance.
- **Due Date** – The specified date by which the company requires a payment to be made. Often a due date can be negotiated with a credit card company to find the best time of the month for the individual to make a payment.
- **Past Due Amount** – The required amount not paid before the due date.
- **New Balance** – The total amount owed including the previous balance, any charges or payments made to the account, and finance charges.
- **Credit Line** – The maximum amount of charges allowed to the account.
- **Over the Limit Fee** – Credit card companies will charge consumers a fee if they charge over their credit card limit.

- **Balance Transfer** – Consumers have the opportunity to transfer a balance from one credit card to another. Often companies will advertise a lower interest rate for balance transfers. However, these are often introductory rates and will only last for a short time.

### **Credit Card Responsibility:**

A credit card should only be used when there is no doubt about the ability to pay the charges at the end of the billing cycle. It is important to record all expenses by keeping receipts and at the end of the billing cycle checking the monthly credit card statement for errors. This can be done by using a check register in the same manner that individuals keep track of personal checks or debit card transactions. When paying a credit card bill, a person should always pay the balance off completely and on time, to avoid costly interest and late fee charges.

### **Safety Tips:**

When using a credit card, sign the back with a signature and “Please See I.D.” A signature on the back of a credit card is required as part of the contract that an individual agrees to when they originally signed up for the credit card.<sup>5</sup> The “Please see I.D.” will alert the merchant to check the identification of the consumer and compare it to the name and signature on the card.

Do not leave cards lying around the home or office. Close unused accounts in writing and by phone, then cut up the card. Never give out the account number unless making purchases. Keep a list of all cards, account numbers, and phone numbers separate from cards.

A lost or stolen credit card should always be reported immediately. The owner of the card is only liable for \$50 if the card was used illegally and is reported to the credit card company within 60 days. The liability amount is set by the Federal Truth in Lending Act.<sup>1</sup>

Online shopping is becoming increasingly popular. If this is something that is often done, consider using a temporary credit card number. A set amount will be charged to your credit card. Then, a number will be given to you to do your shopping. This card is a one time use only number. This will decrease the threat of an individual’s credit card number getting into the hands of the wrong individual. If you choose to not use a temporary card the number the second best solution is to pay for purchases using a credit card. If products are not delivered or if the incorrect product is delivered, any amount of money that was credited to the card above the \$50 fee that consumers are responsible for will be issued back. Billing disputes are covered by the **Fair Credit Billing Act**. If a debit card is used online without the owner’s authorization it does not have the same protection. The liability for a debit card amount increases rapidly depending on how quickly the fraudulent action is reported.

Managing credit cards will decrease the paper trail. Many banks and credit card companies keep old statements archived on their website. This will help if there are any discrepancies.

If a pre approved credit card, application, or solicitation is delivered to an individual, it is a safe practice to use a paper shredder to destroy the documents. This will help protect individuals from identity theft.

In this lesson, participants will read an information sheet and review a PowerPoint presentation to learn about credit cards, how to select them, and safety tips. During the PowerPoint presentation, they will complete a worksheet. Then, they will have the opportunity to compare three credit card offers and write a short essay on which offer they feel is the best and why. In addition, participants will participate in an activity to reinforce credit card definitions.

## BODY

1. Show participants a quick video clip that will provide an overview of the Credit Card Industry.
  - a. [http://www.clipsyndicate.com/publish/video/733585/credit\\_woes](http://www.clipsyndicate.com/publish/video/733585/credit_woes)

- i. Discuss with participants the following questions:
  1. What do credit card companies do when there is not as much money available?
    - a. Lower credit limits.
      - i. This may cause consumers to over spend and then credit card companies will make additional money on the fees.
    - b. Increase the Annual Percentage Rate (APR).
      - i. This is the cost of the money that is borrowed by the consumer when the credit card is not paid off in full.
  2. What recommendations are made for consumers to manage their credit cards?
    - a. Watch their bills closely.
    - b. Pay off credit card debt.
    - c. Pay credit card bills on time.
2. Hand out one *Understanding a Credit Card* note taking guide 1.4.1.L1 to each participant to complete during the *Understanding a Credit Card* PowerPoint presentation 1.4.1.G1.
3. Present the *Understanding a Credit Card* PowerPoint presentation 1.4.1.G1.
  - a. Slide 1 – Selecting a credit card
    - i. Ask the participants:
      1. In your opinion, do consumers spend more per month on average when they use a credit card or cash?
        - a. Explain to participants that on average consumers spend more money when they use a credit card.
          - i. According to Sound Money Tips, credit card companies encourage consumers to over spend and, on average, consumers spend 12-15% more using their credit card than cash.
    - b. Slide 2 – Types of Credit
      - i. Explain to participants that if an individual is credit worthy, they will be more likely to get lower interest rates, more credit offers, and have a better overall credit score.
    - c. Slide 3 – Credit vs. Debit cards
      - i. The word credit is derived from the Latin word “credo” meaning “I believe.”
      - ii. Explain to participants the difference between a credit card and a debit card.
        1. Both debit and credit cards often have a logo such as Visa or Mastercard on them.
        2. When using a credit card, money is charged and the account holder agrees to pay back the credit card company, with interest, at a later date.
        3. When using a debit card, even if it is processed as credit, money is immediately withdrawn from the card holder’s bank account.
    - d. Slide 4 – Why use a credit card?
      - i. Instruct participants to brainstorm advantages of a credit card.
        1. Add to their brainstormed list of ideas from the PowerPoint presentation.
    - e. Slide 5 – Why use a credit card?
      - i. Instruct participants to brainstorm disadvantages of a credit card.
        1. Add to their brainstormed list of ideas from the PowerPoint presentation.
    - f. Slide 6– Interest
      - i. Reinforce that individuals pay compounding interest for the privilege of using credit.
      - ii. Explain that understanding interest rates is one of the most important variables in selecting a credit card.
    - g. Slide 7– Interest
      - i. Identify that this chart assumes that the amount charged was a one-time payment with no additional money charged as well as only the minimum monthly payments were made.

- ii. Compare the difference in interest paid on the same initial purchase because of different interest rates.
    - 1. Consumers with interest rates between 18% and 10% pay \$634.25 more with higher interest.
  - iii. Compare the difference between making a \$50.00 minimum monthly payment or \$75.00 per month.
    - 1. With 18% interest, consumers pay \$504.25 less in interest and the loan is paid off 2 years and 2 months more quickly.
  - iv. Discuss that there are several free online calculators which may be used to help calculate interest and that these are extremely helpful if an individual already has debt and is creating a plan to pay it off.
  - h. Slide 8– Credit scores
    - i. Discuss with participants how an individual earns credit.
      - 1. Examples may include:
        - a. Having a credit card in one’s name.
        - b. Purchasing a home.
  - i. Slide 9– Credit scores
    - i. Discuss with participants the different percentage amounts for each portion of a credit score. For each item, brainstorm how a credit card may impact a credit score.
      - 1. Payment history 35%
        - a. This is the largest percentage of a FICO score.
        - b. Paying credit card bills on time.
      - 2. Outstanding debt 30%
        - a. Creditors look at the current debt an individual has to determine if they can afford additional debt.
        - b. Not carrying a balance on a credit card.
      - 3. Credit history length 15%
        - a. The longer an individual is a responsible user of credit, the higher their score will be.
        - b. Having a credit card for a long time.
      - 4. Pursuit of new credit 10%
        - a. If an individual frequently pursues new credit, even if they did not acquire or use that credit, the lower their score will be.
        - b. Not applying for new credit cards frequently.
      - 5. Credit mix 10%
        - a. A credit mix means different types of Close End and Open End (Revolving) credit. For example, a credit card, car loan, or home mortgage.
        - b. Ensuring that credit cards are not the only form of credit an individual has.
  - j. Slide 10 – Credit scores
    - i. Have participants brainstorm what they could do with the additional money (\$256,680) saved over 30 years because of a better credit score and subsequent interest rate.
      - 1. Have participants brainstorm different types of credit they may acquire in their lifetime where they would benefit from a better score:
        - a. Car
        - b. House
        - c. College tuition
4. *\*Note to educator:* Preparation for this activity is needed. Print off the *Credit Card Chaos* activity pieces 1.4.1.H1 and hang them around the room in various locations. The credit card applications in this lesson *Credit Card Applications 1, 2, and 3, 1.4.1.E1-E3* may be used or ones the educator or other community



members receive will also work. If using personal credit card offers, be sure to mask all personal identifying information with a black permanent marker or other method. Evenly distribute one credit card application to each participant. Reference the *Credit Card Chaos Activity* answer key 1.4.1.K2

- j. Slides 11-18 – Schumer box
  - i. Review the parts of the Schumer box and the terminology for each section.
  - ii. Identify that the Schumer box is named after the representative who led the legislation through Congress.
    - 1. Have participants find the Schumer box on their credit card application.
    - 2. As each slide is presented, have participants find that information on their credit card offer.
- k. Slide 19 – Additional benefits
  - iii. Additional benefits may be associated with credit cards and impact the terms of indicated on the Schumer box.
  - iv. Each individual has different needs for how they will use a credit card and the benefits they would like to receive which makes different cards best for different types of consumers.
  - v. Often credit card companies will use these as incentives for consumers to use their credit card.
    - 1. Emphasize the importance of completely understanding the terms of the benefit.
      - a. Often benefits may end after the first six months or year.
      - b. Additional fees may be required for the benefit.
      - c. There may be restrictions on when the benefits may be used.
  - vi. Discuss with participants what they would be willing to do for an additional benefit.
    - 1. Would they be willing to pay a high APR?
    - 2. Would they be willing to pay an annual fee?
- l. Slides 20 -21 – Credit Card Chaos
  - vii. For each set of terms (listed at ix) have participants locate one sign that is true about their credit card application and move to that particular sign.
    - 1. For example: The first round of the activity the educator will say “please move to the sign that is correct for your credit card application.” “Does your credit card application have a fixed interest rate or a variable interest rate?”
  - viii. The participants would then move to one of the two posters, indicating by their movement which is true of their application.
    - 1. Instruct participants within their group to define the term on their poster.
    - 2. Discuss with participants which credit card characteristic is more positive for the consumer and why.
  - ix. Repeat the steps for the remaining sets of terms (in order):
    - 1. Fixed Interest Rate vs. Variable Interest Rate
    - 2. Introductory Interest Rate vs. No Introductory Interest Rate
    - 3. Regular Interest Rate Greater than or Equal to 15% vs. Regular Interest Rate Less than 15%
    - 4. Annual Fee vs. No Annual Fee
    - 5. Grace Period of 20 Days or Longer vs. Grace Period of Less than 20 Days
    - 6. Balance Transfer Offer vs. No Balance Transfer Offer
    - 7. Balance Transfer Fee vs. No Balance Transfer Fee
    - 8. Late Fees vs. No Late Fees
    - 9. Accept Card for Optional Benefits vs. Decline Card for Optional Benefits
- m. Slide 22 – Receiving a credit card
  - i. Identify that often consumers receive credit cards in the mail because the credit card company has already approved them.

1. They should shred these credit card offers if not accepted.
- ii. If an individual believes they should have received a credit card, but were denied, they should ask why and check their credit report for errors.
- n. Slides 23-28 – Understanding the bill
  - x. Identify that it is important to understand terminology within a credit card statement so a bill can be read properly each month.
- o. Slide 29 – Safety tips
  - xi. Identify that there are laws to protect against false credit card charges however; the consumer needs to protect their own credit card as well.
- p. Slide 30 – Fair Credit Billing Act
  - xii. Discuss with participants that credit cards are safer to use than debit cards when making online purchases.
    1. The liability for a debit card amount increases rapidly depending on how quickly the fraudulent action is reported.
- q. Slide 31 – Questions

## CONCLUSION

Review credit card terminology by playing the *Credit Cards 101 Trivia* Power Point 1.4.1.G2. For instructions, review *Credit Cards 101* activity instructions 1.4.1.J1.

Or, participants may complete *Understanding a Credit Card* worksheet 1.4.1.A1.

Or, participants may complete *Understanding a Credit Card Bill* worksheet 1.4.1.A2.

## ASSESSMENT

- Using the *Comparison Shopping for a Credit Card* worksheet 1.4.1.A3, each participant will compare at least three (3) credit card offers (*Sample Credit Card Applications 1, 2, and 3* handouts 1.4.1.E1, E2, E3) and select the credit card based upon the applications that is best for them.
- Each participant will write a one page essay describing the credit card chosen and the decision making process used to make their choice. The essay will include a discussion of at least four specific comparison points. The objective of this paper is to convince the educator that the card chosen by the participant is the best credit card available. The completed *Comparison Shopping for a Credit Card* worksheet 1.4.1.A3 will be attached to the essay when it is submitted.
- Essays will be evaluated using the *Comparison Shopping for a Credit Card Essay* rubric 1.4.1.B1.

## MATERIALS

Understanding a Credit Card worksheet – 1.4.1.A1  
 Understanding a Credit Card Bill worksheet 1.4.1.A2  
 Comparison Shopping for a Credit Card worksheet – 1.4.1.A3  
 Comparison Shopping for a Credit Card Essay rubric – 1.4.1.B1  
 Understanding a Credit Card information sheet – 1.4.1.F1  
 Sample Credit Card Application 1 handout – 1.4.1.E1  
 Sample Credit Card Application 2 handout – 1.4.1.E2  
 Sample Credit Card Application 3 handout – 1.4.1.E3  
 Understanding a Credit Card PowerPoint presentation – 1.4.1.G1  
 Credit Cards 101 Trivia Power Point presentation – 1.4.1.G2  
 Credit Card Chaos activity pieces – 1.4.1.H1  
 Credit Cards 101 instructions – 1.4.1.J1

Credit Cards 101 questions and answers – 1.4.1.K1  
Credit Card Chaos activity answers – 1.4.1.K2  
Understanding a Credit Card note taking guide – 1.4.1.L1  
Computer with internet access

## RESOURCES

1. The Federal Reserve Board - Choosing a Credit Card  
<http://www.federalreserve.gov/Pubs/shop/#incentives>
  - o The Federal Reserve Board publishes information on factors to take into account while selecting a credit card
2. The Federal Deposit Insurance Corporation – FDIC Laws Regulations and Related Acts  
<http://www.fdic.gov/regulations/laws/rules/6500-1600.html#6500226.5a>
  - o The Federal Reserve Board publishes information on factors to take into account while selecting a credit card
3. The Federal Reserve Board Credit Card Solicitations and Disclosures  
<http://www.federalreserve.gov/pubs/bulletin/2006/creditcards/default.htm>
  - o The Federal Reserve Board publishes information on factors to take into account while selecting a credit card
4. Pre Approved Credit Card Offers  
<http://www.cardreport.com/overview/pre-approved.html>
  - o Credit News, Tools, and Reference
5. Credit Cards  
<http://www.creditcards.com/credit-card-news/sign-or-write-see-ID-1282.php>
  - o Providing information to search, compare, and apply for credit cards
6. FICO Scores  
<http://www.myfico.com/>
7. Credit Card Smarts  
<http://www.ace.uiuc.edu/cfe/ccs/ccs6.PDF>
  - o Fact sheet 6 decide on how many credit cards you need
8. Online Interest Calculator  
<http://www.debtsteps.com/minimum-payment-credit-card-calculator.html>
  - o By providing the current balance, APR, and payment amount the time, total interest, and total amount paid will be calculated
9. Montana State University Extension Publication Guide  
[www.montana.edu/wwwpb/pubs/mt9802.html](http://www.montana.edu/wwwpb/pubs/mt9802.html)
  - o Selecting a Credit Card MontGuide – MT9802
  - o A step-by-step guide to assist consumers in credit card selection
10. Nellie Mae Foundation  
[www.nelliemae.com/library/research.html](http://www.nelliemae.com/library/research.html)
  - o Credit Card Usage Analysis Studies

Other Examples of Online Calculators:

<http://math.about.com/library/blcompoundinterest.htm>

- Compound interest calculator

<http://calculators.interest.com/index.asp>

- Interest calculators for mortgages, homes, credit cards, etc...



# UNDERSTANDING A CREDIT CARD

	Total Points Earned
58	Total Points Possible
	Percentage

Name \_\_\_\_\_

Date \_\_\_\_\_

Class \_\_\_\_\_

Close-end credit—

Example:

Open-end (revolving) credit—

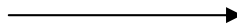
Example:

Credit Card —

Debit Card —

Advantages of Credit	Disadvantages of Credit
1.	1.
2.	2.
3.	3.

Interest—



Compounding interest—

Credit scores—



A credit score is between what two numbers?



This is called  
the \_\_\_\_\_ score

**Credit scores are composed by the following five elements - indicate the category and definition of each:**

35% —

15% —

10% —

30% —

10% —

**Schumer box**

Annual percentage rate for purchases	Grace period for purchases	Minimum finance charges	Balance calculation method for purchases

Annual Fees	Transaction fees for cash advances	Late payment fees

Additional benefits to using credit cards may include:

- 1.
- 2.
- 3.
- 4.

## Understanding Your Credit Card Bill

Closing Date—

Due Date—

Your National Bank  
837 Jefferson Ave.  
Any City, USA 21098

Send Payment to:  
P.O. Box 123  
Any City, USA 98945

### CREDIT CARD STATEMENT

ACCOUNT NUMBER	NAME	STATEMENT DATE	PAYMENT DUE DATE
4444 9999 3333 2222	Jane Doe	2/27/2008	3/22/2008

CREDIT LINE	CREDIT AVAILABLE	NEW BALANCE	MINIMUM PAYMENT DUE
\$5,000.00	\$4,564.34	\$435.66	\$10.00

TRANSACTION DATE	ACCOUNT ACTIVITY SINCE LAST STATEMENT	AMOUNT
1/28/08	Previous Balance	50.00
2/18/08	PAYMENT RECEIVED	-50.00
2/14/08	United Supply	150.38
2/14/08	O'Reilly's Pub	40.00
2/19/08	The Pizza Palace	35.80
2/23/08	Chilcan Chow	48.50
2/23/08	Auto Parts & More	160.98

Previous Balance	Purchases	Cash Advances	Payments	Credits	FINANCE CHARGES	Late Charges	NEW BALANCE
\$50.00	\$435.66	\$0.00	\$50.00	\$0.00	\$0.00	\$0.00	\$435.66

Current Amount Due	Amount Past Due	Amount Over Credit Line	Minimum Payment Due
\$435.66	\$0.00	\$0.00	\$10.00

FINANCE CHARGE SUMMARY	PURCHASES	ADVANCES
Periodic Rate	1.5%	1.83%
Annual Percentage Rate	18%	22%

CUSTOMER SERVICE: 1-800-555-123-4567

LOST OR STOLEN CARD: 1-800-555-997-0123

24 HOUR CUSTOMER SUPPORT

Credit Line—

Minimum Payment Due —

Charges, Payments and Credits—

New Balance —

Finance Charges—

Past Due Amount —

Balance Transfers—

Over Credit Limit Fee —

### Safety tips for using a credit card include:

1.	4.
2.	5.
3.	6.

Fair Credit Billing Act —

THE UNIVERSITY OF ARIZONA

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Funded by a grant from Take Charge America, Inc. to the Norton School of Family and Consumer Sciences Take Charge America Institute at The University of Arizona

# UNDERSTANDING A CREDIT CARD

	Total Points Earned
29	Total Points Possible
	Percentage

Name \_\_\_\_\_

Date \_\_\_\_\_

Class \_\_\_\_\_

Directions: Please match the following definitions with the correct terms by placing the correct letter in the spot indicated. (1 point each)

- |   |   |
|---|---|
| <ol style="list-style-type: none"> <li>1. _____ A form requesting information about a person's ability to repay debt</li> <li>2. _____ Last day for transactions are reported on a statement</li> <li>3. _____ An evaluation of a person's ability to repay debt</li> <li>4. _____ The maximum amount of charges allowed to an account</li> <li>5. _____ Charges assessed for credit card use</li> <li>6. _____ A record of an individual's past borrowing and repaying history</li> <li>7. _____ The day which a credit card company requires payment</li> </ol> | <ol style="list-style-type: none"> <li>a. Credit Report</li> <li>b. Closing Date</li> <li>c. Finance Charge</li> <li>d. Credit Application</li> <li>e. Due Date</li> <li>f. Credit Line</li> <li>g. Credit Score</li> </ol> |
|---|---|

Directions: Please complete the Schumer box with the correct terminology written above each definition. (1 point each)

8.	9.	10.	11.
Cash withdrawal fees	Method used to determine balance for finance charges	Yearly charge for credit card ownership	Amount of time allowed before finance charges are applied
12.	13.	14.	
Minimum amount charged for card use	Interest rate charged for amount borrowed in terms of dollars per year	Penalty fee for payments not made by the due date	

Directions: Select the best possible answer by circling the appropriate letter. (1 point each)

15. The transactions which occur with the use of a credit card?
- a. Charges
  - b. Credits
  - c. Payments
  - d. All of the above
16. The required amount not paid before the due date?
- a. Finance Charges
  - b. Past Due Amount
  - c. Credit Line
  - d. New Balance

Directions: Write a short answer for the following questions:

17. Is a 13% or 18% APR for a credit card better? Why? (2 points)
18. Identify three safety tips when using a credit card. (3 points)
19. What are two advantages AND two disadvantages to credit cards? (4 points)
20. Please explain the difference between close-end and open-end (revolving) credit providing one example of each. (4 points)

# UNDERSTANDING A CREDIT CARD BILL

	Total Points Earned
10	Total Points Possible
	Percentage

Name \_\_\_\_\_

Date \_\_\_\_\_

Class \_\_\_\_\_

Directions: Read the following scenario and answer the questions based upon the information provided in the scenario and on the credit card bill.

John and Jane applied for their first joint credit card exactly one month after their wedding day. They have just received the bill and are comparing their receipts to the charges. Prior to this credit card, they each had one in their name that they used for emergencies. However, their parents received the bill, ensured the bill was correct, and paid the amount. Now, that they have their own credit card, they are confused about how to handle reading the bill and making the payment.

O'Reillys Pub 123 N. 12 <sup>th</sup> St. Any city, USA Hamburger.....\$8.00 Cobb Salad.....\$11.00 2 sodas.....\$3.00  Subtotal.....\$22.00 Tip.....\$5.00 Tax.....\$2.80 Payment.....\$40.00 Change Due...\$18.00
--

Auto Parts & More 123 W. 7 <sup>th</sup> St. Any city, USA 4 tires.....\$149.71  Subtotal...\$149.71 Tax.....\$11.27 Payment.....\$160.98 Change Due.\$0.00
---

The Pizza Palace 123 S. 10 <sup>th</sup> St. Any city, USA 1 lg. sup.....\$15.29 1 lg 1 top.....\$11.00 3 2 liters soda.....\$7.00  Subtotal...\$33.29 Tax.....\$2.51 Payment.....\$35.80 Change Due.\$0.00
---

United Supply 123 E. 5 <sup>th</sup> St. Any city, USA Boxes.....\$25.00 Tape.....\$26.85 Markers.....\$5.00 Bubble wrap.\$15.00 Moving truck\$68.00  Subtotal...\$139.8 Tax.....\$10.53 Payment.....\$150.38 Change Due.\$0.00
---

Your National Bank  
637 Jefferson Ave.  
Any City, USA 21098

Send Payment to:  
P.O. Box 123  
Any City, USA 98765

## CREDIT CARD STATEMENT

ACCOUNT NUMBER	NAME	STATEMENT DATE	PAYMENT DUE DATE
4444 9999 3333 2222	Jane Doe	2/27/2008	3/22/2008

CREDIT LINE	CREDIT AVAILABLE	NEW BALANCE	MINIMUM PAYMENT DUE
\$5,000.00	\$4,564.34	\$435.66	\$10.00

TRANSACTION DATE	ACCOUNT ACTIVITY SCINCE LAST STATEMENT	AMOUNT
1/28/08	Previous Balance	50.00
2/18/08	PAYMENT RECEIVED	-50.00
2/14/08	United Supply	150.38
2/14/08	O'Reilly's Pub	40.00
2/19/08	The Pizza Palace	35.80
2/23/08	Chilean Chow	48.50
2/23/08	Auto Parts & More	160.98

Previous Balance	Purchases	Cash Advances	Payments	Credits	FINANCE CHARGES	Late Charges	NEW BALANCE
\$50.00	\$435.66	\$0.00	\$50.00	\$0.00	\$0.00	\$0.00	\$435.66

Current Amount Due	Amount Past Due	Amount Over Credit Line	Minimum Payment Due
\$435.66	\$0.00	\$0.00	\$10.00

FINANCE CHARGE SUMMARY	PURCHASES	ADVANCES
Periodic Rate	1.5%	1.83%
Annual Percentage Rate	18%	22%

**CUSTOMER SERVICE:**  
1-800-555-123-4567  
**LOST OR STOLEN CARD:**  
1-800-555-69-1-0123  
**24 HOUR CUSTOMER SUPPORT**

# UNDERSTANDING A CREDIT CARD BILL

1. If John and Jane are not able to pay their credit card bill in time this month, how might this impact future purchases? (1 point)
2. Receipts for their transactions are shown as well. What problems do you see with these receipts? Why is this a problem? (4 points)
3. If John and Jane were to pay the minimum amount for this month, how much are they able to charge next month without additional fees? (1 point)
4. What are two reasons why is it important to keep your receipts for your purchases each month? (2 points)
5. What is the APR for purchases and cash advances? (2 points)

# COMPARISON SHOPPING FOR A CREDIT CARD

	Total Points Earned
52	Total Points Possible (1 point per card and item)
	Percentage

Name \_\_\_\_\_

Date \_\_\_\_\_

Class \_\_\_\_\_

Directions: Complete this worksheet using the *Sample Credit Card Applications* 1, 2, and 3 handouts 1.4.1.E1, E2, E3 and attach the completed sheet to a one page essay describing which one is the best credit card and why.

Card 1 \_\_\_\_\_ Card 2 \_\_\_\_\_

Card 3 \_\_\_\_\_

	Card 1	Card 2	Card 3
Annual Percentage Rate (APR)			
Grace Period			
Minimum Finance Charges			
Annual Fees			
Transaction Fee for Cash Advances			
Late Payment Fee			
Additional Fees (list) a. b.			
Optional Benefits			

- Which card is the best choice? \_\_\_\_\_
- Write a one page essay explaining why the credit card is the best choice and why, explain the decision making process used and the possible consequences of the choice (attach worksheet to essay).



# COMPARISON SHOPPING FOR A CREDIT CARD ESSAY

Name \_\_\_\_\_

Date \_\_\_\_\_

Class \_\_\_\_\_

Directions: Write a one page essay explaining why that credit card is the best choice, explain the decision making process used, and the possible consequences of the choice (attach worksheet to essay).

	Exemplary 3	Satisfactory 2	Unsatisfactory 1	Rating	Weight	Score
Content	5 thoughtful examples are provided comparing similarities and/or differences between the 3 credit cards.	4 thoughtful examples are provided comparing similarities and/or differences between the 3 credit cards.	3 thoughtful examples are provided comparing similarities and/or differences between the 3 credit cards.		3	
Content	Each example is 100% described in detail.	90% of the examples are described in detail.	80% or fewer of the examples are described in detail.		3	
Writing Skills	Sentences are fluid and effective. Very few errors in mechanics, punctuation, and word usage.	Sentences are usually controlled. There are minor errors in mechanics, punctuation, and word usage.	Sentences are generally adequate. There are lapses in mechanics, punctuation, and grammar.		2	
Presentation and Completion	Assignment is easily read and neatly assembled. All answers have been attempted. Presentation quality is excellent.	Assignment is adequate. Answers may be missing, incomplete, or too brief. Presentation quality is adequate.	Assignment is incomplete. Answers show lack of attention. Presentation is sloppy.		1	
Content Accuracy	90-100% of the facts in the essay are accurate.	80-89% of the facts are accurate.	Fewer than 80% of the facts in the essay are accurate.		1	
				Total Points Earned		
				Total Points Possible		30
				Percentage		

# SAMPLE CREDIT CARD APPLICATION 1

## American Express Platinum Credit Card

<b>Annual Percentage Rate (APR) for Purchases</b>	2.9% Introductory rate for Purchases during the first six months of card membership. Then 13.99%.
<b>Other APRs</b>	<b>Balance Transfers:</b> 2.90% during the first six months of card membership on BT requests submitted with this application. Then 13.99%. Cash advance APR: 18.99%. APR of 25.99% for defaulted accounts. Your APR may vary. The rate for purchases, cash advances and defaulted accounts is determined monthly by adding 14.99%, 21.99% and 21.99% respectively to Prime Rate.*
<b>Variable Rate Information</b>	Your APR may vary. The rate for Purchases, Balance Transfers and Cash Advances is determined monthly by adding 9.99%, 9.99% and 14.99% respectively to the Prime Rate.**
<b>Grace Period for Repayment of the Balance of Purchases</b>	20 days for purchases, in full balance is paid by due date.
<b>Method of Computing the Balance for Purchases</b>	Average daily balance (including new purchases).
<b>Annual Fee:</b> NONE	<b>Minimum Finance Charge:</b> \$.50
<b>Additional Benefits:</b> FREE Online Account Access FREE travel services including Auto Rental Collision Damage Waiver and Worldwide Travel Accident Insurance	
<b>Optional Benefits:</b> Two miles per dollar above \$1,000 each month. One mile per dollar spent on purchases up to \$1,000 each month No limit on the miles you can earn and miles don't expire 0% APR on purchases until April 2010 No annual fee. Restrictions apply, credit must be excellent.	

**Other Fees:** Late Payment Fee: \$15 on balances less than \$100, \$29 on balances of \$100 to \$1,000, and \$35 on balances greater than \$1,000. Over limit Fee: \$35. Fee for Cash Advances: 3% of each transaction, \$5.00 minimum and no maximum. Fee for Balance Transfers: 3% of each balance transfer, \$5 minimum, and \$50 maximum. This fee does not apply to balance transfers submitted with this application. The line of credit offered with the "Card" is up to \$100,000. The minimum income required to qualify for the "Card" is \$20,000. If you are an existing American Express Card-member there is no minimum income requirement to qualify for the "Card".

All references of "Card" on this page refer to "The Sunshine Honors Platinum Credit Card from American Express®."

\* Your account is reviewed monthly and will be considered in default if minimum payments are not timely paid, your account is over limit three or more times, your payment is returned by your bank, any account terms are breached, or the account is otherwise in default as defined in the Card-member Agreement, in each case during any portion of the 12-month period ending with the Closing Date of the current billing period ("review period"). Defaulted accounts will forfeit the introductory and any promotional rates. If a promotional rate is in effect, that rate will apply and expire according to the promotional terms disclosed to you when you were offered the account or promotional opportunity. We may apply payments and credits first to your balances with lower APRs (including balances with promotional APRs) before balances with higher APRs. This will result in the lower APR balances being paid before the higher APR balances.

The Prime Rate for billing periods ending in any month is the higher of the Prime Rate(s) published in *The Wall Street Journal* on the 1st or 25th day (or if such date is not on a business day, the next business day) of the prior month. Variable APRs are as of 05/01/04. Iowa is not currently within American Express Bank, FSB's credit card service area, and therefore Cards cannot be issued to residents of this location. Residents of Puerto Rico are not eligible for this offer.

## SAMPLE CREDIT CARD APPLICATION 2

### Discover Platinum Visa Credit Card

<b>Annual Percentage Rate (APR) for Purchases</b>	0.00% until the last day of the billing period ending during April 2005*, thereafter the standard APR 11.99% for Discover Platinum; 13.99% for Discover Classic
<b>Other APRs</b>	<b>Balance Transfers:</b> 0.00% until the last day of the billing period ending during April 2005*; thereafter the standard APR for purchases <b>Default Rate:</b> 19.99% or 24.99%* <b>Cash Advances:</b> Discover Platinum Card: 20.99%; Discover Classic Card: 22.99%
<b>Variable Rate Information</b>	Your standard APR for purchases may vary and is determined monthly for Discover Platinum by adding 7.99% to the Prime Rate <sup>†</sup> , and for Discover Classic by adding 9.99% to the Prime Rate <sup>†</sup> .
<b>Grace Period for Repayment of the Balance of Purchases</b>	At least 25 days when you pay your balance in full each month
<b>Method of Computing the Balance for Purchases</b>	Two-cycle Average Daily Balance (including new purchases)
<b>Annual Fee:</b> NONE	<b>Minimum Finance Charge:</b> \$.50
<b>Additional Benefits:</b> 0% APR for up to the first 12 months, earn one point for every dollar spent redeemable towards incentives such as travel, discounted merchandise, or online purchases.	
<b>Optional Benefits:</b> one airline mile earned for every eligible dollar spent, one complimentary first class round trip ticket (restrictions apply), and one complimentary gold crown room one night stay (restrictions apply). Annual Fee \$450.00, APR 25.00%.	

**CASH ADVANCE TRANSACTION FEE:** 3% for each cash advance, with a minimum of \$5 and no maximum. **LATE FEES:** \$15 on balances up to \$100; \$25 on balances of \$100 up to \$1,000; \$35 on balances of \$1,000 and greater. **OVERLIMIT FEE:** \$15 on balances \$1,000 or less; \$35 on balances greater than \$1,000.

**\*DEFAULT RATE:** If you are late making a payment, any introductory/special rates terminate and the standard purchase APR will apply to purchases and balance transfers. If you fail twice to make a required payment when due or if you exceed your account credit limit twice, your purchase APR will be increased to 19.99%. If you fail 3 times to make a required payment when due or if you exceed your account credit limit 3 times, your purchase APR and cash advance APR will be increased to 24.99%. See Card-member Agreement for details. <sup>†</sup> The Prime Rate used is the highest prime rate listed in *The Wall Street Journal* on the last business day of the month.

<sup>1</sup>You understand that the terms of your account, including the APRs, are subject to change. This means that the APRs for this offer are not guaranteed; APRs may change to higher APRs, fixed APRs may change to variable APRs, or variable APRs may change to fixed APRs. We reserve the right to change the terms (including the APRs) at any time for any reason, in addition to APR increases that may occur for failure to comply with the terms of your account. Any changes will be in accordance with your Card-member Agreement. <sup>2</sup>Certain restrictions and exclusions apply. You will receive complete terms and conditions once you become a card-member.

<sup>3</sup>The "Prime Rate" is the highest prime rate published in the Money Rates column of *The Wall Street Journal* two business days before the Closing Date on the statement for each billing period. Variable APRs above are based on the 4.00% prime rate on 5/6/2004.

# SAMPLE CREDIT CARD APPLICATION 3

## Union Plus Visa Credit Card

<b>Annual Percentage Rate for purchases and balance transfers*</b>	2.99% APR (.00819% daily periodic rate) on purchases and balance transfers until the first day of the billing cycle that includes the six (6) month anniversary date of the opening of your account. In the absence of the introductory rate, 12.99% APR (.03559% daily periodic rate) on purchases and balance transfers. **
<b>Grace period for repayment of the balance for purchases</b>	You will have a minimum of 25 days without a finance charge on new purchases if the total New Balance is paid in full each month by the statement closing date.
<b>Method of computing the balance used in calculating finance charges for purchases</b>	Average daily balance (including new purchases)
<b>Annual fee</b>	\$25
<b>Minimum finance charge</b>	For each Billing Period that your Account is subject to a finance charge, a minimum total Finance Charge of \$0.50 will be imposed.
<b>Miscellaneous fees</b>	Cash advance fee: 2.5% of amount of the cash advance, but not less than \$2.50. Late payment fee: \$35 Over-the-credit-limit fee: \$29 Returned check fee: \$25
<b>Additional Benefits:</b> None	
<b>Optional Benefits:</b> 5% Cashback Bonus in categories that change like travel, home improvement stores, department stores, gas, groceries, and restaurants (restrictions apply). Up to 1% cashback bonus on all other purchases automatically (restrictions apply). Annual Fee \$100.00, APR 19.99%.	
** If you fail to make any payment when due, exceed your credit limit, make a payment which fails to clear and is returned unsatisfied, otherwise default on this or any other account with us, or upon any closure of your account, by you or by us, we may immediately increase all rates on your account to a variable rate of the higher of (a) 24.99% APR (.06847% daily periodic rate) or (b) up to the three months London Interbank Offered Rate published in The Wall Street Journal on the third Wednesday of March, June, September and December ( $i^{\circ}\text{LIBOR}_{i\pm}$ ) plus 18.331% (24.99% APR, .06847% daily periodic rate, today).	

**Late payment fee:** \$35 and over limit fee: \$29. Cash advance FINANCE CHARGE transaction fee: 4% of amount of advance, minimum \$5. The variable rate for cash advances will be the higher of (a) 19.8% APR (.05425% daily periodic rate) or (b) LIBOR plus 13.141% (19.8% APR today); see the CONSUMER INFORMATION above for other rate information applicable if you fail to make any payment when due, exceed your credit limit, make a payment on your account which fails to clear and is returned unsatisfied, otherwise default on this or any other account with us, or if your account is closed by you or by us.

## CREDIT CARD CHAOS POSTERS

Fixed Interest Rate

Variable Interest Rate

Introductory Interest Rate

No Introductory Interest Rate

Regular Interest Rate Greater than or Equal to 15%

Regular Interest Rate Less than 15%

Annual Fees

No Annual Fees

Grace Period of 20 Days or Longer

Grace Period of Less than 20 days

Balance Transfer Offer

No Balance Transfer Offer

Balance Transfer Fee

No Balance Transfer Fee

Late Fees

No Late Fees

Decline Card for Benefits

Accept Card for Benefits

# CREDIT CARDS 101 INSTRUCTIONS

*Note to educator:* if PowerPoint is not available, the presentation may be printed and created into a Trivia board.

1. Set up the LCD projector or smart board and laptop with the *Credit Cards 101 Trivia* PowerPoint presentation 1.4.1.G2.
  - a. Divide the participants into groups of 3-4.
    - i. Hand out pieces of scratch paper or a white board and a marker to each team.
2. Each team will have a chance to answer each question by writing their answer on the scratch paper or white board.
3. After the facilitator has given a little bit of time for each team to record their answer, ask each group to hold up their piece of paper or white board.
4. Award points to the groups with the correct answers.
  - a. Teams with incorrect answers do not receive or lose any points. Their point total stays the same.
5. Record the points on the board or have the students track points on their own.
6. Allow each team to take a turn picking the category and dollar amount for the question.
7. To use the PowerPoint:
  - a. On the first slide, click on the graphic to go to the activity board slide.
  - b. To choose a question, click on the category and dollar amount chosen.
    - i. It is linked to the question slide and will automatically pull up the correct slide.
  - c. After reading the question and the groups have all answered, click on the graphic directly under it to go to the answer slide.
  - d. After the question and answer is finished, click on the graphic below the answer to go back to the activity board.
    - i. It is important to understand that the dollar amounts on the activity board and the pictures are all hyperlinked. If you do not click on these specific items the trivia activity will run as a typical PowerPoint presentation in slide order.
8. At the activity board, if the wrong category or dollar amount is chosen, the little graphic in the left-corner of any question slide will take the screen back to the activity board.
9. Before final trivia, compute the point total for each team.
  - a. Allow each team to decide a 'wager' before answering the final trivia question.
  - b. If the final trivia question is answered correctly, the wager is added to the points.
  - c. If the final trivia question is answered incorrectly, the wager is subtracted from the points.
10. The team with the most points wins.



# CREDIT CARDS 101 - QUESTIONS AND ANSWERS

## FICO Score

1. An evaluation of a person's ability to repay debt.
  - a. What is a credit score?
2. To earn the privilege of using different forms of credit, an easier approval process for credit and lower interest rates, a consumer must obtain this.
  - a. What is a high credit/FICO score?
3. The numerical FICO Scoring range is this.
  - a. What is 300 to 850?
4. The acronym FICO stands for this.
  - a. What is Fair Isaac Company?

## Schumer Box

1. A fee charged once per year for credit card ownership.
  - a. What are the annual fees?
2. The amount of time, in days, allowed to the cardholder between the day the items are charged on the credit card and the day finance charges begin to apply.
  - a. What is the grace period?
3. The interest rate charged to the cardholder on the amount borrowed in terms of dollars per year.
  - a. What is the annual percentage rate?
4. A fee charged when the cardholder does not make the minimum monthly payment by the due date.
  - a. What is late payment fee?

## Understanding the Bill

1. The specified day by which the company requires payment to be made.

- a. What is the due date?
2. The charges assessed to the account if the balance is not paid in full by the end of the billing period.
  - a. What is finance charge?
3. The maximum amount of charges allowed to the account.
  - a. What is the credit limit?
4. The fee assessed to the consumer if they charge over their credit line.
  - a. What is over-the-limit fee?

## Credit Card Knowledge

1. A fee charged for a cash withdrawal from a credit card account.
  - a. What is a cash advance transaction fee?
2. To receive a credit card, consumers 18 years of age and older must complete this.
  - a. What is a credit application?
3. To increase credit card safety, the back of the card should include the cardholder's signature and this.
  - a. What is "Please See ID?"
4. The act which requires credit institutions to list the costs of credit cards.
  - a. What is the Federal Truth in Lending Act?

## Final Trivia

1. The category that is the largest percentage of your FICO score.
  - a. What is payment history?

# CREDIT CARD CHAOS ACTIVITY ANSWERS

## Credit Chaos Activity

Category	Card 1	Card 2	Card 3
Fixed Interest Rate vs. Variable Interest Rate	Your APR may vary. The rate for Purchases, Balance Transfers and Cash Advances is determined monthly by adding 9.99%, 9.99% and 14.99% respectively to the Prime Rate.**	Your standard APR for purchases may vary and is determined monthly for Discover Platinum by adding 7.99% to the Prime Rate <sup>†</sup> , and for Discover Classic by adding 9.99% to the Prime Rate <sup>†</sup> .	2.99% APR (.00819% daily periodic rate) on purchases and balance transfers until the first day of the billing cycle that includes the six (6) month anniversary date of the opening of your account.
Introductory Interest Rate vs. No Introductory Interest Rate	2.9% Introductory rate for Purchases during the first six months of card membership.	0.00% until the last day of the billing period ending during April 2005*, thereafter the standard	None
Regular Interest Rate Greater than or Equal to 15% vs. Regular Interest Rate Less than 15%	13.99%.	APR 11.99% for Discover Platinum; 13.99% for Discover Classic	12.99% APR
Annual Fee vs. No Annual Fee	None	None	\$25.00
Grace Period of 20 Days or Longer vs. Grace Period of Less than 20 Days	20 days for purchases, in full balance is paid by due date.	At least 25 days when you pay your balance in full each month	You will have a minimum of 25 days without a finance charge on new purchases if the total New Balance is paid in full each month by the statement closing date.
Balance Transfer Offer vs. No Balance Transfer Offer	Balance Transfers: 2.90% during the first six months of card membership on BT requests submitted with this application. Then 13.99%.	Balance Transfers: 0.00% until the last day of the billing period ending during April 2005*; thereafter the standard APR for purchases	12.99% APR (.03559% daily periodic rate) on purchases and balance transfers. **
Balance Transfer Fee vs. No Balance Transfer Fee	Fee for Balance Transfers: 3% of each balance transfer, \$5 minimum, and \$50 maximum.	None	None
Late Fees vs. No Late Fees	Late Payment Fee: \$15 on balances less than \$100, \$29 on balances of \$100 to \$1,000, and \$35 on balances greater than \$1,000.	LATE FEES: \$15 on balances up to \$100; \$25 on balances of \$100 up to \$1,000; \$35 on balances of \$1,000 and greater.	Late payment fee: \$35
Accept Card for Optional Benefits vs. Decline Card for Optional Benefits	Two miles per dollar above \$1,000 each month, one mile per dollar spent on purchases up to \$1,000 each month, no limit on the miles you can earn and miles don't expire. 0% APR on purchases until April 2010, No annual fee. Restrictions apply, credit must be excellent.	One airline mile earned for every eligible dollar spent, one complimentary first class round trip ticket (restrictions apply), and one complimentary gold crown room one night stay (restrictions apply). Annual Fee \$450.00, APR 25.00%.	5% Cashback Bonus in categories that change like travel, home improvement stores, department stores, gas, groceries, and restaurants (restrictions apply). Up to 1% cashback bonus on all other purchases automatically (restrictions apply). Annual Fee \$100.00, APR 19.99%.

# FAMILY ECONOMICS AND FINANCIAL EDUCATION

## UNDERSTANDING A CREDIT CARD

### WHAT IS CREDIT?

A **credit card** is pre-approved credit which can be used for the purchase of items now and payment of them later. A credit card is linked to a credit card company. A **debit card** is a plastic card which looks like a credit card, but is electronically connected to the cardholder's bank account for purchases. When a debit card is used, the money is immediately withdrawn from the bank account compared to credit cards which charge interest and allow an individual to pay for the items later.



### TYPES OF CREDIT

Two types of credit exist, close-end and open-end (revolving) credit. **Close-end** is a one time loan which the borrower must repay the amount in a specified number of equal payments. Close-end credit usually has an agreement (contract) which must be signed outlining the repayment terms. Generally, the contract specifies the number of payments, the payment amount, and how much the credit will cost (interest rate or fees). Examples of close-end credit include automobile loans, mortgages, and education loans.

**Open-end** (revolving) credit is when the credit is extended in advance so the borrower does not have to apply for credit each time credit is desired. Individuals can continue to borrow on the credit as long as they do not exceed the maximum dollar amount loaned. The amount of credit available varies for individuals. Lenders require the borrower to pay **interest**, a periodic charge for using the credit. The amount an individual pays each month will vary. Examples of open-end (revolving) credit include credit cards or department store cards.

#### ADVANTAGES

- Convenient
- Useful for emergencies
- Often required to hold a reservation
- Able to purchase "big ticket" items
- Protection against fraud
- Establish a good credit rating
- Online shopping is safer than using a debit card



Buy now...pay later

#### DISADVANTAGES

- Interest is costly
- Additional fees are common
- Tempting to overspend
- Responsible for lost/stolen cards
- Can lose financial freedom if used improperly
- Many applications can lower your credit score

### INTEREST RATES

**Interest** is a periodic charge for using credit. Interest is referred to as the annual percentage rate also commonly known as APR. Credit card interest is compounding. **Compounding interest** is interest added upon interest each month based upon the amount of the principal or the amount charged onto the credit card.

The word "credit" is derived from the Latin word "credo" which means "I believe"

### CREDIT SCORES

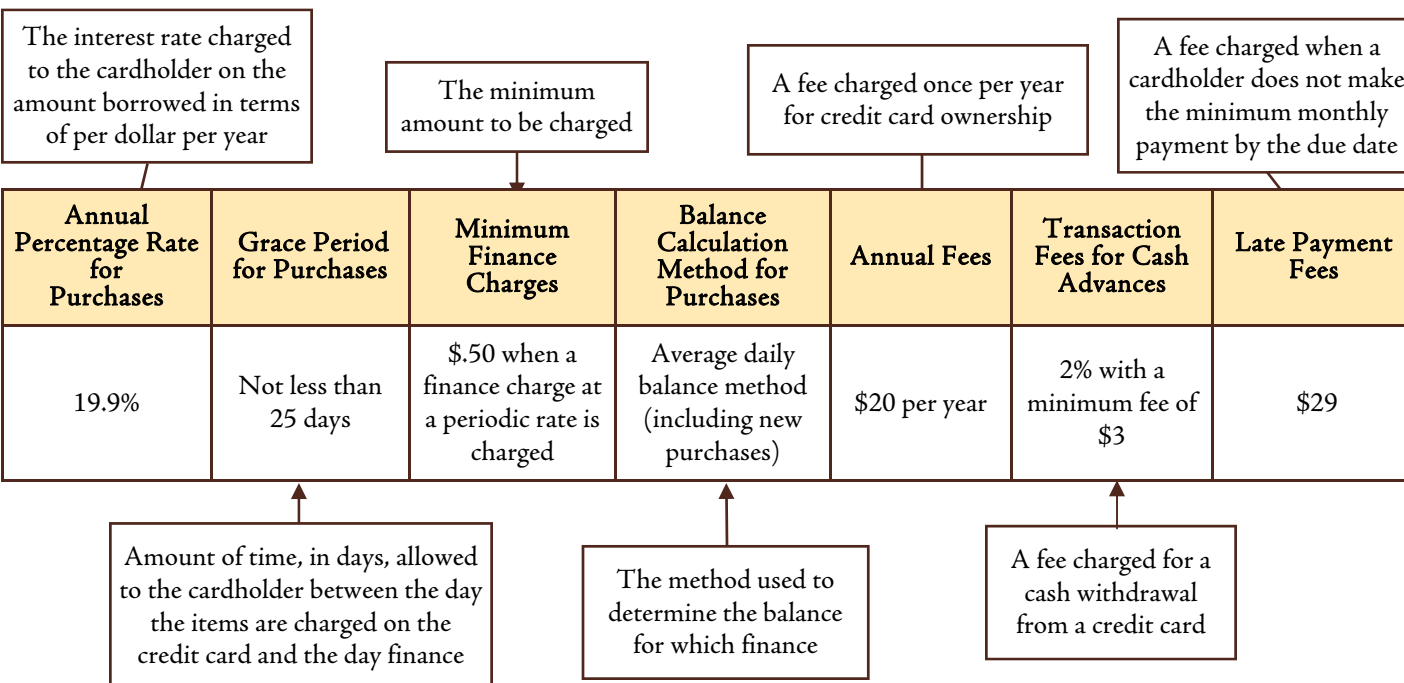
When a credit card is used properly it can be a helpful cash management tool and help consumers earn a high credit score. A **credit score** is an evaluation of a person's ability to repay debts. It is a number between 300 and 850 and is also known as a FICO (Fair Isaac Company) score. A high score makes the consumer eligible for lower interest rates on loans, the privilege to use different forms of credit, and an easier approval process for credit. Credit cards can lead to financial ruin for the cardholder if payments are not made on time, only minimum payments are made, or charges exceed the credit limit and a low credit score is earned. Consumers with low credit scores have difficulty renting apartments, pay more in insurance rates, and have difficulty obtaining a job.

A FICO score is calculated based upon the information in an individual's credit report. A **credit report** is a record of an individual's past borrowing and repaying history including information about late payments. This table depicts that with a lower FICO score you will have a higher interest rate which inevitably leads to a higher monthly payment. The following table was taken from Fair Isaac Co: [www.myfico.com](http://www.myfico.com)

Numbers based upon a 30 year fixed mortgage rate for a \$300,000 loan			
FICO Score	Interest Rate	Monthly Payment	30 Year Amount
760	5.9%	\$1,787	\$643,320
650	7.2%	\$2,047	\$736,920
590	9.3%	\$2,500	\$900,000

### COMPARISON SHOPPING FOR A CREDIT CARD

The terms and conditions of a credit card account can make a difference in how much consumers pay for the privilege of borrowing. The Federal Truth in Lending Act requires card issuers to display the costs of credit cards in an easy to read box format on most applications and solicitations called the **Schumer Box**. Below is an example Schumer Box with each term defined.



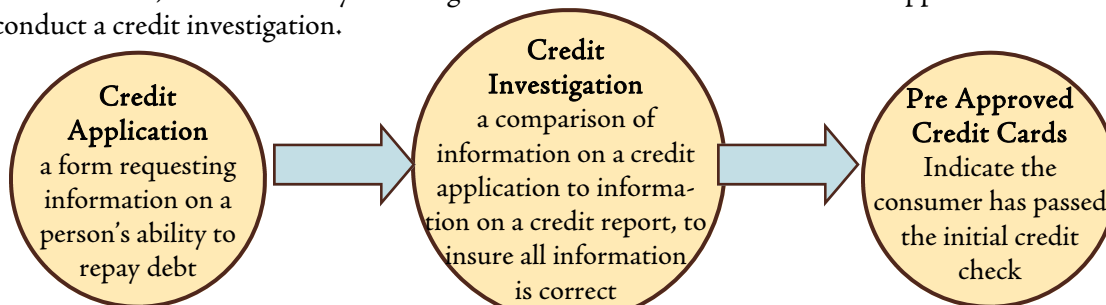
### ADDITIONAL CREDIT CARD BENEFITS

Popular incentives that credit cards may offer individuals include:

- A low introductory APR
- Travel accident insurance
- Additional warranty for items purchased
- Rebates (money back) on purchases made
- Products or services such as frequent flyer miles

### RECEIVING A CREDIT CARD

To receive a credit card, consumers 18 years of age and older must first fill out a credit application. The lender will then conduct a credit investigation.



## CREDIT CARD RESPONSIBILITY

A credit card should only be used when there is no doubt about the ability to pay the charges at the end of the billing cycle. It is important to record all expenses by keeping receipts and checking the credit card statement for errors monthly. When paying a credit card bill, a person should always pay the balance off completely and on time, to avoid costly interest and late fee charges.



## UNDERSTANDING A CREDIT CARD BILL

**Closing Date**  
The last day transactions are reported on the statement

**Credit Line**  
The maximum amount of charges allowed to the account

**New Balance**  
The total amount owed including the previous balance, any charges or payments made to the account, and finance charges

**Past Due Amount**  
The required amount not paid before the due date

**Balance Transfers**  
Transfer a balance from one credit card to another

Your National Bank  
637 Jefferson Ave.  
Any City, USA 21098

Send Payment to:  
P.O. Box 123  
Any City, USA 98765

### CREDIT CARD STATEMENT

ACCOUNT NUMBER	NAME	STATEMENT DATE	PAYMENT DUE DATE
4444 9999 3333 2222	Jane Doe	2/27/2008	3/22/2008

CREDIT LINE	CREDIT AVAILABLE	NEW BALANCE	MINIMUM PAYMENT DUE
\$5,000.00	\$4,564.34	\$435.66	\$10.00

TRANSACTION DATE	ACCOUNT ACTIVITY SCINCE LAST STATEMENT	AMOUNT
1/28/08	Previous Balance	50.00
2/18/08	PAYMENT RECEIVED	-50.00
2/14/08	United Supply	150.38
2/14/08	O'Reilly's Pub	40.00
2/19/08	The Pizza Palace	35.80
2/23/08	Chilean Chow	48.50
2/23/08	Auto Parts & More	160.98

Previous Balance	Purchases	Cash Advances	Payments	Credits	FINANCE CHARGES	Late Charges	NEW BALANCE
\$50.00	\$435.66	\$0.00	\$50.00	\$0.00	\$0.00	\$0.00	\$435.66

Current Amount Due	Amount Past Due	Amount Over Credit Line	Minimum Payment Due
\$435.66	\$0.00	\$0.00	\$10.00

FINANCE CHARGE SUMMARY	PURCHASES	ADVANCES
Periodic Rate	1.5%	1.83%
Annual Percentage Rate	18%	22%

CUSTOMER SERVICE:  
1-800-555-123-4567

LOST OR STOLEN CARD:  
1-800-555-891-0123

24 HOUR CUSTOMER SUPPORT

**Due Date**  
The specified date by which the company requires a payment to be made

**Minimum Payment Due**  
The minimum amount to be paid

**Charges, Payments, and Credits**  
all transactions that occur with the use of a credit card

**Finance Charges**  
The charges assessed to the account for credit card use throughout a month

**Over the Limit Fee**  
Fee assessed to consumers if they charge over their credit card limit

## CREDIT CARD SAFETY TIPS

- Sign card with signature and "Please See ID"
- Do not leave cards lying around
- Close unused accounts in writing and by phone, then cut up the card
- Do not give out account numbers unless making purchases
- Keep a list of all cards, account numbers, and phone numbers separate from cards
- Report lost or stolen cards immediately

# UNDERSTANDING A CREDIT CARD ANSWER KEY

## Understanding a Credit Card Note taking guide 1.4.1.L1:

Close-end—One time loan, specified in application, specified number of equal payments, agreed upon during the application process.

Example: Mortgage, automobile loan.

Open-end (revolving)—Credit is extended in advance, may be used for a variety of purposes, payments vary depending on amount charged, loan amount may increase

Example: Credit card

Credit Card — Pre-approved credit, charted to an individual account and they may pay later, and interest is charged because money is being borrowed from a credit card company.

Debit Card — A card (looks similar to a credit card) that is linked to an individual's bank account, money is immediately deducted from the bank and there is no interest charged.

### Advantages of Credit

Convenient, useful for emergencies, often required to hold a reservation, helps to purchase big ticket items, easy form of debt consolidation, protection against fraud, establish a good credit rating.

### Disadvantages of Credit

Interest is costly, additional fees are common, tempting to overspend, privacy is an increasing concern, personally responsible for lost or stolen cards, identity theft easier, can lose financial freedom for overspending.

Interest—referred to as the annual percentage rate (APR), the price of borrowing money to make a purchase and paying it later

Compounding interest—interest added upon interest each month based upon the amount charged.

Credit scores—A FICO (Fair Isaac Company) score is an evaluation of a person's ability to repay debt

A credit score is between what two numbers?

300 and 850

This is called

The FICO score



Credit scores are composed by the following five elements - indicate the category and definition of each:

35% — **Payment History**

15% — **Credit History and Length**

10% — **Credit Mix or Pursuit of New Credit**

30% — **Outstanding Debt**

10% — **Credit Mix or Pursuit of New Credit**

**Schumer box**

<b>Annual percentage rate for purchases</b>	<b>Grace period for purchases</b>	<b>Minimum finance charges</b>	<b>Balance calculation method for purchases</b>
Interest rate charged for amount borrowed in terms of per dollar per year. The lower the interest rate the better	Amount of time allowed before finance charges are applied	Minimum amount charged for card use	Method used to determine balance for finance charges

<b>Annual Fees</b>	<b>Transaction fees for cash advances</b>	<b>Late payment fees</b>
Yearly charge for credit card ownership	Cash withdrawal fees	Penalty fee for payment not made by the due date

Additional benefits credit cards may include:

Rebates (money back), products or services given to the consumer (frequent flyer miles), additional warranties, travel accident insurance, credit card registration, a low introductory APR.

## Understanding Your Credit Card Bill

**Closing Date—**  
Last day for transactions to be reported on the statement.

Your National Bank  
637 Jefferson Ave.  
Any City, USA 21098

**CREDIT CARD STATEMENT**

Send Payment to:  
P.O. Box 123  
Any City, USA 98765

ACCOUNT NUMBER	NAME	STATEMENT DATE	PAYMENT DUE DATE
4444 9999 3333 2222	Jane Doe	2/27/2008	3/22/2008

CREDIT LINE	CREDIT AVAILABLE	NEW BALANCE	MINIMUM PAYMENT DUE
\$5,000.00	\$4,564.34	\$435.66	\$10.00

TRANSACTION DATE	ACCOUNT ACTIVITY SCINCE LAST STATEMENT	AMOUNT
1/28/08	Previous Balance	50.00
2/18/08	PAYMENT RECEIVED	-50.00
2/14/08	United Supply	150.38
2/14/08	O'Reilly's Pub	40.00
2/19/08	The Pizza Palace	35.80
2/23/08	Chilean Chow	48.50
2/23/08	Auto Parts & More	160.98

Previous Balance	Purchases	Cash Advances	Payments	Credits	FINANCE CHARGES	Late Charges	NEW BALANCE
\$50.00	\$435.66	\$0.00	\$50.00	\$0.00	\$0.00	\$0.00	\$435.66

Current Amount Due	Amount Past Due	Amount Over Credit Line	Minimum Payment Due
\$435.66	\$0.00	\$0.00	\$10.00

FINANCE CHARGE SUMMARY	PURCHASES	ADVANCES
Periodic Rate	1.5%	1.83%
Annual Percentage Rate	18%	22%

CUSTOMER SERVICE: 1-800-555-123-4567

LOST OR STOLEN CARD: 1-800-555-99-10123

24 HOUR CUSTOMER SUPPORT

**Due Date—**  
The day by which the company requires a payment to be made.

**Credit Line—**  
The maximum amount of charges allowed to an account.

**Minimum Payment Due —**  
The minimum amount to be paid.

**Charges, Payments and Credits—**  
The transactions which occur with the use of a credit card.

**New Balance —**  
The total amount owed on a credit card.

**Finance Charges—**  
Charges assessed for credit card use.

**Balance Transfers—**  
Transfer the balance from one card to another.

**Over Credit Limit Fee —**  
consumers will receive a fee if they charge over their limit.

**Past Due Amount —**  
The required amount not paid before the due date.

### Safety tips for using a credit card include:

Sign card with a signature, and please see ID, Do not leave cards laying around, close unused accounts in writing and by phone, then cut up the card, do not give out account numbers unless making purchases, keep a list of all cards, account numbers and phone numbers separate from cards, report lost or stolen cards promptly.

Fair Credit Billing Act — Help to protect consumers while shopping online, if products are not delivered or it is not what the consumer wanted will have a credit back to them for an amount that was over \$50.00

THE UNIVERSITY OF ARIZONA

© Family Economics & Financial Education - Updated June 2009 - Credit Unit - Understanding A Credit Card Answer Key- Page 3  
Funded by a grant from Take Charge America, Inc. to the Norton School of Family and Consumer Sciences Take Charge America Institute at The University of Arizona



### Understanding a Credit Card worksheet 1.4.1.A1:

1. D
2. B
3. G
4. F
5. C
6. A
7. E
8. Transaction Fees for Cash Advances
9. Balance calculation method for purchases
10. Annual Fees
11. Grace Period
12. Minimum finance charge
13. Annual Percentage Rate (APR)
14. Late Payment Fees
15. D
16. B
17. 13% is a better APR for a credit card because this means that the consumer is being charged a lower percentage interest rate on the purchases made.
18. Answers may vary however may include: Sign the back of the card with a signature and "Please See ID", Do not leave cards laying around, close unused accounts in writing and by phone, then cut the card, Do not give out account numbers unless making purchases, Keep a list of all cards, account numbers, and phone lists separate from cards, report lost or stolen cards promptly.
19. Answers may vary however may include the following advantages: convenient, useful for emergencies, often required to hold a reservation, purchase 'big ticket' items earlier, easy form of debt consolidation, protection against rip-offs and fraud, establish a good credit rating.  
Answers may vary however may include the following disadvantages: Interest is costly, additional fees are common, tempting to overspend, privacy is an increasing concern, personally responsible for lost/stolen cards, identity theft is easier, and can lose financial freedom from over spending.
20. Close-end credit is a one time loan which the borrower must repay the amount in a specified number of equal payments. An example of close-end is automobile loans, mortgages, and education loans. Open-end credit also known as revolving credit is when credit is extended in advance so the borrower does not have to apply for credit each time credit is desired. An example of this is credit cards, or department cards.

### Understanding a Credit Card Bill worksheet 1.4.1.A2:

1. Answers may vary.
2. The O'Reillys Pub receipt when adding up the amounts indicated does not equal \$40.00 however, that is how much was charged to the credit card. Also, they are missing a receipt for Chilean chow. These two can cause a problem because they were charged too much money at one restaurant and may not realize it. Also, this proves that incorrect amounts are charged and there is no way to compare the correct amount with how much they paid at Chilean Chow if they do not have the receipt.
3. \$4,574.34
4. Answers may vary, however, may include the following: to track the expenses that occur, to be sure that there are no additional charges on your credit card that are not yours, to double check that the amount charged is the correct amount.
5. The APR for purchases is 18% and for cash advances is 22%.

### Comparison Shopping for a Credit Card 1.4.1.A3

**Card 1:** American Express Platinum Credit Card    **Card 2:** Discover Platinum Visa Credit Card  
**Card 3:** Union Plus Visa Credit Card

	Card 1	Card 2	Card 3
<b>Annual Percentage Rate (APR)</b>	2.9% 6 months 13.99% after that	0.0% until last day of billing period ending April 05, after 11.99% for discover platinum, and 13.99% for classic	2.99% for the first 6 months 12.99% there after
<b>Grace Period</b>	20 days	25 days when balance in paid in full each month	25 days on new purchases
<b>Minimum Finance Charges</b>	\$.50	\$.50	\$.50
<b>Annual Fees</b>	None	None	\$25.00
<b>Transaction Fee for Cash Advances</b>	3 %/ transaction \$5 min no max	3 %/ transaction \$5 min no max	4% \$5 min
<b>Late Payment Fee</b>	\$15 balances under \$100 \$29 balances \$100-\$1,000 \$35 balances over \$1,000	\$15 balances under \$100 \$29 balances \$100-\$1,000 \$35 balances over \$1,000	\$35.00
<b>Additional Fee (list)</b> <b>a. Over-The-Limit Fee</b>	\$35	\$15 on balances \$1,000 or less \$35 on balances greater than \$1,000	\$29.00
<b>b. Balance Consolidation Fee</b>	3%/transfer \$5 min \$50 max	0% until last day of billing period ending April 05, after standard APR	0% until last day of billing period ending April 05, after standard APR
<b>Optional Benefits</b>	Two miles per dollar above \$1,000 each month, one mile per dollar spent on purchases up to \$1,00 each month, no limit on the miles you can earn and miles don't expire. 0% APR on purchases until April 2010, No annual fee. Restrictions apply, credit must be excellent.	One airline mile earned for every eligible dollar spent, one complimentary first class round trip ticket (restrictions apply), and one complimentary gold crown room one night stay (restrictions apply). Annual Fee \$450.00, APR 25.00%.	5% Cashback Bonus in categories that change like travel, home improvement stores, department stores, gas, groceries, and restaurants (restrictions apply). Up to 1% cashback bonus on all other purchases automatically (restrictions apply). Annual Fee \$100.00, APR 19.99%.

# UNDERSTANDING A CREDIT CARD

Take Charge of Your Finances 1.4.1

# TYPES OF CREDIT

Characteristics	Close-end Credit	Open-end credit (revolving credit)
Definition	A one-time loan	Credit is extended in advance
Purpose of the loan	Specified in application	May be used for a variety of purposes
Payments	Specified number of equal payments	Vary depending upon amount charged
Loan amount	Agreed upon during the application process	May be increased for responsible consumers
Examples	Mortgage, Automobile Loan	Credit Card

# CREDIT VS. DEBIT CARDS

Characteristics	Credit Card	Debit Card
What is it?	Pre-approved credit	A card (looks similar to a credit card) that is linked to an individual's bank account
Payment process	Charged to an individual's account and they may pay later	Money is immediately deducted from the bank
Is interest charged?	Yes – because money is being borrowed from the credit card company	No

# WHY USE A CREDIT CARD?



- Advantages
  - Convenient
  - Useful for emergencies
  - Often required to hold a reservation
  - Purchase ‘big ticket’ items earlier
  - Easy form of debt consolidation
  - Protection against rip-offs and fraud
  - Establish a good credit rating

# WHY USE A CREDIT CARD?



- Disadvantages
  - Interest is costly
  - Additional fees are common
  - Tempting to overspend
  - Privacy is an increasing concern
  - Personally responsible for lost/stolen cards
  - Identity theft easier
  - Can lose financial freedom from overspending

# INTEREST

- Interest is referred to as the annual percentage rate (APR)
- The price of borrowing money to make a purchase and paying it later is interest
- Credit is often compounding interest which is interest added upon interest each month based upon the amount charged
- The interest rate varies greatly between credit cards



# INTEREST

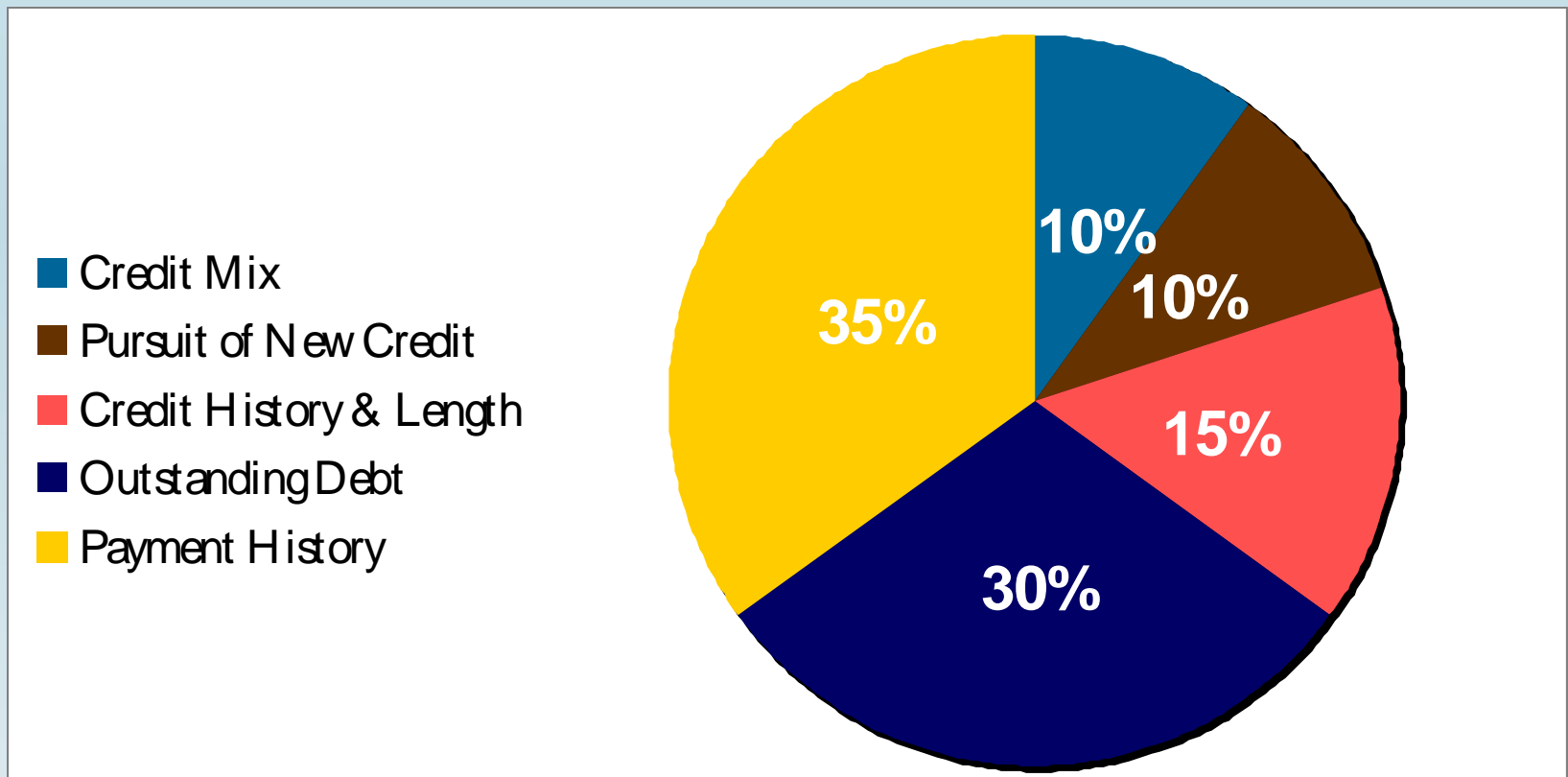
Amount charged to credit card	APR	Minimum Payment	Time to pay off the credit card	Total amount of interest paid	Total paid for credit card balance
\$2,000	18%	\$50.00	62 months	\$1,077.25	\$3,077.25
\$2,000	10%	\$50.00	49 months	\$443.00	\$2,443.00
\$2,000	18%	\$75.00	35 months	\$573.00	\$2,573.00

# CREDIT SCORES

- A FICO (Fair Isaac Company) score is an evaluation of a person's ability to repay debt
  - It is a number between 300 and 850
    - A higher number is a better credit score
  - Indicator of a person's ability to pay back a loan
- A lower score may increase the interest rates a consumer pays or they may not receive credit
  - The creditor has a greater risk that the individual may not pay back the money they loaned

# CREDIT SCORES

- Credit cards may influence each component of how an individual's credit score is calculated



# CREDIT SCORES

- Low credit scores will cost individuals more money long-term.
  - This table is based upon a thirty-year fixed mortgage rate on a \$300,000 loan.

<b>FICO Score</b>	<b>Interest Rate</b>	<b>Monthly Payment</b>	<b>30 Year Amount</b>
760	5.9%	\$1,787	\$643,320
650	7.2%	\$2,047	\$736,920
590	9.3%	\$2,500	\$900,000

# SCHUMER BOX

- The Federal Truth in Lending Act requires card issuers to display the costs of a credit card in an easy to read box format on most applications and solicitations
  - Called the Schumer Box

Annual Percentage Rate for Purchases	Grace Period for Purchases	Minimum Finance Charges	Balance Calculation Method for Purchases	Annual Fees	Transaction Fees for Cash Advances	Late Payment Fees
19.9%	Not less than 25 days	\$.50 when a finance charge at a periodic rate is charged	Average daily balance method (including new purchases)	\$20 per year	2% with a minimum fee of \$3	\$29

# ANNUAL PERCENTAGE RATE

Annual Percentage Rate for Purchases	Grace Period for Purchases	Minimum Finance Charges	Balance Calculation Method for Purchases	Annual Fees	Transaction Fees for Cash Advances	Late Payment Fees
19.9%	Not less than 25 days	\$.50 when a finance charge at a periodic rate is charged	Average daily balance method (including new purchases)	\$20 per year	2% with a minimum fee of \$3	\$29

- Annual percentage rate (APR) – Interest rate charged for amount borrowed in terms of per dollar per year
- The lower the interest rate, the better

# GRACE PERIOD

Annual Percentage Rate for Purchases	Grace Period for Purchases	Minimum Finance Charges	Balance Calculation Method for Purchases	Annual Fees	Transaction Fees for Cash Advances	Late Payment Fees
19.9%	Not less than 25 days	\$.50 when a finance charge at a periodic rate is charged	Average daily balance method (including new purchases)	\$20 per year	2% with a minimum fee of \$3	\$29

- Grace Period – Amount of time allowed before finance charges are applied

# MINIMUM FINANCE CHARGE

Annual Percentage Rate for Purchases	Grace Period for Purchases	Minimum Finance Charges	Balance Calculation Method for Purchases	Annual Fees	Transaction Fees for Cash Advances	Late Payment Fees
19.9%	Not less than 25 days	<b>\$.50 when a finance charge at a periodic rate is charged</b>	Average daily balance method (including new purchases)	\$20 per year	2% with a minimum fee of \$3	\$29

- Minimum finance charge – Minimum amount charged for card use



# BALANCE CALCULATION METHOD

Annual Percentage Rate for Purchases	Grace Period for Purchases	Minimum Finance Charges	Balance Calculation Method for Purchases	Annual Fees	Transaction Fees for Cash Advances	Late Payment Fees
19.9%	Not less than 25 days	\$.50 when a finance charge at a periodic rate is charged	Average daily balance method (including new purchases)	\$20 per year	2% with a minimum fee of \$3	\$29

- Balance calculation method for purchases- Method used to determine balance for finance charges

# ANNUAL FEES

Annual Percentage Rate for Purchases	Grace Period for Purchases	Minimum Finance Charges	Balance Calculation Method for Purchases	Annual Fees	Transaction Fees for Cash Advances	Late Payment Fees
19.9%	Not less than 25 days	\$.50 when a finance charge at a periodic rate is charged	Average daily balance method (including new purchases)	<b>\$20 per year</b>	2% with a minimum fee of \$3	\$29

- Annual fees- Yearly charge for credit card ownership

# CASH ADVANCES

Annual Percentage Rate for Purchases	Grace Period for Purchases	Minimum Finance Charges	Balance Calculation Method for Purchases	Annual Fees	Transaction Fees for Cash Advances	Late Payment Fees
19.9%	Not less than 25 days	\$.50 when a finance charge at a periodic rate is charged	Average daily balance method (including new purchases)	\$20 per year	2% with a minimum fee of \$3	\$29

- Transaction fees for cash advances – cash withdrawal fees

# LATE PAYMENT FEES

Annual Percentage Rate for Purchases	Grace Period for Purchases	Minimum Finance Charges	Balance Calculation Method for Purchases	Annual Fees	Transaction Fees for Cash Advances	Late Payment Fees
19.9%	Not less than 25 days	\$.50 when a finance charge at a periodic rate is charged	Average daily balance method (including new purchases)	\$20 per year	2% with a minimum fee of \$3	<b>\$29</b>

- Late payment fees – Penalty fee for payments not made by the due date

# ADDITIONAL BENEFITS

- Additional benefits of a credit card may include the following:
  - Rebates (money back)
  - Products or services given to the consumer
    - Frequent flyer miles
  - Additional warranties
  - Travel accident insurance
  - Credit card registration
  - A low introductory APR

# CREDIT CARD CHAOS DIRECTIONS

- The educator will identify a term associated with a credit card offer
- Participants will identify which term is true in their application and move to that poster
- In a small group, define the term on the poster
- As a class, discuss which credit card characteristic is better for a consumer and why

# CREDIT CARD CHAOS

- Fixed Interest Rate vs. Variable Interest Rate
- Introductory Interest Rate vs. No Introductory Interest Rate
- Regular Interest Rate Greater than or Equal to 15% vs. Regular Interest Rate Less than 15%
- Annual Fee vs. No Annual Fee
- Grace Period of 20 Days or Longer vs. Grace Period of Less than 20 Days
- Balance Transfer Offer vs. No Balance Transfer Offer
- Balance Transfer Fee vs. No Balance Transfer Fee
- Late Fees vs. No Late Fees
- Accept Card for Optional Benefits vs. Decline Card for Optional Benefits

# RECEIVING A CREDIT CARD

## Credit Application

- A form requesting information about a person's ability to repay debt
- Completed by the consumer
- This step may be skipped if the consumer has been "pre-approved" by the credit card company

## Credit Investigation

- A comparison of information on a credit card application to their credit report
- Conducted by the credit card company

## Award or denial of credit

- Consumer receives the credit card and can activate and begin using it
- Consumer does not receive a credit card. They can request information about why they were denied credit.



# UNDERSTANDING THE BILL

Your National Bank  
637 Jefferson Ave.  
Any City, USA 21098

Send Payment to:  
P.O. Box 123  
Any City, USA 98765

## CREDIT CARD STATEMENT

ACCOUNT NUMBER	NAME	STATEMENT DATE	PAYMENT DUE DATE
4444 9999 3333 2222	Jane Doe	2/27/2008	3/22/2008

CREDIT LINE	CREDIT AVAILABLE	NEW BALANCE	MINIMUM PAYMENT DUE
\$5,000.00	\$4,564.34	\$435.66	\$10.00

TRANSACTION DATE	ACCOUNT ACTIVITY SINCE LAST STATEMENT	AMOUNT
1/28/08	Previous Balance	50.00
2/18/08	PAYMENT RECEIVED	-50.00
2/14/08	United Supply	150.38
2/14/08	O'Reilly's Pub	40.00
2/19/08	The Pizza Palace	35.80
2/23/08	Chilean Chow	48.50
2/23/08	Auto Parts & More	160.98

Previous Balance	Purchases	Cash Advances	Payments	Credits	FINANCE CHARGES	Late Charges	NEW BALANCE
\$50.00	\$435.66	\$0.00	\$50.00	\$0.00	\$0.00	\$0.00	\$435.66

Current Amount Due	Amount Past Due	Amount Over Credit Line	Minimum Payment Due
\$435.66	\$0.00	\$0.00	\$10.00

FINANCE CHARGE SUMMARY	PURCHASES	ADVANCES
Periodic Rate	1.5%	1.83%
Annual Percentage Rate	18%	22%

CUSTOMER SERVICE:  
1-800-555-123-4567

LOST OR STOLEN CARD:  
1-800-555-891-0123

24 HOUR CUSTOMER SUPPORT

**Closing date**

- **Charges, payments, and credits** – The transactions which occur with the use of a credit card
  - Important to keep receipts to compare them to the bill for accuracy
- **Closing date** – Last day for transactions to be reported on the statement

**Charges, payments, and credits**

# UNDERSTANDING THE BILL

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LOST OR STOLEN CARD:  
1-800-555-891-0123

24 HOUR CUSTOMER SUPPORT

- **Finance charge** – Charges assessed for credit card use
- **Minimum payment due** – The minimum amount to be paid
  - If this amount is paid and a balance is left on the account, additional finance charges will be included in the following month's balance

**Finance charges**

**Minimum payment due**

# UNDERSTANDING THE BILL

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LOST OR STOLEN CARD:  
1-800-555-891-0123

24 HOUR CUSTOMER SUPPORT

Due date

- **Due date** – The day by which the company requires a payment to be made
- **Past due amount** – The required amount not paid before the due date

# UNDERSTANDING THE BILL

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LOST OR STOLEN CARD:  
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24 HOUR CUSTOMER SUPPORT

**New balance**

- **New balance** – The total amount owed on a credit card
- **Credit Line** – The maximum amount of charges allowed to an account

**Credit line**

# UNDERSTANDING THE BILL

Your National Bank  
637 Jefferson Ave.  
Any City, USA 21098

Send Payment to:  
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LOST OR STOLEN CARD:  
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24 HOUR CUSTOMER SUPPORT

- **Over the limit fee** – credit card companies will charge consumers a fee if they charge over their limit within one month

Over the limit fee

# UNDERSTANDING THE BILL

- **Balance transfer** – Transfer the balance from one card to another
  - Companies will advertise a lower interest rate for balance transfers
  - These are often introductory rates and will only last for a short time

# SAFETY TIPS



- Sign card with a signature and “Please See ID”
- Do not leave cards lying around
- Close unused accounts in writing and by phone, then cut up the card
- Do not give out account numbers unless making purchases
- Keep a list of all cards, account numbers, and phone lists separate from cards
- Report lost or stolen cards promptly

# FAIR CREDIT BILLING ACT

- Helps to protect consumers while using a credit card to make purchases
- It allows the consumer to not pay for a product or service for which the consumer has a complaint
- Billing disputes are covered within the Fair Credit Billing Act for credit cards
- If products are not delivered or if it is not what they consumer requested, any amount of money that was credited to the card above the \$50.00 fee that consumers are responsible for will be issued back
- Debit cards do not have the same protection
  - Making credit cards a safer form of payment for online purchases



# ANY QUESTIONS?



# CREDIT CARDS

# 101 TRIVIA

# TRIVIA INSTRUCTIONS

- Divide the students into teams of 3-5
- Provide each team with a white board and a dry erase marker
- Have each team create a team name and write it on the board where points are being tallied
- Choose a team to select a category and point value
- Read the question and allow all of the teams 10 seconds to write their response on the paper
- Have the students hold their answers up at the same time
- Each time, award every team who answered the question correctly the money value indicated by the question
  - If they answer incorrectly, the teacher may take away the point value
- Allow the next team to choose the category and point value
- Continue until all of the questions have been answered
- The team with the most money at the end wins

# CREDIT CARDS 101 TRIVIA



<b>FICO Score</b>	<b>Schumer Box</b>	<b>Understanding the Bill</b>	<b>Credit Knowledge</b>
<u>\$100</u>	<u>\$100</u>	<u>\$100</u>	<u>\$100</u>
<u>\$200</u>	<u>\$200</u>	<u>\$200</u>	<u>\$200</u>
<u>\$300</u>	<u>\$300</u>	<u>\$300</u>	<u>\$300</u>
<u>\$400</u>	<u>\$400</u>	<u>\$400</u>	<u>\$400</u>

# FICO SCORE - \$100

## Answer:

An evaluation of a person's ability to repay debt.



# FICO SCORE - \$100

Question:

What is a credit score?



# FICO SCORE - \$200

## Answer:

To earn the privilege of using different forms of credit, an easier approval process for credit and lower interest rates, a consumer must obtain this.



# FICO SCORE - \$200

## Question:

What is a high credit/FICO score?





# FICO SCORE - \$300

## Answer:

The numerical FICO scoring range is this.



# FICO SCORE - \$300

Question:

What is 300 to 850?



# FICO SCORE- \$400

## Answer:

The acronym FICO stands for this.



# FICO SCORE - \$400

## Question:

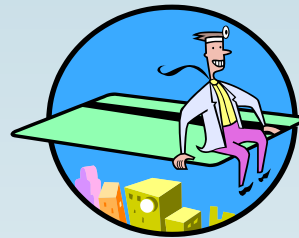
### What is Fair Isaac Company?



# SCHUMER BOX - \$100

*Answer:*

A fee charged once per year for credit card ownership.



# SCHUMER BOX - \$100

Question:

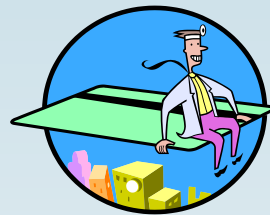
What are annual fees?



# SCHUMER BOX - \$200

## Answer:

The amount of time, in days, allowed to the cardholder between the day the items are charged on the credit card and the day finance charges begin to apply.



# SCHUMER BOX - \$200

Question:

What is the grace period?

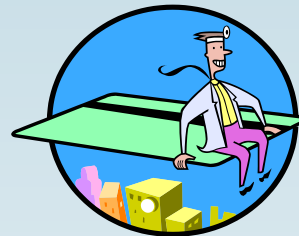




# SCHUMER BOX - \$300

## Answer:

The interest rate charged to the card holder on the amount borrowed in terms of dollars per year.



# SCHUMER BOX - \$300

## Question:

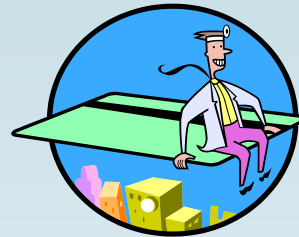
What is the annual percentage rate?



# SCHUMER BOX - \$400

## Answer:

A fee charged when the cardholder does not make the minimum monthly payment by the due date.



# SCHUMER BOX - \$400

Question:

What is late payment fee?



# UNDERSTANDING THE BILL - \$ 1 00

## Answer:

The specified day by which the company requires payment to be made.



# UNDERSTANDING THE BILL - \$100

Question:

What is the due date?



# UNDERSTANDING THE BILL - \$200

## Answer:

The charges assessed to the account if the balance is not paid in full by the end of the billing period.



# UNDERSTANDING THE BILL - \$200

Question:

What is finance charge?





# UNDERSTANDING THE BILL - \$300

Answer:

The maximum amount of charges allowed to an account.



# UNDERSTANDING THE BILL - \$300

Question:

What is the credit limit?



# UNDERSTANDING THE BILL - \$400

*Answer:*

The fee assessed to the consumer if they charge over their credit line.



# UNDERSTANDING THE BILL - \$400

Question:

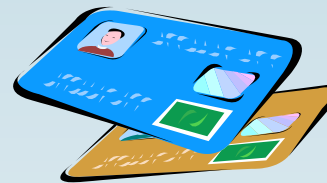
What is over the limit fee?



# CREDIT KNOWLEDGE - \$100

Answer:

A fee charged for a cash withdrawal from a credit card account.



# CREDIT KNOWLEDGE - \$100

## Question:

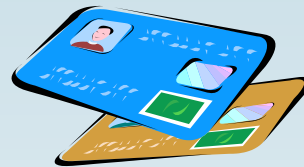
What is a cash advance transaction fee?



# CREDIT KNOWLEDGE - \$200

**Answer:**

To receive a credit card, consumers 18 years of age and older must complete this.



# CREDIT KNOWLEDGE - \$200

Question:

What is a credit application?

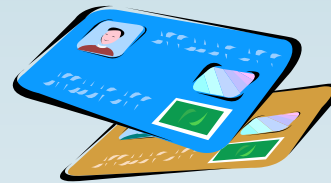




# CREDIT KNOWLEDGE - \$300

**Answer:**

To increase credit card safety, the back of the card should include the cardholder's signature and this.



# CREDIT KNOWLEDGE - \$300

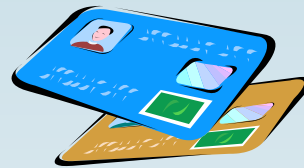
Question:  
What is “Please See ID?”



# CREDIT KNOWLEDGE - \$400

**Answer:**

The act which requires credit institutions to list the costs of credit cards.

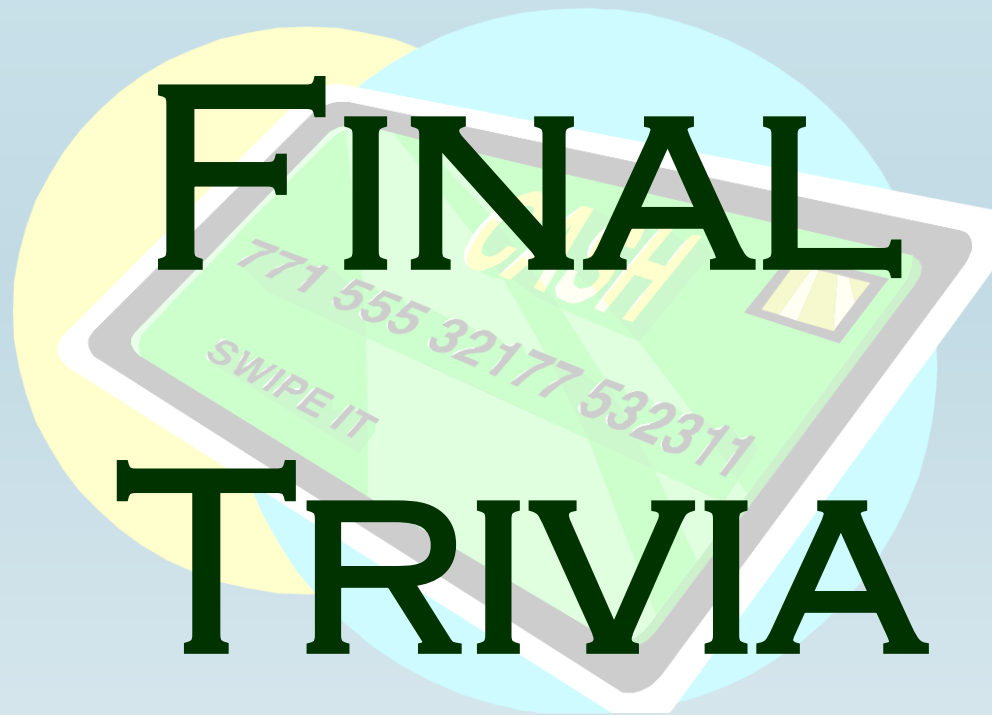


# CREDIT KNOWLEDGE - \$400

## Question:

What is the Federal Truth in Lending Act?





# FINAL TRIVIA

# FINAL TRIVIA

Answer:

The category that is the largest percentage of your FICO score.



# FINAL TRIVIA

Question:  
What is payment history?



## **Service Learning**

Service Learning is becoming a huge part of schools as it teaches students valuable lessons while helping their community. It integrates many of the purposes of FCCLA and we feel that as a leader the Peer Educators should set examples to other FCCLA members, what better way than service learning. Use this time to explain service learning, discuss if students have already participated in service learning, and brainstorm ideas for service projects dealing with financial literacy

Sample Introduction: If peer educators are comfortable have one of them read the definition of service learning. Use prompts for discussion like, “How many of you have participated in service learning?” “Do you think service learning is important as an FCCLA member?” “How can you implement financial literacy into service learning?”. Be prepared with some of your own examples of service learning projects to kick start some ideas for the students.



**Service Learning (n.)- the incorporation of community service within an educational system, esp. as a graduation requirement.**

Source: Dictionary.com

**EX.** \_\_\_\_\_

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**Mark your calendar:**  
Global Youth Service Day (Date)

## **Public Speaking and “Elevator Speech”**

We do not have any papers that go with this activity, especially because the key part of it is to get the students thinking on their own. When we conducted this activity, we started off having the students list things that make up good public speaking skills. We listed them on a large post-it note. We thought it was important for all of the students to see the ongoing list and to write down things they thought were important. We would then talk about an “elevator speech” that the students encounter the opportunity to give. This kind of speech is similar to what happens when the students meet someone on an elevator, the person asks them what their shirt design stands for, and they then have a minimal amount of time to educate the other person on their program before the elevator doors open and one of the two gets off. We want students to be able to clearly describe to anyone what they are doing. We also want the Peer Educators to be able to feel confident when they are giving presentations to different groups.

We then did some impromptu speaking. We had all of the students right a subject that related to financial literacy on a sheet of paper and put it into a hat. The students then drew our pieces of paper as they came forward to do their speech. We just asked the students to talk for one minute on their topic and tried to encourage them, if they struggled getting or keeping started.

Sample Introduction: “When you go out and start to do presentations and talk to people, it is important for you to be confident in what you’re saying. We want to help you create that confidence. We have worked hard to equip you with any information we think you might need, so now we want to enable you to show your new knowledge in a professional and productive way. First of all, let’s look at what qualities make someone into a good public speaker?”

(Conduct discussion)

“Next, what type of things would be important to share with someone you would meet on an elevator, for instance? You only have two minutes to explain to them what you are part of, what do you say?”

(Lead discussion of the ‘elevator speech’)

“Finally, now we are going to do a little bit of impromptu speaking. It is a pretty simple activity and we are only requiring you to talk for one minute. At this point we would like everyone to write a subject that relates to financial literacy on a small piece of paper and place in a hat. You will then come up one at a time and draw out a piece of paper. After drawing a word, we ask you to talk for one minute about that word. You can talk about anything that comes to mind. We will help you out and ask you questions if you get stuck and do not know what to talk about.”

## **Reflection Time**

We tried to end the day with a simple reflection of the day's activities. This can be conducted in any way and for any length of time, though we suggest making it a small discussion since it is ending the day and the students are probably anxious to be done.

Sample Introduction: "So you've been presented with a lot of information today, what do you think about everything so far? What are you most looking forward to doing? What are you least look forward to doing? What concerns do you have? What questions do you have for us?"

## **Articles for Newsbrief**

This activity is most appropriate if you have some type of publication that you can have articles submitted in or if you have someone that needs a frequent description of what they peer educators are up to. We originally wanted to use the description to submit to the Sate Officer Newsbrief, but we later found that the articles could be best used for overall summaries to let us know what they students were involved with during certain periods of their term.

The paper we made has slots for them to sign up to write articles different months. This way the information coming in is from a variety of students over an extended period of time.

Sample Introduction: "I have created a form for you to fill out. The paper has each month of your term listed. Please sign up for one month. We are asking you, when your month comes up, to write a short (1 paragraph) description of your activities so far in your term. Please tell about what work you've been preparing, what plans you have, and what have done up to this point. We could be using this information to update some of our sponsors on how the grant is progressing, so be professional and do not be afraid to be detailed."

# Articles for Newsbrief

By November 15:

1. \_\_\_\_\_
2. \_\_\_\_\_
3. \_\_\_\_\_
4. \_\_\_\_\_

By December 15:

1. \_\_\_\_\_
2. \_\_\_\_\_
3. \_\_\_\_\_
4. \_\_\_\_\_

By January 15:

1. \_\_\_\_\_
2. \_\_\_\_\_
3. \_\_\_\_\_
4. \_\_\_\_\_

By February 15:

1. \_\_\_\_\_
2. \_\_\_\_\_
3. \_\_\_\_\_
4. \_\_\_\_\_

By March 15:

1. \_\_\_\_\_
2. \_\_\_\_\_
3. \_\_\_\_\_
4. \_\_\_\_\_

By April 15:

1. \_\_\_\_\_
2. \_\_\_\_\_
3. \_\_\_\_\_
4. \_\_\_\_\_

## **Press Release and Media**

A critical part of promoting FCCLA is sending out press releases. We developed a press release that the Peer Educators could go home with on their flash drives and send out right away. The peer educators were also encouraged to use this as a base for any events that they would be hosting in their own FCCLA chapter. There is also a guide to publicizing FCCLA on the national website to use as a resource for any media or press questions that you may need to answer.

Sample Introduction: “We’re going to look at a press release now so you can get a better understanding of how to publicize FCCLA. The press release we have provided you with is a basis that you can use for any of your events. Right now it includes all information for your training so you can go home and input your name, chapter, etc. and send it out to local newspapers.” Explain other ways you might want the peer educators to publicize FCCLA and the Financial Literacy program.



(Chapter Name  
Address, City, State, Zip  
Phone, Cell, Fax)



For Immediate Release  
[Date]  
[FCCLA Adviser]  
[State Name] FCCLA

Contact:  
[Name]  
[Phone Number]  
[Email Address]

(STATE) FCCLA EDUCATES: SAVING MONEY MAKES ~~SENSE~~-CENTS!

(CITY, STATE) members of the (STATE) association of Family, Career and Community Leaders of America (FCCLA) gathered to spread knowledge about leadership through peer education at Heartland Retreat during the Fall Leadership Camp on October 13-14, 2009. At this camp the newly trained peer educators learned the basics of being financially literate. After their training the peer educators returned home with their new knowledge and hope to share it with others as they educate through service learning. This program was made possible by a grant received from State Farm for a yearlong financial literacy program.

(TELL IN A PARAGRAPH THE ACTIVITIES YOU PLAN FOR THE REMAINDER OF THE YEAR)

FCCLA: The Ultimate Leadership Experience is a dynamic and effective national student organization that helps young men and women become leaders and address important personal, family, work, and societal issues through Family and Consumer Sciences education. FCCLA has more than 220,000 members and nearly 7,000 chapters from 50 state associations and the District of Columbia, Puerto Rico, and the Virgin Islands. The organization has involved more than ten million youth since its founding in 1945.

Family, Career and Community Leaders of America is unique among youth organizations because its programs are planned and run by student members. It is the only Career and Technical Student Organization with the family as its central focus. Participation in national programs, such as Financial Fitness and chapter activities helps members become strong leaders in their families, careers, and communities. The Peer Educators are really excited for their upcoming term and hope they can make others financially fit.

FCCLA: The Ultimate Leadership Experience

###

## **Contacting School Board, State Farm Agents, and Others**

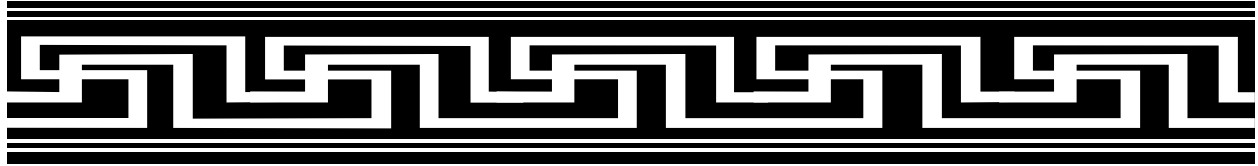
We created this material, to assist the peer educators in putting their activities into motion. We knew that on their application they were required to contact community groups, do a service learning project, and execute a public relations plan. Many of the students are not used to taking this type of initiative to contact people outside of their chapter, so we wanted to assist them as much as we could. The paper breaks up the instructions into contacting the school board, a state farm agent, and contact a teacher. These were general groups that we thought the students would be likely to need to contact, but the suggestions for each group could be carried over to other community groups and to media sources.

We suggest that you go through and have the students read over them. Maybe even before you present it, you could have the student brainstorm their ideas of good ways to contact the various groups. You could then present the sheet as further suggestions to their thorough discussion.

We have also provided two sample letters that could be used when contacting organizations. The letters are only two examples of the things that the students can include in their correspondence with others.

**Sample Introduction:** “When you applied, you were asked to complete several responsibilities during your term. A couple requirements ask you to contact school and community members. We have created this sheet to enable you to begin to start your partnerships with various groups. This paper is divided into school board, state farm agent, and teacher. We decided that these three groups would common connections among all of you, but any of the instructions can be carried over to other community groups that are not listed.”





# To Contact Your School Board

## **Here are some tips for getting on your school board's agenda:**

- Make direct contact with the superintendent, whether through e-mail, in person, or on the phone. We suggest that you make an appointment with your superintendent and then meet with him/her to talk about wanting on the agenda and what you'd like to talk to the board about.
- Let him/her know what you want to talk about.
- Find out when they meet and when you will be getting put on the agenda.

## **When you go and talk to the board, we suggest that you:**

- Tell them your background as a member of the school district
- Tell them that you are a Peer Educator and what your responsibilities are during your term
- Tell them about who your educating and what you're educating them on. You may want to supply the board with sample materials that you use when teaching others.
- Tell them of you personal goals for the year.
- Tell them any other information you see fit and ask them if they would like to be updated of your progress throughout the year.

## **During your interactions, you should try to remember to:**

- Look professional
- Make eye contact
- Be respectful and polite
- Be confident in your words, but try not to be too aggressive
- Work with them and try to compromise
- Ask for their suggestions
- Show your passion
- Follow up and stay in contact



# To Contact Your State Farm Agent

## **To find the names of the State Farm agents in your area:**

- Go to <http://www.statefarm.com> .
- Look to the bottom left portion of your screen and type in your zip code under "Find an agent near you".
- Click "Go" or push enter
- Names of Agents in your area should come up
- If you and another peer educator are from the same area, then you should each take one agent from the area to contact.
- We encourage you to call the agent or at the very least email them.

## **When you go and talk to the State Farm Agent, we suggest that you:**

- Tell them your name, school, and where you live.
- Tell them why you are contacting them. (You are contacting them because State Farm has funded this program through a grant written by Ohio FCCLA. Through the grant, Ohio FCCLA hired two interns who trained you and who are giving you resources to be Financial Literacy Peer Educators. You want to network with them as they may also have resources for you to use.)
- Tell them about your responsibilities during your term and your personal goals.
- Ask them if they would be interested in any partnership in your activities during your term.

# To Contact A Teacher

## **Finding a Teacher/Pre-Event:**

- First off make sure you have a target age/grade level and have at least an outline of your project (including what will be done in the classroom).
- If you don't already have a teacher in mind ask your FCCLA Adviser to recommend one to you.
- Set up an appointment with the chosen teacher prior to your project to discuss the details of when/how often you can come to the classroom, any rules to the classroom or school, and why you are doing this peer education program.
- Be respectful. This teacher is volunteering valuable time to you/your project. They are also a prospective resource.



Dear State Farm Partner,

With today's economy it is essential for young adults to be knowledgeable of how to handle their own finances. The Ohio Association of Family, Career and Community Leaders of America (FCCLA) has developed a program to educate students through peer-to-peer interactions to be financial literate. With the help of your company, State Farm, and their Youth Advisory Board we are reaching out across Ohio to address the issue of financial education and strengthen the knowledge of money in school and communities.

Through the grant we received from the State Farm Youth Advisory Board we have recruited two alumni of Ohio FCCLA as interns for our financial literacy program. These interns attended training in financial education from Family Economics & Financial Education, FEFÉ, one of the leading organizations in this field. They planned and implemented a two-day training event for student leaders across the state to become peer educators in the financial literacy program for Ohio FCCLA.

Some of the responsibilities I have as a peer educator are giving presentations to community groups, school boards, and classes about financial literacy. In the near future we will be.....(insert event information). Ohio FCCLA and my chapter would like to invite you to attend this event in support of our program.

Without the grant from State Farm we would not be able to make such an impact. Thank you for your time.

Sincerely,

(Name)

Financial Literacy Peer Educator

Ohio Family, Career, and Community Leaders of America



Dear (Community Group/Contact Person),

With today's economy it is essential for young adults to be knowledgeable of how to handle their own finances. The Ohio Association of Family, Career and Community Leaders of America (FCCLA) has developed a program to educate students through peer-to-peer interactions to be financial literate. With the help of State Farm and their Youth Advisory Board we are reaching out across Ohio to address the issue of financial education and strengthen the knowledge of money in school and communities.

Through the grant we received from the State Farm Youth Advisory Board we have recruited two alumni of Ohio FCCLA as interns for our financial literacy program. These interns attended training in financial education from Family Economics & Financial Education, FEFE, one of the leading organizations in this field. They planned and implemented a two-day training event for student leaders across the state to become peer educators in the financial literacy program for Ohio FCCLA.

Some of the responsibilities I have as a peer educator are giving presentations to community groups, school boards, and classes about financial literacy. We would love to take the opportunity to speak to your \_\_\_\_\_(group/class) about the importance of financial education. Through our activity rich lessons we would hope to educate your \_\_\_\_\_(members/students) on \_\_\_\_\_(financial basics/credit/etc). We are really excited to work with you on this project.

Thank you so much for this opportunity to lead and educate our community about such a vital part of our lives.

Sincerely,

(Name)

Financial Literacy Peer Educator

Ohio Family, Career, and Community Leaders of America

## **Post Camp Actions & Questions**

This reflection can be shortened or lengthened in whatever way is appropriate to the time left. In this time, we went over the requirements on the application, through the on-going list that we wrote on since the beginning of the training, and any upcoming dates that the students need to keep in mind. We also opened it up for any questions they may have after training.

**Sample Introduction:** (Go over requirements, the on-going list, and upcoming dates to remember. Then lead a discussion.)

“What questions do you have for us or for other peer educators? What ideas have you already created for your actions when you go home? Do you know that you can always email us with any questions? Is there anything else that we can provide you with that will allow you to be more productive during your term?”



## Resources:

**America Saves/FCCLA Saves**

[www.americasaves.org/fccla](http://www.americasaves.org/fccla)

**FCCLA**

National- [www.fcclainc.org](http://www.fcclainc.org)

Ohio- [www.ohiofccla.com](http://www.ohiofccla.com)

**FEFE- Family Economics & Financial Education-**

[www.fefe.arizona.edu](http://www.fefe.arizona.edu)

**Jump\$tart Coalition**

[www.jumpstart.org](http://www.jumpstart.org)

**Ohio FCCLA Financial Literacy**

[www.ohiofcclafinancial.com](http://www.ohiofcclafinancial.com)

**Practical Money Skills for Life**

**Saving Our Futures**

<http://www.americaspromise.org/financialresponsibility>

**TCA**

Take Charge America [www.takechargeamerica.com](http://www.takechargeamerica.com)

**TCAI**

Take Charge America Institution <http://tacinstitute.org>